



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: February 20, 2005
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RTS No.: 04930
CC File No.: 1605
Meeting Date: March 15, 2005

TO: City Council

FROM: General Manager of Corporate Services/Director of Finance in
Consultation with the Corporate Management Team

SUBJECT: 2005 Operating Budget: Interim Estimates

RECOMMENDATION

A. THAT Council approve the Park Board Global Budget of \$52,795,700, including approximately \$788,000 of added Basic and one-time adjustments in the Park Board estimates, this amount to exclude any adjustments approved by Council to balance the 2005 Operating Budget.

B(i). THAT Council approve the 2005 Operating Budget - Interim Estimates as outlined in this report and detailed in Appendix 1 and instruct the Director of Finance to bring the budget into balance with a 2.11% general purposes tax increase, reflecting 1.77% in growth in City Costs and 0.34% in growth in outside agency costs;

OR

B(ii). THAT Council consider the budget adjustments put forward by the Corporate Management Team (itemized on page 22 of the report) to reduce the general purposes tax increase to 1.79%, reducing the City share of the anticipated tax increase to approximately 1.45%;

OR

B(iii). THAT Council consider further budget adjustment, including those in RECOMMENDATION B(ii), related to net GST savings of \$1,393,000 to bring the property taxes to 1.48%, reducing the City share of the anticipated tax increase to approximately 1.14%;

- C. THAT Council increase Contingency Reserve by \$800,000, increasing 2005 property taxes by 0.18%.

RECOMMENDATIONS D and E request Council approval of programs to be funded at no additional cost to the Operating Budget.

- D. THAT Council approve the creation of the following position at no additional cost to the City:

- Corporate Services Assistant Manager of Contract Administration

Subject to classification by the General Manager of Human Resources

- E. THAT Council approve renewal of the annual contract with the Vancouver Economic Development Commission (VEDC) for the 2005 fiscal year at a cost of \$616,000; source of funds included in the 2005 Operating Budget.

RECOMMENDATION F requests Council approval of programs to be funded from CONTINGENCY RESERVE.

- F. THAT Council approve the allocation of \$711,000 from Contingency Reserve to fund snow clean up costs incurred in January 2005 to Engineering Services and a further \$100,000 to City Clerks to fund additional printing costs for the 2005 Civic Election.

CONSIDERATIONS G to L request Council approval of programs to be funded from CONTINGENCY RESERVE.

- G. THAT Council establish five full time Librarian I positions for the Ready to Read Children's Literacy Outreach Program, at an estimated prorated cost of \$190,700 (\$286,000 annually), including fringe benefits, and a one time cost of \$25,000 for furniture, equipment and supplies, with a start date of May 1, 2005, with funding to be provided from Contingency Reserve with subsequent years' funding to be provided without offset.

- H. THAT Council approve funding for two Civic Events (Celebration of Light and Grey Cup) at \$358,200 (or \$368,000 with approval of H(c)) should Council approve the recommendations outlined in the report dated February 1, 2005, *Celebration of Light and Grey Cup Festival 2005* to be deliberated March 15, 2005, from Contingency Reserve as follows:

- a. THAT Council approve additional costs of \$218,200 for the 2005 Celebration of Light.
- b. THAT Council approve a budget of \$140,000 to cover City costs for the 2005 Grey Cup Festival.

CONSIDERATION

- c. THAT Council approve a budget of up to \$10,000, from Contingency Reserve, without offset, to have City staff install and remove Grey Cup 2005 street banners
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- I. THAT Council approve the "Metropolitan Core Jobs and Economy Land Use Plan: Terms of Reference and Funding", with 2005 funding of \$277,800 to be provided from Contingency Reserve and subsequent year funding of \$356,500 to be provided without offset, as follows:
- a. THAT Council approve undertaking the Metropolitan Core Jobs and Economy Land Use Plan in accordance with the Terms of Reference attached as Appendix A to the Policy Report dated January 17, 2005, entitled "Metropolitan Core Jobs and Economy Land Use Plan: Terms of Reference and Funding".
- b. THAT Council approve hiring the following temporary staff: Planner 2 and Planning Assistant 3 for 24 months commencing in May 2005; Civil Engineer 2 half-time for 24 months commencing in May 2005, and Planner 2 for 16 months commencing in January 2006; at an estimated cost of \$474,800 (pro-rated) including benefits. Funding to be added to the Community Services Group and Engineering Services operating budgets.
- c. THAT Council authorize a budget of \$271,500 to cover other program costs (consulting services, public consultation costs, etc.) for 24 months commencing in May 2005. Funding to be added to the Community Services Group and Engineering Services operating budgets:
- 2005 \$158,500
2006 \$ 92,500
2007 \$ 20,500
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- J. THAT Council approve improvements to the City's development application process, with 2005 funding of \$687,700 to be provided from Contingency Reserve (\$217,700) and increased Development and Anchor Rod revenues (\$470,000) and subsequent year's funding of \$1,217,500 to be provided by \$470,000 of revenues and the remainder, \$747,500 to be provided without offset, as follows:
- a. THAT Council approve the hiring of a consultant to work with senior management and representatives of the development and building industry to identify necessary structures and processes for reducing and synchronizing existing regulations and assessing proposed new regulations and that Council request a report back, with recommendations by May of 2005 at an estimated one time cost of \$40,000 with the source of funds to be the existing 2005 Community Services operating budget.

- b. THAT Council establish 13.5 additional positions in five departments, at an estimated annual cost of \$780,400 (prorated for fiscal 2005 at \$390,200), including fringe benefits, subject to review and classification by Human Resources, for the processing of Development, Building and related permits, plus one-time staffing costs estimated at \$70,000 in 2005 for computers, furniture, equipment and supplies.

AND FURTHER THAT

The regular full time positions be established as follows:

In 2005:

Development Services - 6 positions without offset

3 Development Assistants \$164,100

1 Project Facilitator I \$ 73,100

1 Customer Service Specialist \$ 70,000

1 Enquiry Centre Officer \$ 64,500

Engineering Services - 4 positions consisting of conversion of 2 existing temporary positions with funding offset from Engineering Services Temp Help budget for \$119,200 and 2 new positions without offset

1 Engineering Assistant III \$54,700 without offset

1 Engineering Assistant III \$54,700 funded - Temp Help

1 Engineering Assistant IV \$64,500 funded - Temp Help

1 Assistant City Surveyor (exempt) \$85,800 without offset

Planning Department - 1 position without offset

1 Development Planner III \$90,200

Legal Services - 1.5 positions without offset

1 Solicitor III \$116,200

0.5 Legal Assistant I \$ 25,200

Corporate Services, Real Estate - 1 position with 0.5 offset from the Property Endowment Fund

1 Property Negotiator II \$73,100 0.5 offset from PEF

- c. THAT Council establish 4 additional full time positions in Development Services, beginning in 2006 and subject to a report back in November 2005, to include results of service improvements related to the additional staff, at an annual estimated cost of \$291,400, subject to review and classification by Human Resources, plus one time staffing costs of \$20,000 for computers, furniture, equipment, and supplies as follows:

In 2006:

Development Services - 4 positions without offset

1 Project Facilitator III \$ 92,200

1 Customer Service Representative \$ 55,900

2 Customer Service Specialists \$143,300

- d. THAT Council approve one-time space costs for moving and renovations estimated at \$175,000 for 2005.
 - e. THAT Council approve ongoing lease space costs estimated at \$105,000 (pro-rated for 2005 at \$52,500).
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- K. THAT Council approve the establishment of an "External Relations Program (ERP)" with 2005 funding of \$169,500 to be provided from Contingency Reserve and subsequent year funding of \$212,700 to be funded without offset, as follows:
 - a. THAT an External Relations Program (ERP) to direct, coordinate and facilitate the City's external relationships affiliated with visit coordination and support, event protocols and related responsibilities, international partnerships and protocol, be established.
 - b. THAT the External Relations Program be administered by the Office of the City Clerk.
 - c. THAT Council allocate ongoing support beginning April 1, 2005, without offset, for the External Relations Program in the form of:
 - i. One Regular full time Director of External Relations, subject to classification by the General Manager of Human Resources, at a prorated cost of \$65,100 (estimated \$86,800 annually) including benefits, with a mandate to provide oversight, represent the City to external partners, create policy and guidelines on matters of protocol, and strategically plan the City's external relations.
 - ii. One Regular Full time External Relations Coordinator, subject to classification by the General Manager of Human Resources, at a prorated cost of \$41,900 (estimated \$55,900 annually) including benefits, with a mandate to provide logistical and coordination support, administer the External Relations Program and provide research and information support for related activities.
 - iii. A start up budget of \$5,000 for each position, totalling \$10,000 in 2005 only, for furniture and computers.
 - d. THAT funding in the prorated amount of \$52,500 (\$70,000 annually) be allocated on an ongoing basis to the City Clerk's annual budget, without offset, for office space rental, program development and administration, protocol functions, ongoing office costs, and expenses for related activities and ongoing operations.
 - e. THAT Council direct the External Relations Program Steering Committee to conduct a program review one year after the start date, submitting a report to Council that includes information on implementation issues, activities, challenges, resource needs, and reporting relationships.
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- L. THAT Council, as approved February 17, 2005, provide funding of \$407,000 in 2005 and \$598,500 in 2006 and beyond to fund Ethical Purchasing Policy implementation costs with 2005 funding to be provided from Contingency Reserve and subsequent years funding without offset

CONSIDERATIONS M to Q request Council approval of new programs to be funded from GENERAL PROGRAM ACCOUNT established through the additional Gaming Revenue.

- M. THAT Council approve new funding for the Sustainability Group for implementing the Community Climate Change Action Plan (CCAP), developed by the Cool Vancouver Task, with 2005 funding of \$1,081,200 to be provided from the General Program Account and subsequent years' funding of \$1,131,400 to be funded without offset, as follows:
- a. THAT Council funding for the Community CCAP would provide \$960,000 for five full-time positions, subject to review and classification by Human Resources, and program operations funds to carry out implementation through 2012, approval to be deferred to the 2005 Interim Operating Budget.
 - b. THAT Council approve the creation of two permanent, full-time positions in the Sustainability Group, subject to review and classification by Human Resources - one to coordinate and support multiple major projects and a permanent clerk to replace the temporary position about to end. The cost of these two positions, prorated for 2005, are net salaries and benefits of \$121,200. The annual estimate is net salaries and benefits of \$150,400.
 - c. THAT Council consider this Program and Budget Overview in advance of receiving the completed Community CCAP, which is scheduled to be delivered to Council on March 2005. Sustainability Group staff are preparing a Council Workshop and subsequent Council Report to provide an in-depth review of the Community CCAP.

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- N. THAT Council approve funding for the Strategic Investment in the City's Cultural Services" of \$1 million (2005), \$2 million (2006) and \$3 million (2007 and subsequent years) subject to detailed recommendations arising from the Creative City strategic planning process, with 2005 funding to be provided from General Program Account and subsequent years' funding to be added to the operating budget without offset.

