

RR-1



ADMINISTRATIVE REPORT

Report Date: February 20, 2012
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RTS No.: 09368
VanRIMS No.: 08-2000-20
Meeting Date: February 28, 2012

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2012 Operating Budget: Proposed Budget and Public Consultation Update

RECOMMENDATIONS

THAT Council approve "in-principle" the 2012 Proposed Operating Budget, as outlined in this report and detailed in Table 1, pending public input on February 29th 2012, , and instruct the Director of Finance to bring the budget into balance with a 2.5% general purposes tax increase;

FURTHER THAT Council approve "in-principle" the 2012 Grants budget of \$16.4 million, held to 2011 levels

AND FURTHER THAT Council approve "in-principle" the Vancouver Board of Parks & Recreation Global Budget of \$55,935,900, comprised of \$103,808,800 expenditures and \$47,872,900 revenues.

AND FURTHER THAT Council receive for information the 2012-2014 Operating Budget outlook as shown on Table 5 of this report.

COMMENTS OF THE CITY MANAGER AND DIRECTOR OF FINANCE

On December 15, 2011, staff presented to Council the 2012 Operating Budget Preliminary Estimates, and began the process of bringing the budget into balance. Subsequent to that report, staff have engaged our residents and businesses in a Public Consultation process, and utilized that feedback in developing strategies for the 2012 proposed budget.

This Proposed Budget and Public Consultation Update report is the second opportunity that Council has to review the 2012 Operating Budget, and proposes to bring the 2012 Operating Budget into balance with a 2.5% property tax increase.

The preliminary estimates presented December 15, 2011 identified total pressures on the 2012 operating budget of \$52 million. These pressures reflected a number of fixed cost drivers including insurance, utility, rent, leases and fleet expenditure increases; wage costs including VPU contracts, cross city step increases and benefit cost pressures; incremental operational costs of new facilities and facilities; increases imposed by other agencies (including the Greater Vancouver Sewerage and Drainage District); Capital program costs; and program pressures in areas such as Community Planning, Homelessness and Housing, Public Safety, Economic Development, Open Data information and Training Obligations.

Through our public consultation, citizens and businesses indicated a preference for a balanced approach to addressing budget pressures, including a combination of tax increases, service adjustments, and more efficient ways to deliver services. Local issues that are voiced by constituents as the most pressing for Council to address include City finances and property taxation, homelessness, poverty and the related affordable housing issues, public transit and traffic congestion. Crime and personal safety, once a leading concern has been mentioned less in the current wave of research.

Overall, a large majority (85% of residents and 71% of businesses) indicated that they are satisfied with City services while a majority (65% of residents and 70% of businesses) also indicated that they felt overall property taxes were too high. Both residents and businesses agreed that 'reducing city services and/or increasing user fees' is better than raising property taxes as a solution to closing the budget gap. When asked specifically about the 2012 budget, 80% of residents indicated a willingness to accept up to a 3% property tax increase, while only 65% of businesses indicated a willingness for a 3% tax increase.

Consistent with the public's feedback, the City's Senior Management, used the following strategies to bring revenues and expenditures into balance:

- A 2.5% property tax increase,
- Incremental funding for critical priority programs
- Ongoing savings through increased productivity and
- Strategic adjustments to existing programs and services.

The resulting proposed 2012 Operating Budget totals \$1.1 billion in revenues and expenditures. This represents a 3.1% growth in revenues over 2011, comprised of a 2.5% property tax increase, new construction revenues, fee increases, and a 7.9% increase to in Utility revenues associated with solid waste, sewer, and water utility rate increases approved by Council in December 2011 (RTS #'s 9371, 9372, 9373, and 9374).

Expenditure increases were focused on key Council Priorities, primarily:

- Public Safety - half of the 2012 non-utility expenditure increase is directed to public safety including:
 - Recruiting and training 35 police officers to fill current vacancies and negotiated police wages salary increments based on aging demographics of the force, (note: election commitment of additional Metro Officers is included in the 2013 and 2014 plans, not 2012)
 - Police facilities operating costs at new Property Office and Forensic Storage Facility, Graveley site and 312 Main Annex
 - Emergency Preparedness - 3 additional Fire Fighting staff to focus on the City's Emergency and Earthquake preparedness leveraging the City's recent investment in Urban Search and Rescue (USAR) facilities and equipment;
 - Training and equipment related to Riot Review ;
 - Operational costs for the new Firehall #15.
- Economic Development - Implementation of the city's new Economic Development Strategy
- Housing and Homelessness:
 - Operational funding for the City's supportive housing operations
- Libraries and Community Facilities (new and full year):
 - Hillcrest Community Centre,
 - Terry Salman Library,
 - Trout Lake Community Centre
 - South East False Creek Community Center
 - Van Dusen Gardens, and
 - Woodward's Childcare Facility

In addition to these investment areas, Departments have reviewed their current operations and continue to streamline services and reprioritize existing services and staffing to manage within resources while supporting Council direction and based on feedback from our citizens. This includes implementation of the Housing and Homeless plan, including programs such as the online rental database, Greenest City Action Plans, transportation priorities, open data and many others.

Following this report, a public hearing will take place on February 29 to provide citizens with an opportunity to address Council regarding the proposed Budget. Council will then deliberate on the Final Budget report which will be presented on March 5, 2012.

COUNCIL POLICY

The Vancouver Charter requires that the Director of Finance present the estimates of revenues and expenditures to Council no later than April 30 each year and that Council adopt a resolution approving the budget and a rating bylaw establishing general purpose tax rates as soon thereafter as possible.

Council has provided direction in a number of areas that helped inform the 2012 Budget strategy:

- Maintain core programs
- Focus on Council priorities
 - Public Safety
 - Housing and Homelessness

- Economic Development
- Sustainability
- Continue to transform our business processes to deliver our services more efficiently while meeting the changing needs of our citizens; to continue to strategically develop our shared services platforms; to continue to provide data and information to our citizens in a more transparent and accessible way. ; and
- As much as possible, minimize the impact of any budget initiatives on citizens and staff

PURPOSE

The purpose of this report is to present to Council the results of the 2012 public consultation and the strategy to balance the budget with a property tax increase of 2.5%. The report focuses on the following:

- Background - Budget process and Drivers
- Discussion:
 1. Public Consultation
 2. 2012 Proposed Operating Budget Strategy
 3. Summary of Key Departmental Changes
 4. Municipal tax levy changes
 5. Three year Operating Budget Outlook
 6. Completing the Budget Cycle
- Personnel Implications

BACKGROUND

On December 15, 2011, the *Preliminary Estimates* operating budget report was presented to Council. A Public Consultation process was then undertaken to receive input from the public regarding the budget. During that period, staff evaluated options to bring the budget into balance, considering the external environment, council priorities, public feedback and opportunities to transform the City's operations to meet citizen needs within our financial constraints.

Economic Conditions and Other Budget Environment Factors

Continued uncertainty in global economic conditions adds considerable risk to the 2012 budget. High unemployment rates and inflation put significant pressure on public reception to increased taxes, while also putting pressure on social and community services. Expectations from major economists are that global uncertainty driven by the European debt crisis and US economic difficulties will exist for some time. The latest Canadian data showed economic growth slowing in Canada.

The development market, notwithstanding the economic data, has shown signs of improvement throughout 2011. The 2012 Operating Budget includes an increase from the 2011 budget of approximately \$1.0 million for development, trade permit and inspection fees, reflecting increasing activity in this sector of the economy and the increased fees approved by Council. While the Vancouver area continues to benefit from a stable development environment, this unique position, particularly relative to the economic situation in the

United States, may be at risk and presents a potential downside exposure in our revenue estimates.

The Federal and Provincial governments are carrying significant levels of debt, and have indicated that budgets in the next few years will be constrained. Any potential reductions in services by senior levels of government will put pressure on municipalities to fill any gaps created by these actions.

In addition to the economic risks, the City of Vancouver will be engaging in collective bargaining with CUPE 15, CUPE 1004, Firefighters Union, IBEW and IATSE. All the above agreements have now expired. Vancouver Public Library and Vancouver Police Board will also be negotiating agreements with CUPE 391 and Teamsters, respectively. The settlement of these contracts adds uncertainty and risk to the proposed 2012 budget which could require a mid-year adjustment.

Other taxing authorities such as Translink, Metro Vancouver, Vancouver School Board, also utilize property tax as a funding source. At this time, those taxes are not known. City of Vancouver residents and businesses will be impacted by any disproportionate increase by those taxing authorities. This is outside the control of Council.

Major Projects & Transformation Initiatives

In 2011, more than a dozen major projects under the Vancouver Services Review (VSR) were completed or were underway at the City of Vancouver - These projects are already literally transforming the way the City does its business and delivers its services. Collectively, the projects centralize and streamline many City operations, thereby achieving greater efficiencies, reducing duplication, improving oversight and accountability and achieving overall cost savings.

The projects were the result of a 2009 Council directive, which was made as the world-wide economic crisis was beginning to have serious impacts even on Canadian municipal governments.

Council directed that the City conduct a comprehensive strategic review of its businesses, service delivery processes and practices to identify operational efficiencies that would produce the best possible use of the City's resources.

The review resulted in the identification of a number of potentially transformational projects that called for significant changes in the way City business was done. Some involved considerable process re-design and functional restructuring. As well, hundreds of ideas and suggestions from staff were compiled into an Opportunity Log that departments continue to mine for innovative ways to deliver services more efficiently to both citizens and internal customers, while realizing significant potential cost savings.

Following the strategic review, the Vancouver Services Review (VSR) was created as the incubator of some of the City's key change initiatives. VSR has provided program management for the selected projects, as well as standardized reporting and tracking of deliverables and outcomes.

With 70% of its staff drawn from internal secondments, the VSR's Program Management Office (PMO) and the individual project teams have proven to be a positive influence in reducing the 'silos' within business unit functional areas, while supporting new learnings that will

ultimately expand and enhance employee competencies and enable the development of specialized areas of professional expertise that will to serve the entire organization.

Although the completed projects have been up and running for only a few months - and others are in various stages of development or implementation - the consolidation of City processes and operations has already removed much unnecessary duplication and made significant strides toward City-wide standardization of processes, policies and practices. The City is already better positioned to be more responsive to the needs of our citizens and partners; to leverage potential cost savings, such as from volume discounts, and to develop centres of specialized expertise available to serve and support the entire organization.

As well, in keeping with Council's priorities, the environmental sustainability of City operations is a key consideration when designing shared services projects, such as when we improve our processes and technology to reduce the need for paper, printing and unnecessary vehicle use.

There have been some implementation challenges and delays - particularly in the development and introduction of the very sophisticated technology platforms needed to support the centralized functions - and some of the cost savings will be quantifiable only after the projects have been fully operational for at least a year. Nevertheless, the consolidation of several labour-intensive services has already resulted in considerable savings in employee time, thereby increasing the capacity of the entire organization.

Project Summary: Outcomes to Date

By the end of Q4, 2011 the following projects were complete:

1. **Bylaw Adjudication:** The City issues some 450,000 bylaw infractions every year, of which 98% are for parking violations. Although more than 75% of the tickets were voluntarily paid, the remaining 25% - some 100,000 tickets annually - were either ignored or disputed. However, these outstanding tickets could not be collected by the City without a provincial court order and that meant a wait of over two years.

To simplify and speed up the collection process, the City introduced a bylaw adjudication model similar to that used by some 40 other British Columbia municipalities. Vancouver is the largest municipality to implement the model. Under the new model, unpaid parking tickets can be dealt with by a provincially-appointed adjudicator by phone, email, in person, or through an agent.

Launched in February of 2011, over 280,000 tickets have been processed under this new model and over 800 adjudication hearings have taken place. The voluntary payment rate has already increased from 75% to 80%. The new bylaw adjudication system reduces the need for lengthy court proceedings, is more convenient for citizens and frees up court time for more complex cases. The increased payment and rate represents approximately \$1.9 million in 2011. The project was initiated based on a business case analysis with funding from the Capital Financing Fund, with the loan repaid within 1 year.

2. **Capital Program Review:** This review was initiated to fulfill the City of Vancouver's goals of managing its capital assets and investments in a manner that yields value for money, maximizing staff resources and enhancing transparency and corporate oversight.

As noted in the C.D. Howe Institute's *Backgrounder 145, Holding Canada's Cities to Account (November, 2011, pg. 3)*, "Today's capital spending has key implications for tomorrow's capital and operating spending."

To ensure capital assets are well-managed over the long term, the City has significantly changed its budgeting and planning process. In 2011, a new step was added to the process: the preparation of a 10-year Capital Strategic Outlook. This longer-term strategic approach to capital spending will be a key reference point upon which the City will build its future multi-year consolidated capital and operating budgets.

The Capital Program Review has resulted in a number of improvements, including a new system of classifying capital assets by service category, making a clear distinction between investments in existing and new assets. Moreover, the review included a City-wide inventory and initial condition assessment of capital assets, coordinated public consultation between City and Park Board and improved consultation tools. The 2012-2014 Capital Plan is comprehensive. It is a plan that includes all capital funding sources and has already resulted in reduced borrowing and capital from revenue.

In the future, it is expected that the City's preparation of each three-year Capital Plan will be based on the 10-year Strategy. Both the 10-year Strategy and three-year Plan are structured to be responsive to changing priorities and fluctuating external conditions. Furthermore, more rigorous oversight and reporting on capital projects is already providing better management and financial results in our capital program.

While the program itself did not target specific savings, the additional oversight has reduced the risk of overspending on projects, as well as identified opportunities to leverage expenditures across the asset classes through our procurement activities which will reduce our overall spend on those projects.

3. **Electronic Pay Notices:** This project is fully operational with close to 97% of employees now receiving their pay statements electronically. Besides saving paper - and thereby supporting the Greenest City policy - email delivery of the 210,000 pay statements the City issues annually is resulting in employee time savings and significantly reduced delivery costs of \$127,000 annually.
4. **Sanitation Services:** Two departments were providing sanitation services across the City. By streamlining the routes and merging the services, more than \$700K in annual operating savings have been achieved. By eliminating the unnecessary service overlap and route duplication, the City's sanitation operation is also helping to deliver on the Greenest City 2020 Action Plan.

These projects were completed in 2011 and process changes and savings have been reflected in the 2012 budget. A number of projects have been initiated already and are in mid-stream:

5. **Information Technology Shared Services:** The first two phases of the project are completed. These phases included consolidating the management structure and governance of IT assets; establishing standards and policies and realigning departments. Together, these changes have already resulted in annual operating savings of \$1 million through 2011.

The project is now transitioning to the IT department. From here, the work will focus on replacing legacy systems, increasing optimization of enterprise software systems such as SAP and Hansen; and delivering on priorities such as digital and web services, mobility, analytics and single sign-on.

- 6. Supply Chain Shared Services:** The City took a major step toward transforming its Supply Chain with the recent consolidation of its high volume transactional Accounts Payable and Purchasing functions and standardization of the process and technology. More than 11,000 invoices (representing more than 10% of the annual number of invoices) have already been paid through the new centralized system. The organization is still transitioning and stabilizing new processes; however, improved oversight and process efficiencies have already been realized.

Another key element of the project is the strategic procurement initiative which has realized significant operating and capital savings of over \$4 million in 2011 through more city-wide leverage of spend and strategic vendor negotiations. The department has reduced the value of sole-sourced contracts to 6% of spend, with 94% of total spend now executed through competitive bid.

- 7. Facilities Shared Services:** With some 600 buildings covering 10 million square feet, the City has identified the need for a robust asset management program and the need to streamline areas of service duplication in City facilities in the delivery of such services as janitorial, building maintenance, security and utilities management. Consolidating such services will help protect these public assets and mitigate corporate risk, while enabling the City to realize efficiencies from standardizing and consolidating operations that occur at multiple sites.
- 8. Financial Shared Services:** The first step was achieved in October of 2011 when all business unit finance teams became part of one City-wide finance team. With a goal to create one best-in-class City-wide finance organization with shared goals and objectives consistent with those of the City, over the next three years, 12 finance functions will be reviewed and redesigned. The systems, tools and organization will be put in place to enhance service levels, improve financial information for decision making, reduce duplication and increase efficiency.

Financially, these shared services initiatives have enabled a city-wide view of the policies, processes and spending in these core support services. The 2012 budget process reflects changes in these support service areas which were enabled by the VSR shared service program. Additional programs currently underway are:

- 9. Permits and Licensing:** Fully 70% of the licenses and permits the City issues - more than 200,000 every year - fall into four categories: dog licenses, residential parking permits, business licenses and security alarm permits. In 2012, when the technology is operational and these four categories are entirely online, it will be a major e-business transformation for the City and the public. In the first part of 2012, the City expects to award a contract for a major technological advance: a system that will enable online issuing and renewing of the highest volume, paper-heavy categories of simple licences and permits and replace some 39 small systems.

This project will significantly improve the productivity of the team and reduce costs of permitting and licensing. The 2012 changes have been reflected in the departmental budgets, though the most significant savings will be realized in future years.

10. Attendance Management: This initiative, with comprehensive supervisor and employee training components, is underway throughout the City. So far, more than 4000 employees have been trained on the new program. Absentee rates dipped somewhat when the program was first introduced and will be monitored closely as the program's reach extends throughout all departments. Reducing absenteeism will increase the capacity and efficiency of the operational areas affected.

11. Web Redevelopment: The City has undertaken a major redesign of its website. Targeted for early in the 2nd quarter, the launch of the redesigned site will have updated and improved functionality, enabling the City to deliver - and the public to access - more relevant and timely information and high quality services online, quickly and efficiently.

The site will be a strategic asset for all of Vancouver, where a wide variety of business and service transactions are conducted and where consultative and democratic processes can bring citizens together. It will be a convenient online gathering place for the public and an effective citizen contact point.

There are additional projects due to launch in 2012, including an initiative to consolidate our warehouse and inventory systems.

Other innovative changes underway across the City include the introduction of a radio frequency identification (RFID) materials handling inventory system at the library; adjusting the way we maintain the City's greenways; the planned introduction of a City-wide green desktop program and others. These and other changes - large and small - add up to significant cost savings which have been incorporated into individual departmental budgets and efficiencies.

Collectively they are transforming - and will continue to transform - the way the City does its business and delivers its services. Over time, these changes will increase the capacity, the sustainability, and therefore, the accountability of the entire organization, and enable the departments to continue to add and enhance services with less impact on their overall budgets as we reduce the costs of existing services. The 2012 operating budget reflects the savings from the above projects, and are factored into our departmental budgets.

DISCUSSION

1. PUBLIC CONSULTATION

Each year, the City consults with the public, businesses and stakeholders to gather feedback about the proposed operating budget. The 2012 budget consultation occurred over a compressed period of time due to the 2011 elections.

Appendix 1 includes a detailed analysis of the 2012 Operating Budget consultation activities and outreach. Active participation totaled 1,120 with the majority reached through surveys either by phone (500 residents and 251 businesses) or online (300 - mainly residents).

Appendix 2 is a full report of the 2012 public opinion survey conducted by the Mustel Group which includes a trend analysis over the last few years.

a) Communications and Engagement Objectives

- **Civic education:** Educate the community on the cost of municipal services, where revenues come from, what we do as a City, and the pressures we face in balancing the budget.
- **Check in on priorities and tax tolerance:** Use question consistency with previous statistical surveys to measure and understand any changes to tax tolerance and service priorities for businesses and residents.
- **Gather ideas for cost efficiencies:** Staff and public are invited to share ideas for identifying cost-efficiencies in the budget.

b) Communications and Engagement Strategy and Tactics

i) General Information and Advertising Strategy

Consultation feedback in previous years expressed a need for better information on how the budget process works. A follow-up survey conducted by Mustel in 2011 confirmed that many people do not have a strong understanding of municipal financial planning. In response to this, the operating budget outreach for 2011 included the development of an educational booklet that provided essential information for the public in regard to what comprises the City budget and generally how revenues and expenses work. This easy-to-follow booklet was updated for use in 2012.

The *Budget Basics* theme was developed as an integrated campaign that included:

- Budget booklet available online and distributed to all public libraries
- web portal at talkvancouver.com
- online educational budget allocator tool
- informational insert in the Vancouver Courier

ii) Information Session

Information sessions have been poorly attended in previous years. The compressed timeline of the 2012 budget process allowed for one information session at City Hall. The evening event was attended by 13 people. Since the 2012 budget process took place over an election year, all of the advisory committee terms had come to an end and the new committees were not established before the consultation period ended. That said, former advisory members were sent email invitations to take part in the process online or at the public information session.

Information session attendees were primarily interested in learning the role of the municipality versus the province or federal government in regards to taxes and programs.

iii) Surveys

A survey of residents and businesses was conducted between early January and mid-February. The survey used the same questions as previous years in order to compare and measure feedback over time. Five hundred residents and 251 local businesses were surveyed by telephone.

An online survey was also utilized via the talkvancouver web portal, and paper surveys were collected at the information session and entered into the online platform. Questions for the online survey were designed based on the statistically relevant phone survey but the overall number of questions was significantly shortened and simplified for readability and interest retention. Three hundred completed surveys were received.

Both the phone and online surveys covered such topics as:

- Satisfaction with City services
- Tax tolerance
- Most likely service areas for cuts

It should be noted that online and paper surveys are considered self-selected and while an important tool, not statistically reliable. They do, however, indicate many of the same trends as in the telephone survey.

iv) Suggestion Box

The talkvancouver web portal hosted a Suggestion Box where community members were invited to submit their cost-efficiency ideas for the budget. Participants could vote and comment on ideas. Comments provided through the budget allocator tool offered further ideas.

v) Other Forms of Feedback

The public was also invited to provide comment and feedback through e-mail, and via the City's 3-1-1 phone service. A few people opted to do this, however most participants chose to participate through the online survey instead. The web has often been indicated by the public as a preferred way to communicate with the City.

vi) Advertisement/Notification

To promote consultation opportunities the following activities were conducted:

- ¼ page ad in Georgia Straight; free distribution across the City; circulation of 119,971
- ¼ page ad in Westender; free distribution; circulation of 57,754
- ¼ page ad in Business in Vancouver; subscription & paid; circulation of 10,596
- informational insert in the Vancouver Courier; free distribution; circulation of 136,975
- Early edition radio interview with Cr Louie prior to the public information session
- press release was sent out to the media
- seven social media feeds were sent through Twitter from January 11 to 25
- homepage promotion on vancouver.ca as well as on Parks and Recreation's website

c) Consultation Results

i) Statistical Telephone Survey

This is wave/year 14 of the annual budget survey. The key areas of the survey that the City sought feedback on were:

- Top of mind / Most important local issues
- Satisfaction with and value of City services
- Tax tolerance

Details of the surveys are contained in Appendix 2. In general, some trends are continuing from previous years such as local issues and tolerance to tax increases.

Top 3 most important local issues - *social, transportation and taxation*

- Residents: Social 42%, Transportation 26%, Taxation 18%
- Businesses: Transportation 35%, Taxation 29%, Social 22%

Satisfaction with quality of services provided by City - *large majority satisfied*

- Residents: 84% Total satisfied (24% very satisfied)
- Businesses: 71% Total satisfied (19% very satisfied)

Change in quality of services over past few years - *opinions divided*

- Residents: 30% Better 39% Same 23% Worse
- Businesses: 25% Better 37% Same 25% Worse

Opinion on current property taxes - *too high*

- Residents: 65% Too high (24% much too high)
- Businesses: 70% Too high (34% much too high)

Preferred option to balance 2012 budget - *Few homeowners or businesses choose a 9% property tax increase; most are divided on the other options.*

- Residents: 36% say reduce services &/or raise user fees
45% say mix of reductions and property tax increases
11% say property tax increase of 9%

*Renters willing to pay \$5 more rent to maintain current service levels

- Businesses: 44% say reduce services &/or raise user fees
43% say mix of reductions and property tax increases
11% say property tax increase of 9%

(Balance has no opinion)

Willingness to pay property tax increases to cover 2012 budget shortfall

- *Residents divided on a 9% property tax increase, reach a majority at a 6% hike and large majority agrees to a 3% hike.*

- *Businesses resistant to 9% and 6% tax increase but majority agrees to 3% increase. However, one-third objects to any increase at all.*

	Cumulative % willing
• Residents: 9% tax increase	49% willing
6% tax increase	59% willing
3% tax increase	80% willing
• Businesses: 9% tax increase	18% willing
6% tax increase	26% willing
3% tax increase	65% willing
No tax increase	35% (object to all options presented)

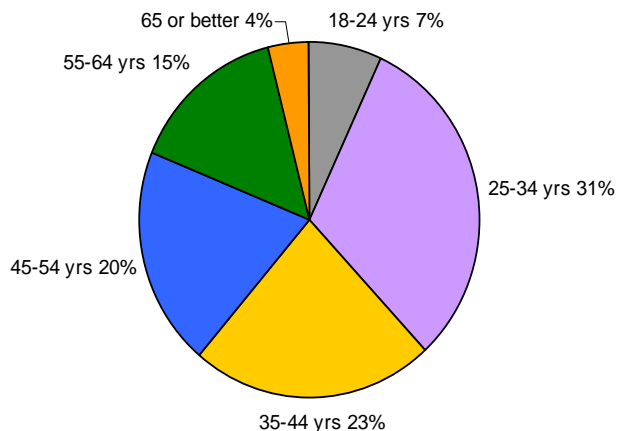
If given 2 choices, best approach – *Both residents and businesses agree that ‘reducing city services and/or increasing user fees’ is better than raising property taxes.*

- Residents: 58% say reduce services/increase user fees vs. 34% raise property taxes
- Business: 73% say reduce services/increase user fees vs. 21% raise property taxes

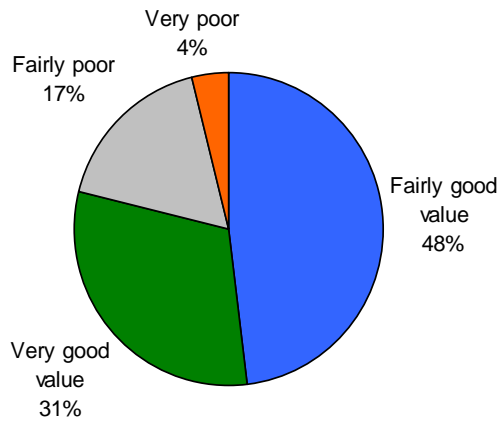
ii) Web Survey

The online survey included print submissions received at the information session for a total of 300 respondents. This survey cannot be directly compared to the phone survey because it was self-select and therefore shows a bias toward those with active interest.

