

2017-2021 Budget Outlook

Council Presentation

October 4, 2016



- Key Messages
- Budget Timeline
- Consultation overview
- The Economy
- Financial Sustainability
- 2016 Budget Background
- Looking forward 2017 – 2021
- Questions?

The 2017 Budget Outlook provides context and factors which will influence the 2017 Budget:

- Financially sustainable, responsible and balanced approach with focus on the long term
- Strong Economy and growing population – we are facing challenges of a growing city
- The City continues to maintain or improve service levels to residents, while keeping taxes competitive
- 2016 Vancouver combined tax and utility fees are mid-range in Metro Vancouver
- Addressing public priorities with the objectives of:
 - Building a sustainable City
 - Enhancing the City's vibrancy, affordability and livability
 - Maintaining the City's financial health and enhancing operational effectiveness
 - Fostering Canada's leading economy

Key Dates	
Council Meeting – 2017 to 2021 Budget Outlook presented to Council	Oct 4
Public Consultation	October
2017 Budget and 5 Year Financial Plan Report Published	Nov 23
Council Meeting – 2017 Budget and 5 Year Financial Plan - Presentation and Speakers	Dec 7
Council Meeting – 2017 Budget - Final Vote	Dec 13

To inform the draft 2017 budget, the City will be asking residents and businesses to provide feedback on some of the services the City provides and the value they perceive they are receiving as well as testing tax level tolerance.

- **How are we reaching out?**

Consultation activity	Purpose
Online Questionnaire, September 30 - October 31 Representative Survey, October 7-28	Gather representative sample of public feedback
In-person Budget Roadshow October 11-13 <ul style="list-style-type: none"> • Gordon Neighbourhood House • Sunset Community Centre • Dunbar Community Centre • Renfrew VPL Branch • Aboriginal Friendship Centre • Carnegie Community Centre • Roundhouse Community Centre • Terry Salman/ Hillcrest VPL • Douglas Park Community Centre 	An outreach team will talk to the public and run an interactive budgeting exercise.
3-1-1 caller intercept surveys, Oct 7-21	Gather public feedback

To inform the draft 2017 budget, the City will be asking residents and businesses to provide feedback on some of the services the City provides and the value they perceive they are receiving as well as testing tax level tolerance.

- **How are we reaching out?**

Consultation activity	Purpose
Open House City Hall Committee Room 1 October 27, 5:30-8:00pm	Open invitation to public to learn more and speak to staff and offer detailed feedback.
Stakeholder Workshop with advisory committee and BIA reps, October 24, City Hall Townhall 6:30 - 8:30pm	Review budget and public input through the lens of specific audiences.
Public Dialogue session on Draft Budget (November)	Going back to public with draft budget in advance of Council meeting in December.

A wide-angle photograph of the Vancouver skyline at dusk, with numerous skyscrapers and buildings illuminated against a twilight sky. The city is reflected in the calm water of the harbor in the foreground. The Stanley Park seawall and some greenery are visible on the right side of the image.

How are we doing, Vancouver?

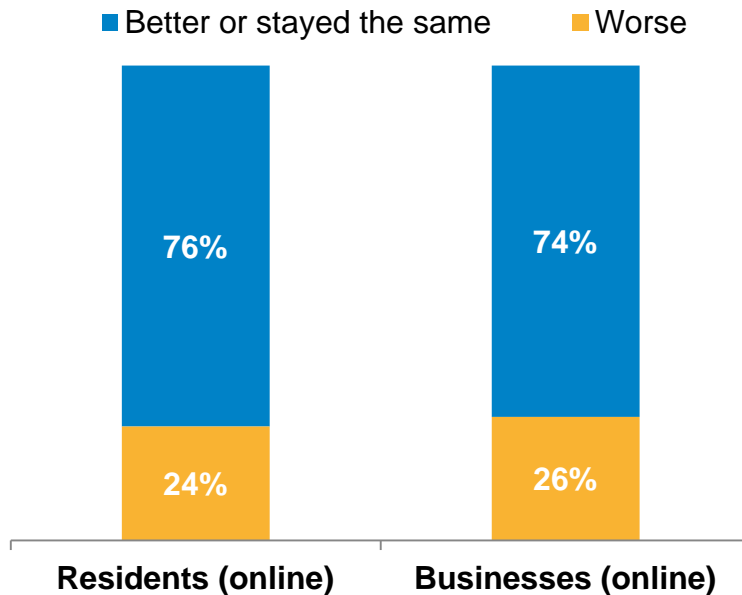
Are we delivering
value for service?



What we learned about the public's perceptions of service

- Over the last few years, a majority of both residents and businesses consistently believe the quality of services provided by the City have either stayed the same or gotten better
- Businesses in particular are showing large improvements in their perceptions of the stability and enhancement of City services

Budget 2016

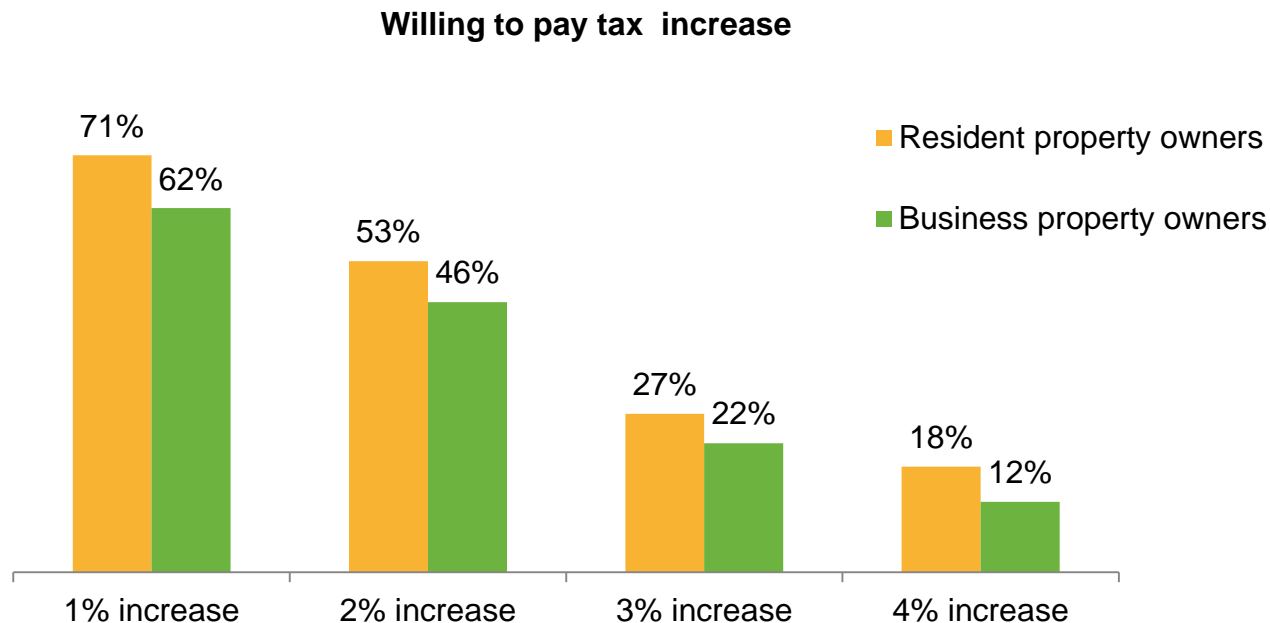


	Residents		Businesses	
	Budget 2015	Budget 2014	Budget 2015	Budget 2014
Better or stayed the same	73%	76%	66%	60%
Worse	26%	24%	34%	41%