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- O. THAT Council approve funding for Chinatown Visions, as approved on February 15, 2005, with 2005 funding of \$262,100 to be provided from General Program Account and subsequent years' funding of \$264,100 to be funded without offset, as follows:
- a. THAT Council approve staffing resources for the development of a Chinatown Community Plan, including:

- b. A temporary Policy Planner for a 32 month period, to develop policies and manage the overall work program, subject to classification by the General Manager of Human Resources, at an approximate cost of \$57,680 for 2005, \$88,865 for 2006, \$90,905 for 2007 including benefits.
 - c. A temporary half time Heritage Urban Designer (Development Planner II) for an 18 month period, to examine complex development projects and develop an overall urban design strategy for Chinatown, at an approximate cost of \$28,840 for 2005, \$36,955 for 2006 including benefits. If necessary the funding will be converted into a consultancy.
 - d. A temporary Social Planner for 32 month period, to continue to build on the community development work in Chinatown and Downtown Eastside area, subject to classification by the General Manager of Human Resources, at an approximate cost \$57,680 for 2005, \$88,865 for 2006, \$90,905 for 2007 including benefits
 - e. THAT Council funds in the amount of \$140,750 be allocated, without offset, for program development, public consultation, communication and research
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- P. THAT Council approve the continuation of the Carnegie Outreach program for 2005 to 2007 at an annual cost of \$300,000; 2005 additional half year funding of \$150,000 to be provided from General Program Account (Gaming Revenue) with subsequent years' to be added to the Operating Budget without offset.
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- Q. THAT Council fund the allocation \$100,000, provided for Tsunami relief by Council motion from the 2005 General Program Account.
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CONSIDERATION R requests Council approval of a new program to be funded from GST SAVINGS.

- R. THAT Council approve an increase to the 2005 Streets Operating Budget of \$457,000 (\$685,000 ongoing) to initiate a Residential Street and Lane Infrastructure Maintenance Program with 2005 funding to be provided from GST Savings and incremental on-going funding of \$228,000 to be added to the future Operating Budgets without offset.
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RECOMMENDATIONS S to V request Council approval of new programs to be funded from an increase in taxation.

S. THAT Council approve the creation of the following positions at a net cost of \$229,300 in 2005 (\$277,600 ongoing) to be funded as an increase to the 2005 Operating Budget, increasing the 2005 property taxes by 0.05% :

- City Clerks 1.0 fte Digital Archivist
- Corporate Services 1.0 fte Small Claims Adjuster
- 1.0 fte Security Position
- 1.0 fte IT Security Analyst

Subject to classification by the General Manager of Human Resources

T. THAT Council approve the following recommendations, from *Vancouver Police Department Staffing Review (RTS 4908)*, at a cost of \$3,865,900 in 2005 to be to be funded as an increase to the 2005 Operating Budget, increasing 2005 property taxes by 0.88%.

- a. THAT Council establish 92 additional sworn police positions and 54 additional full-time civilian positions for the Vancouver Police Department, at an estimated annual cost of \$8,747,600 (pro-rated for fiscal 2005 at \$3,367,100); one-time costs estimated at \$1,134,000; and vehicle purchase costs of \$1,284,000;

AND FURTHER THAT

The regular full-time positions are established as follows:

- i) 65 sworn police officers, with an estimated annual cost of \$4,326,300, are to be added in 2005 (prorated funding for 2005 \$1,787,700 and \$493,800 one-time costs).
- ii) 27 sworn police officers, with an estimated annual cost of \$1,560,800 and \$360,200 one-time costs, are to be added in January 2006, to be partially funded by overtime offsets to be determined later in 2005.
- iii) 34 civilian positions (as detailed in Appendix A - RTS 4908), with an estimated annual cost of \$1,897,200 are to be added in 2005 with 20 positions to be converted from temporary to full time with \$200,000 offset (prorated funding in 2005 at \$1,579,400 plus \$120,000 one-time costs, less \$200,000 in temporary help funding).
- iv) 20 civilian positions (as detailed in Appendix A - RTS 4908), with an estimated annual cost of \$982,500 and \$160,000 one-time costs, are

to be added in January 2006 with the Steering Committee reviewing existing processes through 2005 for efficiencies and shared services opportunities.

All vehicles are to be purchased by the Plant and Equipment Reserve (Plant Account), 19 in 2005 and 14 in 2006 based on the VPD Master Schedule, at a total cost of cost of \$668,000 and \$616,000 respectively and are to be funded by the Vancouver Department through increased rental rates of \$285,000 in 2005 and a further \$141,400 in 2006 and are included in the above annual estimates.

33 radios and 10 patrol laptops are to be purchased through E-Comm and added to the annual levy at a cost of \$72,800 in 2005 and a further \$22,400 in 2006 and are included in the above annual estimates.

All Civilian positions will be subject to General Manager of Human Resources classification review.

- b. THAT Council direct the Steering Committee to report back in late 2005 on projected overtime savings, shared services opportunities and other potential efficiencies relative to the 2006 staffing request, and;
 - c. THAT Council direct the Steering Committee to continue to implement the recommendations of the independent consultants, as outlined on pages xx through xxii of the Executive Summary of the Review of the Vancouver Police Department's Staffing Requirements; and approve a temporary full time position to report directly to Corporate Services Group for a two year term to oversee the implementation process at a cost of \$85,000 per year.
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- U. THAT Council approve the following recommendations, from *Staffing Review of the Information Management Section of the Vancouver Police Department (RTS 4921)*, at a cost of \$649,000 in 2005 to be funded as an increase to the 2005 Operating Budget, increasing 2005 property taxes by 0.15%.
- a. THAT Council approve the establishment of 26 additional positions in the Information Management Section of the Vancouver Police Department at an estimated annual cost of \$633,000 (prorated for fiscal 2005 at \$599,000), including fringe benefits, subject to review and classification by Human Resources, plus one-time staffing costs estimated at \$50,000 for computers, furniture, equipment and supplies.

AND FURTHER THAT

The regular fulltime positions are established as follows:

2 Management Positions (exempt - pay band 9) \$170,200 without offset

6 CPIC Operators / Clerk Reviewer (pay grade 17) \$276,700 funded by the transfer of the equivalent amount for 6 full-time positions from the existing VPD Casual Staffing budget

3 Record Clearance Clerks (2 at pay grade 13, 1 at pay grade 17) \$124,600 funded from increased record clearance revenue

4 Crown Liaison - (pay grade 17) \$184,500 without offset

2 CPIC Validation Clerks - (pay grade 17) \$92,200 without offset

2 Data Entry Clerks - Traffic Tickets - (pay grade 13) \$78,400 without offset

7 Public Service Counter Staff - (6 at pay grade 15 and 1 at pay grade 17) \$329,100 funded in part (\$221,400) from increased record clearance revenue and the remainder (\$107,700) from the operating budget without offset

V. THAT Council approve the following recommendations, from *Staffing Review of the Information Technology Section of the Vancouver Police Department (RTS 4928)*, at a cost of \$332,900 in 2005 to be funded as an increase to the 2005 Operating Budget, increasing 2005 property taxes by 0.08%.

- a. THAT Council approve the establishment of 4 additional positions in the Information Technology Section of the Vancouver Police Department at an estimated annual cost of \$289,091 (prorated for fiscal 2005 at \$192,727), including fringe benefits, subject to review and classification by Human Resources, plus one-time staffing costs estimated at \$34,000 for computers, furniture, equipment, and supplies.

AND FURTHER THAT

The regular fulltime positions are established as follows:

1 Security Specialist (exempt) - \$85,636 without offset

1 Database Administrator (exempt) - \$85,636 without offset

1 Administrative/Training Assistant - \$54,058 without offset

1 Programmer I - \$63,761 without offset

- b. THAT Council approve the establishment of 2 additional positions in the City of Vancouver Corporate IT Help Desk at an estimated annual cost of \$116,144 (prorated for fiscal 2005 at \$77,430), including fringe benefits,

subject to review and classification by Human Resources, plus one-time staffing costs estimated at \$17,000 for computers, furniture, equipment and supplies and that approval and funding be deferred to the 2005 Interim Operating Budget; and the transfer of one position, a Computer User Support Assistant (position number 50021350), from the Vancouver Police Department Information Technology section to the City of Vancouver Corporate IT Help Desk at an estimated annual cost of \$4,826 (prorated for fiscal 2005 at \$3,218), including fringe benefits, subject to review and classification by Human Resources, with one-time transfer and staffing costs estimated at \$8,500 for computers, furniture, equipment and supplies.

AND FURTHER THAT

The two regular fulltime positions are established as follows:

1 Help Centre Support Specialist - \$61,632 without offset
1 Help Centre Technician - \$54,512 without offset, and

One regular fulltime position is transferred from the Vancouver Police Department to the City of Vancouver Corporate IT and reclassified as follows:

1 Help Centre Support Specialist - \$4,826 with offset

CONSIDERATION W requests Council approval of new programs to be funded from an increase in taxation.

- W. THAT Council approve the following recommendations, from *Community Policing Initiatives and Funding (RTS 4813)*, at a cost of \$747,300 in 2005 to be funded as an increase to the 2005 Operating Budget, increasing 2005 property taxes by 0.17%.
- a. An annual increase in the operational funding of Community Policing Centres ("CPCs"), to a total amount of \$100,000 per CPC, for a total increase of \$650,000.
 - b. Annual funding in the amount of \$100,000 to establish a new CPC to be located in the northern area of Police District 4 with \$30,000 only required in 2005 for start up costs.
 - c. Annual funding in the amount of \$100,000 to establish an Aboriginal Community Policing Centre with \$30,000 only required in 2005 for start up costs.

- d. An increase in total program funding of \$37,300, for the community policing programs of Block Watch (\$13,600), Citizens' Crime Watch (\$17,200) and Business Liaison (\$6,500).

AND FURTHER THAT if Council approves a, b and c, above, then the following be approved:

- e. THAT a three-year contract be entered into between each Community Policing Centre and the Vancouver Police Board; this contract to be developed by the Director of Legal Services in consultation with the Chief Constable and the City Manager, subject to Council's approval of the annual business plan, annual budget and an evaluation report based on criteria, for the preceding year for each Community Policing Centre.

RECOMMENDATION X requests approval for administrative position changes

- X. THAT Council approve the position adjustments outlined in Appendix 4 for the Library Board and the Vancouver Fire Department to reflect existing authorized service and funding levels.
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COMMENTS OF THE CITY MANAGER AND DIRECTOR OF FINANCE

The City Manager and Director of Finance note that this has been a unique year for developing the Operating Budget. Inflationary increases in the cost of the City's core programs, new program costs, impact of outside agencies including requisitions from E-Comm, and the capital program are all running ahead of local inflation. At the same time, the City has had the opportunity in 2005 to benefit from new revenue and savings related to Traffic Fine revenues, Gaming revenues, and GST savings. \$10.3 million of additional Traffic Fine revenue anticipated for 2005 has been applied to the interim estimates to help defray the costs of policing while options have been provided in this report on how to utilize \$3.1 million of additional net Gaming Revenue and \$2.0 million of GST savings based on feedback received from the public.

