

ADMINISTRATIVE REPORT

Date: June 20, 2005
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TO: Vancouver City Council

FROM: Corporate Management Team
in consultation with the Capital Plan Staff Review Group

SUBJECT: 2006 - 2008 Capital Plan Draft Allocation

RECOMMENDATION

- A. *THAT Council receive the recommendations of the Capital Plan Staff Review Group for the 2006 - 2008 Capital Plan, THAT the plan be circulated to the public for comment, and THAT the plan be brought back to Council for final adoption on September 20 , 2005.*
- B. *THAT Council approve "in principle" an additional funding allocation of \$35 million above the financial limit of the 2006 - 2008 Capital Plan to allow the City to advance capital projects from future Capital Plans to take advantage of opportunities to access cost-shared funding from senior governments and the Vancouver Olympic Organizing Committee.*
- C. *THAT Council approve the public consultation program as outlined in this report, culminating in a public meeting on the Capital Plan draft allocation on September 13, 2005.*

CITY MANAGER'S COMMENTS

The presentation of the draft 2006 - 2008 Capital Plan represents a major step in the development of the capital expenditure plan that will guide annual capital budgets over the term of the next City Council. The draft plan presents the recommendations of the Capital Plan Staff Review Group that considered the funding requests from departments against related Council and corporate policies, the priorities identified by departments and the financial capacity of the City for further capital expenditures. These recommendations are supported by the Corporate Management Team.

There have been times in the City's history when important infrastructure projects have been advanced for voter approval in addition to the recommended financial limits. An example was when the Cambie Bridge replacement was approved prior to Expo 86. This project received voter approval and took advantage of Provincial cost sharing for the project.

The City Manager believes that there are also opportunities now, leading up to the Olympics, to take advantage of needed infrastructure replacement and of synergies in the case of the Riley Park community center and ice rink replacements along with the curling facility replacement being constructed by VANOC in Hillcrest Park. There is an opportunity also to attract additional VANOC funding for replacement of both the Trout Lake and Killarney ice rinks. In addition, it is suggested that the Percy Norman pool at the Riley community center also be replaced at this time. If this is done there is an estimated \$2Million cost saves associated with synergies of constructing both facilities at the same time and installation of sustainable energy system features which could be designed and built together at the pool and ice rink.

The investment by VANOC is expected to be over \$35Million and if the City provides \$35 Million, all the facilities noted could be replaced with the extra borrowing suggested. To do otherwise would still require replacement funding in another Capital plan and would result in the loss of at least \$4.5 - \$7.0Million in direct cash and cost savings associated with sustainability features for the Hillcrest development and ice rink replacements at Trout Lake and Killarney.

The \$35Million advancement equates to about an additional 1.25% tax increase over the duration of the 2006 - 2008 Capital Plan. However, in the long term, the impact will be neutral as offsetting reductions in funding will be reflected in future capital plans in order to ensure the borrowing stays within the financial "capacity" of the City.

It is normal practice at this point in the planning process that the draft plan be referred to the public for comment and that Council consider those comments in adopting a final plan. Over the next two months, staff will circulate the draft plan using a variety of media, including a flyer delivered with community newspapers in the City and available through community centres, libraries and other civic facilities; through a short video outlining the planning process and draft plan contents to be shown on Shaw Cable; and, through information on the City website. In every case, opportunities for public input will be encouraged.

A public meeting has been scheduled for September 13, 2005 to hear input from the public and, if necessary, from departments and boards affected by the plan. Council will be asked to finalize the plan on September 20, 2005 to ensure that the necessary borrowing authority questions can appear on the ballot at the civic election in November.

The City Manager RECOMMENDS approval of A, B and C.

COUNCIL POLICY

The City of Vancouver has a policy to plan for capital expenditures on a multi-year cycle. In recent years, capital plans have been developed in three year terms in order to match the term of Council and allowing for a borrowing plebiscite to be held in conjunction with civic election.

Capital Plans are normally funded from a combination of sources including, borrowing approved by plebiscite, borrowing authority approved by Council for sewer and water purposes, the annual operating budget and from contributions from third parties.

The Vancouver Charter, Section 242 provides that Council may approve the borrowing of funds for water and sewer purposes without the assent of voters. Borrowing for other purposes requires voter approval through a borrowing plebiscite.

PURPOSE

The purpose of this report is to present the staff recommendations regarding 2006-2008 Capital Plan project priorities to Council for consideration and to recommend that the draft plan be referred to the public for comment.