What we learned about the public's tax tolerance

- The majority of resident and business property owners are willing to pay a 1% tax increase, on average 67% are willing to pay such an increase
- Additionally, half are also willing to pay a 2% tax increase (although resident owners are somewhat more willing in this case).





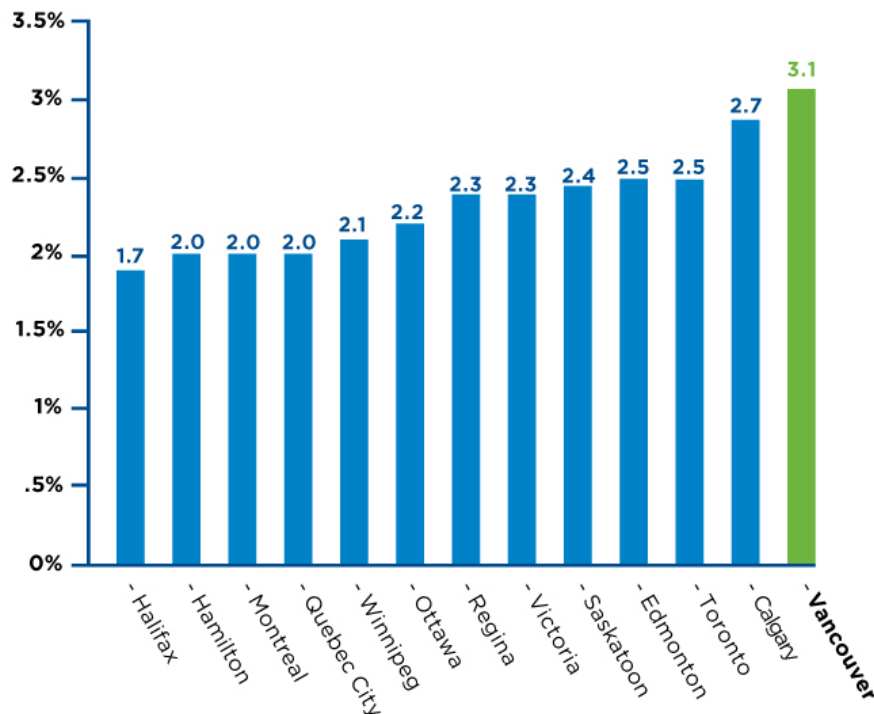
Support for User Fees

- New for Budget 2016, we dug a little deeper to ask more specifically about people's support for increased user fees for services that they personally use.
- The proportion very willing or somewhat willing to pay more in user fees is high, at 70% of respondents on average among residents and businesses.



Metro Vancouver growth forecast highest among major Canadian cities (2017-2020)

PROJECTED REAL GDP GROWTH, 2017-2020



Global economic outlook continues to be volatile

- Prolonged low oil prices continue to suppress Canada's economic growth
- China & EU continue to undergo economic and structural reforms
- US economy improves
- Canada's real GDP growth forecast to improve (2016-1.7%, 2017-2.3%, 2018-2.2%, 2019/2020-2%)
- Inflation for Metro Vancouver forecast to increase (2016-1.8%, 2017/2018-2.1%, 2019-2.5%, 2020-2.1%)

Source: Conference Board of Canada Metropolitan Outlook, Spring 2016

Financial Sustainability Principles Guide

Financial & Capital Planning

These principles, combined with a long-term view of the City's overall financial planning, will be the platform on which annual budgets are built

Fiscal Prudence

- Live within our means
- Consider long-term implications in all decisions
- Maintain a stable and predictable revenue stream
- Keep debt at a manageable level
- Build in flexibility and contingencies for emerging priorities and opportunities



Affordability and Cost Effectiveness

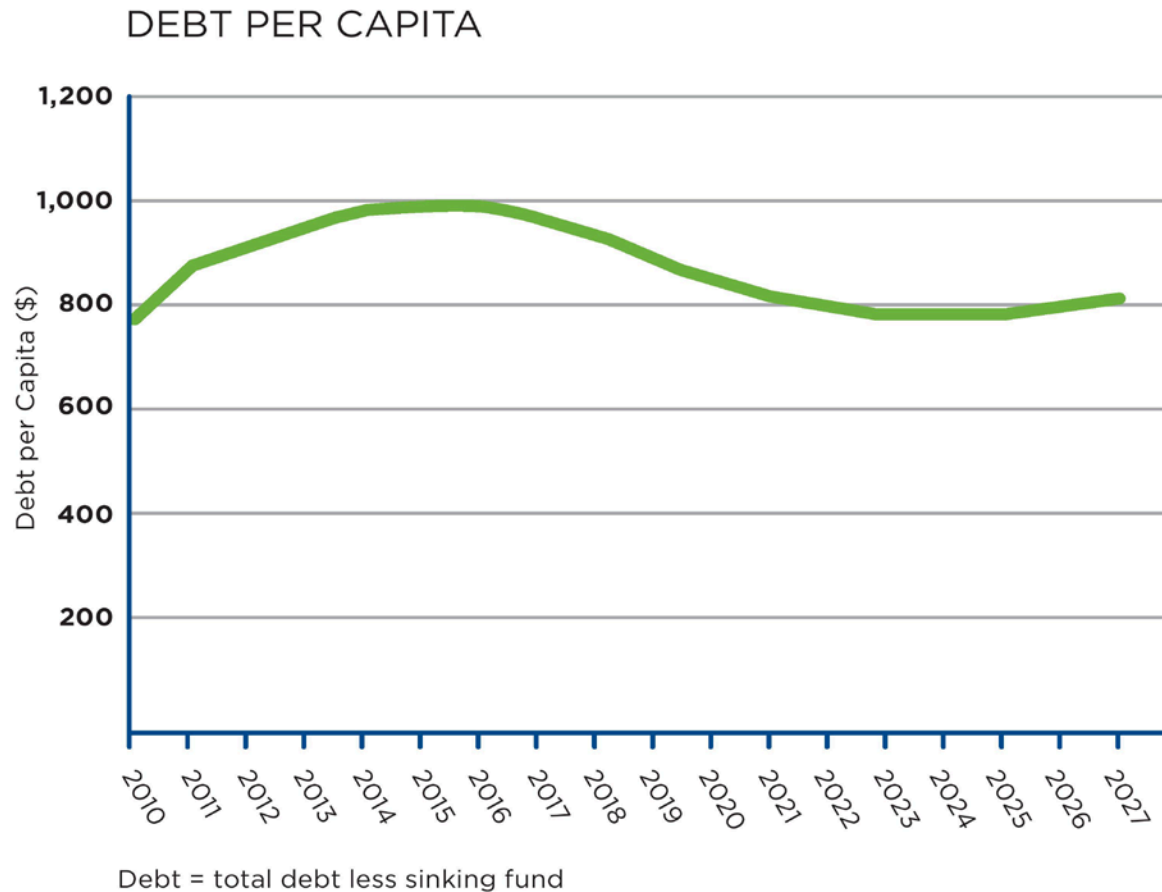
- Deliver services that are relevant and result in desired public outcomes
- Ensure value for money through productivity and innovation
- Keep property tax and fees affordable