The Preliminary Budget Estimate indicated a tax increase of 3.3% would be required to balance the 2005 Operating Budget. Council instructed staff to bring forward options that will reduce the property tax increase to the rate of inflation of 2.3%. This was achieved on the basis of interim budget adjustments. The interim budget tax increase of 2.11% represents 1.77% of growth in City costs and 0.34% of growth in outside agency costs. This budget position is reflected in Appendix 1 (page 38 of the report) and is represented in Recommendation B(i).

A second set of budget adjustments are being proposed by the Corporate Management Team that target Corporate expenditures that do not impact front line services or staffing. This second set of adjustments will reduce the property tax increase to 1.79%, of which 1.45% is directly attributed to City costs. This budget position is reflected in Recommendation B (ii).

A final adjustment being proposed is to fund a portion of Capital from Revenue with a portion of GST savings which would result in a decrease in base level taxation to 1.48%, of which 1.14% is directly attributed to City costs. This budget position is reflected in Recommendation B (iii).

The City Manager and Director of Finance support Recommendation B(iii) given that this tax increase would not impact service levels, yet achieve a reasonable tax increase of which City costs would only represent 1.14%.

A number of new or enhanced programs (initiatives) were identified in the Preliminary Budget Report with major departmental and Vancouver Police Department initiatives reported separately to Council on February 3, 2005, and March 3, 2005, respectively, with decisions being deferred to the interim budget. Initiatives are listed in Appendix 2 and Appendix 3 and total \$12.7 million.

Strategies were developed to fund initiatives from: new revenues/savings on the basis on public input (as detailed in accompanying report *2005 Operating Budget: Public Consultation* and summarized in the Interim Budget Report); contingency reserve to minimize taxation impacts; and increase in taxation for priority initiatives or those that could not be absorbed by these other funding sources.

The Preliminary Budget report anticipated an additional \$5 million Gaming Revenue in 2005. The BC Lottery Corporation's latest projections indicate that Gaming Revenue related to slots is now only expected to generate an additional \$3.1 million. With the number of initiatives requiring funding, additional Contingency funds are required. Recommendation C, if approved by Council, would provide for an additional \$800,000 to fund emergent issues and initiatives through Contingency Reserve.

Recommendations are contained in the report for funding initiatives from GST Savings, General Program Account (funded by Gaming Revenue), Contingency Reserve or increased property taxation.

Recommendations/Considerations T to W relate specifically to the requested funding for the Vancouver Police Department which, if approved by Council, are recommended to be funded through an increase in taxation. With the exception of the Community Policing initiative, all the Vancouver Police Department funding requests have been subject to independent review with joint effort of City and VPD staff.

The public consultation determined that there is general support for increasing policing resources (the majority indicate a preference for 50 officers) and are willing to pay additional taxes for that increase (majority are willing to pay 1.4% of a tax increase). The increase in police staffing recommended in 2005 from the three independent reviews would be 65 officers and 67 civilians translating to a 1.0% property tax increase. A further 0.3% tax increase would be required to fund the Department's Community Policing proposal, bringing the total tax increase related to policing initiatives to 1.3%.

The report outlines that if all the initiatives are approved from the new revenue sources and savings and Contingency Reserve, \$0.2 million will be left unallocated. Though the balance is low, given the number of proposed initiatives, it is not feasible to consider programs in 2005 other than those already identified through the 2005 budget process unless the new program proposals are reprioritized.

The decisions to be made by Council arising from this report will provide the instructions necessary for staff to complete the budget cycle. A 2.98% tax increase will involve budget adjustments that do not impact direct services, fund all initiatives, and approve an increase in police staffing levels. This tax increase would represent:

- 1.32% increase in basic City services
- 0.05% increase related to priority departmental initiatives
- 1.27% increase related to increased Vancouver Police staffing levels
- 0.34% increase in the cost of outside agencies

Though the property tax increase is slightly above inflationary levels, the increase reflects Council general practice to pass on the cost of outside agencies and the public's willingness to pay for additional policing resources.

In deliberating over the final decision to balance the 2005 Operating Budget, Council should consider the feedback received through the public participation process. The City canvassed the views of the public in relation to the current budget position in a formal opinion poll. The results of that process indicate that the public values City services, believes they have seen the quality of services maintained or improved over the years and believes they get good value for the property taxes they pay. Of the respondents to the survey, 59% indicate a willingness to accept a tax increase of 6.0% in order to avoid service reductions, increasing to 72% at a 4.0% increase. The results of the public participation process are provided in an accompanying report.

The following summarizes the recommended decisions included in the interim budget.

2005 Interim Estimates - Summary of Recommended Budget Adjustments

	Adjustment (\$000)	Tax Impact	Budget Position (\$000)	Net Tax Increase
Preliminary Budget Position			14,230	3.30%
Tax Adjustment Related to Increased Tax Base				(0.07%)
Preliminary budget position indicated 3.3% tax increase, however, adjustments to base taxation reduced the tax increase to 3.23%				
Interim Budget Position				
RECOMMENDATION B(i)	4,935	(1.12%)	9,295	2.11%
Corporate Adjustments				
Budget Position After Corporate Adjustments				
RECOMMENDATION B(ii)	1,400	(0.32%)	7,895	1.79%
Fund a Portion of Capital From Revenue with GST Savings				
RECOMMENDATION B(iii)	1,393	(0.32%)	6,502	1.48%
Increase Contingency				
RECOMMENDATION C	800	0.18%	7,302	1.66%
Initiatives Funded from New Revenues/Savings & Contingency Reserve				
RECOMMENDATION F to R	6,489	1.47%	n/a	n/a
Departmental Initiatives Funded from Taxation				
RECOMMENDATION S	229	0.05%	7,531	1.71%
Vancouver Police Department Initiatives				
RECOMMENDATION T to W	5,595	1.27%	13,126	2.98%

The City Manager and Director of Finance caution Council that approving all of the initiatives listed in Appendix 2, including the Police Department Requests, and funding them from New Revenue Sources, GST Savings, Contingency Reserve, and Taxation, a total of \$13.8 million will need to be added to the 2006 operating budget reflecting a 3.0% tax increase - \$8.3 million for departmental initiatives and \$5.5 million for the incremental cost of the Vancouver Police Department initiatives.

Compounding this effect, should Council agree to the corporate adjustments outlined in RECOMMENDATIONS B(ii), \$1.4 million of one time corporate will need to be returned to the 2006 Operating Budget adding a further 0.3% tax increase to a total of 3.3%. Further, general inflationary increases range between 2% to 4% for the budget year. This will mean that the City will be faced with a significant tax increase, in the range of 5% to 7%, in 2006 unless there are major service adjustments or additional revenue in 2006.

The City Manager and Director of Finance believe that in order to properly manage the growth of the operating budget, Council needs to assess these initiatives in relation to existing services and provide support for only those initiatives that are of significant priority to Council

COUNCIL POLICY

The Vancouver Charter requires the Director of Finance to present the estimates of revenues and expenditures to Council no later than April 30 each year and for Council to adopt a resolution approving the budget and a rating bylaw establishing general purpose tax rates as soon thereafter as possible. There are generally three reports to Council in the budget building process.

- The Preliminary Budget Report provides Council with the first indication of the budget request from Departments and Boards. This report was considered by Council on January 18, 2005.
- The Interim Report summarizes the results of the detailed administrative review of the budget and seeks Council approval to finalize the estimates, bringing the budget into balance.
- The Final Report on the Operating Budget presents the finalized revenue and expenditure estimates including any final adjustments approved by Council at the Interim Report stage. The Final Report is accompanied by a resolution in which Council adopts the estimates for the year.

It has been Council policy that general purpose tax increases associated with development of the Operating Budget be held within the range of local inflation. However, in approving the annual budget, Council has also adopted a practice of passing tax increases related to requisitions from outside agencies, including the Greater Vancouver Sewerage and Drainage

District and E-Comm, through to taxpayers rather than forcing offsetting reductions in City programs and services to meet Council's taxation objectives. As well, Council has adopted a practice of passing on tax increases related to major funding initiatives, in particular for significant increases in policing resources.

It is Council policy that changes in service levels, either expansions or reductions are approved by Council. This includes the creation and deletion of regular positions and the allocation of funding from general revenues or taxation.

PURPOSE

The purpose of this report is to:

- bring the updated estimates in the 2005 Operating Budget to Council;
- offer a series of budget adjustments to provide Council options to reduce the property tax increase to the rate of inflation of 2.3%;
- provide options for the utilization of potential new revenue sources/cost savings; and
- provide options for the funding of new initiatives.

BACKGROUND

On January 18, 2005, the Director of Finance presented the preliminary estimates of the 2005 Operating Budget to Council for information. That report indicated that, after a detailed review of the estimates, a property tax increase of 3.3% would be required to bring the budget into balance. The report confirmed that the driving factors impacting on the 2005 Operating Budget were:

- inflationary salary and non-salary costs
- costs for new programs and services including Park Board "added basic" costs
- increased capital expenditure program costs;
- increased revenues related to taxation from new construction, development fees, and traffic fine revenue sharing; and
- costs imposed on the City from outside organizations that amounts to a 0.34% tax increase due to:
 - 0.16% related to the increase in E-Comm costs, and
 - 0.18% related to the Provincial tax exemption of Port Berth Corridors

Following from the report, Council approved the following recommendations:

- A. *THAT Council receive for information the preliminary estimates for the 2005 operating budget as outlined in this report and summarized in Appendix 1.*
- B. *THAT the Director of Finance, in consultation with the Corporate Management Team, report the interim estimates to Council by March 2005 along with options to achieve a property tax increase below 3.3% and no lower than inflationary levels.*

- C. *THAT Council receive a list of Departmental initiatives for information as outlined in Appendix 2 and defer any decisions on these initiatives until the Interim Budget Report.*

To help facilitate Council's decision making process, major departmental and Vancouver Police Department initiatives were reported and presented to Council on February 3, 2005, and March 3, 2005, respectively. Decisions on these initiatives were deferred to the 2005 interim budget deliberations so that funding options could be developed. Also presented on February 3, 2005, were details on each City departments' 2005 budget including a description of budget change and proposed initiatives.

DISCUSSION

1. The Current Budget Position

The Operating Budget position has improved since the preliminary estimates were presented to Council in January 2005. Overall, the budget shortfall has decreased from \$14.2 million to \$9.3 million, a reduction of \$4.9 million. The major changes since the preliminary budget position are summarized below.