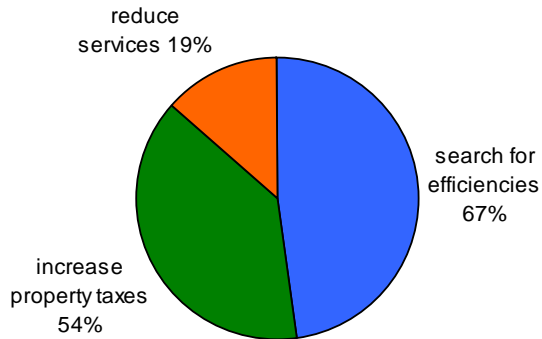
The outstanding majority of survey respondents were residents of Vancouver. Only five respondents owned businesses in the city. Residential ownership profile was balanced with 42% owning their homes, and 42% renting. The average number of years participants claimed to be in Vancouver was 20 years. Gender representation was even with 52% males and 48% females. Age representation was distributed in the middle age ranges as shown in the pie chart:



Opinion on value of programs/services received for tax dollar - *fairly good value*

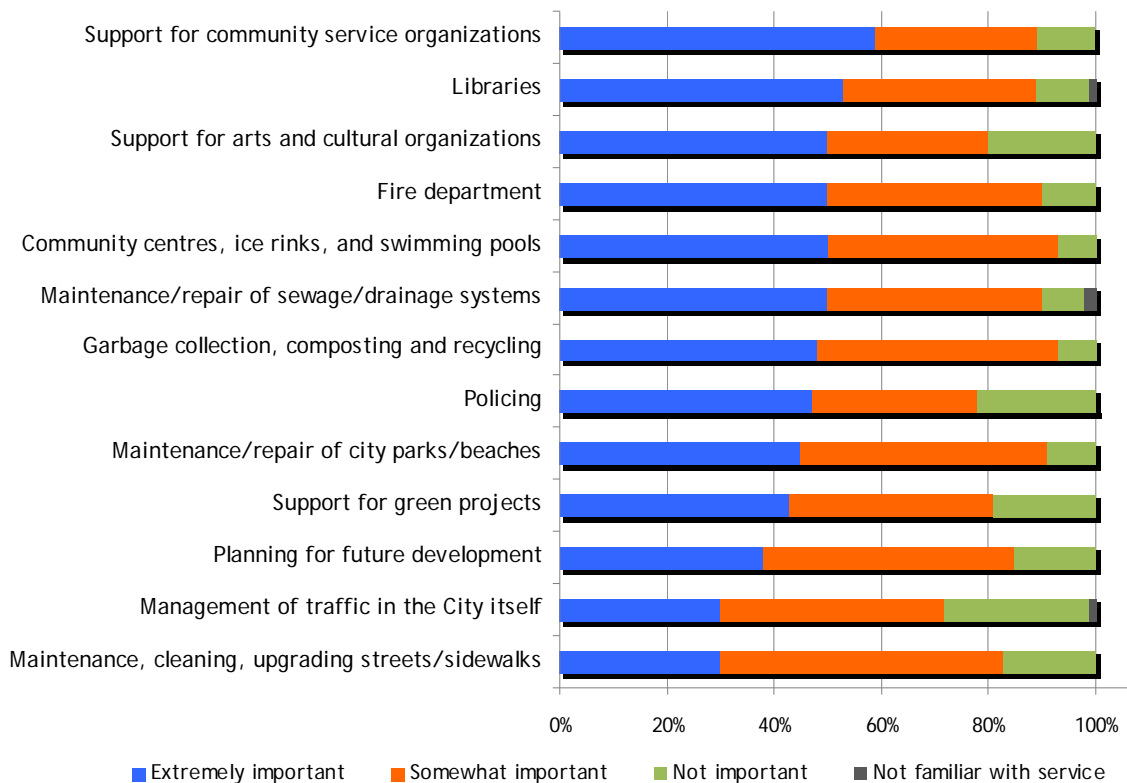


Preferred option to balance 2012 budget - *Few respondents choose reduce city services; most are divided on the other options.* (respondents could choose more than one option) This is quite different from the response on the phone survey which favoured service reduction to increased taxes.



If there was a need to reduce city services, *most respondents preferred cuts to happen in only SOME areas* as opposed to across all service areas. 70% say cut services only in some areas, 30% say cut services by the same proportion across all services

Importance of each service



Initiatives to reduce operating costs that were *supported* by respondents:

- Use green techniques to manage our green spaces - natural areas, perennial plants, less frequent mowings - 72% support (20% neutral, 8% oppose)
- Offer more opportunities to access services online rather than coming in person - 71% support (18% neutral, 11% oppose)
- Reduce frequency of garbage pickup while enhancing ability to recycle food waste - 65% support (20% neutral, 15% oppose)
- Prioritize enforcement of by-laws to emphasize safety issues versus nuisance issues - 55% support (28% neutral, 17% oppose)
- Prioritize support for low income access to community programs versus treating everyone equally - 52% support (28% neutral, 20% oppose)

Initiatives that had some support:

- Change the hours of operation at city facilities and public spaces to avoid times of low utilization - 42% support (31% neutral, 27% oppose)
- Make more use of technology and social media and reduce the time spent on "in person" consultation - 48% support (31% neutral, 21% oppose)

Initiatives NOT supported:

- Decrease planning and development requirements to optimize staff time on permitting process - 25% support (40% oppose, 35% neutral,)

iii) Suggestion Box

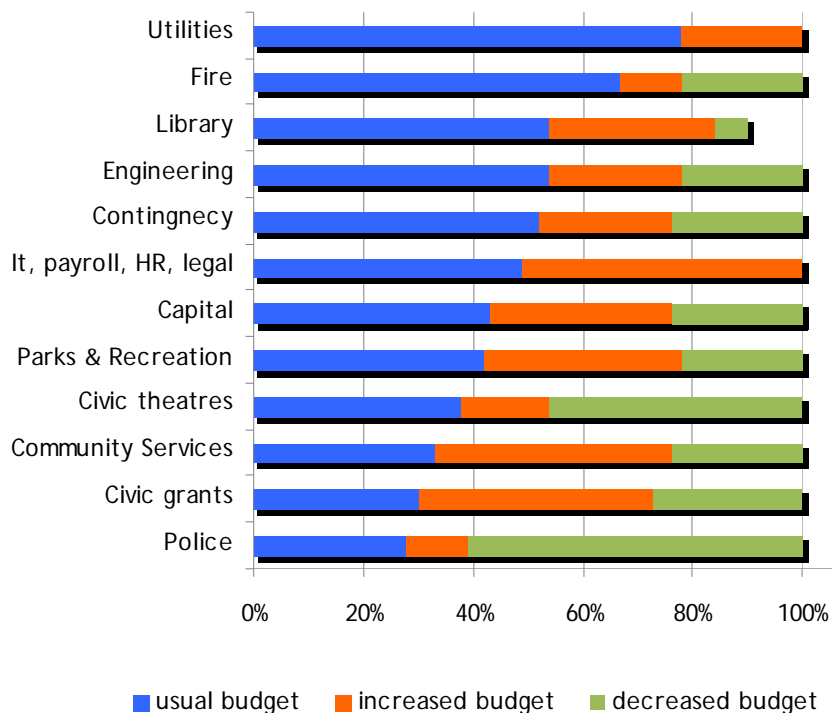
Online participants were asked to submit their ideas for finding cost efficiencies in the budget [What are your creative and productive solutions to ensure we continue to deliver good services without unduly raising property taxes?]. Nineteen participants submitted ideas while 25 voted or commented on them. The following is a summary of ideas submitted, size indicates support. Many of the ideas submitted were also reflected in comments from the budget allocator game.



iv) Budget Allocator Tool

The budget allocator tool was offered as a means of high level education for people who are unfamiliar with the kind of operations the municipality pays for and the average cost for these. It was not a detailed budget nor was it intended to identify specific savings as part of the budget review.

Thirty-seven online participants took the time to build a budget. Participants could choose to keep the current budget level for certain service categories or they could increase or lower the budget for these areas. Budget choices show us the preferences participants have for municipal services.



2. 2012 PROPOSED OPERATING BUDGET STRATEGY

Table 1 below shows the 2012 Proposed Budget of \$1.1 billion. This budget reflects a 3.1% growth in revenues over 2011, attributed to a 2.5% property tax, new construction revenues, fee increases, and a 7.9% increase to Utility Revenues associated with solid waste, sewer, and water utility rate increases approved by Council in December 2011 (RTS #'s 9371, 9372, 9373, and 9374).

On the expenditure side, overall expenditures will increase by 3.1%. The most significant changes include increases to utility costs and increased expenditures on Police.

Table 1: Proposed 2012 Operating Budget

	2011 Approved Budget (Restated) \$M	2012 Proposed Budget \$M	%
			Change
Revenues			
Taxation Revenue	623.3	640.9	
General Revenue	158.9	155.3	
Utility Fees	199.2	214.9	
Departmental Revenue	109.8	114.2	
Total Revenues	1,091.2	1,125.3	3.1%
Expenditures			
Departmental Expenditures	777.7	793.3	
Utility Expenditures	228.4	245.4	
Capital Program & Debt	85.1	86.6	
Total Expenditures	1,091.2	1,125.3	3.1%
Net Budget Position	0.0	0.0	

Note: 2011 Council approved budget has been restated to reflect mid-year council approved changes for VPU collective agreement settlement and increase to revenue and costs for development permits

This budget reflects a number of strategies to close the initial gap of \$52 million identified in the preliminary estimates report on December 15, 2011. These strategies are consistent with the public consultation feedback, and are comprised of a thoughtful balance between service level adjustments, internal productivity and transformation opportunities, revised estimates of costs and revenues, and property tax increases.

The 2012 Operating Budget has been built based in a two-stage process: budget build based on current levels of service, with key inflationary impacts, new services/facilities, and identification of significant budget pressures or unfunded programs of high priority; and a second stage comprised of refined revenue and expenditure estimates, confirmation of high priority investment areas, review of service and business transformation and efficiency opportunities, and strategic service adjustments that minimize impacts to citizens and businesses, to bring forward to Council a proposed tax increase 2.5%. The key components of this exercise are noted below, and reflect the final proposed 2012 Operating Budget changes.

2012 Operating Budget Summary

a) Operating Budget Increased Expenditures:

The 2012 Budget reflects increases related to current services based on inflationary costs, collective agreement changes, as well as new programs. The key drivers of these increases are approximately \$37M in 2012 and include:

- Utility costs due to increased pass-through costs from Metro Vancouver
- VPD Wage and Benefit costs related to step increment increases as the force demographics trend to more senior officers, negotiated wage settlements and recruitment

costs to bring the force to their targeted staffing levels after a larger than planned number of retirements in 2011.

- New and Full year facility operations costs at a number of facilities - Trout lake, Hillcrest, SEFC, as well as the VPD Property Office and Forensic Storage Facility, and Graveley and 312 Main/Annex administrative facilities, Woodward's Childcare and Firehall #15.
- New/increased services including staffing for the new Terry Salman Library at Hillcrest community Center
- Maintenance costs for new and enhanced parks.
- Outside agency costs to the City
- Capital Program charges to the Operating Budget from the Capital fund supporting Debt obligations and pay-as-you-go capital funding. The impact of the capital program on the operating budget is much lower than in prior years due to the work done on the Capital plan and budget to reduce this as a driver of operating budget increases.

b) Priority Investments

During the budget process, a number of unfunded programs were considered to be of high ranking priority and closely aligned to core services. These activities, totalling \$5 million, are considered critical and are proposed for funding in 2012. These include:

- Implementation of the collective riot reviews recommendations for the VPD, including required training for the Public Safety Unit members;
- Earthquake Planning and Emergency Preparedness, including 3 additional Fire Fighters focusing on the City's Emergency Preparedness and Community Safety;
- Support for affordable housing operations at Old Continental, Gresham and Granville buildings;
- Transition of collective bargaining responsibilities from Metro Vancouver to the City of Vancouver;
- Economic Development Strategy;
- Driver Training program to meet regulatory requirements of Worksafe BC

In addition to these specific areas, the organization city-wide is realigning the priorities of their departments, and re-directing staffing and external spending to meet new council priorities, including implementation of housing policies and programs such as the online rental database, Greenest City policies, transportation policies, economic strategy, open data and many others.

c) Departmental Strategies

Recognizing the continued pressure on costs, Departments and Boards, as part of the 2012 Operating budget process, continued to look for opportunities to transform and adjust their operations to meet the expectations of citizens, take advantage of the City's strategies for shared services, and reprioritize resources to address Council priorities. A total of approximately \$10 million of adjustments within departments were identified. Highlights of these changes include:

- Protecting core services
 - No major service level impacts were proposed
 - Grants held to 2011 level
- Smarter, more creative ways to provide services that reflect needs and outcomes, for example:
 - Street cleaning - timing and frequency
 - Naturalization/Greening of parks/boulevards to align with Greenest City goals

- Realignment of Beach guarding to focus on specific, popular beaches
- Hours of service aligned to volume/need
- Review of asset maintenance (building, water, lighting, horticulture) aligned to need and reflecting investment in new assets and retirement of older assets
- Increased use of in-house equipment
- Continued transformation and efficiencies:
 - Process changes, such as more risk based inspections
 - Leverage Technology - Mobile solutions, Web based transactions
 - Shorter, more focused Community Planning programs
 - Eliminating vacant positions/Holding vacancies after attrition, optimizing organizational structures
 - Optimizing Shared Services Strategy including Internal support services and Customer 311 services
 - Fleet and Fuel Savings through a commitment to reduce fleet size by 5%

Over the past few years, through the VSR, a number of activities have been consolidated, and the impact overall on staffing is shown in Chart A. Staffing levels since the peak in early 2009 have leveled off and decreased slightly (approximately 1%) through the end of 2011, though still above the earlier peak levels of 2007. Some of these adjustments identified for the 2012 budget will have staffing impacts. Table 2 below outlines the estimated number of Full time equivalent (FTE) positions anticipated to be impacted totaling 89 FTE or 1.5% of Regular Full Time (RFT) staff, with further details outlined in Appendix 3. Many of these positions are currently vacant, or are expected to become vacant in 2012 through attrition and retirements. Over the final quarter of 2011 and the first quarter of 2012, vacancies have been held awaiting clarification of the final budget. At this point, approximately 200 vacancies exist (3% of RFT staff), which will significantly minimize the actual impact on staff.

Chart A: Active Regular Full Time Staff Trend

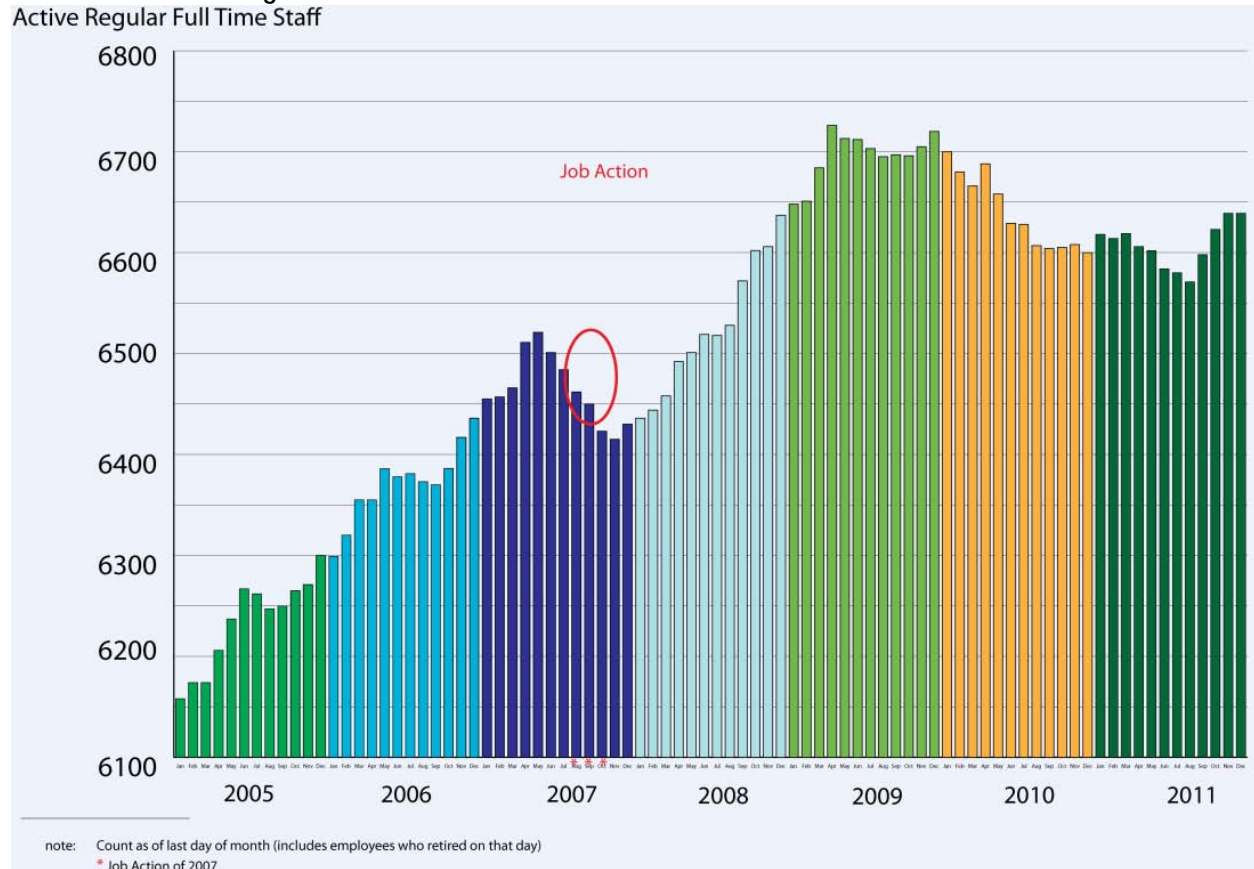


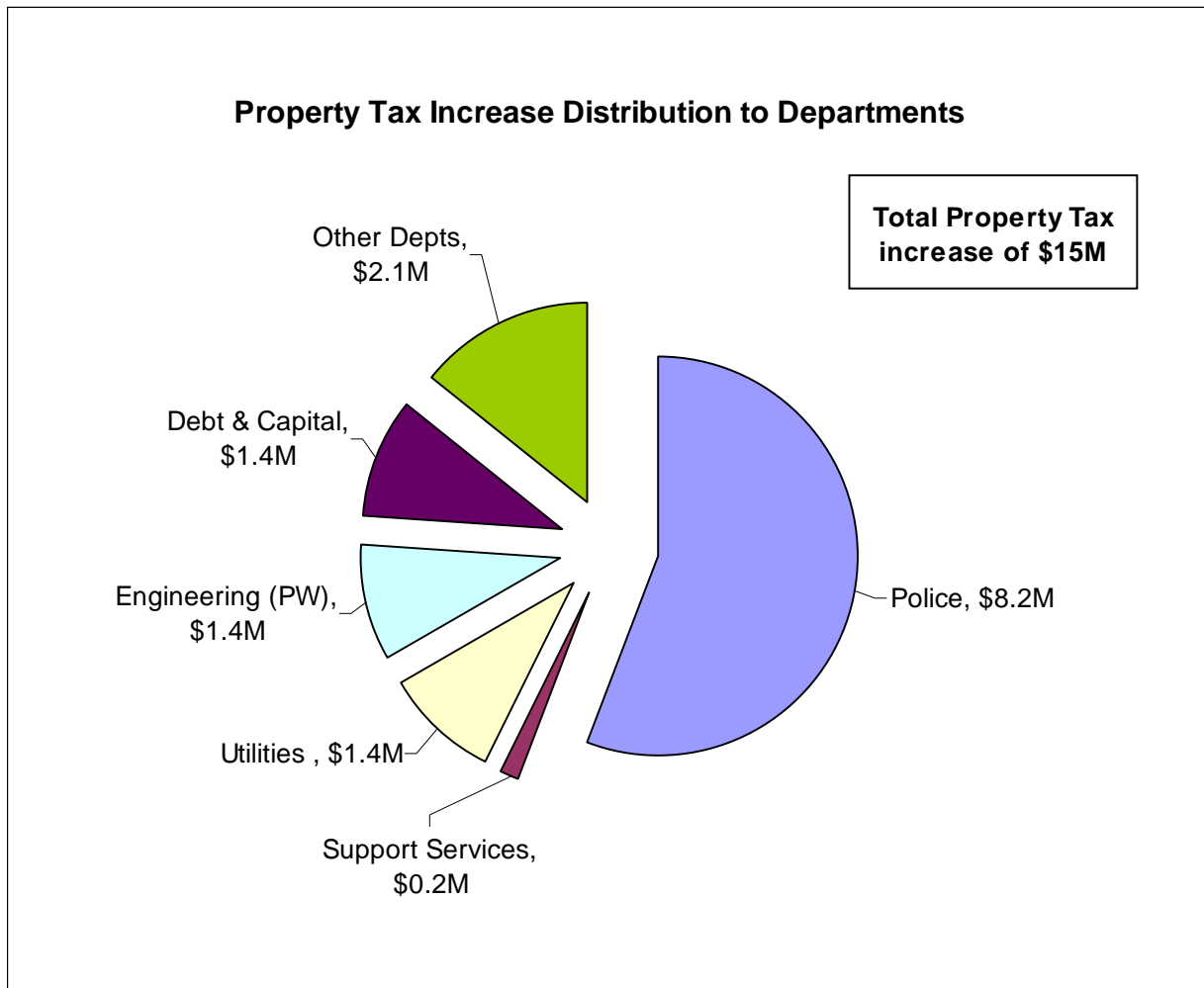
Table 2 - Summary of Impact of 2012 Budget Adjustments on Staffing

	Estimated Positions (FTE) ¹
Vancouver Police Department	0
Parks and Recreation	21
Vancouver Fire and Rescue Services	0
Engineering Services	27
Community Services Group	14
Vancouver Public Library	9
Corporate Support Services	18
Total Adjustments	89

¹ Estimated Full Time Equivalent (FTE) includes regular full-time and part-time positions as well as calculated temporary & auxiliary FTEs

The property tax increases brought forward in our 2012 operating budget (a 2.5% increase equivalent to \$15 million) supports our organization across a number of departments, as outlined in Chart B, with VPD being the largest recipient of budget increases in 2012. As the largest operational department of the City, with the largest year on year expense increase driven by increasing costs per officer, our policing sector will continue to put pressure on property taxes and on all city departments to become more productive.

Chart B: 2012 Property tax Increase Drivers



Proposed 2012 Departmental Budgets

Over the last three years, largely through the VSR, there have been a number of changes across the City and all Boards and agencies to reflect shared services. In 2011, a number of these changes took place in the city's organizational structure and budget alignment:

- Through the VSR program, Procurement and Accounts Payable became shared services. Staffing and funding for those activities transferred from departmental budgets across the City to a centralized budget.
- Further refinements to the 2011 Information Technology shared service initiative and City-wide VOIP (Voice over Internet Protocol) created funding transfers between departments. Adjustments were made on allocations to capital from operating where appropriate
-

These changes are reflected in the 2012 departmental budget. In order to make a comparison between the 2012 proposed budget and the 2011 approved budget by department, the departmental growth has been shown with and without these organizational and funding changes, and offers a more comparable year over year comparative view.

The 2012 proposed budget is summarized in Table 3 for each of the major service groups.

Table 3: 2012 Proposed Operating Budget - Departmental Summary
City of Vancouver
2012 Operating Budget
In Millions of Dollars

	2011 Budget*	2012 Proposed Budget	Change over 2011	% Change over 2011	% change adjusted for Transfers**
Revenues					
Taxation Revenue	623.3	640.9	17.6	2.8%	2.8%
General Revenue	158.9	155.3	(3.6)	-2.3%	-2.3%
Utilities	199.2	214.9	15.6	7.9%	7.9%
Police	13.2	13.5	0.4	2.7%	2.7%
Parks	47.4	47.9	0.4	0.9%	0.9%
Fire	6.8	6.8	-	0.0%	0.0%
Engineering (PW)	5.8	9.9	4.1	70.5%	70.5%
CSG	9.5	9.4	(0.1)	-0.6%	-0.6%
Library	4.1	4.1	-	0.0%	0.0%
Civic Theatres	8.6	8.3	(0.3)	-3.7%	-3.7%
Britannia	1.0	1.0	-	0.0%	0.0%
Support Services	2.2	2.2	-	0.0%	0.0%
Contingency & General Government	11.1	11.1	-	0.0%	0.0%
Debt & Capital	-	-	-		
	1,091.2	1,125.3	34.1	3.1%	3.1%
Expense					
Utilities	228.4	245.4	17.0	7.5%	7.5%
Police (incl. E-Comm)	235.0	243.5	8.5	3.6%	3.8%
Parks	103.1	103.8	0.7	0.7%	1.6%
Fire (incl. E-Comm)	99.1	99.0	(0.1)	-0.1%	0.0%
Engineering (PW)	70.4	75.0	4.6	6.6%	7.8%
CSG	57.1	57.2	0.1	0.2%	0.3%
Library	42.1	42.6	0.6	1.4%	1.7%
Grants	16.3	16.4	0.0	0.3%	0.3%
Civic Theatres	6.1	5.9	(0.2)	-3.3%	-2.5%
Mayor	0.9	0.9	0.1	5.6%	5.6%
Council	1.3	1.3	0.0	1.1%	1.1%
Britannia	4.4	4.4	(0.0)	-0.6%	0.1%
Support Services	100.5	101.3	0.8	0.8%	-1.1%
Contingency & General Government	41.5	42.1	0.6	1.5%	1.5%
Debt & Capital	85.1	86.6	1.4	1.7%	1.7%
	1,091.2	1,125.3	34.1	3.1%	3.3%

Indicated Property Tax Increase	2.5%
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* Represents council approved 2011 budget adjusted for mid-year VPD settlement and Development and Permit revenues and changes

** Represents the true year-over-year change in operations normalized for inter-departmental transfers such as IT shared-services and other funding transfers

*** There are some small rounding differences

3. SUMMARY OF YEAR-OVER-YEAR BUDGET CHANGES BY DEPARTMENT

The City's operations are managed through a grouping of departments and Boards that reflect the service areas that support our citizens. Each department and Board delivers a series of

key services, as well as working closely across the organization to support major initiatives such as emergency preparedness. As well, a number of support services, such as facilities, law, finance, human resources, provide support across all departments. On an ongoing basis, the service responsibilities are reviewed and adjusted to best meet the needs of our citizens. Operations are reviewed for transformational and business process improvement opportunities, new services and adjustments to current service levels. Opportunities to leverage shared services or partners are also considered. For this reason, direct year on year comparisons are informative, though not always complete, as the organization continues to evolve and change. However, departmental and Board budgets continue to be a key element of the Budget process.

In 2012, all budgets will be reported on a gross expenditure and revenue basis. In this way, departments and Boards can be held accountable for expenditures and revenues/recoveries budgets separately. This provides a broader view of the business areas.

Below is a short summary of the key changes within each departmental area.

- **Vancouver Police Department**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$13.5	\$13.2	\$0.3
Expenditures	\$226.5	\$218.4	\$8.1
Net Expenditure	\$213.0	\$205.2	\$7.8

The Vancouver Police Department (VPD) 2012 budget, will grow by \$8.1 M in expenditures, a 3.8% increase, driven by:

- Negotiated wage rates and increments as the average seniority of the force and average wage per officer increases
- Recruiting approximately 35 officers to reduce the current level of vacancies to an average vacancy rate of 4.3% and to begin to address Council's commitment to the Metro teams
- Incremental investment in equipment and training as per the Riot Review report recommendations.

Strategic Areas of focus for 2012 include:

- Riot related investigations (Integrated Riot Investigation Team – IRIT)
- Continued focus on emergency management, working closely with City Staff and VFRS
- Reduce violent crime by 12.5% over the next 5 years
- Reduce property crime by 25% over the next 5 years
- Disrupt organized crime and gangs
- Combat crimes and issues that impact neighbourhood safety
- Improve traffic safety
- Continue to develop and maintain positive working relationships with the community

Over the 3 year period of 2012-2014, as part of the election commitments, an additional 30 Metro officers are planned, with recruiting for 15 officers in 2013 and 15 in 2014.

- **Vancouver Fire and Rescue Service**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$6.8	\$6.8	\$0
Expenditures	\$94.8	\$95.0	(\$0.2)
Net Expenditure	\$88.0	\$88.2	(\$0.2)

The Vancouver Fire and Rescue Service (VFRS) Budget remains relatively flat from 2011 to 2012 as increased investments are offset by changes to vehicle life estimates and wage costs with recruitment of more junior members as senior members retire, , along with adjustments to program revenues that reflect actual outcomes. The VFRS 2012 budget reflects investments in 3 FTE with a focus on emergency preparedness (leveraging the City’s investment in Urban Search and Rescue) and community safety through the development of a Citizen Volunteer Team, support of the Integrated Public Safety team, and the expansion of Fire Suppression’s role to that of Community Safety Practitioners. A long-standing temporary mechanic position is being regularized through department reallocation to support fire vehicle maintenance at no additional cost.