Asset Management

- Maintain assets in an appropriate state of repair
- Optimize capital investments to meet public and economic needs while achieving value for the investment

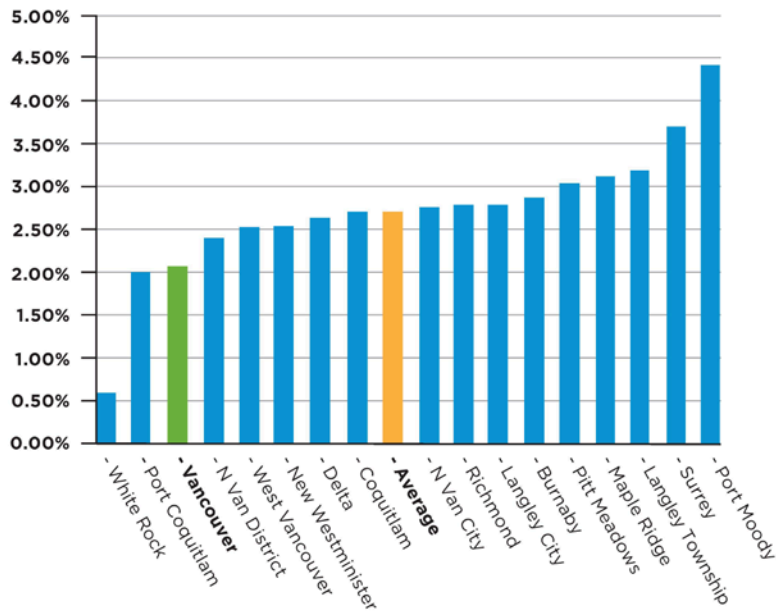
Keep Debt at a Manageable Level

- Debt per capita stabilizes after 2020 upon retirement of pre-Olympic debt & continuous debt management strategy

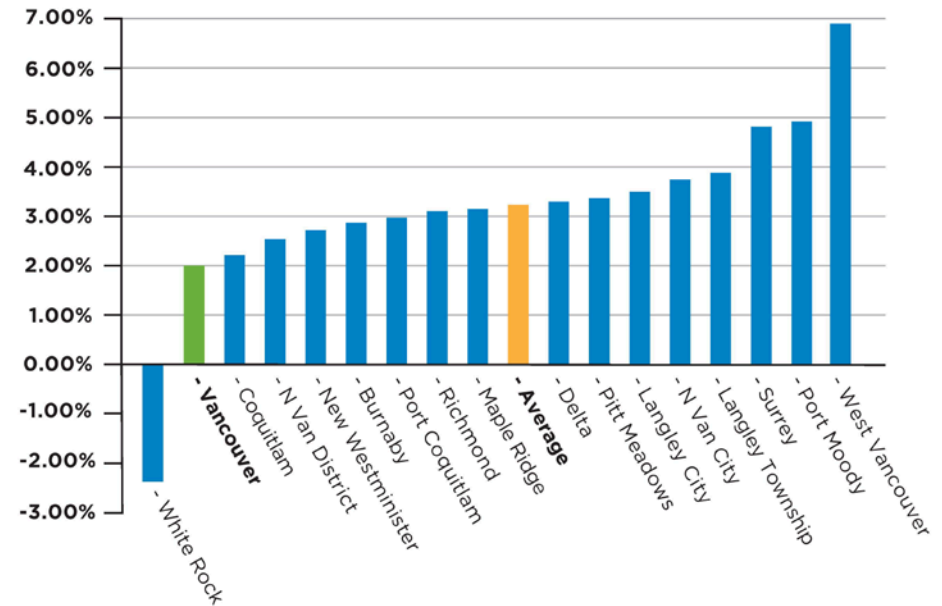


Property Tax Increases

VANCOUVER VS METRO VANCOUVER FIVE-YEAR AVERAGE PROPERTY TAX INCREASE (2012-2016)