2005 Operating Budget - Preliminary Position	14,230	3.30%
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Tax Adjustment Related to Increased Tax Base		(0.07%)
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Preliminary budget position indicated 3.3% tax increase, however, adjustments to base taxation reduced the tax increase to 3.23%

REVENUE ADJUSTMENTS

Description		Budget Impact (\$000)	Tax Impact
Property Taxes	The BC Assessment final roll includes an slight increase in the exemption of taxable property and an increase in new construction revenues.	3,300	(0.75%)
Traffic Fine Sharing Revenue	The 2005 Provincial Government budget included an increase in the amount of Traffic Fine Revenue to be distributed to municipalities. Further, the Vancouver Police Department share of Traffic Fines increased from 25% to 26% due to the inclusion of E-Comm costs in the Provincial policing database which previously had excluded these costs.	2,500	(0.57%)
Engineering & Parking Program Revenues	Based on 2004 experience, adjustments were made to anticipated street furniture and parking program revenues.	400	(0.09%)
Park Board	Budget Review adjustment to Park Board revenues	(627)	0.14%
Miscellaneous	Miscellaneous revenue adjustments	(87)	0.02%
TOTAL REVENUE ADJUSTMENTS		5,486	(1.25%)

EXPENDITURE ADJUSTMENTS

Description		Budget Impact (\$000)	Tax Impact
Pension Costs	The Municipal Pension Board of Trustees has increased contribution rates for both employees and employers by 1.98% of salaries. Effective July 1, 2005 the employer's contribution of salary will increase by 0.99%. The impact of this increase is estimated at \$2.2 million in 2005. A similar increase is anticipated in 2006.	2,223	0.50%
WCB Costs	Workers Compensation rates have decreased since rates were established in the fall. WCB rates have decreased by 0.69% since 2003.	(989)	(0.22%)
EI/ CPP Costs	EI and CPP rates have remained flat rather than the assumed increase in the preliminary estimates.	(914)	(0.21%)
Vancouver Police Department	Decisions from budget review that included a review of \$6.0 million of appeals resulted in a net increase of \$0.7 million. \$1.9 million of appeals were granted mainly related to contract services, equipment, training, leased vehicle costs, etc. These increases were offset by reductions to overtime expenditures that related to reduction in recoveries that were already included in preliminary estimates.	704	0.16%
Park Board	Decisions from budget review including offset to revenue adjustment above and a reduction to added basic.	(710)	(0.16%)
Community Services Group	Late 2004 approvals (Women's Task Force and Creative City Strategic Direction) offset by reduction to Carnegie Centre outreach to reflect Council's half year approval.	181	0.04%
Engineering Department	Funding adjustments were required for Sustainability Group and the Anti-Graffiti program to reflect Council approvals	367	0.08%
Miscellaneous	Miscellaneous Budget Review decisions	(311)	(0.07%)
Total Expenditure Adjustments		551	0.13%
Net Improvement in the Budget Position		4,935	1.12%
2005 Interim Budget Position		9,295	2.11%

The following table summarizes the current position of the estimates. This position is presented prior to consideration of a property tax increase.

Revenues		\$000
Taxation Revenue	\$480,607	
General Revenue	145,898	
Utility Fees	121,851	
Transfers	<u>8,428</u>	\$756,784
Expenditures		
Departmental Expenditures	\$539,293	
Utility Expenditures	154,305	
Capital Program	64,986	
Transfers	<u>7,495</u>	<u>\$766,079</u>
Net Budget Position		(\$9,295)
Indicated Property Tax Increase		<u>2.11%</u>

The budget shortfall reflected above is \$9.3 million equivalent to 2.11% tax increase. Additional detail of these estimates is provided in Appendix 1, along with comparative information from the 2004 Operating Budget.

Should Council approve the interim budget position, the property tax increase would be 2.11%, reflecting 1.77% in growth in City Costs and 0.34% in growth in outside agency costs.

2. The Park Board Global Budget

The interim estimates make provision for the Park Board Global Budget of \$52,795,700. This allocation includes "added basic" funding of \$544,600 and one-year funding of \$233,400 related to forgone revenues and reduced expenses at Bloedel Conservatory during the rebuild of the Queen Elizabeth Park Reservoir and at Killarney Pool during closure for major renovations. The global budget has been calculated by the City and Board staff according to the principles agreed upon in the arrangement with Council. In short, these principles require the Park Board to increase its fees and charges based on the increase in City costs in order to receive adjustments on the expenditure side (employment costs, inflation and added basic) of its budget on the same basis as other departments.

Added basic is the ongoing operating cost that arises from the Park Board capital program. Under the global budget arrangement, Council has agreed to add these costs to the Park Board budget. The 2005 allocation includes \$544,600 of additional funding for maintenance and support of buildings and parks infrastructure.

3. Further Taxation Reductions

The interim budget position has responded to Council's policy of holding tax increases near the rate of inflation of 2.3%. However, the Director of Finance, in conjunction with the Corporate Management Team, developed a proposal to further reduce the budget without significant impact on services.

The recommended adjustments are mainly corporate in nature and do not target individual departmental budgets. While they will impact on the funding available at a corporate level, these adjustments are expected to have only minor impacts on service levels. These adjustments are indicated below, along with the impact each would have on the property tax increase.

Proposal	Budget Impact	Tax Impact
Reduce New and Non-Recurring Budget	\$750,000	0.17%
Reduce Corporate Training	\$200,000	0.05%
Reduce Strategic Initiative Fund (SIF)	\$450,000	0.10%
Total Corporate Adjustments	\$1,400,000	0.32%

The proposed reductions will need to be re-budgeted in 2006. The impact of bringing back \$1.4 million into the 2006 Operating Budget is equivalent to a property tax increase of approximately 0.3%.

Should Council approve these adjustments, the property tax increase would be reduced by 0.32% to 1.79%, reflecting 1.45% in growth in City Costs and 0.34% in growth in outside agency costs..

4. New Initiatives - Recommended Funding Sources

A number of initiatives were put forward by the Corporate Management Team in the Preliminary Budget Report (listed in Appendix 2 (a) on page 41). Since the Preliminary Report was presented, other initiatives have been identified, some of which have been reported to Council and deferred to the 2005 Operating Budget (a list of these initiatives are included in Appendix 2(b) on page 49 and 2(c) on page 50). Appendix 3 summarizes the approval processes for each initiative (page 52).

To facilitate Council's decision making process, major departmental initiatives were reported to Council on February 3, 2005, while Vancouver Police Department Initiatives

were reported on March 3, 2005. Approval was deferred to the 2005 Interim Operating Budget.

The total additional funding required in 2005 for these initiatives total \$12.7 million. As well \$1.8 million of emergent issues, should they occur, would need to be funded. This includes, for example, a late December snow or a Westnile outbreak.

The recommended funding for these initiatives fall under a number of sources. These include: existing source, new revenues/savings, contingency reserve, and increase to taxation.

a) Existing Sources

There are two items (RECOMMENDATIONS D and E) in the interim budget report that require Council approval but do not have incremental funding requirements. Specifically, funding is available for the funding renewal for the Vancouver Economic Development Corporation (VEDC) which was reported to Council but funding was deferred to the interim estimates. Finally, the Corporate Management Team supported the creation of an Assistant Manager of Contracts and Administration in Corporate Purchasing with no impact on the Operating Budget. This position will help drive efficiencies in the City's purchasing processes.

b) New Revenues/Savings

As outlined in the Preliminary Estimates, a total of \$7 million of new revenues and savings (\$5 million from Gaming Revenue and \$2 million from GST Savings) had not been included or allocated in the 2005 Operating Budget given the instruction by Council to obtain public input on the utilization of this revenue and savings.

The accompanying report *2005 Operating Budget: Public Consultation* details the results of this public consultation in relation to the utilization these new revenues and savings while the following outlines the recommended use of these new revenues and savings in 2005.

Gaming Revenue

The level of activity in the Vancouver market has not been as strong as originally anticipated when the Preliminary budget report was presented to Council in January 2005. Though Plaza of Nations (Edgewater) has opened, the start has been slow. Further, it does not appear likely that Hasting Park Racetrack will open in 2005. Therefore, the net increase in gaming revenue for 2005 has been reduced to \$3.1 million from the \$5.0 million originally projected.

The random telephone survey by Mustel Group and the self selecting City Choices Survey, indicates that the majority (72% and 53% respectively) of those surveyed support the application of gaming revenue against existing services to reduce taxes. However, 46%

(Mustel) and 36% (City Choices) of respondents indicated that they would support the application of these gaming revenues against existing or enhanced community, social and cultural programs.

For 2005 the Corporate Management Team has determined that the public would be in favour of utilizing gaming revenue to support community, social, and cultural programs that make the city more liveable and sustainable. Given the number of priority initiatives that fall under this category, it was felt that gaming revenue would be a valid funding source for these new initiatives. By utilizing this revenue to fund the first year of these new initiatives, Council will be able to avoid increasing taxes in 2005 to fund these new initiatives.

The gaming revenue will be budgeted in the 2005 Operating Budget and a corresponding "General Program Account" will be established as the source of funds for these recommended initiatives. The annualized cost of these new programs approved by Council will have to be budgeted in the 2006 Operating Budget.

Projects recommended to be funded from General Program Account in 2005 are:
(Unless noted, all initiatives will require a report back to Council for final approval)

Proposed Initiative	Funding Requirement	
	2005	2006
Expansion of Sustainability Mandate ¹	\$1,081,200	\$1,110,400
Strengthening Civic Cultural Programs & Initiatives ¹	1,000,000	2,000,000
International Conference on the Reduction of Drug Related Harm	250,000	250,000
Chinatown Visions ¹	262,100	264,100
Report Back on Carnegie Outreach ¹	150,000	150,000
Additional Youth Advocate Funding	100,000	100,000
Childcare Council Support	50,000	50,000
FCM Initiative (Tsunami relief) ¹	100,000	
Britannia Volunteer Coordinator	28,000	54,000
Initiatives Recommended for Gaming Revenue Funding	\$3,021,300	\$3,978,500

Less Available Gaming Revenue	\$3,100,000
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Net Gaming Revenue for Additional Council Initiatives	\$78,700
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¹ Reported to Council and deferred to the 2005 Interim Budget

CONSIDERATIONS M to O requests Council approval for those initiatives that have been deferred to the Interim Budget, as highlighted above, with funding to be provided from General Program Account.

GST

The public consultation has shown that the majority of residents prefer to utilize GST savings to both support maintenance on existing infrastructure as well as to build new infrastructure.

The Corporate Management Team recommends that the GST savings be applied towards enhanced residential street maintenance, the pedestrian task force, and to offset the cost of Capital from Revenue.

(Unless noted, all initiatives will require a report back to Council for final approval)

Proposed Initiative	2005 Funding Requirement
Pedestrian Task Force (Estimate)	150,000
Increase Non-arterial street maintenance ¹	457,000
Capital from Revenue Contribution	1,393,000
Total GST Savings	2,000,000

¹ Reported to Council and deferred to the 2005 Interim Budget

CONSIDERATION R requests Council approval of the Street and Lane Infrastructure Maintenance Program proposal that have been deferred to the Interim Budget, as highlighted above, with funding to be provided from GST Savings.

Should Council approve utilization of GST Savings to fund a portion of Capital from Revenue, the property tax increase would be reduced by 0.32% to 1.48%, reflecting 1.14% in growth in City Costs and 0.34% in growth in outside agency costs.

c) Contingency Reserve

Rather than adding funding to the 2005 Operating Budget to fund initiatives, it is recommended that the following new programs, as well as emergent requirements, be funded through Contingency Reserve. The annualized cost of these new programs approved by Council will have to be budgeted in the 2006 Operating Budget.