- **Vancouver Public Library**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$4.1	\$4.1	\$0
Expenditures	\$42.6	\$42.1	\$0.5
Net Expenditure	\$38.5	\$38.0	\$0.5

The Vancouver Public Library (VPL) expenditure increase is driven primarily by salary and benefit cost increases related to the full year of the Terry Salman library branch at Hillcrest Community Center. This increase is partially offset by Central Library information service adjustments (no impact on hours of operation) and Technical Services efficiencies.

- **Vancouver Board of Parks & Recreation**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$47.9	\$47.4	\$0.5
Expenditures	\$103.8	\$103.1	\$0.7
Net Expenditure	\$55.9	\$55.7	\$0.2

The Park Board expenditure increase is driven primarily by salary and benefit cost increases related to new and full year operations at several facilities including Hillcrest, SEFC and Trout Lake, as well as increases in park maintenance costs for new or enhanced parks. Fees and charges have been adjusted to reflect increases in some fees and a proposed shift in timing of annual fee changes to September to align with the school year and other jurisdiction’s recreation fee increases. The budget includes a decrease to facility maintenance costs for 2012, reflecting new facilities and retirement of aged facilities. The increase in the Park Board budget also reflects the impact of the City’s shared services initiatives, through which staff and associated budget have been transferred to the City’s support services departments.

There are a number of other business transformation initiatives, including increasing management span of control in both recreation & parks, refocusing beach guarding efforts to key swimming beaches, reducing hours at recreation facilities during low-use

periods, efficiency improvements in park maintenance and deferring the artificial turf field reserve for one year.

- Community Services Group

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$9.4	\$9.5	(\$0.1)
Expenditures	\$57.2	\$57.1	\$0.1
Net Expenditure	\$47.8	\$47.6	\$0.2

The 2012 Community Services Group (CSG) expenditure budget remains relatively flat compared to 2011. All granting programs remain unchanged from 2011. This reflects increases to wages and benefits as well as non-market housing operations. One time funding to support the Vancouver 125th Anniversary in 2011 is not required in 2012. As well, transfers of shared services activities to the Support Services groups have been reflected in the 2012 budget as a reduction to the CSG overall budget. Cost increases are offset partially by a number of vacancies expected in 2012 as the department increases the efficiency of its organization.

- Engineering Services (Public Works)

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$9.9	\$5.8	\$4.1
Expenditures	\$75.0	\$70.4	\$4.6
Net Expenditure	\$65.1	\$64.6	\$0.5

The 2012 Public Works expenditure budget includes an increase in work related to repairs of street cuts caused by utility work. While this additional work is necessary to reduce a back log of street cut repairs, this is a cost recovery service; therefore the increased costs are offset directly by recovery increases. Additionally, funding from senior governments to support sustainability initiatives are reflected in the increased revenue/recoveries and offset with increased costs, including additional staffing, related to those initiatives. Expenditure increases are also related to wages and benefits, general operating expenses and an investment in an enhanced Driver training program to meet regulatory requirements from WorkSafeBC.

Partially offsetting these increases are business process improvements involving a move to greater reliance on needs based work allocations. An example of this is an adjustment to the frequency of street cleaning operations in different areas based on an assessment of need. As well, street lighting maintenance plans will be based on an on-going evaluation of need and timing for various assets which will mean adjustments in service response in areas with lower risk. A number of transfers of Shared services activities to the Support services groups have also been reflected in the 2012 budget.

- **Support Services**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$2.2	\$2.2	\$0
Expenditures	\$103.5	\$102.7	\$0.8
Net Expenditure	\$101.3	\$100.5	\$0.8

The following departments and major projects are included within Support Services: Mayor and Council, City Clerks, the City Manager's Office, the Equal Employment Opportunity program, Human Resources, Legal Services, Corporate Communications, Vancouver Services Review, Business Planning & Services, Supply Chain management, Financial Services and Information Technology.

The Support Services areas are remaining relatively flat overall. This reflects increases through ongoing transfers from departments to shared services structures as well as investments in areas such as Labour Relations in our Human Resources department to accommodate the transfer of services previously contracted to the Metro Vancouver Labour Relations Department. Room was created in the budget as one time costs for the civic election in 2011 were removed. In the Facilities area, a number of new facilities will be operational for a full year in 2012, and a number of rent increases are reflected. Councillor resources were kept whole. The Mayor's budget has a modest increase to support increased roles at FCM (Big City Mayor's Caucus) and Metro Vancouver. The Mayors budget has not had an increase since 2003.

Support service areas have reflected a number of efficiency and operational changes in their 2012 budget which has helped offset business level increases, resulting in a relatively flat budget over 2011.

- **Water, Sewer, Solid Waste and Neighbourhood Energy Utilities**

(\$ millions)	2012	2011	\$ change
Revenue/recoveries	\$214.9	\$199.2	\$15.7
Expenditures	\$245.4	\$228.4	\$17.0
Net Expenditure	\$30.5	\$29.2	\$1.3

The water, solid waste and neighbourhood energy utilities are fully funded by user fees, while the sewer utility is a combination of user fees and tax supported funding. \$30.5 million of sewer utility is funded through property tax. The user fees for the utilities were approved by Council in December 2011.

The water and sewer utilities are significantly influenced by charges from Metro Vancouver for water purchases and sewer levies. Material increases in these charges are expected to impact these utilities for the next several years and make up 25% of the reported increase for 2012.

Debt charges and capital replacement also represent a significant portion of the costs for the water and sewer utilities. Increases in these costs due to additional infrastructure costs incurred in recent years account for 20% of the 2012 expenditure increase. There is an initiative in place to reduce the debenture borrowing costs in the water utility by increasing the use of current funds to fund current infrastructure costs. For 2012, this change will result in 30% of the reported increase. The shift from

debt funding to fee supported funding of infrastructure costs will result in savings of debt carrying costs over time.

The water and sewer utilities include stabilization reserves that are intended to mitigate the impact on user fees of significant cost increases arising outside of the City's control. For 2012, transfers to the reserves have been budgeted in anticipation of future increases by Metro Vancouver. The solid waste utility includes a reserve to fund future closure costs for the landfill. Based on anticipated future costs for closure a transfer to the reserve is being budgeted for 2012. The overall impact of the increased transfers to these reserves represents 15% of the reported 2012 increase.

The remaining increase in expenditures for the utilities relate to general operating expenses and initial costs for the implementation of the clean water work program for 2012.

4. IMPLICATIONS OF THE MUNICIPAL TAX LEVY REDISTRIBUTION ("THE SHIFT") IN 2012

In March 2008, Council adopted the recommendations of the Property Tax Policy Review Commission ("PTPRC") that a target distribution of 52% residential and 48% non-residential be achieved (based on the *2008 Assessment Roll*) by shifting \$23.8 million proportionately from non-residential to residential properties. In order to avoid the significant impact of the shift in one year, the PTPRC recommended that the shift be implemented at a rate of 1% of the overall tax levy per year. The 2012 tax year is the fifth and final year of the program.

Along with the change in the total municipal tax levy from year to year determined by Council, property taxes will also be impacted by the continuation of the redistribution of the municipal tax levy from non-residential to residential properties. Through the 1st 4 years of the program, \$22.2 million have been shifted to date, leaving \$1.6 million to be shifted in 2012 to meet the targeted amount outlined in the review. This represents a .27% redistribution for 2012, with the impact of approximately +.51% on residential taxes and -.57% of commercial taxes.

Table 4 demonstrates the impact of the .27% municipal tax levy redistribution to the total municipal tax levy with the related impact on a range of residential and non-residential properties.

**Table 4 - Potential Impact of Municipal Tax Levy Redistribution (“the shift”)
 Based on a Proposed 2.5% Increase to 2012 Municipal Tax Levy**

Property Value	2012 Municipal Tax Levy	Prior to Shift	After Shift from Non-residential to Residential
Residential Property			
\$400,000	\$694	\$17	\$21
\$700,000	\$1,214	\$30	\$37
\$800,000	\$1,388	\$35	\$42
\$900,000	\$1,561	\$39	\$47
\$1,200,000	\$2,081	\$52	\$63
Commercial Property			
\$400,000	\$3,258	\$81	\$62
\$700,000	\$5,702	\$143	\$109
\$800,000	\$6,516	\$163	\$125
\$900,000	\$7,331	\$183	\$141
\$1,200,000	\$9,775	\$244	\$187

Assumptions/Notes:

- 2012 opening municipal tax levy is calculated based on 2012 Completed Roll and new construction estimates subject to refinement
 - 0.27% municipal tax levy redistribution is equivalent to 0.51% increase for residential municipal tax levy and 0.57% decrease for non-residential municipal tax levy
 - Impact on individual properties may vary depending on the relative change in value of a property compared to other properties in the same class; and the impact that the City’s rolling three-year land assessment averaging program has on the value of a property for tax calculation purposes
- Taxes levied by other taxing authorities - Provincial School, Translink, BC Assessment, Greater Vancouver Regional District (now known as Metro Vancouver), and Municipal Finance Authority - are not included. Council has no control over the amounts collected by these taxing authorities

5. 3 YEAR OPERATING BUDGET OUTLOOK

In continuing to improve the rigour of our Financial processes, the organization has initiated a 3 year operating budget outlook. The purpose of the outlook is to provide Council and Staff with a longer term view of potential pressures and opportunities that may impact future operating budgets. Over the next 2 years, the organization will continue to refine the forecasting process and the framework for this longer term outlook. It is statutory requirement for other BC Municipalities, as part of the Community Charter, to have a multi-year budget. Council has given staff direction to increase the financial rigour in our budgeting and reporting processes, and we continue to expand our finance framework. Beginning in 2012, The City of Vancouver implemented a 3 year forecast for the Capital Budget, and is initiating a 3 year outlook for the Operating Budget. This shift to a multi-year outlook will enable the organization to make decisions in a broader context and to anticipate impacts of potential changes to the financial, economic and operational environments. As well, a multi-year view will enable a smoother transition of initiatives into budget impacts - where new facilities or business changes take place mid-year, we can reflect partial costs in one year and the next, and hold ourselves accountable to the full multi-year impact. For

example, many IT initiatives with a positive return on investment are implemented mid-year with a multi-year payback - these can now be seen over the forecast period.

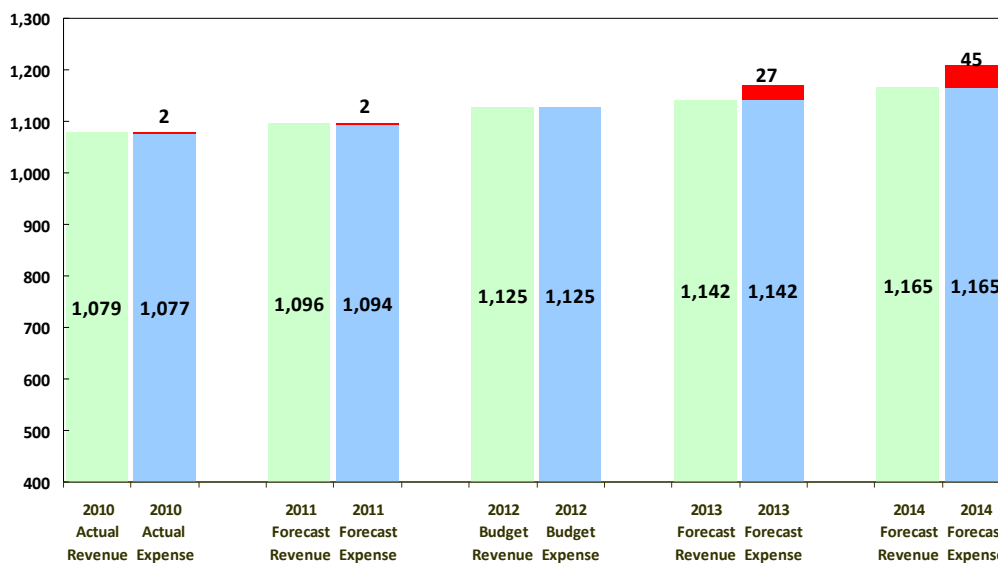
In looking forward beyond 2012, to 2013 and 2014, the challenges will be very similar to those experienced in 2012. There are a number of fixed costs which will cause pressure on the budget in future years, with compensation across all staff groups being the most significant, and as yet, unquantifiable. Negotiations to renew expired collective agreements will occur over the course of this year and the current collective agreement between the Vancouver Police Board and the Vancouver Police Union is due to expire at the end of 2012. Decisions related to capital programs and other environmental and economic factors as well as uncertainty regarding emerging priorities and the economy will impact the projections in the future years.

The potential property tax increase to maintain Council approved service levels will be dependent upon key drivers including: wage increases; inflationary increases; incremental costs of new facilities; the impact of the Capital program; and increases imposed by other agencies (including the Greater Vancouver Sewerage and Drainage District) over which Council has no control.

Key offset to these drivers include: ongoing VSR and business transformations; and increased revenues as the economy continues to recover. Table 5 outlines preliminary projections based on the current view of budgetary pressures going forward and trending over the 3 year period. The 3 year framework will continue to evolve and enable more fulsome discussion regarding the impact of decisions and opportunities on our long term operating budget.

Table 5: 3 year Operating Budget Trending

Trend Operating Budget Outlook



The assumptions built into the model include estimates for new initiatives and programs, inflationary estimates based on Bank of Canada inflation rate estimates, other inflationary trends, capital project impacts, etc. As well, future impacts of current VSR initiatives are factored in and other identified transformation initiatives such as the reduction in Fleet and Fuel. Forecasts from 3rd parties such as Metro Vancouver have been used to estimate utility costs and associated utility rate increases. Based on this preliminary outlook, the potential gap for 2013 and 2014 is in the range of \$27 million and \$45 million respectively. Assuming for example a property tax increase mirroring CPI, the remaining gap would be \$13 million and \$16 million to be addressed by productivity, transformation or other funding opportunities. While this is still a work in progress, the shift to a 3 year outlook will increase the time available to identify the actions to close our gap and to see the impact of those multi-year decisions and hold ourselves accountable.

6. COMPLETING THE BUDGET CYCLE

The following outlines the next steps in the budget process:

Interim Estimates & Public Consultation Results	February 28, 2012
Special Council Meeting - Public	February 29, 2012 (6:30pm)
Final Budget Estimates	March 5, 2012
Tax Reports April - May	April/May 2012

*The final roll from BC Assessment will not be available prior to the Final Budget Estimates, therefore there may be minor changes to the 2012 budget once the final roll is received and tax rates are set in the spring of 2012.

PERSONNEL IMPLICATIONS

To bring the 2012 budget into balance, accommodating the various fixed cost drivers and new initiatives, and with a 2.5% property tax increase, departments looked at opportunities to improve efficiencies and opportunities to adjust services levels where there would be minimal impact to citizens. These transformation efforts are a continuation of work led by the Vancouver Services Review and now ongoing across the organization to adjust operations to meet the changing needs of our City, to align with Council priorities and take advantage of technology. The changes necessary to achieve a balanced budget for 2012 are anticipated to impact approximately 89 FTE positions in the organizations (approximately 15% exempt and 85% union), many of which are currently vacant or are anticipated to become vacant through regular staff turnover and retirements. While a small number of employees will be impacted by the reduction in regular positions, it is anticipated that impacted regular employees will have access to other opportunities within the organization. The City currently has approximately 200 vacancies, so every effort will be made to accommodate through these vacancies. As in prior years, Managers are committed to looking for every opportunity to limit the impact on employees and we do not anticipate significant disruption.

The Vacancy Management Committee (VMC), which was created in 2010, will continue to ensure that there is a cross organizational approach to dealing with the impact of position reductions and minimizing staff/organizational impacts.

CONCLUSION

The 2012 Operating Budget has been developed in the context of a continued challenging external economic environment while focusing on enhance the City's services and programs, aligning to Council's priorities. The 2012 budget reflects the ongoing transformation of the City in looking for new and better ways of providing the services that our Residents, Businesses and Visitors to our city value so highly, and to protect the services to our more vulnerable populations. Guided by Council priorities and public input, the budget also includes a balanced combination of productivity and efficiencies, strategic adjustments to service delivery, and a modest property tax increase of 2.5%.

* * * * *

Appendix 1: 2012 Operating Budget Consultation - Participation Summary

This summary outlines the methods used in consulting with the public and stakeholders for the City's 2012 Operating Budget, as well as the total participation numbers. This consultation was conducted under a compressed timeframe because it was an election year.

The totals reflect a substantial increase over last year and also versus previous years - as measured either by purely active participation as well as through softer forms of engagement, which can be equally effective.

The total cost of this year's consultation was \$75K. This compares to approximately \$128K last year and \$130K in 2010.

The 2012 consultation program began on January 9, 2012 and ran until February 10, 2012.

Consultation tactics

ACTIVE PARTICIPATION:

Information session attendance	13
Surveys	
Telephone:	500 residents 251 business
Online:	300 (mainly residents)
Total surveys	1,051
Forum participants	19
Budget allocator game respondents	37
<i>Total active participation</i>	<u>1,120</u>

OTHER CONSULTATION TACTICS:

Budget Basics booklets distributed (to all local libraries)	500
Budget web portal visitors	1,294
Active participation	1,120
Average ad circulation	80,000
<i>Total 2012 budget outreach</i>	<u>82,914</u>

Appendix 2: 2011 Budget Survey - Mustel Group



MUSTEL GROUP
MARKET RESEARCH

City of Vancouver

2012 Budget Survey

January 2012

Presented to:



City of Vancouver
Vancouver, BC

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Executive Overview

Introduction

In developing annual budgets the City of Vancouver has surveyed residents on budget challenges in years since 1997 when there was a shortfall. Businesses stakeholders were initially surveyed in 1997 and then resumed since 2006.

For the 2012 Budget process, random telephone surveys have been conducted among 500 City residents aged 18 and over and among 251 businesses located within the City of Vancouver limits. Interviewing was completed January 9 to 23, 2012.

As required by law, the City must balance its budget each fiscal year. The 2012 budget faces a \$52 million shortfall. As part of the stakeholder consultations, resident and business stakeholder opinions and preferences were collected regarding approaches the City might use to deal with the budget shortfall, including various taxation levels and different strategies for service reductions and/or revenue streams.

Key findings are summarized briefly in this *Executive Overview*. Further details are presented in the *Detailed Findings* section.

Key Findings

Perceptions of City Services

Satisfaction with Overall Quality

- The majority of stakeholders continue to be satisfied with the quality of services provided by the City of Vancouver.
- At this time most City residents (84%) are “very or somewhat satisfied,” including 24% who are ‘very satisfied’ — a typical pattern of resident satisfaction.
- Among City businesses, current satisfaction is consistent with most tracking in the last six years. Seven-in-ten business operators are “very or somewhat satisfied” with the quality of City services. This year’s ‘very satisfied’ level is among the highest (19%) and significantly better than last year. Total dissatisfaction is in a typical range (20%).

Change in Quality Over Past Few Years

- Perceptions about the change in quality of City services over the past few years tend to be consistent among residents with a sense of improvement (‘much better’ or ‘somewhat better’) outweighing deterioration.

- Among businesses, the patterns are typical and basically unchanged from last year. At this time those seeing a decline are balanced by those perceiving improvement.

Opinion on Amount of Property Taxes Paid

- Homeowners and business operators who pay property tax as a direct cost both tend to believe that their property taxes are too high.
- This year sees a dramatic increase in the proportion of homeowners who consider their property taxes too high—65% vs. 44% last year and typical ranges of 40-55% in prior years. Just 32% of residents say the level is “about right” at this time.
- Among businesses the pattern is consistent with the past tracking (70% ‘too high’ vs. 25% “about right”).

Perceived Value for Tax Dollar

- Homeowners’ perceptions continue to be quite stable with most believing they receive good value from the City tax dollars they pay (70% vs. 24% poor value).
- On the other hand, businesses that pay property taxes as a direct cost are divided in their opinion (45% good value and 42% poor value). This year findings return to a more typical pattern after higher than usual ‘fairly good value’ ratings last year, bringing the total good value to a level never seen before.

Importance of Specific City Services

- Residents and businesses appreciate the services provided by the City, giving all service categories ratings of 6 or higher on the zero-to-10 importance scale. Highest ratings go to fire and policing (8.5 and 8.3 out of 10). These are followed by a number of services approaching average scores of 8 out of 10: i) maintenance and repair of sewage and drainage systems, ii) garbage collection, iii) composting and recycling, iv) planning future development of the City, v) maintenance, cleaning and upgrading of streets and sidewalks, vi) management of city traffic, vii) support for community service organizations to help people in need—all in the 7.6 to 7.9 ranges.

Fiscal Management Options

Three Broad Fiscal Management Options

- As seen in past tracking, both stakeholder groups disapprove of using ***property tax increases exclusively*** to deal with the shortfall.
- Homeowners are evenly split on the choice between using “***service cuts with user fee increases***” versus using a ***mix of all three options*** (*service cuts, tax increases and, if needed, higher user fees*).

- Businesses paying property taxes directly tend to favour **service reductions with increased user fees** (55% vs. 36% for the mixed approach which includes some tax increases). Renters tip the balance towards mixed approach, thereby balancing opinion among businesses in total.

General Approach to Service Cuts

- Again similar to past tracking, a majority of businesses and residents prefer higher cuts only in some service areas, rather than across all areas.

Extra Revenue from Higher User Fees

- A majority of residents (57%) and even more businesses (64%) favour the use of extra revenue from higher user fees in order to help pay for **other** City services. As found in 2010, we continue to see somewhat greater resistance to higher user fees among residents (41% opposed).

Reducing Services and/or Increasing User Fees vs. Raising Property Taxes

- When only given two options, both residents and businesses opt for service reductions and/or higher user fees rather than property tax increases. Businesses strongly resist raising property taxes to be able to maintain all City services. Their preference is for service cuts and/or increased user fees (73%).
- While residents overall also lean toward service cuts with increased user fees (58%), renters are more evenly split between these options.

Acceptability of Property Tax Increases

Residents

- Findings for all homeowners combined are quite typical of past tracking with a majority accepting property tax increases at some level in order to maintain the same level of City services. However, the cumulative acceptance levels are:
 - About half of homeowners are willing to accept a 9% increase (49%).
 - With a 6% tax increase – about 6-in-10 are in acceptance (59%) and
 - With a 3% hike – 8-in-10 would be willing to pay 2% more (80%).
- Most home renters would accept a \$5 per month rent increase to maintain current service levels (77%). Their tolerance for \$5 is similar to that seen for a \$4 increase last year (79%).

Businesses that Pay Tax as Direct Cost

- Businesses voice considerable objection to a 9% and a 6% property tax increase (as willingness to pay levels are 18% and 26%, respectively). Nevertheless, a 3% increase would be tolerated by almost two-thirds (65%), leaving 35% objecting to all options presented.
- Among those that rent their business premises but do not pay property taxes directly, about half say they would accept a rent increase if the property owner passed on all or some of a 9% increase in rent, in the interest of maintaining current City service levels.

Opinions on Possible Service Reduction Measures

General Types of Reductions

Stakeholder priorities were assessed in a general way by testing opinion on possible service changes or reductions using a 'zero to 10' oppose/support scale. Respondents were assured that the City would maintain all appropriate health and safety standards and were also told that any changes made would be planned to minimize the impact on the public.

- On the whole support is mixed for the cost saving measures proposed. Most measures garner less than 50% support (ranging from 24% at the low end to a peak of 54%). Businesses tend to be more receptive than residents. If counting those who cast a neutral vote as 'non-objectors', we find the level of acceptance to be highest for the following actions:

Residents		Businesses	
Service Category	Average, % support + neutral	Service Category	Average, % support + neutral
Reduce enforcement of nuisance or minor City by-laws(noise, after hours park use, etc.)	5.3 67%	Hold fewer public consultations and hearings	5.9 74%
Reduce level of land-use planning	5.2 67%	Reduce hours of operation at city facilities	5.7 71%
Hold fewer public consultations and hearings	5.1 64%	Reduce enforcement of nuisance or minor City by-laws(noise, after hours park use, etc.)	5.5 70%
Reduce GREEN initiatives	5.0 59%	Reduce GREEN initiatives	5.4 67%
Reduce hours of operation at city facilities	5.0 65%	Reduce level of land-use planning	5.1 68%

Communications

- About 4-in-10 business people and slightly fewer residents (37%) heard about the Vancouver Budget process prior to the survey with newspaper being the most common media channel.

Conclusions

- Tax Increases:** In the past the public has been largely tolerant of some tax increases to maintain the current level of City services, but acceptance levels for a 9% increase this year are met with considerable resistance.
 - Although a majority of homeowners appear willing to pay 3% or even 6% more, sensitivity to tax increases is growing among residential taxpayers. Notice the sharp increase this year in the proportion of homeowners who think their property taxes are 'too high' (65%-- the highest seen since tracking began).

- Among businesses that pay property tax as a direct cost, there is widespread refusal to accept 9% or 6% property tax increases, but a 3% increase is acceptable to a majority (65%--greater receptivity than seen just two years ago for a 2% increase).
- Preferred fiscal management options: Opinions are similar to past tracking with the vast majority of residents and businesses rejecting the idea of only using tax increases to solve the budget shortfall. However, there is no clear consensus on whether to choose “service cuts plus user fees” or “a mix of service cuts, tax increases and, if needed, user fees”, as both options continue to have sizable support.
- Acceptable courses of action: Faced with general types of service reductions in order to balance the 2012 budget, the public identifies those areas of service that they would be willing to forego, although with much reluctance among residents in particular. The top three most accepted candidates for service reduction among both businesses and residents include fewer public consultations and hearings, reduced enforcement of nuisance and minor City by-laws and reduced land-use planning. As well, business leans in support of reduced hours of operation at City facilities, but residents are somewhat less supportive, although a majority does not object.
- Public consultation: Continued use of random telephone and online surveys are the best ways to include the public in the consultation process, as well as on-line surveys and perhaps emailed surveys to businesses offer multiple options for participation.
- Issues of public concern: Finally, the City in planning its budget may wish to consider local issues that are voiced by constituents as the most pressing for Council to address. These include City finances and property taxation, homelessness, poverty and the related affordable housing issues, public transit and traffic congestion. Crime and personal safety, once a leading concern has been mentioned less in the current wave of research than ever before. Perhaps the City’s efforts to fund increased policing staffing and presence is having an impact on public perceptions.

Foreword

Background and Research Objectives

Since 1997 the City of Vancouver has consulted stakeholders in numerous ways to gauge opinion on budget priorities and on various methods of meeting shortfalls. Each year the City is legally required to maintain a balanced budget, but fiscal pressures facing the City in recent years have increased significantly with rising costs for existing and new services and programs demanded by the public, downloading of responsibilities from senior governments and changes in previously anticipated revenues. To develop the most widely accepted course of action in such circumstances, the City seeks to understand the views of the public and business stakeholders on general and specific options for the types of cost reductions that may be required in 2012.

In 1997 the City commissioned research to gather input from residents and businesses. From 1998 to 2005 only residents' opinions were polled in years of budget shortfalls. Since 2006 both businesses and residents have been surveyed.

A set of core measures have been surveyed in each study, monitoring attitudes for shifts in and/or confirmation of public priorities and opinion. Accordingly, the research objectives are to track changes in resident and business attitudes on the following:

- Main local issues of concern
- Perceptions and importance of City of Vancouver services
- Preference for fiscal approaches and options to deal with a budget shortfall
- Reaction to taxation alternatives

Since 2010 the survey has also included resident and business communities' approval or dissent toward measures that could be implemented to achieve cost reductions and minimize tax increases, including:

- Support for or opposition to general types of cuts to services
- Support for or opposition to specific measures within each service area

As well, the following additional topic is addressed in this year's survey:

- Preferred means of providing input on the annual budget

Methodology

The basic telephone methodology of past budget allocation surveys was replicated. Advance notification of the survey and a budget flyer were not mailed to resident household and business samples, as had been done in the past few years.