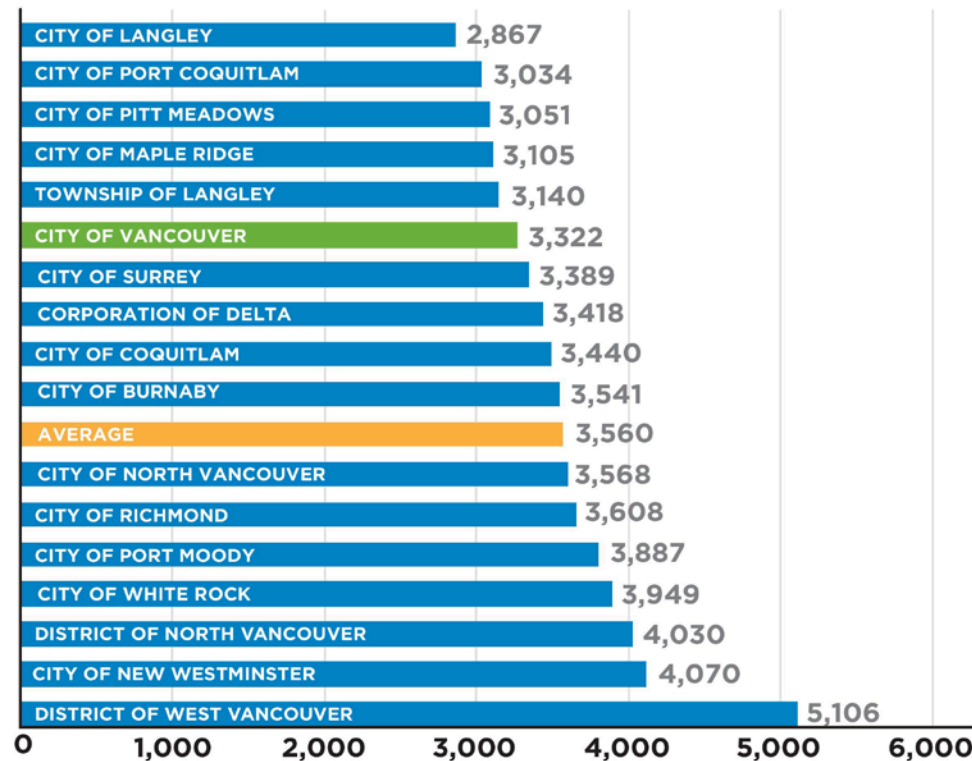


2016 PROPERTY TAX INCREASE: CITY OF VANCOUVER VS. METRO VANCOUVER



Combined Property Tax and Utility Fee Increases

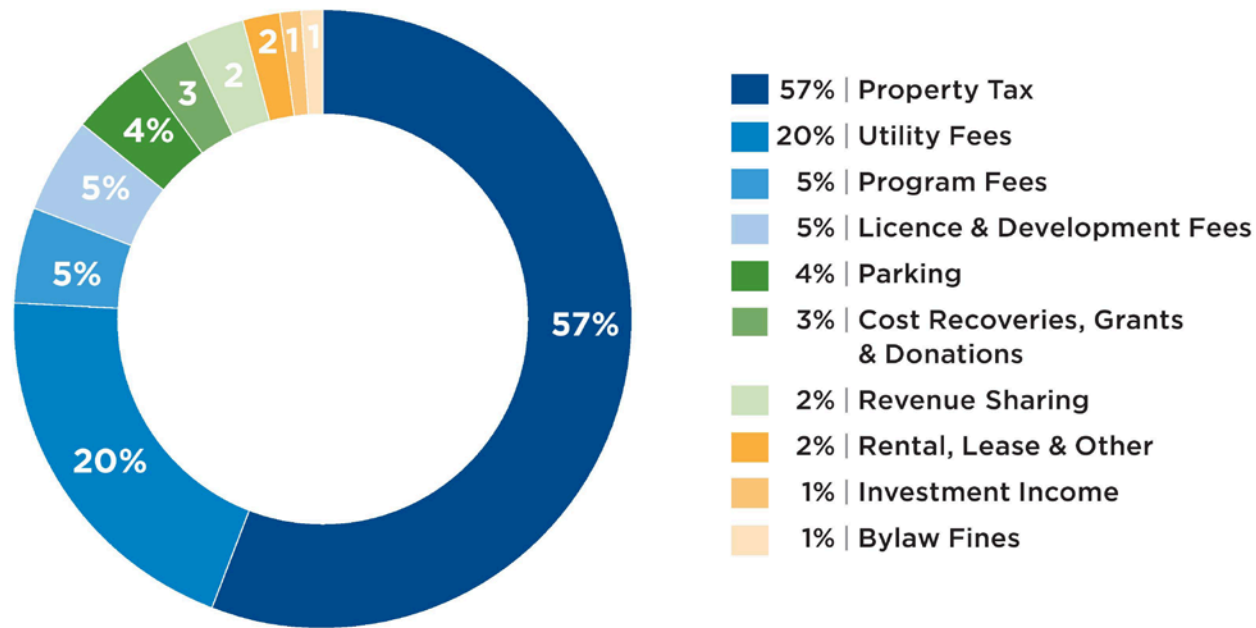
2016 COMBINED MUNICIPAL PROPERTY TAX AND UTILITY FEES FOR MEDIAN SINGLE-FAMILY HOME (\$)



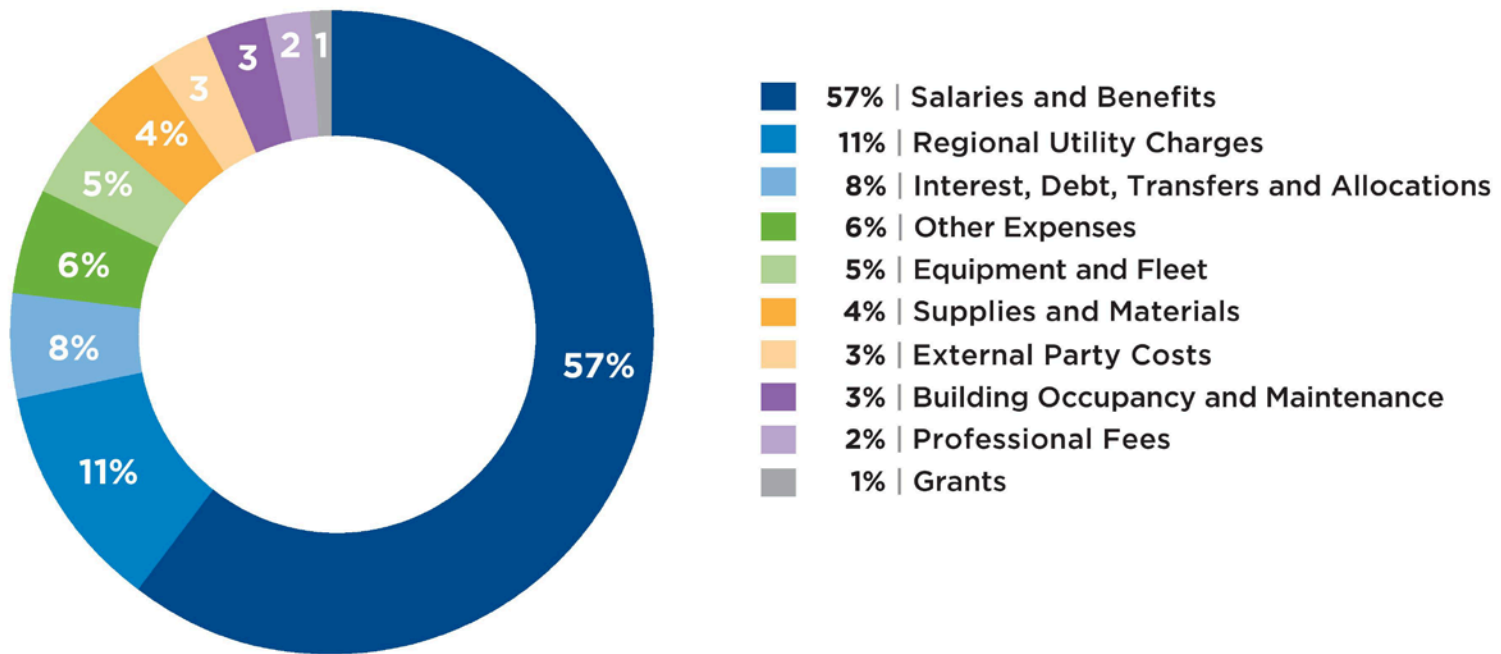
*Utility fees for certain municipalities based on Provincial Local Government Statistics Taxes & Charges on a Representative House (http://www.cscd.gov.bc.ca/lgd/infra/library/Schedule704_2016.xls)

Comparing median single-family homes, Vancouver tax and utility fees are mid-range in Metro Vancouver.