However, given the number and magnitude of initiatives that require funding, it is also recommended to increase Contingency Reserve by \$800,000 to ensure funding is available in 2005.

(Unless noted, all initiatives will require a report back to Council for final approval)

Initiatives/Emergent Requirement	2005 Funding Requirements			2006 \$Funding
	\$Contingency	\$Alternate	\$Total	
Snow - January 2005 (Actual Costs) ³	711,000		711,000	
Snow - December 2005	600,000		600,000	
West Nile	400,000		400,000	
Election Printing Costs (increased number of registered voters) ³	\$100,000		\$100,000	
Fire Department RMS	367,000		367,000	735,000
Library Opening Hours	232,000		232,000	476,000
Library Children Outreach ¹	215,700		215,700	286,000
Civic Events (Celebration of Light & Grey Cup)	358,200		358,200	218,000
Housing Initiatives:				
• SRA By-law ¹	100,900		100,900	33,600
• Homelessness Action Plan	200,000		200,000	200,000
• Housing Re-location Officer	50,000		50,000	75,000
• Affordable Housing	100,000		100,000	100,000
City Economic Land Use Policy Project ¹	277,800		277,800	356,500
City External Relations Program ¹	169,500		169,500	212,700
Employee Relations & Advisory Services	165,100		165,100	212,700
Ethical Purchasing ¹	407,000		407,000	598,500
Development Application Process ¹	217,700	470,000 ²	687,700	1,217,500 ²
Total	4,671,900	470,000	5,141,900	4,721,500

¹ Reported to Council and deferred to the 2005 Interim Budget

² Funding to be provided from an increase in development revenues

³ Included as a recommendation for funding in the interim budget (Recommendation F)

Contingency Funds	4,800,000
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Balance of Contingency Reserve	128,100
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¹ Reported to Council and deferred to the 2005 Interim Budget - Approval slated for March 17, 2005

Should Council approve an \$800,000 increase to Contingency Reserve, the property tax increase would be increased by 0.18% to 1.66%, reflecting 1.32% in growth in City Costs and 0.34% in growth in outside agency costs.

RECOMMENDATION F and CONSIDERATIONS G to L request Council approval for those initiatives that have been deferred to the Interim Budget, as highlighted above, with funding to be provided from Contingency Reserve.

d) Priority Positions to be Funded through Increased Taxation

In the evaluation of initiatives, 4 positions have been identified as being important in meeting the business needs of the City and are recommending their approval as part of the budget.

The Preliminary Budget Report identified three positions as being integral for approval. These positions include:

- Digital Archivist (City Clerks): this position is required to help service and preserve the increased transfers of digital records from Department which will improve citizen access to the City Archives.
- Information Technology Security Analyst (Corporate Services): This position is required to provide ongoing resources for the provision of IT Security Services for the organization which currently is funded on a temporary basis.
- Vanier Maritime Museum Security (Corporate Services): a security position is required to ensure security presence during open hours of the Maritime Museum.

Since the Preliminary Report was written, a fourth position, within Corporate Services Group, has been identified as being critical to support Legal Services. Specifically, due to increasing work volume within the litigation division of Legal Services, a qualified claims position with appropriate skills is required to handle the majority of claims where legal action has been initiated and which fall within the jurisdiction of Small Claims Court (up to a maximum claimed dollar value of \$10,000). Given Risk & Emergency Management's familiarity with the majority of these claims, it was determined that the position should be assigned to that department. Legal Services would remain in an advisory role and would retain handling of cases within the Small Claims Court jurisdiction involving complex legal issues.

In summary the positions requested to be created and the associated funding required is \$229,300 for 2005 and \$277,600 on-going:

	<u>2005</u>	<u>2006</u>
Digital Archivist	\$41,000	\$61,600
IT Security Analyst	\$83,000	\$83,000
Security Position	\$50,000	\$50,000
Small Claims Position	<u>\$55,300</u>	<u>\$83,000</u>
Total	\$229,300	\$277,600

Positions would be subject to classification by the General Manager of Human Resources.

Should Council approve these priority initiatives, the property tax increase would be increased by 0.05% to 1.71%, reflecting 1.37% in growth in City Costs and 0.34% in growth in outside agency costs.

e) Vancouver Police Department Initiatives

The Preliminary Budget Report identified \$13.4 million of new initiatives from the Vancouver Police Department. These initiatives included funding requests related to the Department's Strategic Planning and Long Range Staffing review (\$12.5 million), enhanced Community Policing support (\$0.9 million), and implementation of a proactive lifestyles strategy (\$0.04 million). The latter request as well as an additional strategic planning implementation request (total \$0.18 million) has been withdrawn by the Department.

Council received on March 3, 2005, four reports that outline the final request coming forward from the Vancouver Police Department. With the exception of the Community Policing initiative, the recommendations put forward have been subject to independent review that was endorsed by a joint Corporate and VPD Steering Committee.

Given the magnitude of the requested funding, it is recommended that the following requests be funded through an increase in taxation:

Vancouver Police Department Staffing Review

The independent consultant hired has determined that along with greater on-going planning and analysis, the Vancouver Police Department has a need for an additional 92 police officers and 55 civilian staff. The Steering Committee has recommended a phased approach as follows:

	2005			2006		
	Sworn Officers	Civilian Staff	Total Staff	Sworn Officers	Civilian Staff	Total Staff
Recommended Positions						
Operations (Patrol)	41	1	42	n/a	n/a	n/a
Investigations	22	19	31	24	17	41
Administration	2	15	17	3	3	6
Total Positions	65	35	90	27	20	47
Funding Implications (\$thousands)						
Operating Costs	1,788	1,464	3,252	5,887	2,746	8,633
One-Time Costs	494	120	614	360	160	520
Total Costs	2,282	1,584	3,866	6,247	2,906	9,153

Note: funding above includes reduction in temporary help of \$200,000. Further, 2006 funding will involve the identification of savings related to shared services and overtime reduction and will be subject to the 2006 administrative budget review.

RECOMMENDATION T repeats the recommendations from the administrative report (RTS 4908) *Vancouver Police Staffing Review* and, if approved by Council, would result in a net increase in the 2005 Operating Budget of \$3.9 million.

Should Council approve the staffing increase recommended by the Steering Committee, the property tax increase would be increased by 0.88% to 2.59%, reflecting 2.25% in growth in City Costs and 0.34% in growth in outside agency costs.

Information Management Section

A joint City and VPD review was completed on the VPD Information Management Section. As reported on March 3, 2005, to Council, along with process changes, the independent review concluded that an additional 26 positions are required. Total funding required in 2005 would be \$649,000 and \$633,000 on-going.

RECOMMENDATION U repeats the recommendations from the administrative report (RTS 4921) *Staffing Review of the Information Management Section of the Vancouver Police Department* and, if approved by Council, would result in a net increase in the 2005 Operating Budget of \$0.6 million.

Should Council approve the staffing increase recommended by the Steering Committee, the property tax increase would be increased by 0.15% to 2.74%, reflecting 2.40% in growth in City Costs and 0.34% in growth in outside agency costs.

Information Technology Section

A joint City Staff and VPD review was completed of the VPD Information Technology Section. As reported on March 3, 2005, to Council, along with process changes, the independent review concluded that an additional 6 positions are required, four within VPD and two within Corporate Services to facilitate the provision of shared services in relation to the help desk function. Total funding required in 2005 would be \$332,900 and \$410,100 on-going.

RECOMMENDATION V repeats the recommendations from the administrative report (RTS 4928) *Staffing Review of the Information Technology Section of the Vancouver Police Department* and if, approved by Council, would result in a net increase in the 2005 Operating Budget of \$0.3 million.

Should Council approve the staffing increase recommended by the Steering Committee, the property tax increase would be increased by 0.08% to 2.81%, reflecting 2.47% in growth in City Costs and 0.34% in growth in outside agency costs.

Community Policing Initiative

As presented to Council on March 3, 2005, the Vancouver Police Department is requesting an additional \$0.9 million for Community Policing which currently is funded at \$0.15 million. The request involves increasing core funding for each community policing centre (CPC) as well as expanding the number of CPCs from 8 to 10 by establishing a Native Liaison CPC and a new CPC for the North side of District 4. The core funding for each CPC would increase to approximately \$100,000 (from approximately \$19,000) to provide rent, staff and operating costs. Each CPC would continue to raise the rest of their budget through other fundraising initiatives. A further \$50,000 is requested for other community policing projects such as Blockwatch, Business Liaison and the Citizen's Crime Watch. Total funding required in 2005 would be \$747,300 and \$887,300 on-going.

CONSIDERATION W repeats the recommendations from the administrative report (RTS 4813) *Community Policing Initiatives and Funding* and, if approved by Council, would result in a net increase in the 2005 Operating Budget of \$0.8 million.

Should Council approve the staffing increase recommended by the Steering Committee, the property tax increase would be increased by 0.17% to 2.98%, reflecting 2.64% in growth in City Costs and 0.34% in growth in outside agency costs.

f) Funding Implications of New Programs and Initiatives in 2005:

Excluding emergent issues, all of the initiatives total approximately \$12.7 million. Of this, \$5.8 million is recommended to be added to the Operating Budget and funded through increased taxation of 1.3%. Rather than add funding to the 2005 Operating Budget to fund the remaining initiatives, it is recommended that they be funded through new revenue and savings and Contingency Reserve. The annualized cost of these new programs approved by Council will have to be budgeted in the 2006 Operating Budget.

Recommendations/Considerations are contained in the report for funding these initiatives from either GST Savings, General Program Account (funded by Gaming Revenue), Contingency Reserve, or increased taxation.

5. Impact of Initiatives on 2006 Budget and Beyond

In considering the priorities for initiatives in 2005, Council should be aware that decisions in 2005 will impact the 2006 Operating Budget.

Should Council approve all of the initiatives listed in Appendix 2 and 3, including the Police Department Requests, and fund them from New Revenue Sources, GST Savings, Contingency Reserve, and Taxation, a total of \$13.8 million will need to be added to the 2006 operating budget reflecting a 3.0% tax increase - \$8.3 million for departmental initiatives and \$5.5 million for the incremental cost of the Vancouver Police Department initiatives.

Compounding this effect, should Council agree to the corporate adjustments outlined in RECOMMENDATIONS B(ii), \$1.4 million of one time corporate will need to be returned to the 2006 2005 Operating Budget adding a further 0.3% tax increase to a total of 3.3%. Further, general inflationary increases range between 2% to 4% for the budget year. This will mean that the City will be faced with a significant tax increase, in the range of 5% to 7%, in 2006 unless there are major service adjustments or additional revenue in 2006.

The Director of Finance believes that in order to properly manage the growth of the operating budget, Council needs to assess these initiatives in relation to existing services and provide support for only those initiatives that are of significant priority to Council.