Residential Survey

Random telephone interviews were conducted among residents of the City of Vancouver 18 years of age and over. A total of 500 interviews were completed, distributed proportionately across five regions of interest (Downtown/West End plus the rest of the City divided into four quadrants with 16th Avenue defining the north/south boundaries and Main Street the east/west boundaries).

The regions were geo-mapped and random samples of households were drawn for each area, using a regularly up-dated database of published, residential telephone listings. The 'listed' telephone sample was augmented with a random-digit generated (RDD) in an attempt to include unlisted and cell only phone numbers. Within each household the eligible respondent was chosen at random (alternating male and female adult respondents, except in cases of same sex households, where one was selected at random). Up to six calls were made in attempting to complete an interview with each household/respondent selected, a measure to minimize potential non-response bias.

At the data processing stage the residents' sample was weighted into proper proportion on the basis of age within gender and region to match 2006 Canada census statistics for the City.

RESIDENTS Sample Distribution		
	<u>Actual</u> (500) %	<u>Weighted</u> (500) %
Gender		
Male	48	48
Female	55	52
Age		
18-34	20	33
35-54	45	39
55+	35	29
Refused	<1	<1
Region		
Southwest	20	21
Southeast	35	30
Northwest	13	17
Northeast	20	18
Downtown/West End	12	16

A copy of the residential questionnaire is appended. To ensure that this sample represented a typical cross-section of residents, the survey screened out households with anyone employed by

the City, an elected City official or a member of a Business Investment Area (BIA). BIA members were included in the business survey sample.

In addition to English, alternate language interviewing was available to respondents in Chinese (Mandarin or Cantonese). In total, 10% of the residents interviews were conducted in an alternate language, distributed as follows:

English	435
Cantonese	60
Mandarin	5

Furthermore, based on a question about ethnic background/ancestry, 23% of the sample reports being of Chinese heritage and 8% report other Asian roots (Punjabi/Pakistani, Indian, Filipino, Japanese, Vietnamese, Korean and other Asian), while about 55% of mentions are European, 9% Canadian/First Nations and 6% other origins.

Business Survey

A random telephone survey was also conducted among a cross-section of businesses located in the City of Vancouver. Business owners and senior managers or others who made decisions about location planning were surveyed. Disproportionate sampling was used to enable examination of medium and large businesses, since 91% of businesses are small (under 25 employees). At the data processing stage the final sample was weighted back into proportion on the distribution of the sample frame based on business size (number of employees).

BUSINESSES Sample Distribution		
	<u>Actual</u>	<u>Weighted</u>
	(251) %	(251) %
Company Size		
Small 0 -24 employees	65	91
Medium 25-99 employees	22	7
Large 100 or more employees	14	1

As needed, business respondents were offered the survey in alternate languages, as for the resident survey. A total of 10 business surveys were completed in Chinese (1 Mandarin and 9 Cantonese).

Data Collection

All interviewing was conducted from the Mustel Group CATI (computer assisted telephone interviewing) facility in the City of Vancouver, where telephone interviewing staff is supervised and monitored. The fieldwork for the 2012 Operating Budget study was completed January 9 to 23, 2012 on weekdays among businesses from 8 a.m. to 5 p.m. and among residents between 4 and 9 p.m. and on Saturdays between 10 a.m. and 4 p.m. and Sundays between 1 and 7 p.m. Call-back appointments were scheduled to suit respondents beginning at 8a.m. and extending into the evenings and weekends as requested by businesses.

Copies of the questionnaires are appended (including the Top-Line results for each question and the past tracking data where applicable).

Results

The results are presented here in the format of an *Executive Overview*, summarizing the key findings, and a more comprehensive *Detailed Findings* section.

Statistical tolerance limits (or sampling margin of error) for a simple random sample at the 95% confidence level (or 19 times out of 20, if the study were to be repeated) are:

- **500 interviews** +/- **4.4 percentage points**
- **250 interviews** +/- **6.2 percentage points**

Base sizes shown in graphs and tables of this report reflect the actual (rather than weighted) number of interviews completed. Tracking results illustrated in the charts and graphs are presented for 1997 and for the most recent five years. The results for all years of tracking are shown in the Top Line Questionnaires appended to this report.

Detailed Findings

1. Most Important Issues Facing Vancouver

1.1 *Top-of-Mind Issues*

Unprompted opinions were elicited from resident and business stakeholders on the local issues regarded as the most important—those that should receive the greatest attention from City Council.

Overview of Key Themes

Residents and businesses agree on several of the top issues of concern, but as in the past the rank order differs. For both stakeholder groups **City finances and property taxes** are one of the foremost issues, particularly so for businesses where it receives the top place among unaided mentions. For residents **social issues** continue to dominate the agenda with affordable housing and homelessness/ poverty being by far the most prominent—a consistent pattern since 2007. Another common theme is **transportation** covering public transit, traffic congestion and in the last two years, the topic of bike lanes has arisen among the key top-of-mind responses.

Other highlights of this measure include the following:

- Crime which receives the lowest mention ever registered in the tracking—a sign that the efforts to address this problem have likely been noticed by residents and businesses alike.
- Residents continue to mention City finances and property taxation much more than seen prior to 2009.

Residents

- **Social issues** collectively continue to be the most pressing concern, receiving greatest mention by residents in total and particularly by renters (42% and 54%, respectively). In total, homelessness/poverty and lack of affordable housing receive almost equal mention, but among renters affordable housing takes the top spot (34%). Since 2007 social issues have been residents' foremost issue for City Council's attention.
- **Transportation**, consisting of public transit, traffic congestion and bike lanes, is the second greatest concern to residents (26%) but at a greater distance from social issues than in the past.
- **City finances and property taxes** assumes third-level priority for residents overall (18%, similar to last year) and is primarily raised by homeowners (26% vs. 7% of renters).

- Interestingly, **crime** has dropped this year to the lowest level ever measured among residents (10%). This may be recognition and effect of the City’s attention to police department staffing and related measures in recent years.
- Environment/green issues have returned to a typical level, after a spike recorded in 2011 (9% currently vs. 18% in 2011).

Business

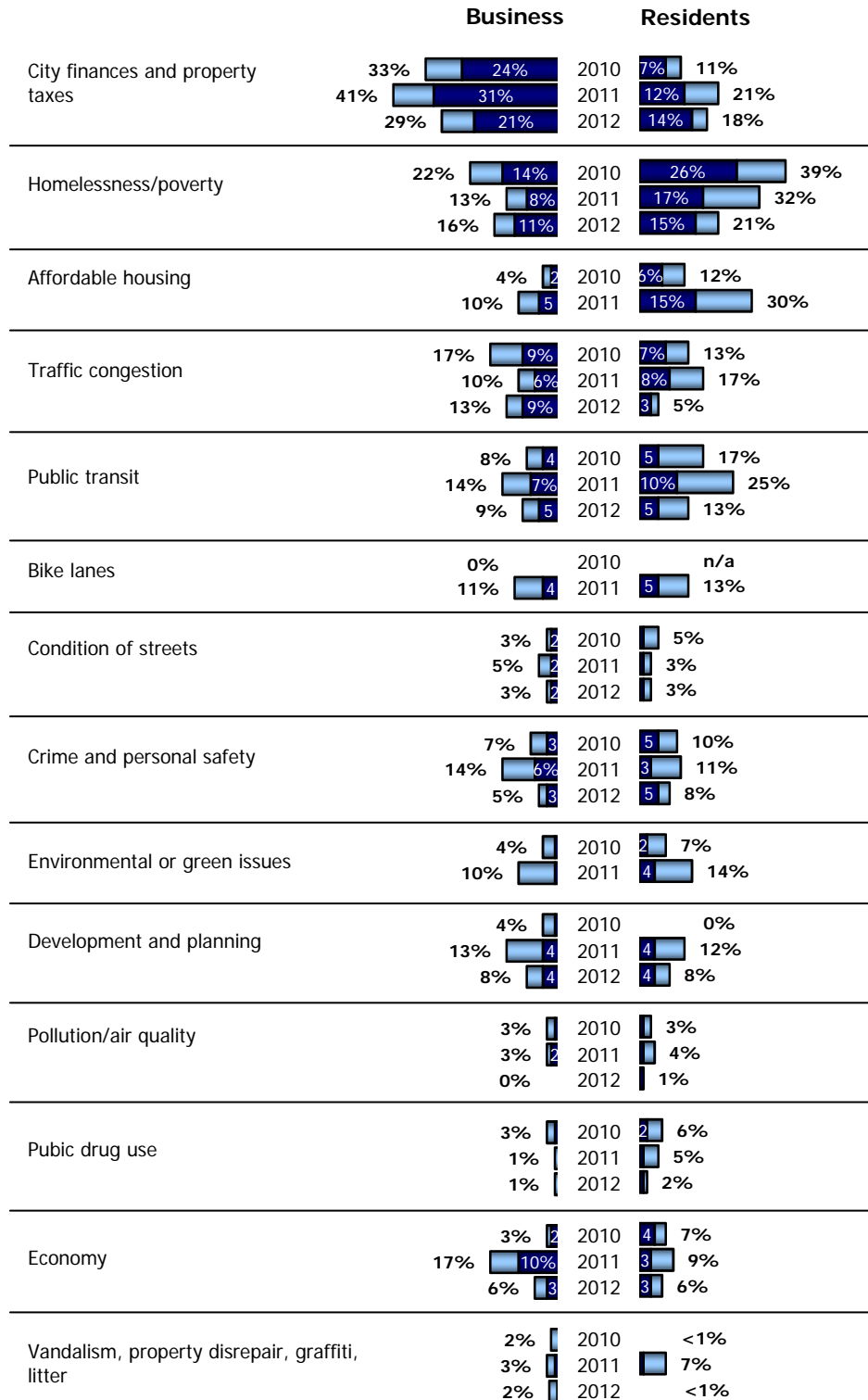
- Businesses express greatest concern this year about **transportation** followed closely by **City finances and property tax** (35% and 29%, respectively and not statistically different). Note that transportation issues include traffic congestion, public transit, bike lanes and other transportation issues. Compared to a record high last year, City finances and property taxes have declined significantly as a top-of-mind concern (18% now vs. 41% recorded in 2011).
- **Social problems** (led by homelessness/poverty and affordable housing) rank third among businesses (22% overall) — consistent over the past three years after the 2008 peak (41%).
- Other issues include **crime**—now at 8%, the lowest level measured in the tracking, as similarly found among residents. Crime covers the gamut of related issues, such as crime in general, personal safety, vandalism/property damage, drug problems, etc. The City’s focus in recent years on police department reinforcement of staffing for example, may be reflected in this reduced need for attention perceived by the business community as well as residents.
- Environmental concerns (7% currently) and growth (8%) are stable issues among businesses.

Demographic Trends

Significant differences by population segments are noted below.

More of Council’s attention desired by:		
Issue:	Residents	Business
Social	Renters, Apartment/condo dwellers, No children (homelessness/poverty), All areas except Southeast	Downtown and Westside businesses
Transportation	NE & NW areas (public transit), No children at home, More affluent (transit & bike lanes)	(no differences)
Taxation	Homeowners, Single-detached, SE & SW areas , Residents 10+ years	Pay property tax plus rent
Crime	SW, SE, NE areas (Personal safety)	(no differences)
Environment	Most affluent households (\$100k+)	(no differences)

Most Important Issues Facing Vancouver – Major Mentions (Unaided)



Base Business: 2010 (n=251)
2011 (n=250)
2012 (n=251)

Base Residents: 2010 (n=505)
2011 (n=509)
2012 (n=500)

■ First mention ■ Other mentions

Q.1a) Now, to begin our questions, in your view [as a resident of Vancouver] [as member of the business community in Vancouver], what is the most important local issue facing the City of Vancouver, that is the one issue you feel should receive the greatest attention from Vancouver's City Council?

Q1b. Are there any other important local issues?

2. Perceptions of City Services

Overview

In terms of **overall satisfaction**, most residents and businesses are at least ‘somewhat’ satisfied with the quality of City services (84% of residents and 70% of businesses). Findings among residents are consistent with last year. Among businesses, the ‘very satisfied’ level is currently among the highest recorded.

Perceptions about **change in quality** of City services reveals that the recovery since 2008-2009 is being maintained among both residents and businesses.

2.1 Level of Satisfaction with City Services

Residents

Satisfaction with the overall quality of City services is stable, confirming recovery from a 2009 low.

- Currently, a large majority (84% in total) is “very or somewhat satisfied” with 24% “very satisfied”. Note that the total satisfied level is slightly stronger than last year (when comparing among those with an opinion¹).
- Dissatisfaction continues to be at a typical level (currently 14% in total—down from a high point of 19% last year).
- Renters appear more satisfied than homeowners (31% very satisfied vs. 21% of homeowners).

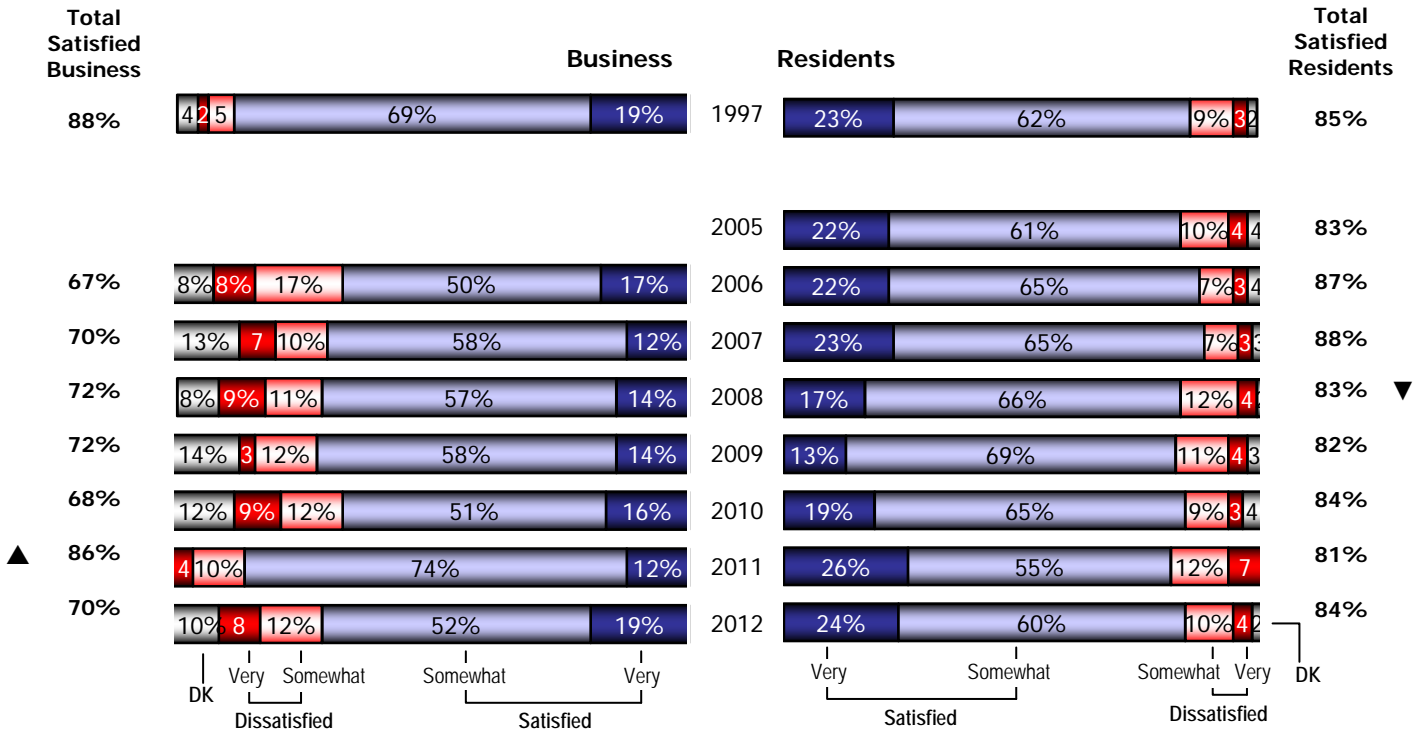
Business

Total satisfaction has returned to levels commonly seen in the tracking among businesses—following a higher than usual ‘somewhat satisfied’ reading last year. However, this year the total ‘very satisfied’ is at an all-time peak (19%).

- Currently, over 7-in-10 business operators are very or somewhat satisfied with the quality of city services. Last year saw the ‘somewhat satisfied’ level higher than ever recorded, but this has now returned to a more typical range, while the ‘very satisfied’ level has risen significantly.
- Dissatisfaction is at a typical level (21%) this year. Those who self-identify as the owner/president or CEO are somewhat less satisfied than other Senior Managers (26% vs. 14% total “very or somewhat” dissatisfied).

¹ 2011 ‘Don’t know’ levels not available; comparison to 2011 is based on total with an opinion (21% now vs. 12% last year).

Level of Satisfaction with City Services



Base Business: 1997 (n=300)
 2006 (n=353)
 2007 (n=350)
 2008 (n=300)
 2009 (n=300)
 2010 (n=251)
 2011 (n=250)
 2012 (n=251)

Base Residents: 1997 (n=1,000)
 2005 (n=636)
 2006 (n=607)
 2007 (n=601)
 2008 (n=600)
 2009 (n=600)
 2010 (n=505)
 2011 (n=509)
 2012 (n=500)

Q.2) Generally speaking, are you satisfied or dissatisfied with the overall quality of services provided [to you] [to businesses] by the City of Vancouver? Would that be [very/somewhat satisfied]; [very/somewhat dissatisfied]?

NOTE: 2011 'Don't know' level not available.

2.2 *Perceived Change in Quality of City Services over Past Few Years*

Residents

Resident perceptions about the change in quality of City services have been quite consistent over the past three years (examined among those with an opinion to enable comparability to 2011).

Positives outweigh negative perceptions in total.

- Currently, 30% in total perceive an improvement in quality of City services over the past few years ('much better' or 'somewhat better'). Among those who hold an opinion, perceptions of improvement are similar to last year (35% now vs. 37% in 2011).
- This year also sees 22% of residents perceiving deterioration in quality, again similar in magnitude to 2011 (among those with an opinion). More likely to perceive a deterioration are those in more expensive properties (\$900k and over) and middle to older age cohorts and longer-term residents (10 or more years).

Business

Perceptions among business operators are quite typical.

- At this time 25% of business operators believe the quality of city services has improved over the past few years ('much better' or 'somewhat better').
- Those detecting no change is 37% currently—a typical level.
- Meanwhile, the proportion of businesses perceiving deterioration is equally balanced by those seeing improved service quality.
- Comparing those who hold an opinion, the response pattern is similar to last year.

Perceived Change in Quality of City Services over Past Few Years



Base Business: 1997 (n=300)
 2006 (n=353)
 2007 (n=350)
 2008 (n=300)
 2009 (n=300)
 2010 (n=251)
 2011 (n=250)
 2012 (n=251)

Base Residents: 1997 (n=1,000)
 2005 (n=636)
 2006 (n=607)
 2007 (n=601)
 2008 (n=600)
 2009 (n=600)
 2010 (n=505)
 2011 (n=509)
 2012 (n=500)

Q.3) And would you say that the overall quality of services provided by the City of Vancouver has got better or worse over the past few years? Would that be much/somewhat better/worse?

NOTE: 2011 'Don't know' level not available.

2.3 Perceived Value of Services

Residents' perceptions continue to be generally positive with most having a good opinion of the value received from City tax dollars they pay. Current findings return to a more typical pattern as seen in most past tracking among residents, but down from a spike seen in 'fairly good value' last year. On the other hand, businesses that pay property taxes as a direct cost are again evenly divided in their opinion, similar to 2010 and many earlier tracking measures, but down from 2011.

Residents

Among homeowners, the majority continues to agree that they receive very or fairly good value (70%). Results are similar to most past tracking, but down from 2011 where the 'very good' level was higher than ever seen before (20% vs. 11% now—based on those giving an opinion for comparability to 2011).

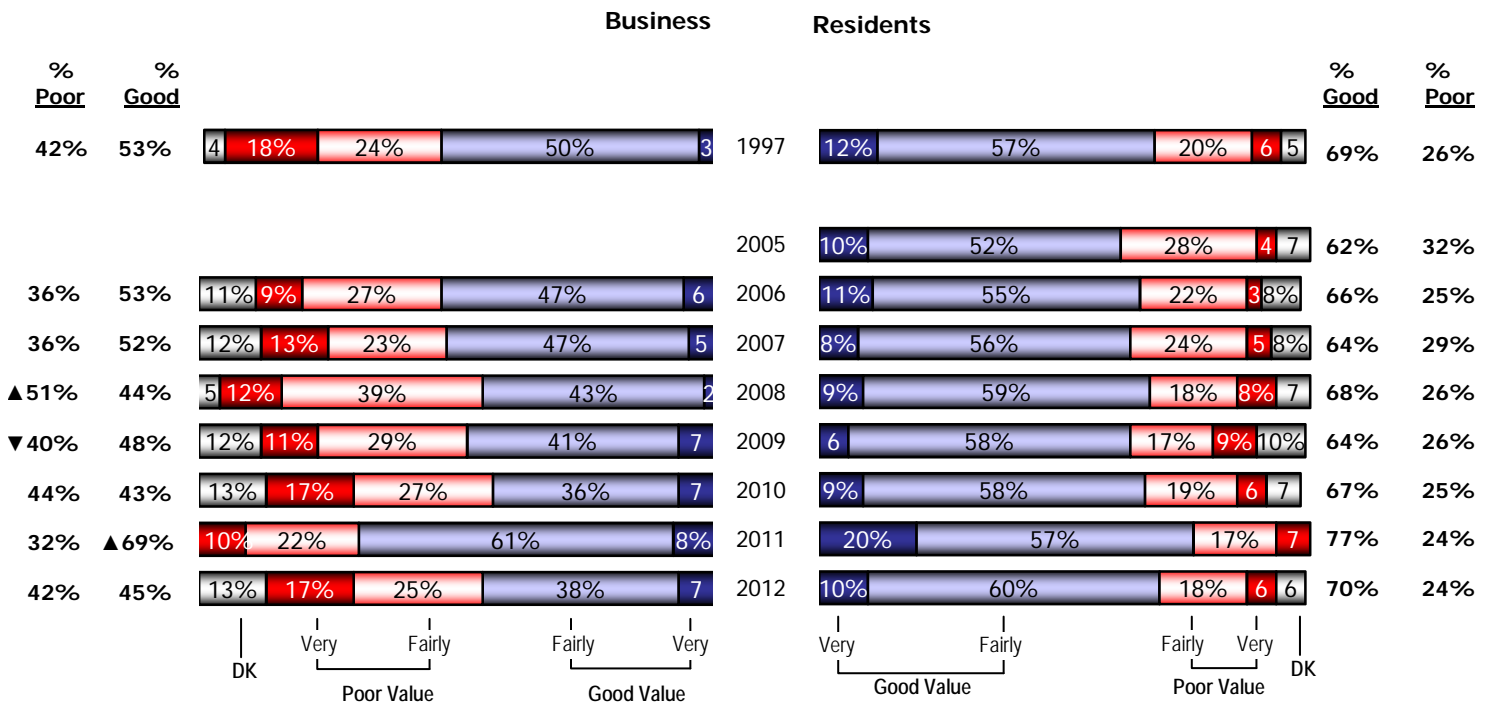
Those in the Southwest and Southeast quadrants are somewhat more critical, as are more long-term residents (28-32% range saying poor value).

Business

Opinions of perceived value appear to be in balance once again in the business community (45% very or fairly good vs. 42% very or fairly poor)— this follows a spike in 'fairly good' scores last year.

- 'Very poor value' ratings are slightly higher than typical (17% of those who pay property taxes directly).
- Note that last year the 'fairly good value' ratings were atypically high (61% vs. 43% in 2012, based only on those giving an opinion (2011 results do not report 'don't know' level).

Perceived Value of City Services



Base: Businesses who pay property tax:

- 1997 (n=n/a)
- 2006 (n=201)
- 2007 (n=247)
- 2008 (n=175)
- 2009 (n=175)
- 2010 (n=158)
- 2011 (n=190)
- 2012 (n=162)

Base: Home owners:

- 1997 (n=463)
- 2005 (n=299)
- 2006 (n=317)
- 2007 (n=347)
- 2008 (n=360)
- 2009 (n=368)
- 2010 (n=285)
- 2011 (n=509)
- 2012 (n=308)

Businesses Q.4) About one-half of property taxes go to the City of Vancouver, and the other half to the GVRD/Metro and the provincial government. Thinking about all the programs and services you receive from the City of Vancouver, would you say that overall you get good value or poor value for your tax dollar? Would that be very or fairly good/poor value?

Residents: Q.6) About one-half of the services on a typical property tax bill goes to the City of Vancouver, and the other half to the GVRD/Metro (regional), as well as the provincial government. Thinking about all the programs and services you receive from the City of Vancouver, would you say that overall, citizens get good value or poor value for their tax dollar (whether you pay directly as a property owner or indirectly as a renter)? Would that be very or fairly good/poor value?

NOTE: 2011 results do not report 'don't know' level.

3. Importance of Specific City Services

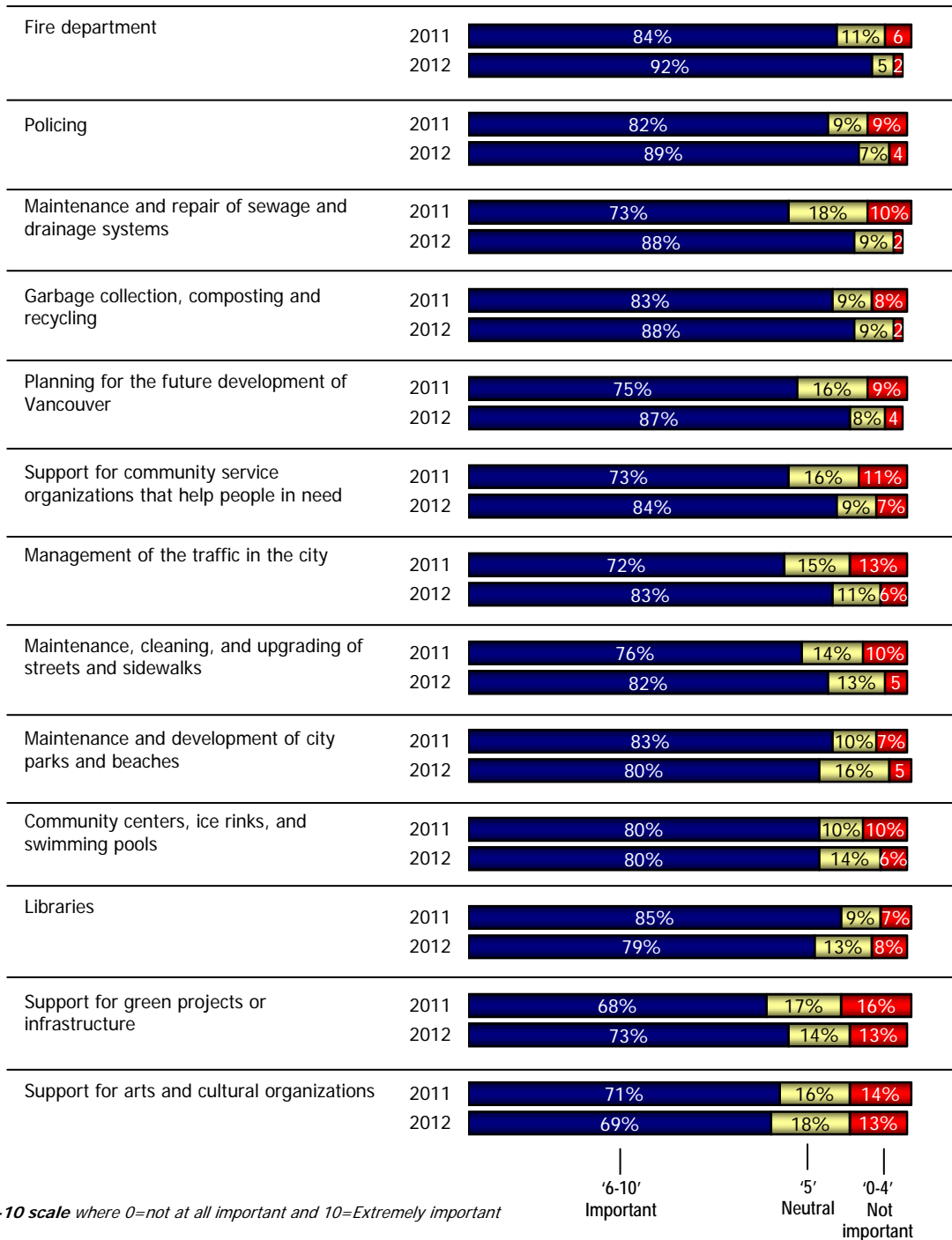
Using a zero to 10-point scale, respondents were asked to rate how important it is for City Council to pay strong attention to 13 key City service categories—with zero representing ‘not at all important’ and 10 representing ‘extremely important’. Detailed descriptions of the service categories are found in the questionnaires appended.