2016 OPERATING REVENUES (\$1,264 MILLION)

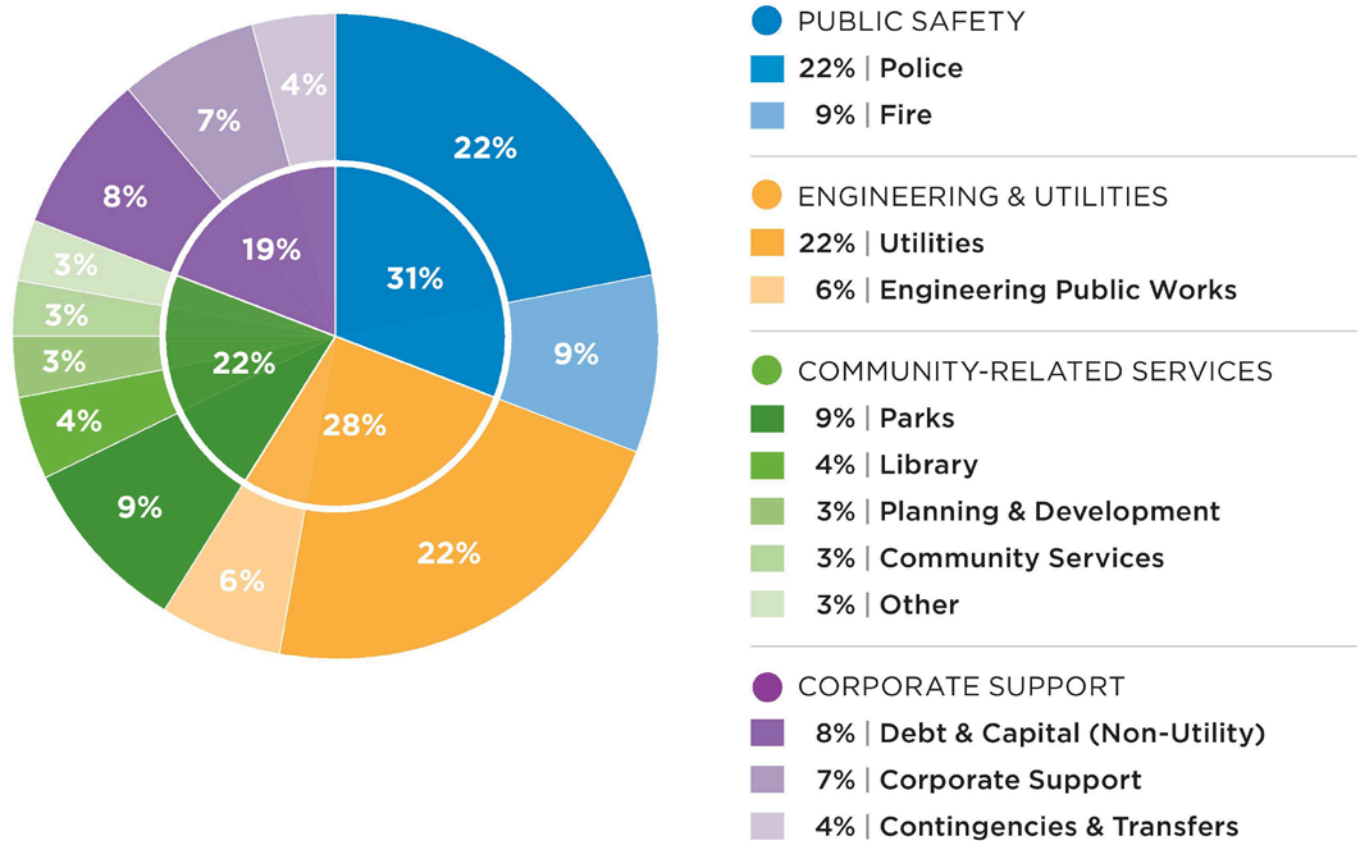


2016 OPERATING EXPENDITURES BY TYPE (\$1,264 MILLION)



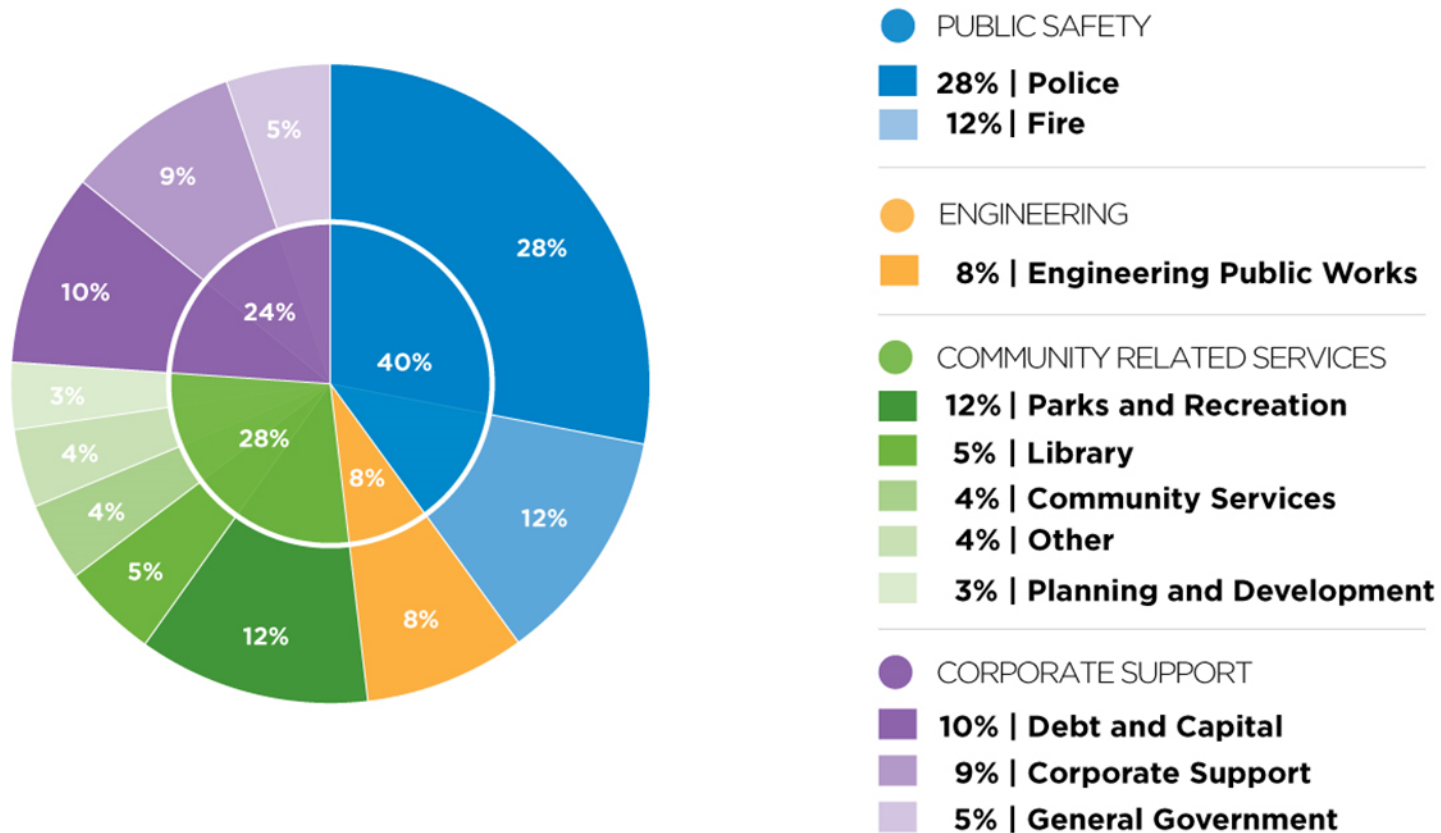
Operating Expenditures – Departmental View