Summary of 2005 Initiatives and 2006 Taxation Implications (\$thousands)

Initiatives	2005			2006		
	Funding Required	Taxation Impact	Tax Increase	Funding Required	Taxation Impact	Tax Increase
Departmental Initiatives						
Funded Through Taxation	229	229	0.05%	278	49	0.01%
Funded through Contingency Reserve	2,861 ¹	n/a	n/a	4,484	4,014 ¹	0.89%
Funded from Gaming Revenue	3,021	n/a	n/a	3,979	3,979	0.88%
Funded from GST Savings	607	n/a	n/a	835	228	0.05%
Total Departmental Initiatives	6,718	229	0.05%	9,576	8,270	1.82%
Vancouver Police Department Initiatives - Funded Through Taxation						
Sworn & Civilian Staffing	3,866	3,866	0.88%	9,153	5,287	1.17%
Information Management	649	649	0.14%	629	30	0.01%
Information Technology	333	333	0.08%	409	76	0.02%
Community Policing Centres	747	747	0.17%	887	140	0.03%
Total Police Department Initiatives	5,595	5,595	1.26%	11,078	5,533	1.22%
Total Initiatives	12,313	5,824	1.31%	20,654	13,803	3.04%

¹ Excludes funding requirements for emergent issues such as snow and westniles outbreak costs.
Also excludes funding provided from additional development revenue of \$470,000

6. Impact of the Budget on Property in the City

The following table summarizes the impact of tax increase on an average residential property, together with the changes in other user charges.

Levy	1.48% Tax Increase		2.11% Tax Increase		2.98% Tax Increase	
	City Charges	Annual Change	City Charges	Annual Change	City Charges	Annual Change
Average Residential Property \$585,400						
General Taxes	\$1,454	\$21	\$1,463	\$30	\$1,475	\$43
Sewer Fee	158	1	158	1	158	1
Solid Waste Fee	149	2	149	2	149	2
Water Rates	306	19	306	19	306	19
Total City Charges	\$2,067	\$43	\$2,076	\$52	\$2,088	\$65
Business Properties¹	for each \$1,000,000 of value					
General Levy	\$15,222	\$222	\$15,316	\$316	15,447	\$447

¹ *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 those for residential properties.*

In addition to these City charges, the levies from other taxing authorities may increase. At the time of writing, the City has not been notified of other levies.

7. Administrative Position Adjustments

The authority to create and delete regular full time and part time positions resides with Council. The following outlines administrative requirements to change the status of positions and delete certain positions that are no longer required.

Library

In order to balance work load requirements among the various library sites, the Library, over the last several years, has been utilizing the funding from vacant full time positions to hire regular part time and auxiliary staff. Also, where operationally feasible, the library has taken funding from part time and casual budgets to re-fund and fill some of these vacant full time positions. This practice has been achieved through budget reallocations rather than a permanent adjustment to the Library Board's authorized full time position count.

Given that Council has the final authority to create and delete full time positions, the Library Board is seeking approval for the changes made to its full time staffing compliment. Other than the reductions to achieve the efficiency savings there was no net change to the library's operating budget as a result of these changes. Please refer to Appendix 4 for a list of positions and the requested adjustments.

Fire Department

E-Comm began providing dispatching services for the Vancouver Fire Department in 2003. The positions within the Department that previously provided this service require to be deleted and are listed in Appendix 4.

8. Summary

Table 2 on the next page provides a summary of the potential strategies Council can utilize to balance the 2005 Operating Budget. Since Council reviewed the Preliminary Estimates, a detailed administrative review has reduced the net gap from \$14.2 million to \$9.3 million which reduces the potential tax increase from 3.3% to 2.11%.

The Corporate Management Team has identified corporate adjustments that total \$1.4 million that do not impact direct services bringing the potential tax increase to 1.79%. Further, by funding a portion of Capital from Revenue with \$1.4 million of the GST savings, the potential tax increase can be further reduced to 1.48%. This budget position has been recommended by the City Manager and Director of Finance.

Along with adjustments, 34 initiatives and emergent issues totalling \$14.5 million have been identified throughout the budget process as well as new revenue and savings. Initiatives that relate to infrastructure are recommended to be funded from GST Savings, while cultural, social, community initiatives are recommended to be funded from Gaming Revenue and the rest from Contingency Reserve.

Priority Departmental, Vancouver Police Department staffing and Community Policing initiatives, on the other hand, are recommended to be funded through an increase to the Operating Budget resulting in a final recommended tax increase of 2.98%.

TABLE 2 - SUMMARY

BUDGET ADJUSTMENTS TO LOWER TAX INCREASE

	Adjustment (\$000)	Tax Impact	Budget Position (\$000)	Net Tax Increase
Preliminary Budget Position			14,230	3.30%
Tax Adjustment Related to Increased Tax Base				(0.07%)
Preliminary budget position indicated 3.3% tax increase, however, adjustments to base taxation reduced the tax increase to 3.23%				
Interim Budget Adjustments				
Net Change in Revenues	5,740	1.30%		
Net Change in Expenditures	805	0.18%		
Interim Budget Position				
RECOMMENDATION B(i)	4,935	1.12%	9,295	2.11%
Corporate Adjustments				
Strategic Initiative Fund	450	0.10%		
New and Non-Recurring Budget	750	0.17%		
Corporate Training	200	0.05%		
Budget Position After Corporate Adjustments				
RECOMMENDATION B(ii)	1,400	0.32%	7,895	1.79%
Fund Capital From Revenue with GST Savings				
RECOMMENDATION B(iii)	1,393	0.32%	6,502	1.48%

TABLE 2 - SUMMARY (continued)

	Adjustment (\$000)	Tax Impact	Budget Position (\$000)	Net Tax Increase
POTENTIAL INCREASES TO TAXATION - INITIATIVES				
Increase Contingency				
RECOMMENDATION C	800	0.18%	7,302	1.66%
Initiatives Funded from New Revenues/Savings & Contingency Reserve				
GST Savings	607	0.14%		
Gaming Revenue	3,021	0.69%		
Contingency Reserve	2,861	0.65%		
Initiatives Funded from Non-Taxation Sources				
RECOMMENDATION D	6,489	1.47%	n/a	n/a
Departmental Initiatives Funded from Taxation				
RECOMMENDATION F	229	0.05%	7,531	1.71%
Vancouver Police Department Initiatives				
Sworn & Civilian Staffing	3,866	0.88%		
Information Management	649	0.15%		
Information Technology	333	0.08%		
Community Policing Centres	747	0.17%		
Vancouver Police Department Initiatives				
RECOMMENDATION K to M	5,595	1.27%	13,126	2.98%

9. Completing the Budget Cycle

With the decisions made as part of this report, the Operating Budget can be brought into balance. The budget process would be completed as follows:

- Delegations related to the 2005 Operating Budget will be heard at City Services and Budgets Committee on March 17, 2005.
- On March 31, 2005, Council will consider the final estimates reflecting the decisions made based on this report. Council will be asked to adopt a balanced budget resolution confirming the estimates for 2005.
- In April 2005, the Director of Finance will bring forward a report summarizing the options of the distribution of the property tax levy. Following the decisions on this

report, the 2005 General Purposes Rating Bylaw will be brought forward for approval in May 2005.

CONCLUSION

The interim estimates of the 2005 Operating Budget indicate that a property tax increase of 2.11% would be necessary to provide for the costs of base City programs and the added basic costs associated with new programs approved by Council in 2004. Budget adjustments options have been put forward to Council that can reduce the tax increase by 0.63%.

Along with directing staff on the adjustments necessary to balance the budget, Council will need to deliberate over requests for new programs. Funding options have been developed that utilize new revenue and savings sources, contingency reserve and increased taxation.

Total funding requests for priority initiatives total \$12.7 million plus \$1.8 million of emergent issues. These initiatives also include \$5.6 million for increased Vancouver Police Department resources. The funding options proposed in the interim budget include Contingency Reserve, gaming revenue, GST savings, and increased taxation. In total, the budget options will allow for all initiatives to be funded in 2005 while maintaining taxes at 2.98%. However, the implications for the 2006 Budget are significant with an anticipated 3.0% tax increase related to the annualized cost of new programs approved in 2005.

The final stage in completing the 2005 Operating Budget involves bringing a final budget forward for approval. Following the decisions of Council related to the budget, the Director of Finance will make final adjustments to the budget and report back to Council on March 29, 2005.

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City of Vancouver
2005 Operating Budget Projections

Appendix 1

	2004	2005	\$	%
	budget	projection	change	change
	(\$000s)	(\$000s)		
SECTION 1: Summary of Revenues				
Taxation Revenues				
Base Levy	428,623	432,157	3,534	0.8%
New Construction	4,872	8,253	3,381	69.4%
Net Taxation Revenues	433,495	440,410	6,915	1.6%
Tax Adjustments	(2,086)	(2,000)	86	(4.1%)
Local Improvement Taxes	4,118	3,964	(154)	(3.7%)
Receipts in Lieu of Taxes	34,821	32,382	(2,439)	(7.0%)
Penalties and Interest	5,850	5,850	0	0.0%
Total Revenue from Taxation	476,198	480,607	4,409	0.9%
Other Revenues				
Provincial Revenue Sharing Programs	6,337	16,637	10,300	162.5%
Investment Income	10,000	10,000	0	0.0%
License Fees	14,148	14,845	697	4.9%
Property Rental Income	1,349	1,407	58	4.3%
Service and Inspection Fees	22,671	26,128	3,457	15.2%
Municipal By-Law Fines	9,654	9,994	340	3.5%
On Street Parking Revenue	20,800	22,625	1,825	8.8%
Civic Theatres Revenue	5,990	6,282	292	4.9%
Park Board Revenues	32,433	32,966	533	1.6%
Miscellaneous Revenues	5,370	5,078	(292)	(5.4%)
Total Other Revenues	128,752	145,962	17,210	13.4%
Utility Fees				
Waterworks	61,535	64,650	3,115	5.1%
Solid Waste	22,165	24,873	2,708	12.2%
Sewers	31,607	32,328	721	2.3%
Total Utility Fees	115,308	121,851	6,543	5.7%
Total Revenues before Transfers	720,258	748,420	28,162	3.9%
Transfer from Other Funds/Reserves				
Sinking Fund Prior Year Surplus	550	0	(550)	(100.0%)
Property Endowment Fund	7,000	7,000	0	0.0%
Art Gallery Reserve	160	160	0	0.0%
Revenue Surplus	0	0	0	0.0%
Other	0	1,268	1,268	0.0%
Total Transfer from Other Funds	7,710	8,428	718	9.3%
Total Revenues before Tax Increase	727,968	756,848	28,880	4.0%