City residents and businesses have great appreciation for the services provided, as all receive average scores in the ‘important’ range (i.e., 6 or higher). Resident and business stakeholders agree on the top three priority services—fire, policing and maintenance and repair of sewage and drainage systems. Next most important the from residents’ perspective are waste collection services (garbage, composting, recycling). On the other hand, businesses put more emphasis on maintenance, cleaning and upgrading of streets and sidewalks as these services tend to have an impact on traffic flow to and from their businesses, benefiting customers, employees and supply-chain needs. Other services follow closely behind.

Each from their own perspectives as a resident or as a member of the business community, the most highly rated services in need of Council’s strong attention, based on the average scores, are as follows in rank order:

Residents			Businesses		
Rank	Service Category	Score	Rank	Service Category	Score
1	Fire	8.5	1	Policing	8.5
2	Policing	8.2	2	Fire	8.3
3	Maintenance and repair of sewage and drainage systems	7.9	3	Maintenance and repair of sewage and drainage systems	7.8
4	Garbage collection, composting and recycling	7.9	4	Maintenance, cleaning and upgrading of streets and sidewalks	7.8
5	Planning and future development of Vancouver	7.8	5	Planning and future development of Vancouver	7.8
6	Support for community service organizations to help people in need	7.6	6	Management of traffic in the city	7.7
7	Management of traffic in the city	7.4	7	Garbage collection, composting and recycling	7.3
8	Libraries	7.4	8	Support for community service organizations to help people in need	7.2
9	Maintenance, cleaning and upgrading of streets and sidewalks	7.3	9	Maintenance and development of city parks and beaches	6.9
10	Community centres, ice rinks and swimming pools	7.2	10	Libraries	6.7
11	Maintenance and development of city parks and beaches	7.2	11	Community centres, ice rinks and swimming pools	6.6
12	Support for green projects or infrastructure	6.8	12	Support for green projects or infrastructure	6.2
13	Support for arts and cultural organizations	6.7	13	Support for arts and cultural organizations	6.0

Importance of Services - Residents -



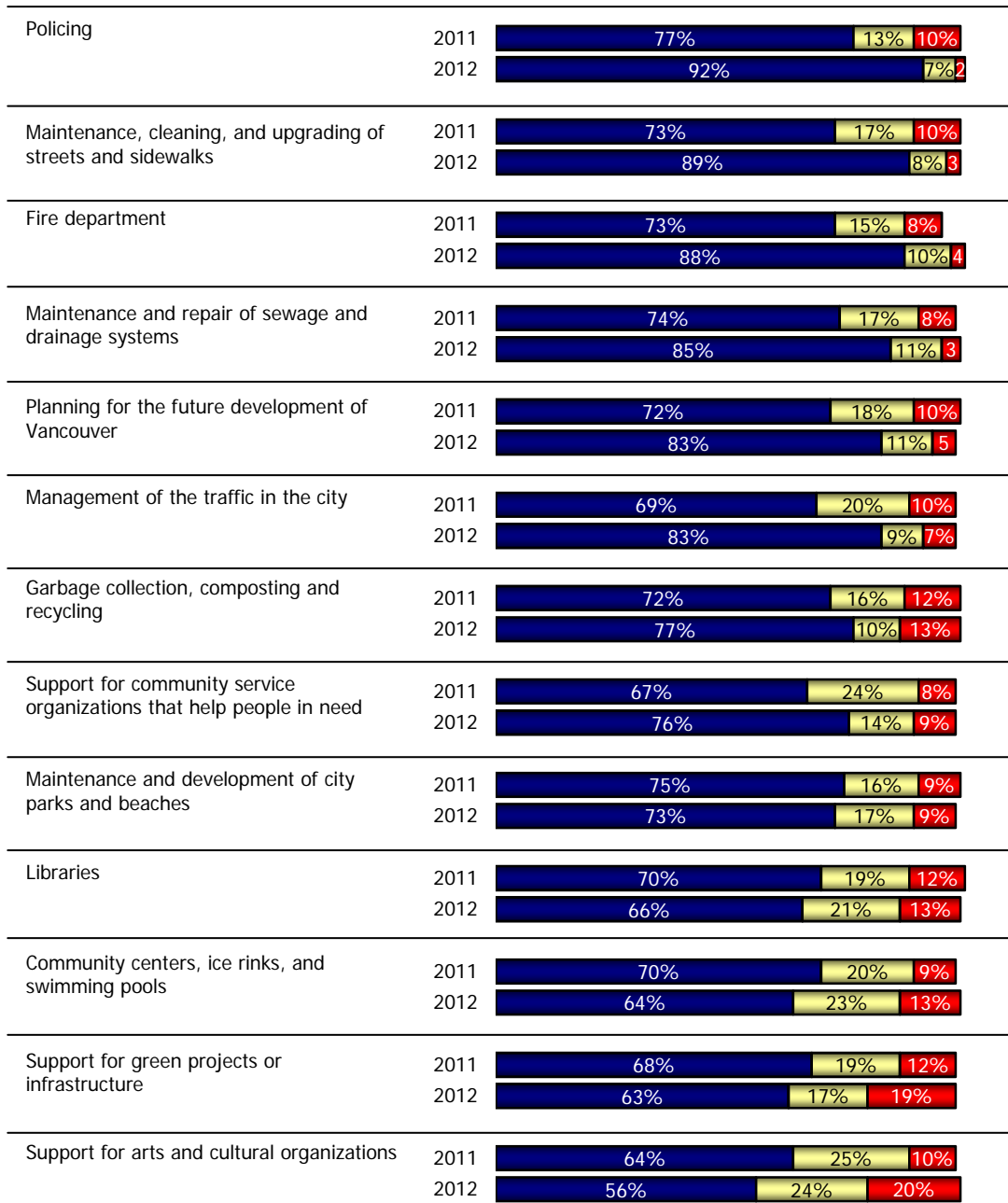
0-10 scale where 0=not at all important and 10=Extremely important

Base Residents: 2011 (n=509)
2012 (n=500)

Q.5) As you may know, the City of Vancouver provides a variety of different services to you as a resident. I'm going to read a list of these services, and then ask how important each service is to you as a resident, that is, something you feel City Council should pay strong attention to.

Let's use a scale from 0 to 10, where "0" means the service is "Not at all important" to you, and should not be given any priority at all by City Council, "10" means the service is "Extremely important" to you, and should be given top priority, and a "5" means the service is neither important nor unimportant to you. How important is this to you as a resident?

Importance of Services - Businesses -



0-10 scale where 0=not at all important and 10=Extremely important

'6-10' Important	'5' Neutral	'0-4' Not important

Base Business: 2011 (n=250)
2012 (n=251)

Q.6) As you may know, the City of Vancouver provides a variety of different services to businesses in the city. I'm going to read you a list of some of these services, and ask you how important each service is to you as a member of the business community in Vancouver, that is, something you feel City Council should pay strong attention to. Let's use a scale from 0 to 10, where "0" means the service is "Not at all important" to you, and should not be given any priority at all by City Council,... "10" means the service is "Extremely important" to you, and should be given top priority, and a "5" means the service is neither important nor unimportant to you. How important is this to you as a member of the business community?

4. Fiscal Options for Managing City's Budget

4.1 Preferred Fiscal Management Option

Three fiscal management options were presented to respondents, who were then asked to choose which one would be most preferred when dealing with the 2012 budget shortfall of up to \$52 million dollars.

- Increase property taxes by up to 9% to avoid reductions in City services or hours or staffing
- Reduce City services, hours, staffing and/or increase user fees
- Use a mix of property tax increases and service cuts and, if needed, increased user fees

Both stakeholder groups generally do not approve of using property tax increases exclusively to deal with the shortfall. However, the findings reveal that the two remaining approaches each have sizable support, although residents and businesses hold slightly different opinions.

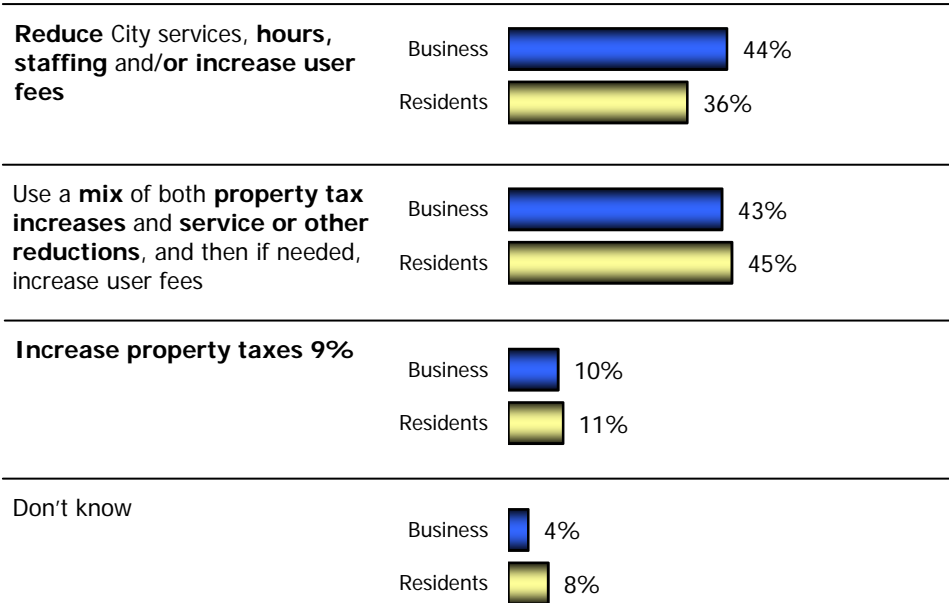
Of the two remaining choices, homeowners are evenly divided, while renters lean toward a mixed approach (selected by 51% vs. 28% choosing service/hours/staff reductions and/or increased user fees). Looking at all residents together, renters tip the balance and there is then a preference for the mixed approach (45% vs. 36% for the service cut/user fees option).

Among businesses that pay property taxes directly, there is a tendency to favour service reductions along with increased user fees if needed (55% vs. 36% for the mixed approach). When looking at all businesses combined, opinion is evenly divided, since those who only pay rent tend to be slightly more in favour of the mixed approach.

Findings are similar to the patterns seen last year.

Preferred Way for City to Find Savings up to \$52 million

- Total -



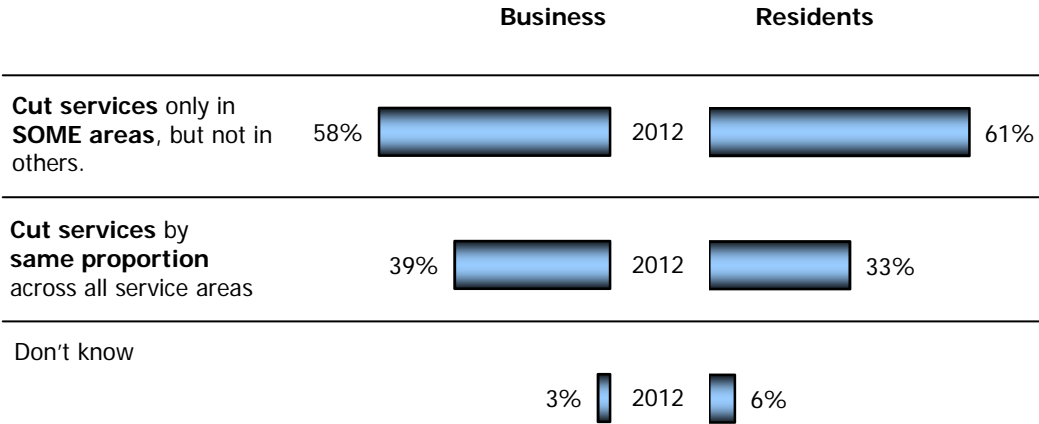
Base Business: 2012 (n=251)
Base Residents: 2012 (n=500)

Q.7a) Now, to balance the 2012 budget as required by law the City may need to find further savings of up to \$52 million. To do this, which one of these four options would you prefer:

4.2 General Approach to Service Cuts

Business and resident views are in agreement regarding the preferred approach for making service cuts if that were to be implemented. A majority would prefer to see higher cuts only in some service areas, rather than making service cuts proportionately across all service areas.

Preferred Method for Making Service Cuts



Base Business: 2012 (n=251)
 Base Residents: 2012 (n=500)

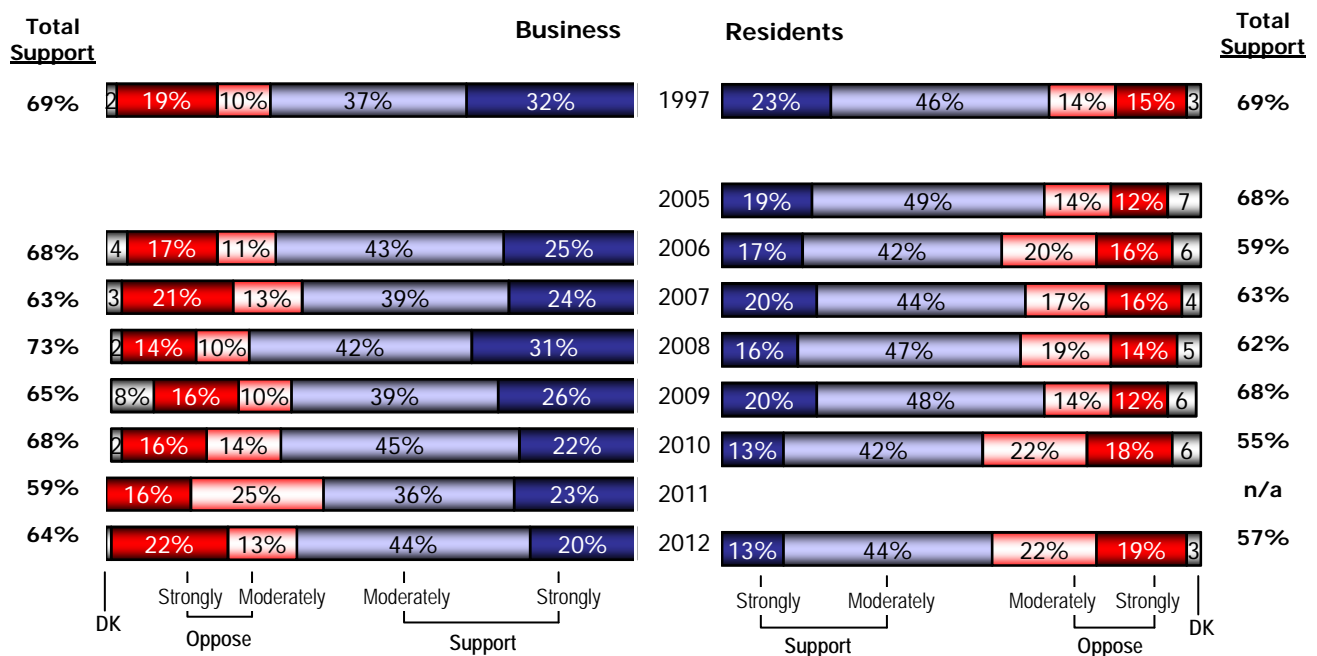
Q.7b) If City services needed to be reduced, would you prefer that the City:

4.3 Attitude toward Use of Extra Revenue from Higher User Fees

Respondents were told that user fees currently help to recover the cost of providing certain city services, such as permits and licenses, recreation programs or sewer and water fees.

When asked if they would support using extra revenue from *higher user fees* in order to help pay for *other* City services, a majority of residents (57%) and even more businesses (64%) favour this approach. While the patterns are generally similar to past tracking, there is somewhat greater resistance to higher user fees at this time among residents in particular (41% opposed, as also seen in 2010).

Support for Charging Higher User Fees to Pay for Other City Services



Base Business: 1997 (n=300)
 2006 (n=353)
 2007 (n=350)
 2008 (n=300)
 2009 (n=300)
 2010 (n=251)
 2011 (n=250)
 2012 (n=251)

Base Residents: 1997 (n=1,000)
 2005 (n=636)
 2006 (n=607)
 2007 (n=601)
 2008 (n=600)
 2009 (n=600)
 2010 (n=505)
 2011 n/a
 2012 (n=500)

Q.15/10) As you may or may not know, user fees are currently used to help recover the costs of providing certain City services such as permits and licenses, recreation programs, or sewer and water fees. Would you support or oppose the City charging higher user fees for this type of service and using the extra money raised to help pay for other city services? Would that be strongly or moderately support/oppose?

Note: 2011 'Don't Know' level not available.

4.4 'Service Reductions and/or Higher User Fees' vs. 'Raising Taxes'

When given just two options, both residents and businesses opt for service reductions and/or higher user fees rather than property tax increases.

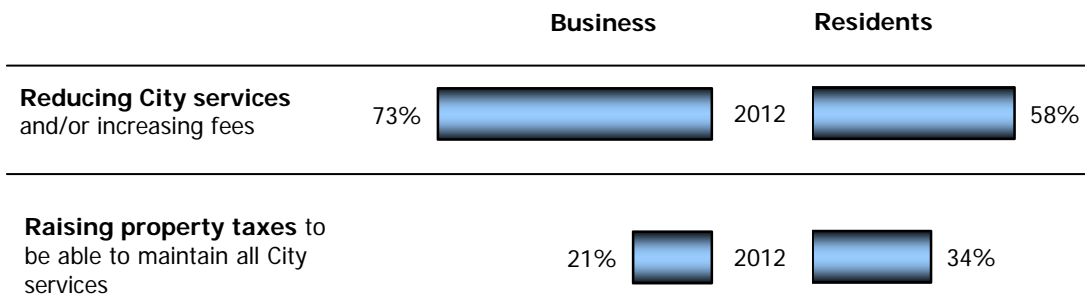
Once again, there is strong resistance among businesses especially to raising property taxes in order to maintain all current City services levels. Regardless of paying property taxes directly or not, business size or type, businesses generally support the service reductions and/or user fee option, especially those who pay property tax directly (86%).

This year residents in total are more aligned with business on this topic, but there is still a difference of opinion between homeowners (who favour service reductions/user fee increases) and renters (who split almost evenly between the options).

Results among businesses are very consistent to the 2010 measure. Residents in 2010, however, were more divided than now.

'Reducing Services/Increasing Fees' vs. 'Raising Property Taxes'

- % Preferring Each Option -



Base Business: 2012 (n=251)
Base Residents: 2012 (n=500)

Businesses Q.12) When it comes right down to it, which approach would you prefer that the City take?

Residents Q.17) When it comes right down to it, if you only had two choices, which approach do you think is best for the City to take?

5. Taxation Alternatives

Overview

Homeowners and business operators who pay property tax as a direct cost both have a tendency to believe that their property taxes are too high.

5.1 Assessment of Current Level of Taxes Paid

Residents

Homeowner opinions about the level of property taxation tended to be quite consistent in the past leaning slightly toward a view that property taxes are “too high”, but this year the proportion has jumped up significantly (currently 65% vs. only 32% saying “about right”).

Compared to the rest of the City, those located Downtown and in the Northwest quadrant are more likely to find their current property tax level ‘about right’ (58% in both areas vs. 35-40% in the other quadrants).

Business

Businesses that pay property tax as a direct cost for the most part also tend to think that their property taxes are too high (70% vs. 25% “about right”), similar to past findings. This prevailing opinion of property taxes being ‘too high’ is held across various types of businesses (size, region, sector), but especially those located on the Eastside and those in retail and manufacturing.

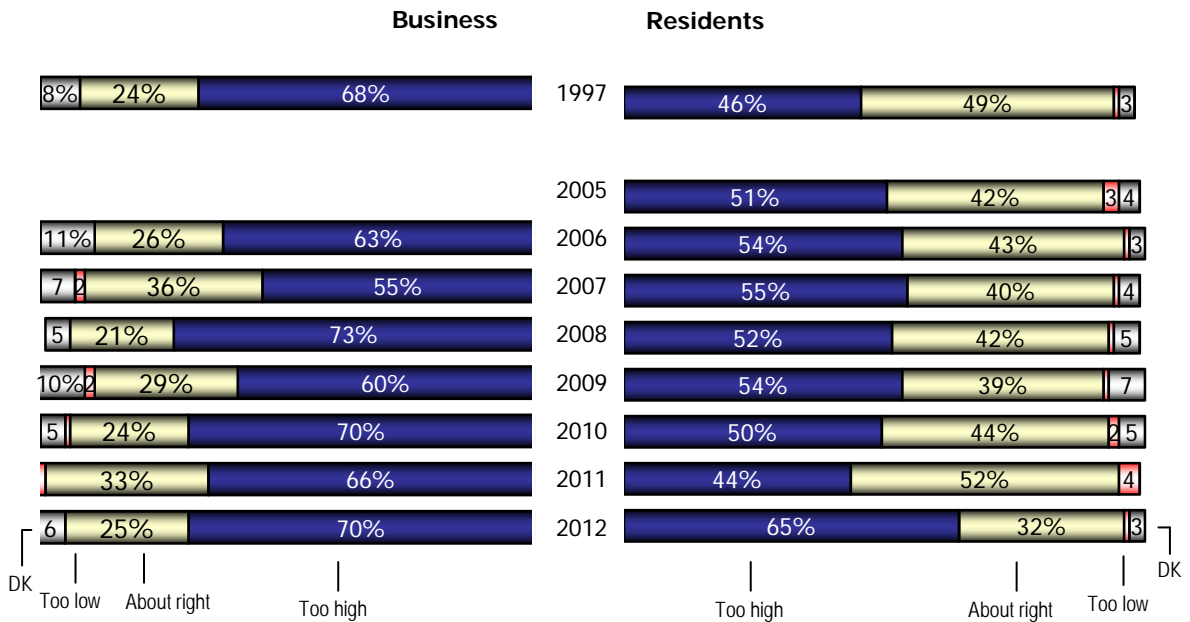
Demographic Trends

Segments with a higher level of opinion than their counterparts are noted below.

Opinion on Current Level of Taxes Paid		
Opinion	Residents	Business
Too high	Single-family/detached properties (76%) SW, SE, NE quadrants (65-75%) Owners of \$700K or more properties (65-77%) Less affluent households <\$50k (73%)	Eastside (87%), Retail (89%), Manufacturing (80%)

Opinion on Level of Property Taxes

- Among Those Who Pay Directly* -



Base Business*:
 1997 (n=n/a)
 2006 (n=201)
 2007 (n=182)
 2008 (n=175)
 2009 (n=175)
 2010 (n=158)
 2011 (n=190)
 2012 (n=162)

Base Residents*:
 1997 (n=463)
 2003 (n=240)
 2004 (n=268)
 2005 (n=299)
 2006 (n=317)
 2007 (n=347)
 2008 (n=360)
 2009 (n=368)
 2010 (n=285)
 2011 (n=306)
 2012 (n=308)

Q.4&5) And, in general, would you say that the property taxes you currently pay [on your residence][on your place of business] are too high, too low or about right? Would that be much too high/low or about right? (Note: much too high/too high combined for comparative tracking)

* Business: Building/premises owners and Renters who pay property taxes as direct cost
 * Residents: Homeowners

5.2 Acceptability of Different Levels of Property Tax Increases

Resident Homeowners

Homeowners were divided into four groupings based on the approximate self-reported value of their home (closest to \$200K, \$400K, \$700K and \$900K). Due to rising property values in the past few years, note that the lower property values have had declining sample sizes.

The acceptability of property tax increases was measured for 9%, 6% and 3% increases in the context of maintaining the current level of services provided by the City. In each case, depending on the property value, an actual dollar value corresponding to each level of increase was tested.

Among \$400K homeowners, a majority state that they would accept a tax increase to maintain present service levels at all percentage increases tested.

- A majority (73%) would accept a **9%** tax hike (\$62)
- There is little change in acceptance (80%) by reducing the tax hike to **6%** (\$42)
- But acceptance grows to 92% for a **3%** hike (\$21 next year)

Homeowners with \$700K properties are divided about a 9% increase but a majority would accept 3% and 6% property tax increases to maintain the same level of City services.

- 52% agree to a **9%** tax hike (\$109)
- 61% agree to a **6%** tax hike (\$73)
- Growing to 80% for a **3%** tax hike (\$36)

Among those with \$900K homes the proportion willing to support a property tax increase ranges from well under half for a 9% tax increase to a solid majority for a 3% tax hike.

- 40% willing to pay a **9%** increase (\$140)
- 52% willing to pay a **6%** increase (\$94)
- 76% agreement to a **3%** tax hike (\$47)

Finally, **among owners of \$1.2 million homes**, there is resistance by the majority to 9% increase, opinion is divided for a 6% property tax increase, but majority acceptance at 3%.