2016 OPERATING EXPENDITURES BY SERVICE AREA (\$1,264 MILLION)

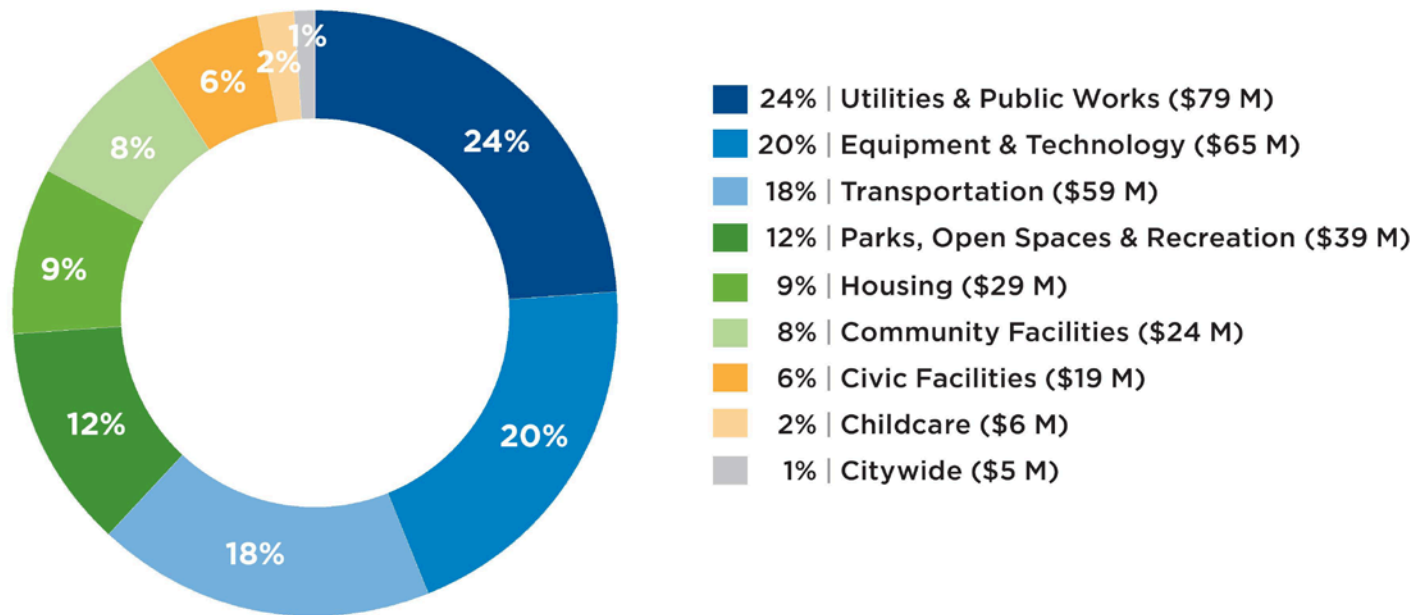


Expenditures by Service Area, excluding Utilities

2016 OPERATING EXPENDITURES EXCLUDING UTILITIES (\$981 MILLION)

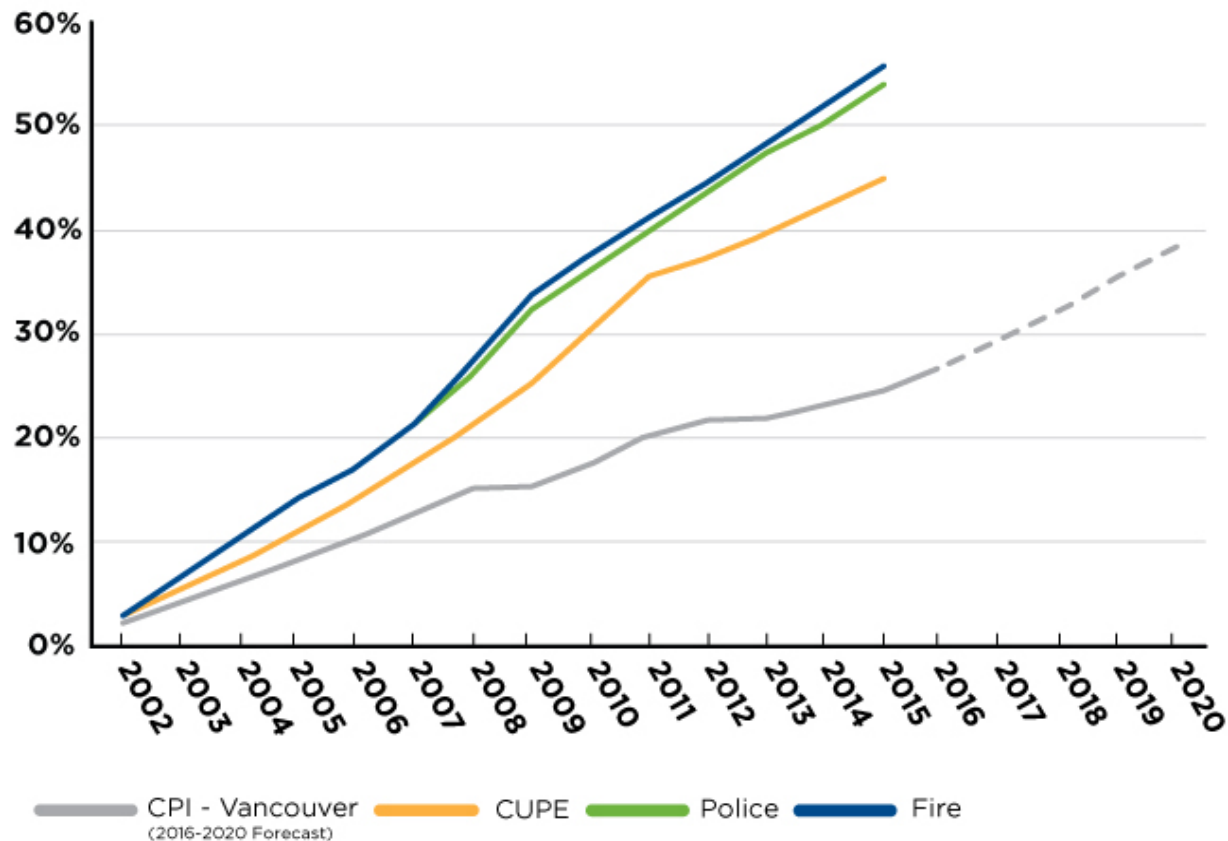


2016 ANNUAL CAPITAL EXPENDITURE BUDGET (\$325.2 MILLION, ORIGINAL)



Inflation (CPI) vs. CoV Wage Increases

COMPOUNDED WAGE INCREASES



Compounded Annual Increase

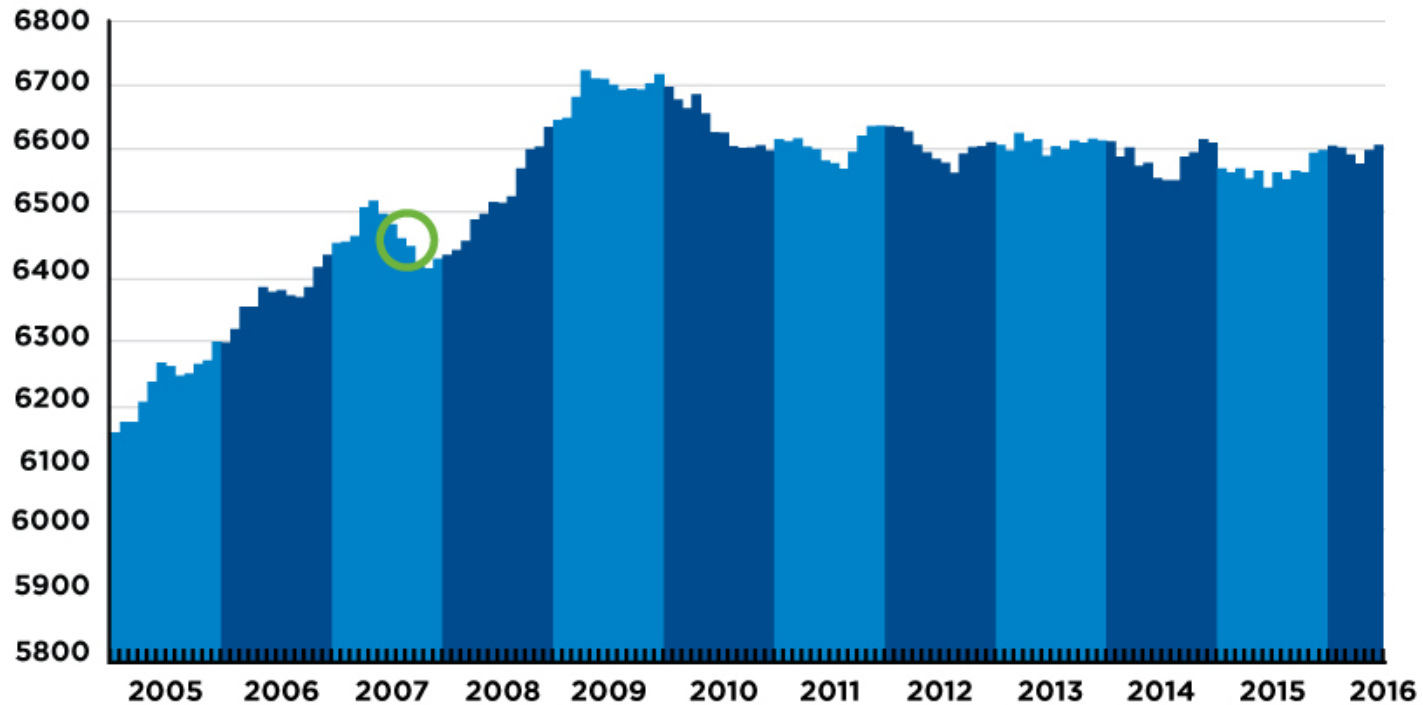
CPI 24.7%

CUPE 45.1%

POLICE 54.2%

FIRE 55.9%

ACTIVE REGULAR FULL-TIME STAFF



(Note: Count as of last day of month. ○ Job Action 2007)



HOUSING, AFFORDABILITY & HOMELESSNESS

- Housing Strategy Re:set
- Vancouver Affordable Housing Agency (“Housing Agency”)
- Housing & Affordability
- SRO Hotel livability upgrades
- Social & Supportive Housing
- Interim Housing & Shelters
- Vacant homes tax



SAFETY, INCLUSION AND CREATIVITY

- 25th Anniversary of Vancouver Public Art Program
- Aboriginal Relations – City of Reconciliation
- Healthy City Strategy
- Public Safety
- Additional Parks and open spaces
- Swim to Survive Initiative
- Commitment to Inclusion – Jim Deva Plaza
- Childcare Spaces Above Target



ECONOMIC DEVELOPMENT

- Innovation and Tech (industry growth sectors: technology, green and sustainable industries, technical apparel, digital entertainment, interactive media)
- TED conference
- Major Sporting Events



GREENEST CITY

- Greenest City Implementation Update
- Renewable City Strategy
- Leadership in Climate Change
- Broadway Rapid Transit Extension
- Active Transportation
- Arbutus Corridor



VALUE FOR MONEY

- Performance Metrics and Continuous Process Improvement
- Enhancing Customer Service and Efficiency
- Permit and Licence Transformation Program
- Warehouse Inventory Management Program