	2004	2005	\$	%
	budget	projection	change	change
	(\$000s)	(\$000s)		
SECTION 2: Summary of Expenditures				
General Government				
Mayor and Councillors	1,757	1,800	43	2.4%
City Manager / EEO	1,368	2,377	1,009	73.7%
City Clerk	2,671	4,022	1,351	50.6%
Legal Services	3,742	3,994	252	6.7%
Corporate Services	29,032	29,840	808	2.8%
Human Resources	5,896	6,749	853	14.5%
Other General Government	5,791	8,510	2,719	46.9%
Community Services Administration	6,450	7,579	1,129	17.5%
City-Wide and Community Planning	5,770	6,117	348	6.0%
Total General Government	62,478	70,988	8,510	13.6%
Protection to Persons and Property				
Police Services	139,540	147,052	7,512	5.4%
Fire and Rescue Services	71,208	73,538	2,330	3.3%
E-COMM Services	14,921	15,783	862	5.8%
Permits and Licences	19,526	19,759	233	1.2%
Animal Control	1,049	1,525	476	45.4%
Vancouver Emergency Program	695	677	(18)	(2.5%)
Total Protection to Persons and Property	246,938	258,333	11,395	4.6%
Public Works				
Administration and General	8,790	9,108	318	3.6%
On Street Parking Program	8,580	8,759	179	2.1%
Traffic Planning and Control	7,329	7,971	642	8.8%
Street Lighting and Communications	4,747	4,865	119	2.5%
Street Cleaning	7,107	7,847	741	10.4%
Streets, Bridges and Walkways	17,184	16,542	(642)	(3.7%)
Total Public Works	53,736	55,092	1,356	2.5%
Utilities - Waterworks				
Operating Costs	7,976	8,072	96	1.2%
Water Purchase	28,985	32,532	3,547	12.2%
City Debt Charges	22,272	24,449	2,178	9.8%
Transfer to/(from) Reserve	2,303	(404)	(2,707)	(117.5%)
Total Utilities - Waterworks	61,535	64,650	3,115	5.1%
Utilities - Solid Waste				
Operating Costs	20,781	22,833	2,053	9.9%
Transfer to/(from) Reserve	1,384	2,040	655	47.3%
Total Utilities - Solid Waste	22,165	24,873	2,708	12.2%
Utilities - Sewer				
City Operating Costs	6,241	6,955	714	11.4%
City Debt Charges	20,912	21,367	456	2.2%
Regional Sewerage Levy	36,756	36,460	(296)	(0.8%)
Transfer to/(from) Reserve	12	0	(12)	(100.0%)
Total Utilities - Sewer	63,919	64,782	863	1.3%

	2004	2005	\$	%
	budget	projection	change	change
	(\$000s)	(\$000s)		
Recreation and Community Services				
Parks and Recreation	84,207	85,762	1,554	1.8%
Britannia Service Centre	2,547	2,626	80	3.1%
Social Planning	1,341	1,665	324	24.2%
Housing Programs	1,464	1,531	67	4.6%
Office of Cultural Affairs	808	1,194	386	47.8%
Carnegie Centre	2,502	2,792	290	11.6%
Downtown South Gathering Place	1,842	1,941	98	5.3%
Vancouver Public Library	31,889	32,786	897	2.8%
Civic Theatres	6,326	6,675	349	5.5%
Archives	1,270	1,305	35	2.8%
Cemetery	865	829	(36)	(4.1%)
Total Recreation and Community Services	135,060	139,106	4,045	3.0%
Civic Grant Program	11,004	11,839	835	7.6%
Contingency Reserve	4,370	4,000	(370)	(8.5%)
Total before Capital Program and Transfers	661,206	693,662	32,456	4.9%
Capital Program				
General Debt Charges	39,448	40,772	1,324	3.4%
Capital From Revenue	16,300	19,000	2,700	16.6%
Local Improvements	4,118	3,964	(154)	(3.7%)
Debt Repayment Reserve	1,500	1,250	(250)	
Total Capital Program	61,366	64,986	3,620	5.9%
Transfers to Reserves/Funds				
Other Transfers	5,396	7,495	2,099	38.9%
Total Transfers to Reserves/Funds	5,396	7,495	2,099	38.9%
Total Expenditures	727,968	766,143	38,175	5.2%
Tax Increase Used to Balance Budget		2.11%		

Appendix 2 - New Initiatives and Projects Referred to the 2005 Operating Budget

a) Initiatives Included in the Preliminary Report

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Type A - Include in Interim Budget Position - Priority Requirement						
City Clerks	Digital Archivist	1.00	41,100	61,600	61,600	Additional resource is required to help service and preserve the increased transfers of digital records from Department which will improve citizen access to the City Archives
Corp Services	Permanently fund Information Technology Security Services	1.00	83,000	85,000	87,000	This request is to provide ongoing resources for the provision of IT Security Services for the organization which currently is funded on a temporary basis. This request covers the cost of staffing.
Corp Services	Physical security at Vanier Maritime Museum	1.00	50,000	51,000	52,000	Increasing security staff will ensure security presence during open hours. Duties would include weekly alarm audits and monthly lighting , fire extinguisher, fire exit and first aid room audits, along with regular patrols and incident response.
Total Type A Initiatives		3.0	174,100	197,600	200,600	

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Type B - Include in Interim Budget Position and Report Separately to Council						
City Clerks*	Create 2 new permanent positions to manage and coordinate the City's External relations	2.00	\$169,500	\$212,700	\$212,700	Create an External Relations Program to direct, oversee, coordinate and facilitate the City's external relationships affiliated with protocol, visit coordination and support, major event protocol and international partnerships.
Corp Services (see Appendix 2 c for updated budget figures)*	Ethical Purchasing	1.00	70,300	68,000	68,000	Create a full time permanent position in Corporate Services at \$68,000 plus one time \$25,000 for consulting and other required services to implement the ethical purchasing policy approved in principle by Council on December 16, 2004 and develop a comprehensive Sustainable and Ethical Purchasing Policy, as directed by Council on June 22, 2004.
Community Services Group*	Improve development application process throughout the organization	16.00	\$687,700	\$1,217,500	\$1,217,500	Service delivery in development application processing is below public and corporate expectations due to increases in: discretionary zoning; time-limited approvals; conditions of approval to be satisfied prior to permit issuance; requests for amendments to permits previously issued and/or plan revisions to applications in process; staff turn-over; community involvement and project controversy; and, time spent responding to complaints from applicants and neighbors about regulations, process timing, decisions and interests not respected. This initiative will result in new positions added within Development Services, Engineering, Corporate Services, and Legal Services.

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Community Services Group*	Develop City Economic Land Use Policy	2.00	158,800	92,500	20,500	Based on Council direction, a review of the link between the Core economy and issues of land, location, and zoning. Some of the issues facing the City are: Loss of Jobs and Tax Base - the City is losing the land supply for jobs in the Metropolitan Core to residential development, including in areas previously set aside for jobs. Sensitive timing - As the Core becomes more fully developed, there are fewer possibilities - City land use decisions being made now can foreclose future opportunities. Economic development: Adequate and appropriate land supply is an important factor for economic development and is a factor within City control. Possible other staffing may be required in other departments, such as Engineering.
Community Services Group*	Strengthening Civic Cultural Programs & Initiatives		1,000,000	2,000,000	3,000,000	City funding to its not-for-profit creative sector has not kept pace with population growth or development needs in the community. This initiative will allow the City to plan for and be prepared to make significant investment in culture programs and initiatives. Vancouver also has the Olympic opportunity to create a global reputation for creative excellence and an unprecedented market for the City's cultural products (including cultural tourism) long after the games. Very significant matching resources will be available from the federal and provincial governments and VANOC.

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Engineering*	Increase Non-arterial street maintenance	4.00	457,000	685,000	685,000	City streets are in need of additional maintenance in order to extend life cycle term and delay the need for major capital re-construction. Traffic volumes, construction, re-development and an increased move toward sustainable "green streets" are all putting pressure on maintenance requirements. With the limited Maintenance work carried out over the last few years on our non-arterial streets, a large portion of streets will move into a category for complete re-construction. By increasing maintenance budgets we can limit the need for re-construction, extend the life of our streets, and lower life cycle costs.
Sustainability*	Expansion of Sustainability Mandate	3.00	1,081,200	1,110,400	1,110,400	In 2004 Council approved a Corporate Climate Change Action plan that specifically sought to reduce green house gas emissions in City operations. In 2005, the Sustainability Group, through the direction of Council, is seeking to expand its efforts of green house gas emission reductions to the Community. This Community Climate Change Action Plan has much broader implications to all residents and businesses in the City.
Mayor's Office	International Conference on the Reduction of Drug Related Harm		250,000	250,000		17th International Conference on the Reduction of Drug Related Harm is to be held in Vancouver in 2006. City support for this forum through a financial contribution complements City policy in the Downtown Eastside.
			Funding Required			

Department	Description	FTE	2005 \$Amount	2006 \$Amount	2007 \$Amount	Description
Human Resources	Additional Resources for Employee Relations and Advisory Services	3.00	165,100	212,700	212,700	Three positions are requested Employee Relations and Advisory Services. Two Human Resource Consultant positions are requested to support corporate policy initiatives that currently only one position is dedicated to. One administrative support position is also requested to not only provide general assistance but to help manage the City's temporary agency pool whose utilization has grown by 100% over 3 years.
Fire Department	Replace Records Management System & Computer Aided Dispatch System		367,000	735,000	735,000	As reported previously to Council, the Fire Department's Record Management System (RMS), implemented in 1990, is due to be replaced. The original system was used with Vancouver Police Department (VPD) and purchased primarily for their use. VPD has partnered with RCMP to implement a police specific system at E-Comm called PRIME while still supporting the original RMS for Fire's use in the short term. A new Fire RMS system is being developed through E-Comm which will result in some cost sharing with other jurisdictions.

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Library*	Children Outreach	5.00	215,700	286,000	295,000	This funding would go to expansion of critical early years outreach programs aimed at caregivers, such as Mother Goose and Man-in-the-Moon. These programs impact directly on social environment of families & young children. Note: this being the Library Board's 1 st priority initiative, a report to Council will be provided prior the Interim Budget.
Library	Improve Library opening hours	11.40	464,000	476,000	490,000	To provide additional staffing to allow Kitsilano and Renfrew branches to open on Mondays; to allow Joe Fortes branch to open 4 hours on Sundays; to open Central branch an additional 3 hours on Sundays.
Britannia	Volunteer Coordinator	1.00	28,000	54,000	54,000	Volunteers are the life blood of Britannia. W/O the 600 the centre uses annually it would not be possible to offer the wide range of quality programs and services to the community. They are vital to the coordination, operation and development of these programs.
Total Type B Initiatives		48.4	5,114,300	7,399,800	8,100,800	
Total Initiatives Excluding The VPD		51.4	5,288,400	7,597,400	8,301,400	

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
Type C - Vancouver Police Department Initiatives						
VPD*	Long-Range Sworn Staffing Requirements (Result of Independent Review)	92.00	2,351,500	6,247,000	6,100,000	Independent review of VPD Strategic Plan and long range staffing plan.
VPD*	Long-Range Civilian Staffing Requirements (Review of Independent Consultant, IMS Review, IT Review)	87.00	2,516,000	3,944,000	3,944,000	Independent review of: <ul style="list-style-type: none"> • VPD Strategic Plan and long range staffing plan. • Information Management Section • Information Technology Section

Department	Description	FTE	Funding Required			Description
			2005 \$Amount	2006 \$Amount	2007 \$Amount	
VPD	Strategic Plan Implementation					Withdrawn
VPD*	Community Policing		\$747,300	\$887,300	\$887,300	The Police Department is requesting an additional \$900,000 for Community Policing which currently is funded at \$150,000. The request involves increasing core funding for each community policing centre (CPC) as well as expanding the number of CPCs from 8 to 10 by establishing a Native Liaison CPC and a new CPC for the North side of District 4. The core funding for each CPC would increase to \$100,000 (from approximately \$19,000) to provide rent, staff and operating costs. Each CPC would continue to raise the rest of their budget through other fundraising initiatives. A further \$50,000 is requested for other community policing projects such as Blockwatch, Business Liaison and the Citizen's Crime Watch
VPD	Proactive Lifestyle Strategies					Withdrawn
Total Police Department Initiatives		179	5,594,800	11,078,300	10,931,300	

*Initiatives have been reported to Council with decisions deferred to 2005 Interim Budget deliberations.