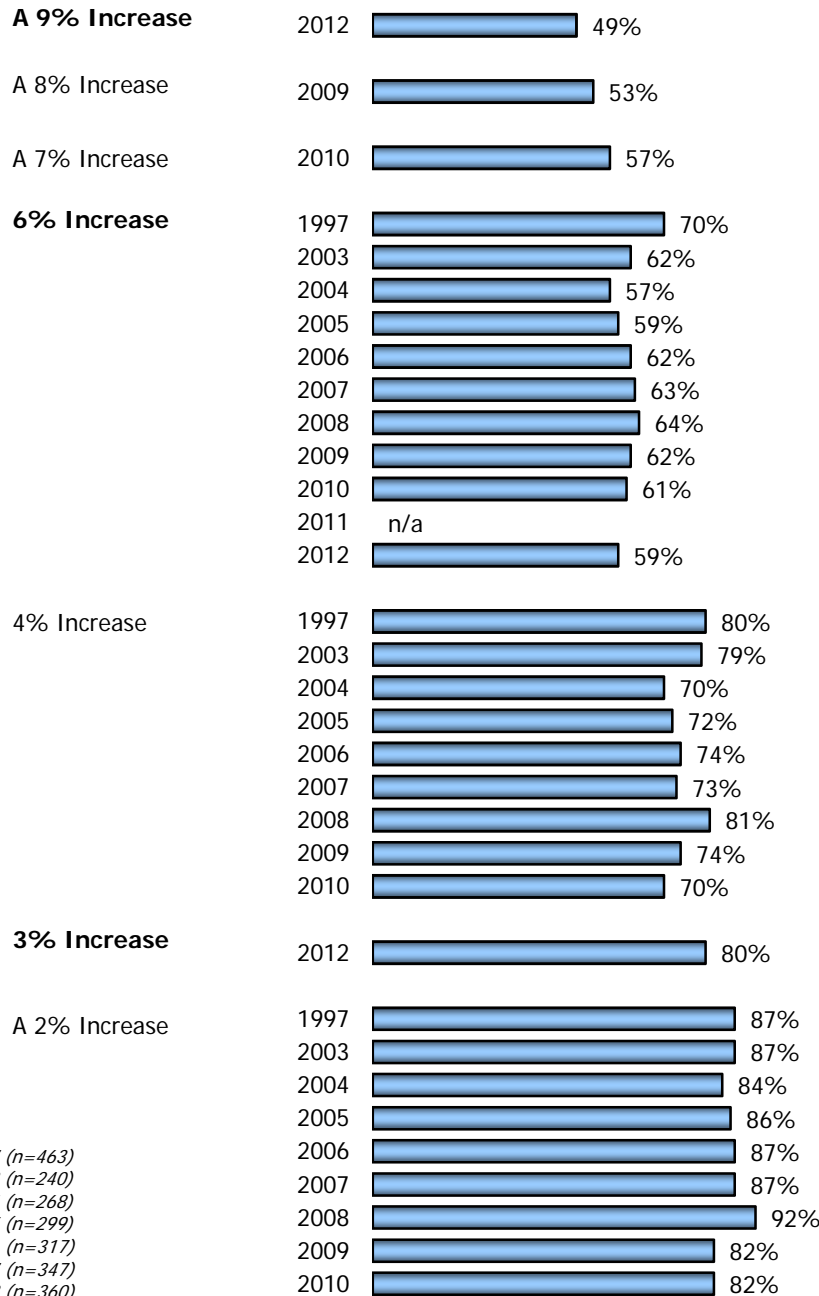
- 35% willing to pay a **9%** increase (\$187)
- 48% willing to pay a **6%** increase (\$125)
- 75% agreement to a **3%** tax hike (\$62)

For all homeowners combined, we find that in order to maintain the same level of City services, acceptance of property tax increases is quite typical this year.

- With a 9% increase – almost half of homeowners are willing (49%)
- With a 6% increase – almost 6-in-10 homeowners are willing (59%)
- With a 3% tax increase – 8-in-10 are in acceptance (80%)

Acceptance levels of tax increases at this time among homeowners are quite similar to previous levels seen for a 6% increase.

**Willingness to Pay RESIDENTIAL Property Tax Increases
- Summary of all Homeowners -**



Base: 1997 (n=463)
 2003 (n=240)
 2004 (n=268)
 2005 (n=299)
 2006 (n=317)
 2007 (n=347)
 2008 (n=360)
 2009 (n=370)
 2010 (n=285)
 2011 (n=306)
 2012 (n=308)

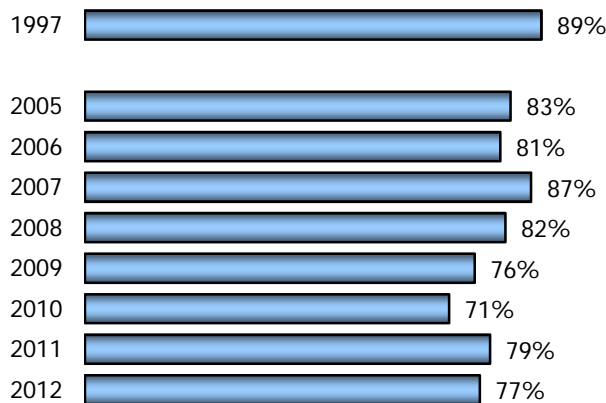
Reference: Q.10/11/12/13)

Resident Home Renters

A large majority of **home renters** (77%) would support paying an extra \$5 per month in rent in order to maintain the current level of service provided by the City of Vancouver. This dollar amount has not been measured in past tracking, but appears to be similar to the level of support seen last year for a \$2 increase.

Willing to Pay Extra \$5/Monthly Rent to Maintain Current Level of City Services

- Among Home Renters -



Base Residential Renters:

- 1997 (n=537)
- 2003 (n=355)
- 2004 (n=312)
- 2005 (n=323)
- 2006 (n=269)
- 2007 (n=242)
- 2008 (n=231)
- 2009 (n=219)
- 2010 (n=200)
- 2011 (n=178)
- 2012 (n=152)

Q.14) Now, in order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could need to raise the level of taxes your property owner pays. Your property owner could in turn decide to pass on to you SOME OR ALL of the cost of a tax increase by raising the amount you pay in rent. For the average renter, this could mean an increase in rent of \$5 per month. Thinking about this, would you be willing to pay \$5 more per month in order to maintain the current level of services provided by the City of Vancouver?

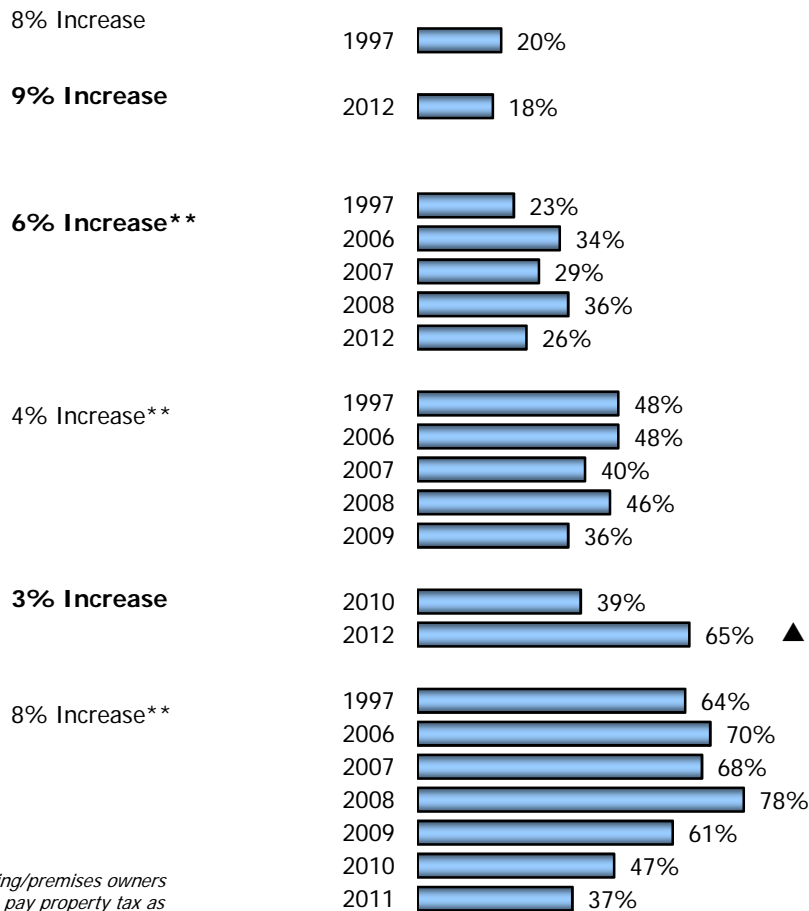
Note: Estimated dollar amount for increases in 1997-2010 was \$4. Estimated dollar amount for increase in 2011 was \$2.

Businesses that Pay Tax as Direct Cost

Businesses are highly resistant to property tax increases at the 9% and 6% levels. However, at 3% about a two-thirds majority is willing to accept a property tax increase (65%) to maintain the current level of services—dramatically higher than seen in 2010 for this percentage. The tax shifts from business to residential in recent years is likely having an impact on acceptance levels in the business community.

Willing to Pay Property Tax Increases

- Among Businesses* -



* Base: Building/premises owners and Renters who pay property tax as direct cost for space occupied.
 1997 (n=200)
 2006 (n=230)
 2007 (n=247)
 2008 (n=175)
 2009 (n=175)
 2010 (n=158)
 2011 (n=90)
 2012 (n=162)

2012 wording: Q.9a) Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes by.

- i. As a member of Vancouver's business community, would you be willing to pay up to 9% more in property taxes in order to maintain the current level of services provided by the City?
- ii. Would you be willing to pay up to 6%?
- iii. Would you be willing to pay up to 3%?

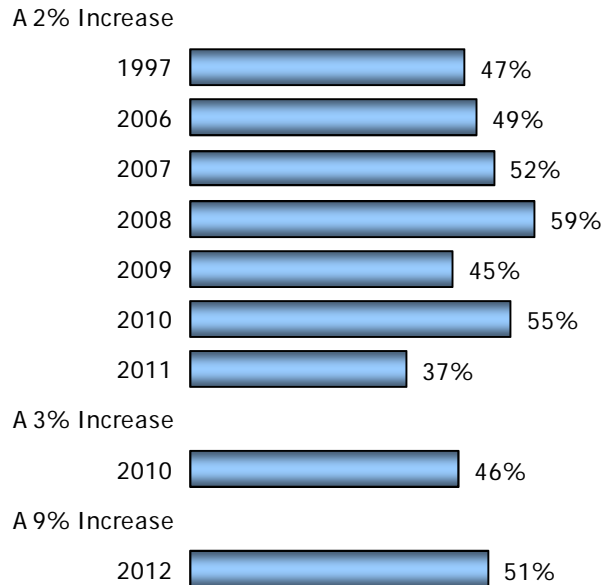
Q.13a & b) Thinking about tax increases for the moment. In order for the City of Vancouver to raise \$28 million without any cuts in service, it would mean increasing the amount you pay in property taxes each year by 3 percent. As a member of Vancouver's business community, would you be willing to pay this amount in order to maintain the current level of services provided by the City?

** Results shown include those who are willing to pay at higher percentages, as applicable (e.g., includes 8%, 6% and/or 4%). Note: 8% increase only asked in 1997.

Businesses that rent their premises, but do not pay property taxes directly, have traditionally been divided on willingly incurring an additional 2% rent increase to maintain the current level of City services. In the context of the 2012 budget shortfall, only about one-half (51%) say that they would accept a 9% rent increase to maintain City services.

Willing to Pay An Increase in Rent to Maintain Current Level of City Services

- Among Business Premises Renters -



* Base: Building/premises renters
 1997 (n=n/a)
 2006 (n=109)
 2007 (n=86)
 2008 (n=111)
 2009 (n=117)
 2010 (n=77)
 2011 (n=160)
 2012 (n=87)

Q. 9b) Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget without any cuts in service, it could mean increasing the property taxes your property owner pays in property taxes by possibly up to 9%. Your property owner could in turn decide to pass on to you SOME or ALL of the cost of a tax increase by raising the amount you pay in rent. Thinking about this, would you be willing to pay an increase in rent in order to maintain the current level of services provided by the City of Vancouver?

6. Support for Service Reductions to Save Costs

6.1 General Ways the City Could Find Cost Savings

Prior to discussing specific tax increase amounts, residents and businesses were asked about their priorities in a general way if the City needed to find cost savings by making changes to services. Respondents were assured that the City would maintain all appropriate health and safety standards and were also told that any changes made would be planned to minimize the impact on the public.

A list of possible cost saving measures was read to respondents (in random order). They were asked to rate their opinion of each item on a scale from zero to ten where zero represented strongly opposed and ten represented strongly support.

Generally, businesses are just slightly more willing than residents to support some of these measures, but on the whole support is mixed among both stakeholder groups, indicating the degree to which the public appreciates the services provided by the City. These are hard choices.

Nevertheless, support significantly outweighs opposition on the following general types of reductions if needed to balance the 2012 budget. Furthermore, when including the neutral ratings, a sizable majority of both businesses and residents would not oppose these measures (65% or more).

- Reduce enforcement of nuisance or minor City by-laws
- Hold fewer public consultations and hearings
- Reduce level of land-use planning and policy work
- Reduce hours of operation at city facilities

As well, businesses lean toward support of reducing GREEN initiatives (67%), but less so among residents (59%).

The least supported by both residents and businesses are:

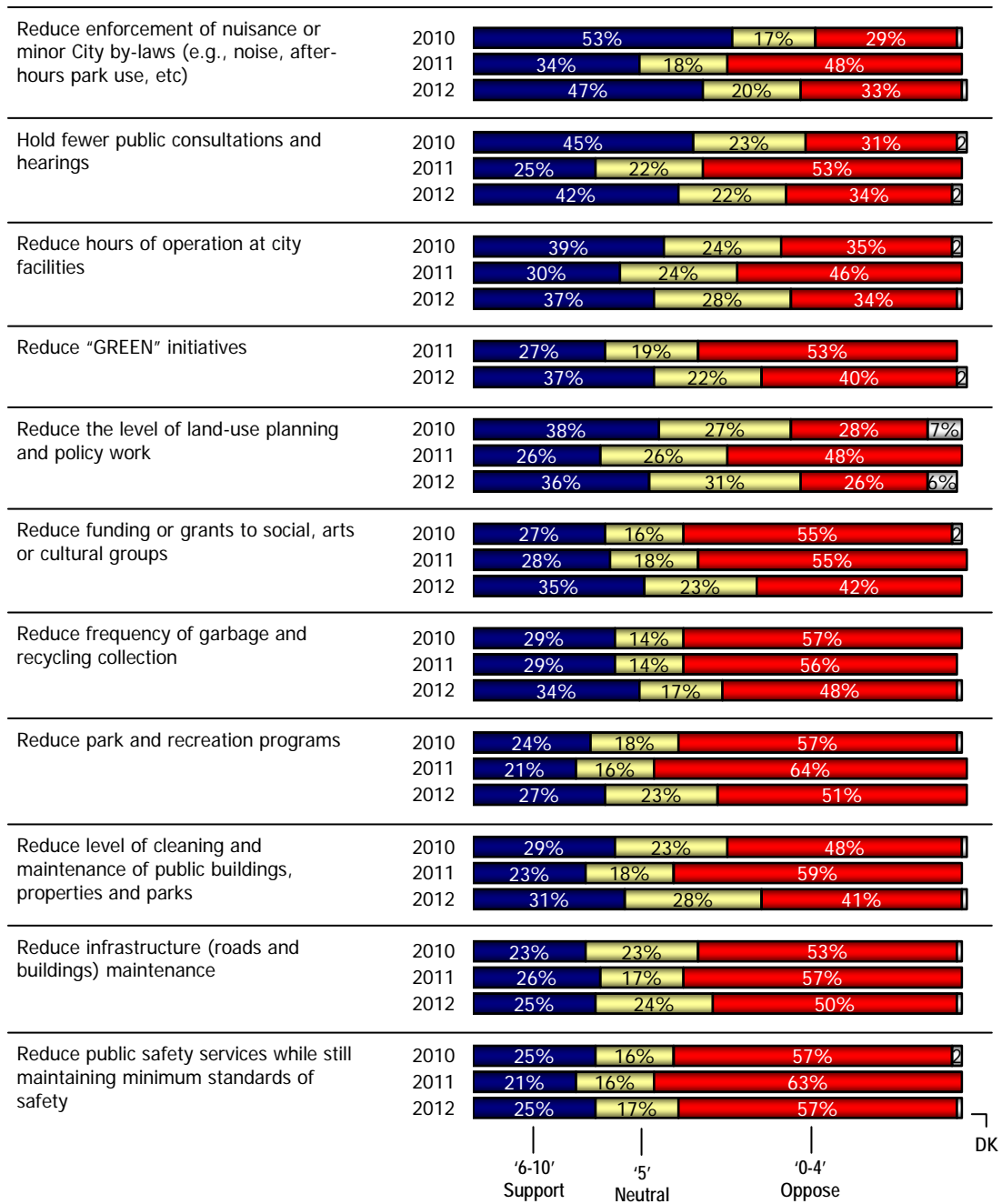
- Reducing public safety services while still maintaining minimum standards of safety
- Reducing infrastructure maintenance (on roads and buildings)

In addition, residents are more likely to object to:

- Reduced park and recreation programs
- Reduced frequency of garbage/recycling collection

Residents			Businesses		
Rank	Service Category	Average, % support + neutral	Rank	Service Category	Average, % support + neutral
1	Reduce enforcement of nuisance or minor City by-laws(noise, after hours park use, etc.)	5.3 67%	1	Hold fewer public consultations and hearings	5.9 74%
2	Reduce level of land-use planning	5.2 67%	2	Reduce hours of operation at city facilities	5.7 71%
3	Hold fewer public consultations and hearings	5.1 64%	3	Reduce enforcement of nuisance or minor City by-laws(noise, after hours park use, etc.)	5.5 70%
4	Reduce GREEN initiatives	5.0 59%	4	Reduce GREEN initiatives	5.4 67%
5	Reduce hours of operation at city facilities	5.0 65%	5	Reduce level of land-use planning	5.1 68%
6	Reduce funding or grants to social, arts or cultural groups	4.7 58%	6	Reduce funding or grants to social, arts or cultural groups	4.9 60%
7	Reduce level of cleaning and maintenance of public buildings, properties and parks	4.6 59%	7	Reduce park and recreation programs	4.8 57%
8	Reduce frequency of garbage and recycling collection	4.3 51%	8	Reduce frequency of garbage and recycling collection	4.8 57%
9	Reduce park and recreation programs	4.2 50%	9	Reduce level of cleaning and maintenance of public buildings, properties and parks	4.6 60%
10	Reduce infrastructure (roads and buildings) maintenance	4.1 49%	10	Reduce public safety services while still maintaining minimum standards of safety	4.3 52%
11	Reduce public safety services while still maintaining minimum standards of safety	3.9 42%	11	Reduce infrastructure (roads and buildings) maintenance	4.0 47%

Opinion on Types of Cost Saving Measures - Residents -

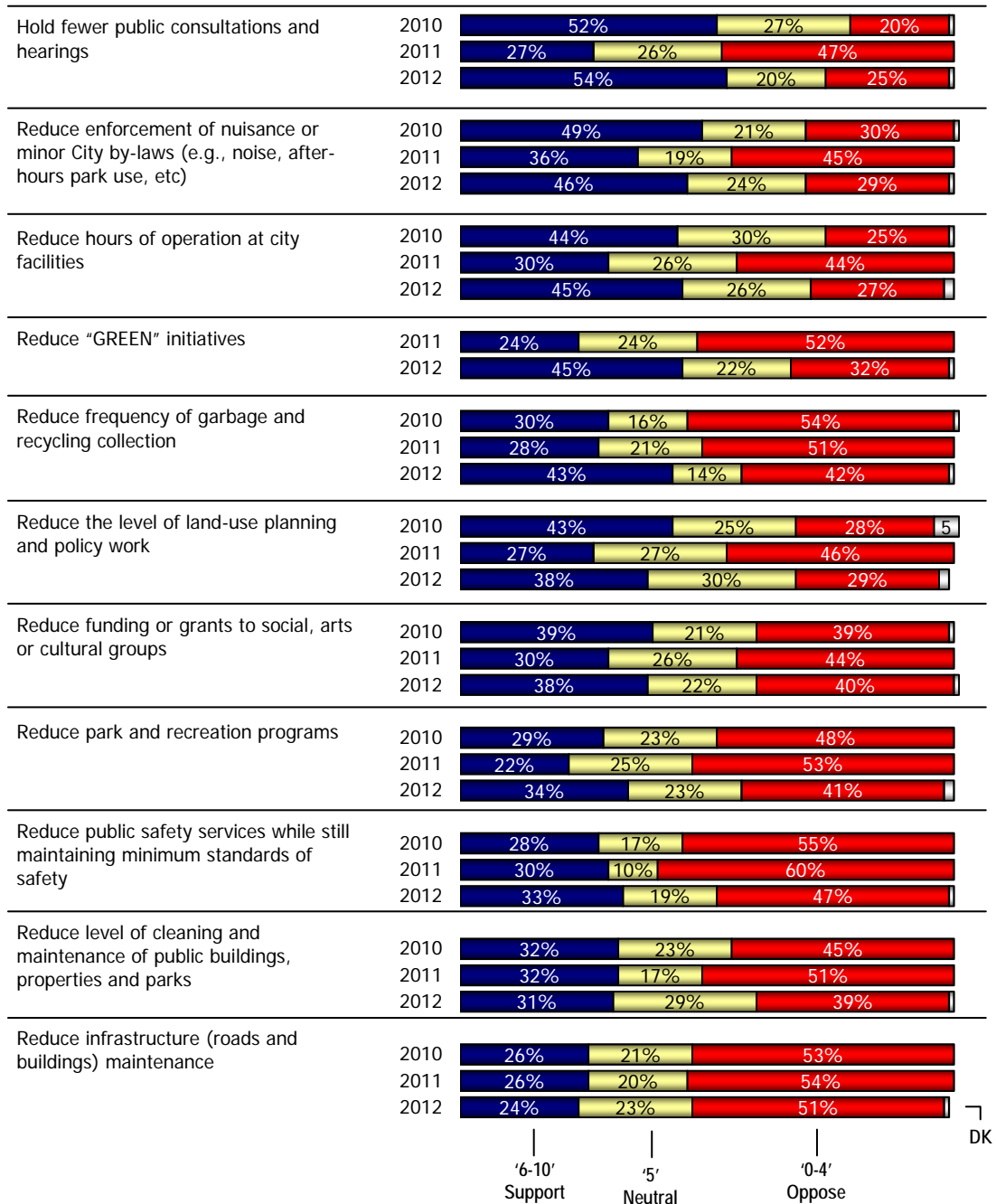


0-10 scale where 0=strongly oppose and 10=strongly support

Base Residents: 2010 (n=505)
2011 (n=509)
2012 (n=500)

Q.8) I'm going to read a list of possible ways the City could find cost savings. For each one please tell me the extent to which you would support or oppose the City taking this measure to save costs and minimize tax increases. Please rate each on a scale from 0 to 10 where "0 means strongly oppose" and "10 means strongly support".

Opinion on Types of Cost Saving Measures - Businesses -



0-10 scale where 0=strongly oppose and 10=strongly support

Base Business: 2010 (n=251)
2011 (n=250)
2012 (n=251)

Q.8) I'm going to read a list of possible ways the City could find cost savings. For each one please tell me the extent to which you would support or oppose the City taking this measure to save costs and minimize tax increases. Please rate each on a scale from 0 to 10 where "0 means strongly oppose" and "10 means strongly support".

6.2 Volunteered Other Suggestions for City Services Reductions

Some residents and businesses offer other suggestions to help reduce costs. Most of these repeat the reductions presented earlier, as well as the general mention of seeking city administration costs reductions.

Other Types of City Services Acceptable to Reduce		
	2012	
	<u>Business</u> (251) %	<u>Residents</u> (500) %
Improve city administration (i.e. reduce staff, salaries, infrastructure, costs)	18	11
Reduce "GREEN" initiatives/bike lanes	6	6
Reduce funding or grants to social, arts or cultural groups	6	5
Reduce infrastructure (roads and buildings) maintenance	5	3
Reduce level of cleaning and maintenance of public buildings, properties and parks	3	3
Reduce enforcement of nuisance or minor city by-law	2	2
Reduce park and recreation programs	1	-
Reduce frequency of garbage and recycling collection	1	2
Reduce fewer public consultations and hearings	1	-
Reduce hours of operation at city facilities	1	-
Reduce the level of land use planning and policy work	<1	-
Reduce public safety services while still maintaining minimum standards of safety	<1	2
Reduce spending of public events (i.e. Stanley Cup viewing party)	<1	-
Miscellaneous	3	4
None/don't know	68	71
<i>Q. 11/16) Given the potential for reductions and adjustments just given, and the impact of a property tax increase, what other types of City services, if any, do you think would be acceptable to reduce?</i>		

7. Communications

7.1 Public Consultation Preferences

Surveys are the preferred method of providing input on the City's annual budget with random telephone the most popular among residents (but then these are people who participated with this format), as well as online surveys administered by a survey company or on the City's website. Business people tend to also like the email channel, while many residents (about half) say they like mail-back methods.

Attendance at public meetings is of interest to about one-third of residents, but slightly fewer business people.

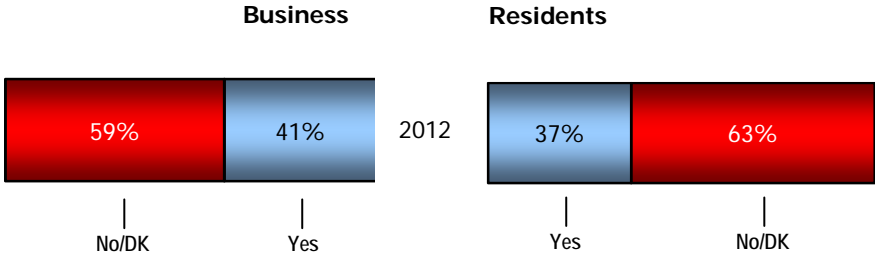
Preferred Methods of Participation									
	Business				Residents				
	2008 (263) %	2009 (217) %	2010 (211) %	2012 (205) %	2008 (522) %	2009 (509) %	2010 (417) %	2011 (509) %	2012 (500) %
Random telephone survey	61	45	54	54	59	47	63	48	57
Online survey with group retained by survey company	-	-	-	47	-	-	-	36	52
City website survey where you go to their website	60	47	58	46	50	49	52	37	52
Email	-	-	-	53	-	-	-	30	45
Online survey panel	-	-	65	-	-	-	53	-	-
Direct mail survey which you would mail back	52	38	43	40	54	44	50	16	49
Attend public meetings or open houses	23	15	36	22	27	21	30	24	32
Provide feedback/ask questions on a web-based discussion forum/blog	-	21	43	22	-	17	36	14	27
Social media (RSS, Twitter, Facebook etc.)	-	-	-	9	-	-	-	8	17
Survey in flyer distributed through newspapers or at community centers which you would mail or fax back	-	-	-	-	24	-	-	-	-
Other	3	-	8	1	15	1	-	4	-
None of the above/don't know	1	4	<1	1	1	3	-	7	5

Q.14a/18a) Next, how would you like to be consulted by the City in the future. In which of the following ways would you be the most likely to participate?

7.2 Budget Consultation Awareness Measurement

Prior to the telephone survey, about 4-in-10 business stakeholders and nearly as many residents had heard about the Vancouver Budget process.

Recall Hearing of Vancouver Budget Process



Base Business: 2012 (n=251)
Base Residents: 2012 (n=500)

Q.15a/18a) Other than this phone call, have you heard about the Vancouver Budget process?

A newspaper article was the most commonly mentioned media.

Heard of Vancouver Budget Process		
	<u>Business</u> (91) %	<u>Residents</u> (192) %
Newspaper article/news story	40	46
TV	15	20
Radio	25	15
City Hall (i.e. meeting, when voting, property assessment)	8	14
Website	4	13
Word of mouth	13	8
Print advertisement	<1	6
At a library or community centre	-	1
Miscellaneous	2	2
Don't recall	10	7
<i>Q.15b/18b) Where did you see or hear about it?</i>		

Appendices

Top Line Results Questionnaires

1. Residential Questionnaire
2. Business Questionnaire

City of Vancouver
— 2012 RESIDENTS Survey —
Weighted Top-Line Results

- 1a. Now, to begin our questions, in your view as a resident of Vancouver, what is the most important local issue facing the City of Vancouver, that is, the one issue you feel should receive the greatest attention from Vancouver's City Council?
- 1b. Are there any other important local issues?

	First Mention	First Mention	Total Mentions
	2011 (509) %	2012 (500) %	2012 (500) %
Residents			
Total Social	32	34	42
Homelessness/ poverty	17	15	21
Affordable housing	15	17	24
Other social issues	-	2	4
Total Transportation	24	10	26
Public transit	10	5	13
Traffic congestion	8	3	5
Condition of streets	1	1	3
Bike lanes	5	2	6
Other transportation	-	1	3
Total Crime	5	6	10
Crime and personal safety	3	5	8
Public drug use	<1	1	2
Vandalism, properties in disrepair, graffiti or litter	1	<1	<1
Other crime issues	-	1	1
Total Taxation	12	14	18
City finances and property tax	12	14	18
Total Environment	5	5	9
Pollution/air quality	1	1	1
Environment or green issues	4	4	7
Garbage/recycling/composting issues	-	<1	1
Total Growth	4	4	8
Development and planning	4	4	8
Total Economy	3	3	6
Economy	3	2	4
Employment/jobs	-	1	2
Other		5	11
Education/schools	-	2	4
Hospital/healthcare	-	1	3
Miscellaneous	-	2	5
Nothing in particular	-	20	20

2. Generally speaking, are you satisfied or dissatisfied with the overall quality of services provided to you by the City of Vancouver? Would that be very/somewhat satisfied/dissatisfied?