2017 Operating Budget Projected Revenue Changes□	2017 \$ in millions
Property Tax:	
Increase in property tax revenue (estimated at 2%)	\$14 million
New construction tax revenue	\$5 million
Utility fees:	
Increase in utility fee revenue (Water, Sewer, Solid Waste, NEU)	\$3 million
Program fees:	
Inflationary increases in Program fees and Development fees	\$2 million
Increased program volume	\$1 million
Development, Building and other Permit Fees Reviews	\$1 million
Total Projected Revenue Changes	\$26 million

| 2017 Expenditure Growth

2017 Operating Budget Preliminary Expense Pressures	2017 \$ in millions
External Agency Costs passed on to the City:	
Increased Metro Vancouver charges for Water and Sewer utility	\$9 million
Anticipated external party cost increases (including EComm)	\$2 million
Debt, Transfers and Capital Program Costs:	
Operating impacts of capital projects (Fire trucks, náca?mat ct Strathcona library, Parks Urban Forest Strategy, Marpole Family Place, etc.)	\$5 million
Pay-as-you-go Sewer & Water, Transfers and Debt Financing for Water, Sewer & NEU	\$3 million
Increased non-utility debt cost	\$2 million
City-wide Inflationary Cost Pressures (including utilities):	
Inflationary costs (hydro, gas rates, leases, insurance)	\$3 million
Programs:	
Investments in new and enhanced services and programs	\$5 million
Transfer of recycling to MMBC net of new programs such as Bulky Item Pick up pilot project and Zero Waste Project	(\$9 million)
Salary and benefit costs:	
Salary and benefit increases required by existing collective agreements (contractual increments and projected benefit cost increases)	\$3 million
Preliminary Expense Pressures (excluding impact of collective agreements)	\$23 million
+ Wage increases related to collective agreements under negotiation (each 1% increase equals approximately \$7 million annually)	+ Impact of wage increases to be determined

2015-18 Capital Plan: \$1.2 B New Investments



Affordable
Housing



Childcare



Parks and
Recreation



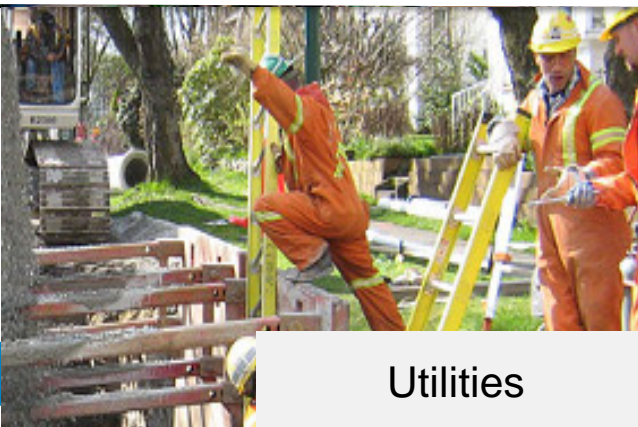
Community
Facilities



Public Safety and
other Civic Facilities



Transportation



Utilities



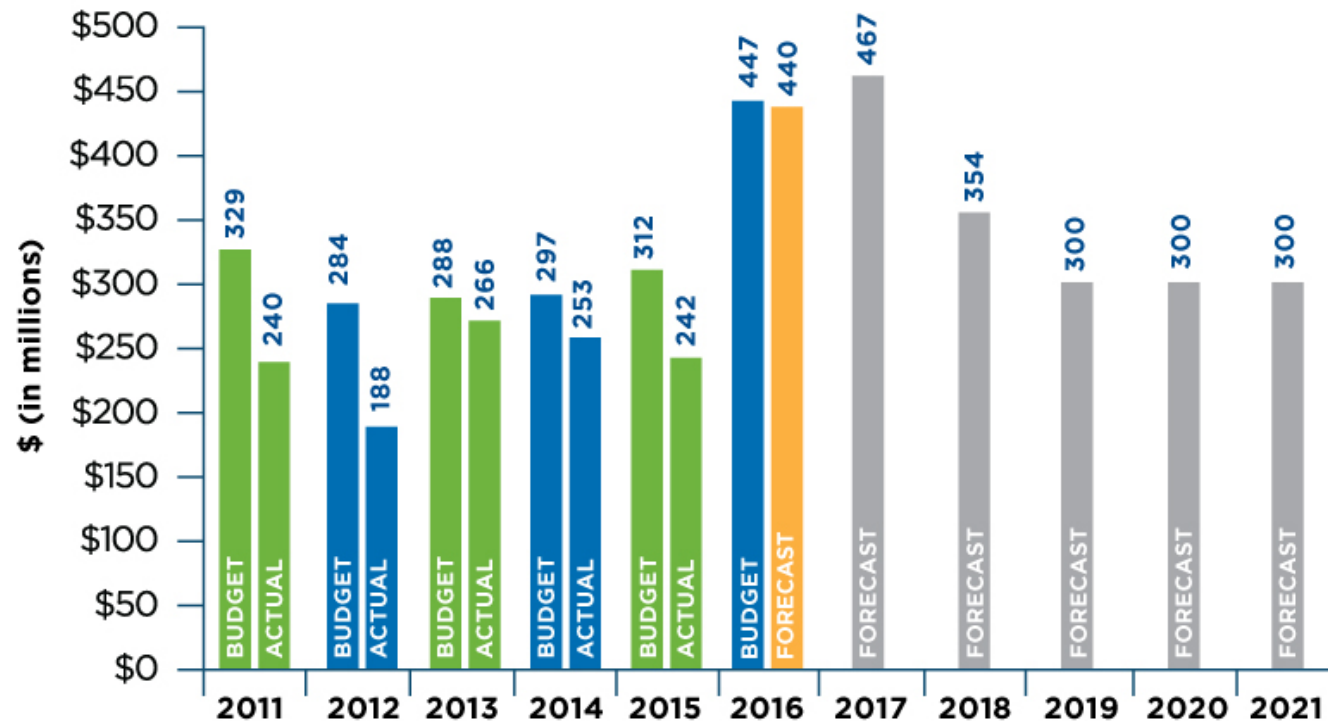
Equipment &
Technology



Emerging Priorities

Capital Expenditure Trend

CAPITAL EXPENDITURE TREND COMPARISON,
2011- 2021 (IN MILLIONS)



2017 Annual Capital Expenditure Budget Preliminary Outlook

2017 capital expenditures for continuing projects	\$297 million (estimated)
2017 capital expenditures for new projects (third year of 2015-2018 Capital Plan)	\$170 million (estimated)
Total Capital Expenditure Budget Estimate	\$467 million (estimated)

Questions?