Appendix 2 - New Initiatives and Projects Referred to the 2005 Operating Budget

b) Initiatives Not Included in the Preliminary Budget

Description	2005 \$ Funding	On-Going \$ Funding
Motion of Council - Pedestrian Task Force	250,000 (estimate)	Uncertain
Council Initiative - Support for Childcare Council	\$50,000	\$50,000
Small Claims Support	70,000	80,000
Additional Youth Advocate Funding	100,000	100,000
Park Board - West Nile (Outbreak Funds)*	300,000	300,000
Grey Cup - Special Event	95,000	n/a
Housing Initiatives		
• Affordable Housing	100,000	100,000
• Homelessness Action Plan	200,000	200,000
• Housing Re-location Officer	50,000	75,000
Snow - January 2005 - actual	\$711,000	Uncertain
Snow - December 2005	\$600,000	Uncertain
Total Initiatives not Prioritized by CMT	\$2,526,000	\$905,000

*Funding would only be needed if an outbreak is to occur, therefore would be absorbed through contingency reserve

Appendix 2 - New Initiatives and Projects Referred to the 2005 Operating Budget

c) Initiatives Not Included in Preliminary Report But Already Reviewed by Council

Description	Council Decision	FTE	2005 \$ Funding	On-Going \$ Funding
Chinatown Visions	<p>C. THAT subject to 2005 budget considerations, Council approve staffing resources for the development of a Chinatown Community Plan, including:</p> <ul style="list-style-type: none"> i. A temporary Policy Planner for a 32 month period, to develop policies and manage the overall work program, subject to classification by the General Manager of Human Resources, at an approximate cost of \$57,680 for 2005, \$88,865 for 2006, \$90,905 for 2007 including benefits. ii. A temporary half time Heritage Urban Designer (Development Planner II) for an 18 month period, to examine complex development projects and develop an overall urban design strategy for Chinatown, at an approximate cost of \$28,840 for 2005, \$36,955 for 2006 including benefits. If necessary the funding will be converted into a consultancy. iii. A temporary Social Planner for 32 month period, to continue to build on the community development work in Chinatown and Downtown Eastside area, subject to classification by the General Manager of Human Resources, at an approximate cost \$57,680 for 2005, \$88,865 for 2006, \$90,905 for 2007 including benefits <p>D. THAT subject to the 2005 budget considerations, funds in the amount of \$140,750 be allocated, without offset, for program development, public consultation, communication and research.</p>	2.5 temp	262,130	264,075 (three year project)
Carnegie Outreach Program	<p>Motion of Council:</p> <p>THAT Council fund the Carnegie Outreach program from January 1, 2005 to June 30, 2005 in the amount of \$150,000; depending on the 2005 budget review process, this funding may be extended to the future.</p>	Aux	150,000	300,000

Ethical Purchasing	<p>D. THAT Council approve the creation of one full time permanent position in corporate purchasing department to provide support to all City departments and boards to implement and for ongoing administrative support of the Ethical Purchasing Policy related to the purchase of apparel and fair trade certified agricultural products and to develop and implement a comprehensive Sustainable and Ethical Purchasing Policy that incorporates broader environmental and social objectives as Phase II at an estimated annual cost of \$68,000, (\$51,000 for 2005) subject to classification by the General Manager of Human Resources; and one time additional \$20,000 be provided for consulting and other required services to support the implementation of the recommended Ethical Purchasing Policy and development of a comprehensive Sustainable and Ethical Procurement Policy; funding to be provided in the 2005 annual operating budget without offset;</p> <p>E. THAT Council approve an increase in the 2005 operating budget of \$185,000 (\$246,000 for full year) for Park Board and \$151,000 (\$284,500 for full year) for all other City departments to cover estimated increase in costs of apparel and agricultural products resulting from the implementation of the Ethical Purchasing Policy; funding to be provided in the 2005 annual operating budget without offset;</p>	1	407,000	598,500
Vancouver Economic Development	THAT Council approve renewal of the annual contract with the Vancouver Economic Development Commission (VEDC) for the 2005 fiscal year at a cost of \$616,000; source of funds to be the 2005 Operating Budget. Approval of funding to be deferred to the 2005 Interim Operating Budget	n/a	Funding Available (616,000) <i>Base</i>	Funding Available (616,000) <i>Base</i>
Tsunami Relief	BE IT FURTHER RESOLVED that Council allocate \$100,000, the source of funds to be money remaining in the Contingency Reserve from 2004, to be disbursed as directed by the FCM in support of this initiative.	n/a	94,000	15,000
SRA-Bylaw	C. THAT subject to 2005 budget considerations, Council approve the continuation of two temporary positions (Planner 1 and a Clerk V position, including fringe benefits) for a period of one year at an estimated cost of \$134,579. The prorated impact to 2005 for these temporary positions will be \$100,935, including fringe benefits, while funding for 2006 will be \$33,645 and will be added to 2006 CSG operating budget without offset.	2 (temp)	100,935	33,645
Total Funding Required		4.5 Temp	1,014,065	1,211,220

Appendix 3 - Program and Funding Approval

Recom'd	Program	2005 Funding Requirement \$	Potential Tax Increase	Funding Source
Approval Sought in Interim Budget Report				
F	Report Back on Carnegie Outreach	150,000	0.03%	GP Account*
F	Snow - January 2005 (Actual Costs)	711,000	n/a	Contingency
G	Library Children Outreach	215,700	0.05%	Contingency
H	(Celebration of Light & Grey Cup)	358,200	0.08%	Contingency
I	City Economic Land Use Policy Project	277,800	0.06%	Contingency
J	Development Application Process	687,700	0.16%	Contingency
K	City External Relations Program	169,500	0.04%	Contingency
L	Ethical Purchasing	407,000	0.09%	Contingency
M	Expansion of Sustainability Mandate	1,081,200	0.25%	GP Account
N	Strengthening Civic Cultural Programs & Initiatives	1,000,000	0.23%	GP Account
O	Chinatown Visions	262,100	0.06%	GP Account
P	VPD - Community Policing Initiative	747,300	0.17%	Taxation
Q	FCM Initiative (Tsunami relief)	100,000	0.02%	GP Account
R	Increase Non-arterial street maintenance	457,000	0.10%	GST Savings
S	Election Printing Costs (increased number of registered voters)	100,000	n/a	Contingency
S	Digital Archivist	41,000	0.01%	Taxation
S	IT Security Analyst	83,000	0.02%	Taxation
S	Security Position	50,000	0.01%	Taxation
T	Small Claims Position	55,300	0.01%	Taxation
U	VPD Staffing Review	3,865,900	0.88%	Taxation
V	VPD IMS Review	599,000	0.14%	Taxation
W	VPD IT Review	322,800	0.07%	Taxation
		11,741,500	2.67%	

Program	2005 Funding Requirement \$	Potential Tax Increase	Funding Source
Previously Reported Council - Deferred Due to Delegations or Report Back Required			
Housing Initiative - SRA By-law	100,900	0.02%	Contingency
Fire Department RMS	367,000	0.08%	Contingency
	467,900	0.11%	
Report to Council Later in 2005 - Funding General Program Account/Contingency Reserve			
International Conference on the Reduction of Drug Related Harm	250,000	0.06%	GP Account
Additional Youth Advocate Funding	100,000	0.02%	GP Account
Childcare Council Support	50,000	0.01%	GP Account
Britannia Volunteer Coordinator	28,000	0.01%	GP Account
Library Opening Hours	232,000	0.05%	Contingency
Employee Relations & Advisory Services	165,100	0.04%	Contingency
Pedestrian Task Force (Estimate)	150,000	0.03%	GST Savings
Homelessness Action Plan	200,000	0.05%	Contingency
Housing Re-location Officer	50,000	0.01%	Contingency
Affordable Housing	100,000	0.02%	Contingency
	1,325,100		
Potential Draws on Contingency Reserve			
Snow - December 2005	600,000	n/a	Contingency
West Nile	400,000	n/a	Contingency
	1,000,000		
	<i>Total Initiatives</i>	<i>12,723,500</i>	
	<i>Total Emergent Issues</i>	<u><i>1,811,000</i></u>	
		<i>14,534,500</i>	

Appendix 4 - Administrative Position Adjustments

a) Library Position Changes:

Position No.	Position Title	Delete, Reclassify, or Create	Funding Change
Previous Year Position Changes			
50006250	Library Assistant - Indexer	Delete	To part time
50006259	Library Assistant I	Delete	To part time
50006255	Library Assistant II	Delete	To part time
50006445	Library Assistant I	Delete	To part time
50006582	Library Assistant I	Delete	To part time
50006261	Library Assistant II	Delete	To part time
50006447	Trades Mtc worker	Delete	To pt /efficiency savings - only partially funded
50012057	Library Tech II	Delete	Unfunded Position
50006210	Library Assistant IV	Delete	Unfunded Position
50006243	Librarian IV	Delete	To part time/casual
50006376	Librarian IV	Delete	To part time/casual
50006565	Library Assistant I	Delete	To part time/casual
50006570	Librarian IV	Delete	To part time/casual
50006342	Accounting Clerk II	Delete	Efficiency savings - Unfunded Position

Changes for 2005			
50006390	Library Assistant I	Delete	To part time/casual
50011512	Librarian I	Reactivate	Federal Gov't Funding
50006605	Library Assistant III	Reactivate/reclassify to Librarian III	Federal Gov't Funding
50012046	Librarian III (part time)	Add full time and Reclassify to Librarian I	From part time
50006589	Library Assistant I	Reclassify to Librarian I	From part time
50006614	Library Assistant I	Delete	To part time/casual

b) Fire Department Position Adjustments

The following positions are requested for deletion to reflect the move of the Fire Department's dispatch function to E-Comm.

Position No.	Position Title	Status Change
50001594	Uniformed Resource Officer	delete
50001599	Uniformed Resource Officer	delete
50001603	Uniformed Resource Officer	delete
50001609	Uniformed Resource Officer	delete
50001629	Fire Dispatcher I	delete
50001644	Fire Dispatcher I	delete
50001646	Fire Dispatcher I	delete
50001647	Uniformed Resource Officer	delete
50001648	Fire Dispatcher I	delete
50001650	Fire Dispatcher I	delete
50001654	Fire Dispatcher I	delete
50011725	Fire Dispatcher I	delete
50011730	Fire Dispatcher I	delete
50001645	Fire Dispatcher li	delete
50003842	Chief Communications Officer	delete

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