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	2012 (500) %
Very satisfied	23	18	19	12	22	21	22	22	23	17	13	19	26	24
Somewhat satisfied	62	63	60	69	64	65	61	65	65	66	69	65	55	60
Somewhat dissatisfied	9	12	13	9	7	9	10	7	7	12	11	9	12	10
Very dissatisfied	3	4	6	6	2	3	4	3	3	4	4	3	7	4
Don't know	2	3	2	5	5	2	4	4	3	2	3	4	-	2

3. And would you say that the overall quality of service provided by the City of Vancouver has got better or worse over the past few years? Would that be much/somewhat better/worse?

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	2012 (500) %
Much better	3	4	2	1	4	3	4	3	4	1	2	5	11	6
Somewhat better	22	19	21	20	18	23	24	27	29	25	18	25	26	24
Stayed the same	35	27	34	32	34	31	30	30	33	33	43	31	35	39
Somewhat worse	24	27	27	26	21	23	19	19	16	21	20	21	17	15
Much worse	6	8	7	7	4	6	4	4	7	8	4	4	11	8
Don't know	10	15	9	13	19	14	20	17	11	12	13	14	-	9

4. And, in general, would you say that the property taxes you currently pay on your residence are too high, too low or about right? Would that be much too high/low?

Residents	<u>1997</u> (463) %	<u>1999</u> (261) %	<u>2001</u> (270) %	<u>2002</u> (292) %	<u>2003</u> (240) %	<u>2004</u> (268) %	<u>2005</u> (299) %	<u>2006</u> (317) %	<u>2007</u> (347) %	<u>2008</u> (360) %	<u>2009</u> (368) %	<u>2010</u> (285) %	<u>2011</u> (306) %	2012 (308) %
Much too high	-	13	14	11	6	9	11	15	12	16	12	14	8	24
Too high	46	42	32	42	34	39	40	39	43	36	42	36	36	41
About right	49	42	52	40	53	48	42	43	40	42	39	44	52	32
Too low	1	-	-	1	2	1	2	1	1	1	1	2	4	<1
Much too low	-	-	-	-	-	<1	1	<1	-	-	-	-	<1	<1
Don't know	3	3	2	5	5	2	4	3	4	5	7	5	-	3

Note: It is likely that in 1997, respondents were not probed further on whether they felt their current property taxes were too high or much too high.

5. As you may know, the City of Vancouver provides a variety of different services to you as a resident. I'm going to read a list of these services, and then ask how important each service is to you as a resident, that is, something you feel City Council should pay strong attention to.

Let's use a scale from 0 to 10, where "0" means the service is "Not at all important" to you, and should not be given any priority at all by City Council, "10" means the service is "Extremely important" to you, and should be given top priority, and a "5" means the service is neither important nor unimportant to you. Remember, you can pick any number between 0 and 10. How important is this to you as a resident? What about?

Residents		Average Score (1-10) #	6 -10 <u>Important</u> %	5 <u>Neutral</u> %	0-4 <u>Not Important</u> %
Maintenance and repair of sewage and drainage systems	2011 (n=509)	6.98	73	18	10
	2012 (n=500)	7.94	88	9	2
Maintenance and development of city parks and beaches	2011 (n=509)	7.42	83	10	7
	2012 (n=500)	7.17	80	16	5
Community centers, ice rinks, and swimming pools	2011 (n=509)	7.26	80	10	10
	2012 (n=500)	7.21	80	14	6
Libraries	2011 (n=509)	7.64	85	9	7
	2012 (n=500)	7.39	79	13	8
Policing	2011 (n=509)	7.72	82	9	9
	2012 (n=500)	8.15	89	7	4
Fire department	2011 (n=509)	7.87	84	11	6
	2012 (n=500)	8.48	92	5	2
Maintenance, cleaning, and upgrading of streets and sidewalks	2011 (n=509)	6.90	76	14	10
	2012 (n=500)	7.28	82	13	5
Support for arts and cultural organizations	2011 (n=509)	6.60	71	16	14
	2012 (n=500)	6.65	69	18	13
Support for community service organizations that help people in need	2011 (n=509)	6.84	73	16	11
	2012 (n=500)	7.59	84	9	7
Support for green projects or infrastructure	2011 (n=509)	6.34	68	17	16
	2012 (n=500)	6.79	73	14	13
Planning for the future development of Vancouver	2011 (n=509)	6.94	75	16	9
	2012 (n=500)	7.77	87	8	4
Management of the traffic in the city	2011 (n=509)	6.68	72	15	13
	2012 (n=500)	7.40	83	11	6
Garbage collection, composting and recycling	2011 (n=509)	7.45	83	9	8
	2012 (n=500)	7.94	88	9	2

6. About one-half of the services on a typical property tax bill goes to the City of Vancouver, and the other half to the GVRD/Metro (regional), as well as the provincial government. Thinking about all the programs and services you receive from the *City of Vancouver*, would you say that overall, citizens get good value or poor value for their tax dollar (whether you pay directly as a property owner or indirectly as a renter)? Would that be very or fairly good/poor value?

Residents	<u>1997</u>	<u>1999</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	2012
Base (Owners)	(463) %	(261) %	(270) %	(292) %	(240) %	(268) %	(299) %	(317) %	(347) %	(360) %	(368) %	(285) %	(509)* %	(308) %
Very good value	12	8	9	5	11	9	10	11	8	9	6	9	20	10
Fairly good value	57	49	51	53	54	48	52	55	56	59	58	58	57	60
Fairly poor value	20	27	27	24	21	24	28	22	24	18	17	19	17	18
Very poor value	6	8	8	9	6	7	4	3	5	8	9	6	7	6
Don't know	5	7	4	9	9	12	7	8	8	7	10	7	-	6

*2011 Base = Total Sample (including non-owners)

7. (a) Now, to balance the 2012 budget as required by law the City may need to find further savings of up to \$52 million. To do this, which one of these three options would you prefer:

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	2012 (500) %
Increase residential property taxes by up to 9% to avoid reductions in city services or hours or staffing	17	19	20	22	23	20	21	25	21	25	18	14	25	11
Reduce city services, hours, staffing and/or increase user fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33	23	36
Cut City services by amount of shortfall	20	22	25	21	20	18	19	19	21	21	16	n/a	n/a	n/a
Use a mix of both property tax increases AND service or other reductions, and then if needed, increase user fees	56	49	46	47	44	47	47	46	45	43	54	42	52	45
Don't know/refused	6	10	9	10	14	15	14	10	13	11	12	11	-	8

Note: In 2008 if asked about the 6% or what the shortfall was, respondents were told 30 million dollars. In 2009-2010 if asked about 7% or what the shortfall was, respondents were told \$28 million dollars.

Note: In 1997, the proposed increase was worded as an increase of "8% to get \$26 Million." In 1999, 6% and \$16 Million were used. Meanwhile in 2001, 2002 and 2003 the shortfall was described as \$20 Million, requiring an increase of 6%.

(b) If City services need to be reduced, would you prefer that the City:

Residents	<u>2010</u> (505) %	<u>2012</u> (500) %
Cut services by same proportion across all service areas	37	33
Cut services only in SOME areas, but not in others	56	61
Don't know	7	6

8. Now, let's talk about priorities in a **general** way. Please keep in mind that any changes would be planned to **minimize** the impact on the public.

I'm going to read a list of possible ways the City could find cost savings. For each one please tell me the extent to which you would support or oppose the City taking this measure to save costs and minimize tax increases. Please rate each on a scale from 0 to 10 where "0 means strongly oppose" and "10 means strongly support".

Residents		Average score '0-10' scale #	'6-10' Support %	'5' Neutral/ moderate %	'0-4' Oppose %	Don't know %
a) Reduce hours of operation at city facilities	2010 (n=505)	5.0	39	24	35	2
	2011 (n=509)	4.3	30	24	46	-
	2012 (n=500)	5.0	37	28	34	1
b) Reduce park and recreation programs	2010 (n=505)	3.9	24	18	57	1
	2011 (n=509)	3.4	21	16	64	-
	2012 (n=500)	4.2	27	23	51	<1
c) Reduce public safety services while still maintaining minimum standards of safety	2010 (n=505)	3.7	25	16	57	2
	2011 (n=509)	3.3	21	16	63	-
	2012 (n=500)	3.9	25	17	57	1
d) Reduce funding or grants to social, arts or cultural groups	2010 (n=505)	4.0	27	16	55	2
	2011 (n=509)	3.9	28	18	55	-
	2012 (n=500)	4.7	35	23	42	<1
e) Reduce "GREEN" initiatives	2011 (n=509)	4.1	27	19	53	-
	2012 (n=500)	5.0	37	22	40	2
f) Hold fewer public consultations and hearings	2010 (n=505)	5.3	45	23	31	2
	2011 (n=509)	4.0	25	22	53	-
	2012 (n=500)	5.1	42	22	34	2
g) Reduce infrastructure (roads and buildings) maintenance	2010 (n=505)	4.0	23	23	53	1
	2011 (n=509)	3.8	26	17	57	-
	2012 (n=500)	4.1	25	24	50	1
h) Reduce frequency of garbage and recycling collection	2010 (n=505)	3.9	29	14	57	<1
	2011 (n=509)	3.7	29	14	56	-
	2012 (n=500)	4.3	34	17	48	1
i) Reduce level of cleaning and maintenance of public buildings, properties and parks	2010 (n=505)	4.3	29	23	48	1
	2011 (n=509)	3.6	23	18	59	-
	2012 (n=500)	4.6	31	28	41	1
j) Reduce enforcement of nuisance or minor City by-laws (e.g., noise, after-hours park use, etc)	2010 (n=505)	5.5	53	17	29	1
	2011 (n=509)	4.5	34	18	48	-
	2012 (n=500)	5.3	47	20	33	1
k) Reduce the level of land-use planning and policy work	2010 (n=505)	5.2	38	27	28	7
	2011 (n=509)	4.2	26	26	48	-
	2012 (n=500)	5.2	36	31	26	6

9. Next, what is the approximate assessed value of your current place of residence? Would it be closer to...

Residents	1997	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Base (Owners)	(463)	(261)	(270)	(292)	(240)	(268)	(299)	(317)	(347)	(360)	(370)	(285)	(306)	(308)
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
\$200,000	37	44	44	49	37	36	20	16	14	7	6	5	-	-
\$400,000	37	38	32	28	32	30	44	36	29	26	28	25	17	19
\$700,000	21	13	19	19	20	26	30	21	27	31	24	32	25	27
\$900,000	-	-	-	-	-	-	-	19	25	31	27	32	18	22
\$1,200,000	-	-	-	-	-	-	-	-	-	-	-	-	23	26
Don't know/ refused	5	5	5	4	11	9	7	8	6	6	14	6	17	6

Note: 1997-2007 had assessed values of \$600,000 and \$800,000

10. Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes.
- Would you be willing to pay by up to **9%**, or possibly an additional \$62 next year, in order to maintain the current level of services provided by the City?
 - Would you be willing to pay up to **6%**, or possibly an additional \$42 next year?
 - Would you be willing to pay up to **3%**, or possibly an additional \$21 next year?

Residents	Willing To Pay													
	1997	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Base (owners claiming home worth \$400,000)	(156)	(89)	(75)	(78)	(73)	(83)	(120)	(108)	(102)	(96)	(99)	(72)	(51)	(52)
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
A 9 percent increase which is about \$62 next year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	65	n/a	73
An 8% increase which is about \$__ per year	61	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61	n/a	n/a	n/a
A 7% increase which is about \$59 per year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	65	n/a	n/a
A 6 percent increase which is about \$42 next year	71	54	63	53	58	59	52	64	74	78	74	72	n/a	80
A 3 percent increase which is about \$21 next year	78	63	78	69	72	73	67	75	81	86	79	78	n/a	92
A 2 percent increase which is about \$17 next year	89	80	89	85	84	84	84	89	89	94	84	85	n/a	n/a
A 2 percent increase which is about \$34 next year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	67	n/a

Note: An 8% increase was only asked in 1997. Estimated dollar amounts for increases in 1997 and 1999 were \$65 at a 6% increase. Estimated dollar amounts for increases in 2001 were \$45 at a 4% increase and \$20 at a 2% increase. Estimated dollar amounts for increases in 2005 were \$73 at a 6% increase, \$49 at 4%, and \$24 at 2%. Estimated dollar amounts for increases in 2006 were \$67 at a 6% increase, \$45 at 4%, and \$22 at 2%. Estimated dollar amounts for increases in 2007 were \$64 at a 6% increase, \$43 at 4%, and \$21 at 2%. Estimated dollar amounts for increases in 2008 were \$58 at a 6% increase, \$39 at 4%, and \$19 at 2%. Estimated dollar amounts for increases in 2009 were \$63 at 8% increase, \$46 at a 6% increase, \$31 at 4%, and \$15 at 2%. Estimated dollar amounts for increases in 2010 were \$59 at 7% increase, \$51 at a 6% increase, \$34 at 4%, and \$17 at 2%.

11. Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes.
- Would you be willing to pay up to **9%**, or possibly an additional \$109 next year, in order to maintain the current level of services provided by the City?
 - Would you be willing to pay up to **6%**, or possibly an additional \$73 next year?
 - Would you be willing to pay up to **3%**, or possibly an additional \$36 next year?

Residents	Willing To Pay													
	1997	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Base (owners claiming home worth \$700,000)	(96) %	(34*) %	(53) %	(56) %	(50) %	(72) %	(94) %	(66) %	(82) %	(106) %	(93) %	(84) %	(77) %	(84) %
An 8% increase which is about \$__ per year	60	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	n/a	n/a	n/a
A 9 percent increase which is about \$109 next year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	53	n/a	52
A 6 percent increase which is about \$73 next year	65	48	57	67	53	54	60	54	62	56	63	57	n/a	61
A 3 percent increase which is about \$36 next year	82	50	70	76	73	68	74	69	75	82	75	73	n/a	80
A 2 percent increase which is about \$29 next year	88	71	79	87	88	81	90	89	91	95	79	90	n/a	n/a
(2011) A 2 percent increase which is about \$60 next year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	65	n/a

Note: An 8% increase was only asked in 1997. Estimated dollar amounts for increases in 1997 and 1999 were \$100 at a 6% increase, \$65 at 4%, and \$30 at 2%. Estimated dollar amounts for increases in 2005 were \$110 at a 6% increase, \$73 at 4%, and \$37 at 2%. Estimated dollar amounts for increases in 2006 were \$100 at a 6% increase, \$67 at 4%, and \$33 at 2%. Estimated dollar amounts for increases in 2007 were \$96 at a 6% increase, \$64 at 4%, and \$32 at 2%. Estimated dollar amounts for increases in 2008 were \$102 at a 6% increase, \$68 at 4%, and \$34 at 2%. Assessed value of home for 1997-2007 was \$600,000. Estimated dollar amounts for increases in 2009 were \$110 at 8% increase, \$81 at a 6% increase, \$54 at 4%, and \$27 at 2%. Estimated dollar amounts for increases in 2010 were \$104 at 7% increase, \$89 at a 6% increase, \$59 at 4%, and \$29 at 2%.

* Caution: small base size.

12. Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes.
- a. Would you be willing to pay up to **9%**, or possibly an additional \$140 next year, in order to maintain the current level of services provided by the City?
 - b. Would you be willing to pay up to **6%**, or possibly an additional \$94 next year?
 - c. Would you be willing to pay up to **3%**, or possibly an additional \$47 next year, in order to maintain a certain level of services provided by the City?

Residents	Willing To Pay						2012
	2006	2007	2008	2009	2010	2011	
Base (owners claiming home worth \$900,000)	(66) %	(96) %	(120) %	(95) %	(96) %	(56) %	(72) %
An 8% increase which is about \$__ per year	n/a	n/a	n/a	48	n/a	n/a	n/a
A 9 percent increase which is about \$__ next year	n/a	n/a	n/a	n/a	63	n/a	40
A 6 percent increase which is about \$__ next year	62	51	64	52	65	n/a	52
A 3 percent increase which is about \$__ next year	74	61	74	72	74	n/a	76
A 2 percent increase which is about \$__ next year	86	81	85	82	85	70	n/a

Note: Estimated dollar amounts for increases in 2006 were \$134 at a 6% increase, \$89 at 4%, and \$45 at 2%. Estimated dollar amounts for increases in 2007 were \$128 at a 6% increase, \$86 at 4%, and \$42 at 2%. Estimated dollar amounts for increases in 2008 were \$131 at a 6% increase, \$87 at 4%, and \$44 at 2%. Assessed value of home for 2006-2007 was \$800,000. Estimated dollar amounts for increases in 2009 were \$142 at 8% increase, \$104 at a 6% increase, \$70 at 4%, and \$35 at 2%. Estimated dollar amounts for increases in 2010 were \$133 at 7% increase, \$114 at a 6% increase, \$76 at 4%, and \$38 at 2%.

13. Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes.
- a. Would you be willing to pay up to **9%**, or possibly an additional **\$187** next year, in order to maintain the current level of services provided by the City?
 - b. Would you be willing to pay up to **6%**, or possibly an additional **\$125** next year?
 - c. Would you be willing to pay up to **3%**, or possibly an additional **\$62** next year?

Residents	Willing To Pay	
	2011	2012
Base(owners claiming home worth \$1,200,000)	(69) %	(80) %
A 9 percent increase which is about \$187 per year	n/a	35
A 6 percent increase which is about \$125 per year	n/a	48
A 3 percent increase which is about \$62 per year	n/a	75
A 2 percent increase which is about \$103 next year	51	n/a

2012 HOMEOWNERS SUMMARY

Q10-13: Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes.

- d. Would you be willing to pay up to **9%**, or possibly an additional **\$62/\$109/\$140/\$187** next year, in order to maintain the current level of services provided by the City?
- e. Would you be willing to pay up to **6%**, or possibly an additional **\$42/\$73/\$94/\$125** next year?
- f. Would you be willing to pay up to **3%**, or possibly an additional **\$21/\$36/\$47/\$62** next year?

Resident Homeowners	Willing To Pay
	2012 (288) %
Total Homeowners who provided assessed value of their home (\$400k/\$700k/\$900k/\$1.2million)	
A 9 percent increase which is about \$62/\$109/\$140/\$187 per year	49
A 6 percent increase which is about \$42/\$73/\$94/\$125 per year	59
A 3 percent increase which is about \$21/\$36/\$47/\$62 per year	80

14. **RENTERS** Now, in order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could need to raise the level of taxes your property owner pays. Your property owner could in turn decide to pass on to you SOME OR ALL of the cost of a tax increase by raising the amount you pay in rent. For the average renter, this could mean an increase in rent of **\$5** per month. Thinking about this, would you be willing to pay **\$5** more per month in order to maintain the current level of services provided by the City of Vancouver?

Residents	1997	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Base (renters)	(537) %	(342) %	(331) %	(304) %	(355) %	(312) %	(323) %	(269) %	(242) %	(231) %	(219) %	(200) %	(178) %	(152) %
Yes	89	83	84	85	85	81	83	81	87	82	76	71	79	77
No/don't know/refused	11	17	16	15	15	17	15	19	13	18	24	25	21	23

Note: Estimated dollar amount for increases in 1997-2010 was \$4. Estimated dollar amount for increase in 2011 was \$2.

15. As you may know, user fees are currently used to help recover the costs of providing certain City services such as permits and licenses, recreation programs, or sewer and water fees. Would you support or oppose the City charging higher user fees for these services and using the extra money to help pay for other city services? Would that be strongly or moderately support/oppose?

Residents	1997	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2012
	(1,000) %	(605) %	(602) %	(600) %	(608) %	(602) %	(636) %	(607) %	(601) %	(600) %	(600) %	(505) %	(500) %
Strongly support	23	21	18	18	20	16	19	17	20	16	20	13	13
Moderately support	46	44	41	46	46	42	49	42	44	47	48	42	44
Moderately oppose	14	16	21	14	15	14	14	20	17	19	14	22	22
Strongly oppose	15	14	18	18	14	24	12	16	16	14	12	18	19
Don't know	3	6	3	4	6	4	7	6	4	5	6	6	3

Note: Question not asked in 2011

16. Given the potential for reductions and adjustments just provided, and the impact of a property tax increase, what other types of City services, if any, do you think would be acceptable to reduce?

Residents	<u>2012</u> (500) %
Improve city administration (i.e. reduce staff, salaries, infrastructure, costs)	11
Reduce "GREEN" initiatives/bike lanes	6
Reduce funding or grants to social, arts or cultural groups	5
Reduce level of cleaning and maintenance of public buildings, properties and parks	3
Reduce infrastructure (roads and buildings) maintenance	3
Reduce enforcement of nuisance or minor city by-law	2
Reduce frequency of garbage and recycling collection	2
Reduce public safety services while still maintaining minimum standards of safety	2
Miscellaneous	4
None/don't know	71

17. 1997-2011 wording: When it comes right down to it, which approach would you prefer that the City take?

2012 wording: When it comes right down to it, if you only had two choices, which approach do you think is best for the City to take?

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	<u>2012</u> (500) %
Reducing City services, hours, staffing and/or increase user fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49	26	58
Charging people user fees on SOME City services to help cover the costs of these services	68	67	66	67	60	58	64	60	65	61	66	n/a	n/a	n/a
Raising property taxes to be able to maintain all City services	26	24	27	24	30	28	27	32	26	34	23	41	24	34
Use a mix of both property taxes AND service or other reduction, and then if needed, increase user fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	n/a

18. (a) Next, how would you like to be consulted by the City in the future? In which of the following ways would you be the **most likely** to participate? You may choose more than one. Accept up to 6 responses

Residents	<u>2008</u> (522) %	<u>2009</u> (509) %	<u>2010</u> (417) %	<u>2011</u> (509) %	<u>2012</u> (500) %
Random telephone survey	59	47	63	48	57
Online survey panel	-	-	53	-	-
Online survey with group retained by survey company	-	-	-	36	52
City website survey where you go to their website	50	49	52	37	52
Direct mail survey which you would mail back	54	44	50	16	49
Attend public meetings or open houses	27	21	30	24	32
Survey in Flyer distributed through newspapers or at community centers which you would mail or fax back	24	-	-	-	-
Provide feedback/ask questions on a web-based discussion forum/blog or social media	-	17	36	14	27
Contact via email	-	-	-	30	45
Contact via social media (RSS, twitter, facebook etc)	-	-	-	8	17
Any other ways you would link to be consulted by the City? (please specify)	15	1	-	4	-
None/don't know	1	3	-	7	5

19. (a) Other than this phone call, have you heard of the Vancouver Budget process?

Residents	<u>2012</u> (500) %
Yes	37
No/don't know	63

- (b) IF YES: Where did you see or hear about it?

Residents	<u>2012</u> (192) %
Newspaper article/news story	46
TV	20
Radio	15
City Hall (i.e. meeting, when voting, property assessment)	14
Website	13
Word of mouth	8
Print advertisement	6
At a library or community centre	1
Miscellaneous	2
Don't recall	7

Demographics

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	<u>2012</u> (500) %
Gender														
Male	49	48	50	49	49	49	49	49	49	48	-	48	48	48
Female	51	52	50	51	52	52	52	52	51	52	-	52	52	52
Home Ownership														
Rent	50	52	50	47	55	52	50	46	40	39	-	40	35	33
Own	50	48	50	52	43	46	47	50	57	58	-	55	60	56
Other/DK	-	-	-	-	-	-	-	-	-	-	-	5	5	11
Age														
18-24	13	10	10	10	12	12	12	12	10	12	10	12	6	9
25-34	26	23	23	23	23	23	23	23	24	21	23	17	14	24
35-44	20	23	23	23	21	21	21	21	22	21	21	21	18	17
45-54	13	16	16	16	18	18	18	18	18	18	18	20	24	22
55-64	11	11	11	11	10	10	10	10	10	13	12	14	21	10
65 or older	16	17	17	17	15	15	15	15	16	16	15	16	17	18
Ethnic Background														
Chinese (Hong Kong, China, Taiwan, or other)	22	22	19	31	26	21	23	25	25	28	26	23	26	23
Other Asian (Filipino, Japanese, Korean, Thai, Vietnamese, Indonesian, etc.)	4	5	5	3	6	6	4	3	6	5	7	4	3	5
British	36	35	39	29	29	36	34	30	32	34	29	28	20	30
East European	8	8	9	9	12	8	9	10	8	10	9	5	3	6
Other European	16	18	17	15	20	18	16	14	15	13	14	10	21	17
Canadian	7	7	7	6	9	7	6	8	9	9	8	23	7	8
East Indian/S. Asian	3	3	4	5	3	4	3	1	2	2	3	3	9	3
First Nations	1	1	2	2	1	2	2	2	1	2	1	1	3	1
African	1	-	1	1	1	2	2	<1	1	<1	1	1	1	1
American	1	1	-	1	1	2	1	2	1	1	2	1	-	-
Middle East (unspecified)	-	-	1	-	1	1	1	-	1	-	-	-	<1	<1
Other	2	3	1	1	1	1	7	12	4	5	8	9	5	6
Refused/don't know	2	2	1	2	2	3	3	2	3	2	3	2	2	3
Children in Household														
Yes	31	34	30	32	33	31	35	36	35	34	36	29	23	28
No	69	66	70	67	66	69	65	64	64	65	63	69	77	72
Refused	-	1	-	1	-	<1	1	1	<1	1	1	3	-	-
# of Years Been Resident of Vancouver														
0-9	33	34	32	34	41	41	41	41	32	34	29	26	27	20
10-19	17	21	20	23	23	20	17	22	23	25	26	23	24	26
20-29	16	16	18	16	16	14	14	12	17	14	16	18	18	22
30+	24	29	29	26	20	25	28	25	28	27	28	30	29	32
Whole life	9	-	-	-	-	-	-	-	-	-	-	-	-	-
Don't know/ refused	1	1	-	1	-	<1	<1	1	<1	1	1	3	2	<1
Avg. # of Years	20	22	21	21	18	19	19	19	21	21	21	22	21	24

Demographics (cont'd)

Residents	<u>1997</u> (1,000) %	<u>1999</u> (605) %	<u>2001</u> (602) %	<u>2002</u> (600) %	<u>2003</u> (608) %	<u>2004</u> (602) %	<u>2005</u> (636) %	<u>2006</u> (607) %	<u>2007</u> (601) %	<u>2008</u> (600) %	<u>2009</u> (600) %	<u>2010</u> (505) %	<u>2011</u> (509) %	2012 (500) %
Type of Dwelling														
Single, detached house	51	48	48	4+	46	44	48	45	51	50	50	49	41	49
Duplex or townhouse	9	8	9	8	8	8	9	10	9	8	9	8	20	12
Apartment of condo	38	41	40	40	44	43	42	43	38	38	40	36	35	39
Other / refused	1	3	2	3	2	6	1	3	2	3	1	4	4	1
Language of Interview														
English	-	-	-	-	-	-	-	-	-	-	-	88	100	90
Cantonese	-	-	-	-	-	-	-	-	-	-	-	7	-	9
Mandarin	-	-	-	-	-	-	-	-	-	-	-	4	-	1
Punjabi	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Landline at home														
Yes	-	-	-	-	-	-	-	-	-	-	-	97	-	95
No	-	-	-	-	-	-	-	-	-	-	-	3	-	5
Household Income														
Under \$10,000	6	5	4	7	6	5	7	5	3	2	2	31	17	
\$10,000-\$19,999	12	10	8	8	11	11	9	6	9	7	5			
\$20,000-\$29,999	16	13	10	12	13	12	12	12	10	7	5			
\$30,000-\$39,999	13	14	11	13	10	10	11	9	14	12	5	31	17	
\$40,000-\$49,999	11	9	11	8	9	8	9	9	9	10	8			
\$50,000-\$59,999	8	8	9	7	7	7	7	10	8	8	7			
\$60,000-\$69,999	6	6	6	8	4	7	6	6	7	9	7	31	28	
\$70,000-\$79,999	4	4	5	3	4	6	6	4	4	5	3			
\$80,000-\$99,999	5	4	6	5	6	8	7	5	10	6	8			
\$100,000+	7	7	10	9	9	11	10	17	14	19	19	23	20	
Don't know/ refused	11	8	21	18	22	16	16	17	13	15	32	15	19	
Household Income (2012)														
Under \$35,000														18
\$35,000 to \$50,000														13
\$50,000 to \$75,000														18
\$75,000 to \$100,000														13
\$100,000 +														23
Refused														15

City of Vancouver
— 2012 Business Survey —
Weighted Top-Line Results

- 1a. Now, to begin our questions, in your view as a member of the business community in Vancouver, what is the most important local issue facing the City of Vancouver, that is the one issue you feel should receive the greatest attention from Vancouver's City Council?
- 1b. Are there any other important local issues?

	<u>First Mention</u>	<u>First Mention</u>	<u>Total Mentions</u>
Business	<u>2011</u> (250) %	<u>2012</u> (251) %	<u>2012</u> (251) %
Total Taxation	31	21	29
City finances and property tax	31	21	29
Total Transportation	19	24	35
Traffic congestion	6	9	13
Public transit	7	5	9
Other transportation	-	4	9
Condition of streets	2	2	3
Bike lanes	4	4	8
Total Social	13	16	22
Homelessness/ poverty	8	11	16
Affordable housing	5	5	6
Total Crime	7	3	8
Crime and personal safety	6	3	5
Public drug use	-	-	1
Vandalism, properties in disrepair, graffiti or litter	1	<1	2
Other crime issues	-	<1	<1
Total Environment	3	3	7
Pollution/air quality	2	-	-
Garbage/recycling/composting	-	1	2
Environment or green issues	1	2	5
Total Growth	4	4	8
Development and planning	4	4	8
Total Economy	10	4	7
Economy	10	3	6
Employment/jobs	-	1	1
Miscellaneous	-	7	10
Nothing in particular	-	17	17

2. Generally speaking, are you satisfied or dissatisfied with the overall quality of services provided to **businesses** by the City of Vancouver?

Business	<u>1997</u> (300) %	<u>2006</u> (353) %	<u>2007</u> (350) %	<u>2008</u> (300) %	<u>2009</u> (300) %	<u>2010</u> (251) %	<u>2011</u> (250) %	<u>2012</u> (251) %
Very satisfied	19	17	12	14	14	16	12	19
Somewhat satisfied	69	50	58	57	58	51	74	52
Somewhat dissatisfied	5	17	10	11	12	12	10	12
Very dissatisfied	2	8	7	9	3	9	4	8
Don't know	4	8	13	8	14	12	-	10

3. And, would you say that the overall quality of services provided to **businesses** by the City of Vancouver has got better or worse over the past few years? Would that be much/somewhat better/worse?

Business	<u>1997</u> (300) %	<u>2006</u> (353) %	<u>2007</u> (350) %	<u>2008</u> (300) %	<u>2009</u> (300) %	<u>2010</u> (251) %	<u>2011</u> (250) %	<u>2012</u> (251) %
Much better	1	3	4	4	4	2	3	5
Somewhat better	13	22	23	24	16	24	24	20
Stayed the same	45	34	37	38	44	39	48	37
Somewhat worse	18	17	13	13	13	13	15	16
Much worse	5	7	6	7	3	6	10	9
Don't know	17	17	18	15	20	17	-	13

4. About one-half of property taxes go to the City of Vancouver, and the other half to the GVRD and the provincial government. Thinking about all the programs and services you receive from the City of Vancouver, would you say that overall you get good value or poor value for your tax dollar? **PROBE...**Would that be very or fairly good/poor value?

Business	<u>1997</u> (n/a) %	<u>2006</u> (201) %	<u>2007</u> (247) %	<u>2008</u> (175) %	<u>2009</u> (175) %	<u>2010</u> (158) %	<u>2011</u> (250) %	<u>2012</u> (251) %
Very good value	3	6	5	2	7	7	8	7
Fairly good value	50	47	47	43	41	36	61	38
Fairly poor value	24	27	23	39	29	27	22	25
Very poor value	18	9	13	12	11	17	10	17
Don't know/ refused	4	11	12	5	12	13	-	13

5. And, in general, would you say that the property taxes you currently pay for your **business** are too high, too low, or about right? Would that be much too high/low?

Business	<u>1997</u> (n/a) %	<u>2006</u> (201) %	<u>2007</u> (247) %	<u>2008</u> (175) %	<u>2009</u> (175) %	<u>2010</u> (158) %	<u>2011</u> (190) %	<u>2012</u> (162) %
Much too high		27	25	31	24	32	6	34
Too high	68	36	30	42	36	38	60	36
About right	24	26	36	21	29	24	33	25
Too low	-	-	2	4	2	-	2	-
Much too low	-	-	<1	-	-	1	-	-
Don't know/ refused	8	11	7	5	10	5	-	6

6. As you may know, the City of Vancouver provides a variety of different services to **businesses in the city**. I'm going to read you a list of some of these services, and ask you how important each service is to you as a **member of the business community** in Vancouver, that is, something you feel City Council should pay strong attention to. Let's use a scale from 0 to 10, where "0" means the service is "Not at all important" to you, and should not be given any priority at all by City Council,... "10" means the service is "Extremely important" to you, and should be given top priority, ... and a "5" means the service is neither important nor unimportant to you. Remember, you can pick any number between 0 and 10. How important is this to you as a **member of the business community**?

Business		Average Score (1-10) #	6 -10 Important %	5 Neutral %	0-4 Not Important %
Maintenance and repair of sewage and drainage systems	2011 (n=250)	6.80	74	17	8
	2012 (n=251)	7.77	85	11	4
Maintenance and repair of city parks and beaches	2011 (n=250)	6.80	75	16	9
	2012 (n=251)	6.88	73	17	9
Community centers, ice rinks, and swimming pools	2011 (n=250)	6.62	70	20	9
	2012 (n=251)	6.63	64	23	13
Libraries	2011 (n=250)	6.64	70	19	12
	2012 (n=251)	6.67	66	21	13
Policing	2011 (n=250)	7.32	77	13	10
	2012 (n=251)	8.47	92	7	2
Fire department	2011 (n=250)	7.41	73	15	8
	2012 (n=251)	8.34	88	10	3
Maintenance, cleaning, and upgrading of streets and sidewalks	2011 (n=250)	6.70	73	17	10
	2012 (n=251)	7.76	89	8	3
Support for arts and cultural organizations	2011 (n=250)	6.36	64	25	10
	2012 (n=251)	6.04	56	24	20
Support for community service organizations that help people in need	2011 (n=250)	6.60	67	24	8
	2012 (n=251)	7.23	76	14	9
Support for green projects or infrastructure	2011 (n=250)	6.34	68	19	12
	2012 (n=251)	6.15	63	17	19
Planning for the future development of Vancouver	2011 (n=250)	6.71	72	18	10
	2012 (n=251)	7.75	83	11	5
Management of the traffic in the city	2011 (n=250)	6.59	69	20	10
	2012 (n=251)	7.72	83	9	7
Garbage collection, composting and recycling	2011 (n=250)	6.74	72	16	12
	2012 (n=251)	7.29	77	10	13

7. (a) Now, to balance the 2012 budget as required by law, and after all savings have been identified by staff, the City may need to find further savings of up to \$52 million. To do this, which one of these three options would you prefer:
1. Increase **business** property taxes by up to **9 percent**?
 2. Reduce city services, hours, staffing and/or increase user fees?
 3. Use a mix of both (ROTATE) [property tax increases] AND [service or other reductions], and then if needed, increase user fees.

	<u>1997</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business	(300) %	(353) %	(350) %	(300) %	(300) %	(251) %	(250) %	(251) %
Increase business property taxes by 9%	7	14	13	21	11	11	11	10
Reduce city services, hours, staffing and/or increase user fees?	n/a	n/a	n/a	n/a	n/a	44	39	44
Cut City services by amount of shortfall	31	27	30	29	18	n/a	-	-
Use a mix of both property tax increases AND service or other reductions, and then if needed, increase user fees	58	49	47	43	56	38	50	43
Don't know	4	9	11	7	15	8	-	4

Note: In 2006 if asked about the 6% or what the shortfall is, tell them the budget shortfall is about 29 million dollars. In 1997 the shortfall was 26 million.

Note: In 2007 if asked about the 6% or what the shortfall is, tell them the budget shortfall is about 30 million dollars. In 1997 the shortfall was 26 million.

Note: In 2010 if asked about the 3% or what the shortfall is, tell them the budget shortfall is about 28 million dollars. In 1997 the shortfall was 26 million.

7. (b) If City services need to be reduced, would you prefer that the City:
1. Cut services by same proportion across all service areas OR
 2. Cut services only in **SOME** areas, but not in others.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business	(251) %	(250) %	(251) %
Cut services by same proportion across all service areas	36	46	39
Cut services only in SOME areas, but not in others	58	54	58
Don't know	6	-	3

8. Now, let's talk about *priorities* in a **general** way. Specific City services will be discussed in an upcoming question.) Please keep in mind that the City will maintain all appropriate health and safety standards, and any changes would be planned to **minimize** the impact on the public.

I'm going to read a list of possible ways the City could find cost savings. For each one please tell me the extent to which you would support or oppose the City taking this type of measure to save costs and minimize tax increases. Please rate each on a scale from 0 to 10 where "0 means strongly oppose" and "10 means strongly support". Starting with [RANDOMIZE LIST]. INTERVIEWER: TO CONFIRM UNDERSTANDING OF SCALE: IF '7-10', SAY: So you support? IF '0-3', SAY: So you oppose?

Business		Average score	'6-10'	'5' Neutral	'0-4'	Don't know
		'0-10' scale #	Support %	%	Oppose %	
a) Reduce hours of operation at city facilities	2010 (n=251)	5.5	44	30	25	1
	2011 (n=250)	4.2	30	26	44	-
	2012 (n=251)	5.7	45	26	27	2
b) Reduce park and recreation programs	2010 (n=251)	4.4	29	23	48	-
	2011 (n=250)	3.7	22	25	53	-
	2012 (n=251)	4.8	34	23	41	2
c) Reduce public safety services while still maintaining minimum standards of safety	2010 (n=251)	4.1	28	17	55	-
	2011 (n=250)	3.5	30	10	60	-
	2012 (n=251)	4.3	33	19	47	1
d) Reduce funding or grants to social, arts or cultural groups	2010 (n=251)	4.9	39	21	39	1
	2011 (n=250)	4.1	30	26	44	-
	2012 (n=251)	4.9	38	22	40	1
e) Reduce "GREEN" initiatives	2011 (n=250)	3.9	24	24	52	-
	2012 (n=251)	5.4	45	22	32	1
f) Hold fewer public consultations and hearings	2010 (n=251)	6.0	52	27	20	1
	2011 (n=250)	4.1	27	26	47	-
	2012 (n=251)	5.9	54	20	25	1
g) Reduce infrastructure (roads and buildings) maintenance	2010 (n=251)	4.0	26	21	53	-
	2011 (n=250)	3.7	26	20	54	-
	2012 (n=251)	4.0	24	23	51	1
h) Reduce frequency of garbage and recycling collection	2010 (n=251)	4.1	30	16	54	1
	2011 (n=250)	3.9	28	21	51	-
	2012 (n=251)	4.8	43	14	42	1
i) Reduce level of cleaning and maintenance of public buildings, properties and parks	2010 (n=251)	4.5	32	23	45	-
	2011 (n=250)	3.9	32	17	51	-
	2012 (n=251)	4.6	31	29	39	1
j) Reduce enforcement of nuisance or minor City by-laws (e.g., noise, after-hours park use, etc)	2010 (n=251)	5.6	49	21	30	1
	2011 (n=250)	4.4	36	19	45	-
	2012 (n=251)	5.5	46	24	29	1
k) Reduce the level of land-use planning and policy work	2010 (n=251)	5.4	43	25	28	5
	2011 (n=250)	4.2	27	27	46	-
	2012 (n=251)	5.1	38	30	29	2

9. (a) Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the amount you pay in property taxes by.
- i. As a member of Vancouver's business community, would you be willing to pay up to **9%** more in property taxes in order to maintain the current level of services provided by the City?
 - ii. Would you be willing to pay up to **6%**?
 - iii. Would you be willing to pay up to **3%**?

Willingness to pay property tax increases - Total Own Business Property or Pay Rent and Property Taxes							
Business	Willing To Pay						
	1997 (200)	2006 (230)	2007 (247)	2008 (175)	2009 (175)	2010 (158)	2012 (162)
	%	%	%	%	%	%	%
An 9% increase	20	n/a	n/a	n/a	n/a	n/a	18
A 6% increase**	23	34	29	36	n/a	n/a	26
A 4% increase**	48	48	40	46	36	n/a	-
A 3% increase	n/a	n/a	n/a	n/a	n/a	39	65
A 2% increase**	64	70	68	78	61	47	-
Would not pay any increase	36	28	28	21	35	52	35
Don't know	-	1	4	1	4	1	-

Note: An 8% increase was asked **only** in 1997 in order to raise \$26 million.
An 8% increase was asked in 2010 in order to raise \$28 million.

Base: Total who pay business property taxes (either 'own a business property' or 'pay rent plus property taxes as a direct cost')

** Includes those willing to pay at a higher percentage (8%, 6% or 4%, as applicable).

9. (b) Thinking about tax increases for the moment. In order for the City of Vancouver to cover the budget shortfall without any cuts in service, it could mean increasing the property taxes your property owner pays by possibly up to **9%**. Your property owner could in turn decide to pass on to you SOME OR ALL of the cost of a tax increase by raising the amount you pay in rent. Thinking about this, would you be willing to pay an increase in rent in order to maintain the current level of services provided by the City of Vancouver?

Business	2012 (87)
	%
Yes	51
No/don't know	49

10. As you may know, user fees are currently used to help recover the costs of providing certain City services such as permits and licenses, recreation programs, or sewer and water fees. Would you *support* or *oppose* the City charging higher user fees for these services and using the extra money to help pay for other city services? Would that be strongly or moderately support/oppose?

Business	<u>1997</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	(300)	(353)	(350)	(300)	(300)	(251)	(250)	(251)
	%	%	%	%	%	%	%	%
Strongly support	32	25	24	31	26	22	23	20
Moderately support	37	43	39	42	39	45	36	44
Moderately oppose	10	11	13	10	10	14	25	13
Strongly oppose	19	17	21	14	16	16	16	22
Don't know	2	4	3	2	8	2	-	1

11. Given the potential for reductions and adjustments just given, and the impact of a property tax increase, what other types of City services, if any, do you think would be acceptable to reduce?

Business	<u>2012</u>
	(251)
	%
Improve city administration (i.e. reduce staff, salaries, infrastructure, costs)	18
Reduce "GREEN" initiatives/bike lanes	6
Reduce funding or grants to social, arts or cultural groups	6
Reduce infrastructure (roads and buildings) maintenance	5
Reduce level of cleaning and maintenance of public buildings, properties and parks	3
Reduce enforcement of nuisance or minor city by-law	2
Reduce park and recreation programs	1
Reduce frequency of garbage and recycling collection	1
Reduce fewer public consultations and hearings	1
Reduce hours of operation at city facilities	1
Miscellaneous	3
None/don't know	68

12. When it comes right down to it, if you only had two choices, which approach do you think is best for the City to take?

Business	<u>1997</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2012</u>
	(300) %	(353) %	(350) %	(300) %	(300) %	(251) %	(251) %
Reducing City services and/or increasing fees	n/a	n/a	n/a	n/a	n/a	72	73
Charging people user fees on SOME City services to help cover the costs of these services	83	75	76	74	68	n/a	-
Raising property taxes to be able to maintain all City services	10	18	14	19	12	24	21
Don't know	7	8	10	8	19	4	5

13. Is providing input on the City's annual budget important to you, such as you are doing right now with this survey?

Business	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2012</u>
	(300) %	(300) %	(251) %	(251) %
Yes	87	67	85	80
No	12	30	15	19
Don't know	2	4	-	1

14. (a) Next, how would you like to be consulted by the City in the future? In which of the following ways would you be the most likely to participate? You may choose more than one.

You may choose more than one. RANDOMIZE & READ. Accept up to 6 responses

Business	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2012</u>
	(263) %	(217) %	(211) %	(205) %
Email	-	-	-	53
Online survey panel	-	-	65	-
Online survey with group retained by survey company	-	-	-	47
Random telephone survey	61	45	54	54
City website survey where you go to their website	60	47	58	46
Direct mail survey which you would mail back	52	38	43	40
Attend public meetings or open houses	23	15	36	22
Provide feedback/ask questions on a web-based discussion forum/blog	-	21	43	22
Social media (RSS, Twitter, Facebook etc.)	-	-	-	9
Other	3	-	8	1
NONE OF ABOVE/DON'T KNOW	1	4	<1	1

15. (a) Other than this phone call, have you heard of the Vancouver Budget process?

Residents	<u>2012</u> (251) %
Yes	41
No/don't know	59

(b) IF YES: Where did you see or hear about it?

Residents	<u>2012</u> (91) %
Newspaper article/news story	40
Radio	25
TV	15
Word of mouth	13
City Hall (i.e. meeting, when voting, property assessment)	8
Website	4
Miscellaneous	3
Don't recall	10

Demographics

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business	(353)	(350)	(300)	(300)	(251)	(250)	(251)
	%	%	%	%	%	%	%
Gender							
Male	74	70	69	64	72	68	71
Female	27	30	31	36	28	32	29
Location of Business							
Westend/ Downtown Vancouver	33	35	74	23	34	-	25
North East	18	18	8	25	18	-	23
North West	29	20	13	27	22	-	28
South East	9	12	1	10	11	-	7
South West	11	15	5	16	16	-	17
Type of Business Own or Operate							
Professional services	42	35	26	27	21	-	45
Retail	23	32	18	21	18	-	27
Manufacturing	7	8	5	4	7	-	10
Non profit/ church	6	-	3	5	6	-	3
Restaurants/ food	5	6	14	6	11	-	3
Legal/ financial/ medical/ real estate	3	3	8	11	5	-	4
Personal services	2	2	3	4	2	-	-
Wholesale/ processing/ distribution	2	1	3	3	4	-	2
Construction/ development	2	1	1	4	4	-	3
Recreation/ tourist services	2	1	2	1	2	-	<1
Auto repair/ leasing	2	1	2	1	2	-	-
Transportation	1	1	2	2	1	-	-
Social services/ care facilities	1	-	-	3	1	-	-
Tourism/ hotels	<1	2	3	<1	3	-	<1
Media/ communication	-	3	2	1	3	-	<1
Mining	-	1	1	2	-	-	-
Arts/ film	-	1	4	6	2	-	-
Import/ export	-	1	1	-	-	-	-
Miscellaneous	4	1	5	-	11	-	3
Position in Company							
Owner/ president/CEO	69	74	61	52	60	41	58
Senior manager	26	19	39	37	40	52	28
Department manager/ office manager	3	4	-	4	-	-	8
Director/ director of marketing etc.	1	1	-	2	-	-	-
Miscellaneous	1	3	-	4	-	8	7
Building Ownership							
Rent	77	78	81	78	78	64	77
Own	22	21	18	22	20	36	23
Don't know/ refused	1	1	1	-	2	-	<1

Demographics (cont'd)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business	(353) %	(350) %	(300) %	(300) %	(251) %	(250) %	(251) %
Assessed Value of Building Own (n=64) 2012 (n=69)							
200 thousand dollars	n/a	n/a	n/a	n/a	11	-	-
400 thousand dollars	n/a	n/a	n/a	n/a	3	-	20
700 thousand dollars	n/a	n/a	n/a	n/a	17	-	13
900 thousand dollars	n/a	n/a	n/a	n/a	55	-	17
1.2 million dollars or more	n/a	n/a	n/a	n/a	n/a	-	46
Don't know	n/a	n/a	n/a	n/a	14	-	5
Responsible For Paying The Property Taxes or Rent (n=181) 2012 (n=180)							
Pay rent and property taxes	51	54	42	42	48	-	49
Pay rent only	47	41	54	57	46	-	47
Don't know/ refused	3	6	4	2	6	-	4
Employees Based in Vancouver							
0-4 employees	48	56	46	53	42	29	40
5-9 employees	24	20	21	17	19	36	26
10-24 employees	20	18	26	18	33	20	25
25-99 employees	7	6	5	6	5	12	7
100 or more employees	1	1	1	3	1	4	1
Don't know/refused	n/a	n/a	n/a	n/a	1	-	-
Employees Based Outside the City of Vancouver							
0-4 employees	83	84	77	81	83	74	85
5-9 employees	7	4	4	7	3	8	3
10-24 employees	5	5	12	3	6	8	4
25-99 employees	4	4	5	3	2	6	4
100 or more employees	1	2	1	2	4	4	5
Don't know/ refused	1	1	1	3	1	-	1
Number of Years Operating Business in Vancouver							
5 or less	25	29	20	17	17	17	12
6 to 19 years	43	36	44	41	46	47	43
20+ years	32	35	36	40	37	36	46
Don't know/ refused	1	-	-	3	-	-	-
Resident of the City of Vancouver							
Yes	69	67	64	62	61	100	62
No	31	33	36	36	39	-	38
Refused	<1	-	-	2	-	-	-
Language of Interview							
English	93	95	97	94	97	100	-
Cantonese	7	5	2	3	1	-	-
Mandarin	1	-	2	3	2	-	-

Appendix 3: Departmental Strategic Adjustments

**City of Vancouver
2012 Operating Budget
In Millions of Dollars**

Department	Description	Estimated Position Impact (FTE)
Utilities	- Reallocation of abandoned waste material from Public Works to Solid Waste Utility	-
Parks	- Increasing management span of control in both recreation and parks - reducing hours at recreation facilities during low-use periods - Refocusing beachguarding efforts to key swimming beaches - Efficiency improvements in park maintenance	21
Fire	- Changes to vehicle life estimates - lower wage costs with change in demographics to more junior members	-
Engineering (PW)	Transforming service delivery and finding efficiencies without compromising safety - reduce street cleaning fleet from 8 to 4 - adjustment to frequency of street cleaning in different areas based on an assessment of need - adjust street lighting maintenance based on an on-going evaluation of need and timing for various assets - reduction of litter buckets from bus shelters - reduce cleaning services to bike routes - use in house equipment - reduce traffic control - changing workflow of building site inspectors	27
CSG	- Risk based management for building inspections - Optimize planning, development and permitting	14
Library	- Central Library information services adjustments (no impact on hours of operation) - Technical services efficiencies	9
Support Services	- Revise operation cost estimates for existing and new facilities - Adjust janitorial services and reduce materials - ITSS phase 3, repositioning and reductions in number of applications and databases - Reductions in non-core CityLearn programs - Optimize health, safety and wellness systems and processes - Adjustments to temp budgets, office supplies etc.	18
Total		89

Appendix 4: Budget Process and Steps

There are 4 key reports in the 2012 Operating Budget Process:

- **December 15, 2011:** The “Preliminary Estimates” report provides Council with the 2012 opening budget position, and advises Council about the next steps in the 2012 budget process.
- **February 28, 2012:** The “Interim Estimates & Public Consultation Results” report reviews the results of the 2012 Budget Consultation process, and summarizes the proposed budget strategies developed by the Corporate Management Team to finalize the estimates and bring the 2012 Operating Budget into balance.
- **March 5, 2012:** The “Final Estimates” report presents the final 2012 revenue and expenditure estimates approved by Council, and is accompanied by a resolution in which Council adopts the estimates for the year.
- **May 2012:** Council Report with 2012 Property Taxation Bylaws and Averaging Resolution.

Appendix 5: Utilities Details

The City has established four utilities that are operated on a user-pay basis. The water, solid waste and neighbourhood energy utilities are fully funded from user fees so that increased expenditures are matched by increased user fees with no impact on property taxes. The sewer utility is funded approximately 63% from user fees (sanitary) and 37% from property taxes (storm). Council approved the budgets and rates for 2012 for these utilities on December 15, 2011 (RTS # 's 9371, 9372, 9373, 9374)

The table below summarizes the impact of utilities increases on the average residential and non-residential properties in Vancouver:

	RESIDENTIAL			NON-RESIDENTIAL		
	2012 Proposed Fees	\$ Change	% Change	2012 Proposed Fees	\$ Change	% Change
Solid Waste Utility	242	14	6.1%	147	12	8.9%
Sewer Utility	273	25	10.1%	287	26	10.0%
Water Utility	513	46	9.9%	489	44	9.9%
Total Utilities	\$1,028	\$85	9.0%	\$923	\$82	9.8%

- Non-residential properties are charged for utility services based on consumption of services rather than as a flat fee. Water and Sewer charges for these properties increased by the same percentages as residential properties - to calculate impact, assumed average flat water consumption levels. Approximately 800 commercial and institutional properties receive garbage collection services by the City.

Solid Waste Utility: Solid Waste Utility Fees are made up of three components: garbage collection fees, recyclables collection fees, and yard trimmings/food waste collection fees. Cost increases anticipated in 2012 are attributed primarily to an increase in wage rates and increased costs related to replacement of recycling trucks. A combined fee increase of approximately \$10 or 4.4% per homeowner was approved in December 2011 to recover the 2012 increase in costs.

Future new program cost increases will be necessary for Vancouver to implement aggressive new waste diversion and management actions anticipated under the new Regional Solid Waste Management Plan. The specifics of these programs are uncertain at this time. Staff will report back to Council as the details become known.

Sewer Utility: There are two main drivers of costs in the Sewer Utility: the Greater Vancouver Sewerage and Drainage District (GVS&DD) levy (over which Council has no direct control), and debt charges. In 2012, GVS&DD levy is estimated to increase 2.1% over 2011. The Sewer Utility debt costs are estimated to increase by 10.3%. As a result of these factors, sewer user rates increased by approximately 9.9% in 2012. For single family dwellings, the annual flat rate for sewer fees was increased from \$248 to \$273.

Water Utility: Water utility costs are driven by increases in the cost of water purchased from the Regional District, over which Council has no direct control, and by debt charges. The Regional unit cost of water is expected to increase by approximately 5.9% in 2012 as a result of capital expenditures related to the water filtration project at the Seymour and Capilano Reservoirs. The City's water utility debt cost is estimated at \$19.66 million, a 2.1% increase over 2011. Other City costs are not expected to change significantly. As a result of these factors, the Water Utility rates increased by approximately 9.9% in 2011. For single family dwellings, the annual flat rate for water increased from \$467 to \$513.

Neighbourhood Energy Utility (NEU): The Southeast False Creek Neighbourhood Energy Utility (SEFC NEU) provides space heating and domestic hot water to multi-family residential, commercial, institutional and industrial buildings in SEFC. SEFC NEU rates are comprised of two components: a fixed Capacity Charge (related to the fixed capital and operating costs associated with the NEU) and a variable Energy Use Charge (related to customers' actual energy consumption). For 2012, these rates will increase by 3.22% over the 2011 customer rates, based on a 2.0% inflationary increase plus a 1.22% Rate Escalation Factor.