BACKGROUND

The City plans its capital expenditure program on a long term basis, often many years into the future. To make these plans manageable and to provide the opportunity for borrowing authorities to be sought from the public, these long range plans are formalized into three year Capital Plans.

On March 1, 2005, Council received a presentation from the Deputy City Manager and Director of Finance outlining the process for developing the next Capital Plan, covering the period from 2006 to 2008. This presentation also outlined Council policies and priorities that guide the development of the plan as well as some of the issues that were anticipated to arise during its development.

1. Financial Limits - Determining Financial "Capacity"

On June 14, 2005, Council approved the financial limits for planning purposes. These limits are established based on long standing Council policy that measures the financial "capacity" of the City to undertake its three year capital expenditure plan. These policies are designed to ensure that capital spending does not adversely impact on the City's financial position; that the plan accesses an appropriate mix of debt, revenue and other funding; and, that the plan does not create an undue burden for taxpayers who ultimately pay the costs through property taxes and user fees.

The approved financial limit includes:

Funding Source	Funding Limit
Tax Supported Debt Charges	\$210.0 million
Capital From Revenue	55.6 million
City-Wide Development Cost Levies (DCLs)	36.0 million
Waterworks Debt Charges	54.3 million
Total	\$355.9 million

These financial limits, totalling \$319.9 million in tax and user fee support and \$36.0 million in Development Cost Levies (DCLs) funding have been utilized by the Staff Review Group in developing the draft plan outlined in this report.

Although the primary consideration in developing the Capital Plan is the amount of City funding that goes into the plan, the Capital Plan process acknowledges contributions to specific capital programs or projects that are received from:

- other levels of government and government agencies;
- third parties which leverage City funds, such as those provided by the City's community partners or the non-profit sector;
- property owners through cost-sharing arrangements such as local improvements;

The availability of funding from these other sources provides additional opportunities to upgrade and develop new City facilities beyond the level that would be available within the Capital Plan funding limit. Staff are assessing the potential for external funding and will report as part of the report reference on this issue.

2. Development of the Draft Capital Plan Allocation: Addressing "Needs"

The detailed work of developing the Capital Plan is delegated to an interdepartmental staff group - the Capital Plan Staff Review Group (SRG).

The Capital Plan Staff Review Group for the 2006 - 2008 Capital Plan is comprised of:

Co-Chair	Brent MacGregor	Deputy City Manager
Co-Chair	Estelle Lo,	General Manager of Corporate Services
	Peter Judd	Deputy City Engineer, Engineering
	Piet Rutgers	Director of Planning & Operations, Park Board
	Eric Smith	Director of Corporate Services, Library Board
	Pat Wotherspoon	Assistant Director of City Plans, Community Services
	Warren Lemcke	Inspector/New Facilities Project, Police
	Ken Bayne	Director of Financial Planning & Treasury, Corporate Services

The Staff Review Group began its work in the fall of 2004 with a request to departments and boards for expenditure proposals and supporting information. The group was assisted by the

Facilities Strategic Planning Group comprised of senior staff from Facilities Development, Fire and Rescue Services, Vancouver Police Department, Park Board and Building Management that was responsible for advising on facility issues in the plan.

In developing the draft allocation, the Staff Review Group was guided by the priorities set by Council in developing past capital plans and reported in the March 1, 2005 Report Reference. These priorities are:

Priority	Priority Description
1.	programs/projects that concentrate on maintaining the City's existing facilities (infrastructure and buildings) and addressing mandated health and safety issues;
2.	requests that dealt with maintaining existing service levels or remedying service deficiencies
3.	provision of new facilities and service level expansions

In addition, the group considered Council policy and priorities, direction provided by the CityPlan/Neighbourhood Visions programs, the objectives, guidelines, and policies of the Transportation Plan and Downtown Transportation Plan as well as emerging issues related to the capital expenditure program.

During April and May, 2005, the Staff Review Group met with departments to discuss the expenditure proposals and how they fit with departmental and corporate priorities. The group then held a series of meetings from which emerged the draft allocation detailed in this report.

DISCUSSION

The role of the Staff Review Group is to develop a draft capital plan that addresses a broad range of capital maintenance requirements and Council and community priorities and that fits within the financial limit. The requests from departments and boards totalled almost \$650.0 million (Appendix 1) which with anticipate external funding would have resulted in a capital expenditure program exceeding \$1.0 billion. However, as the total amount of funding available was only \$355.9 million, the Staff Review Group faced difficult choices and, as a result, many projects could not be fully accommodated or accommodated at all, within the draft plan. Those projects recommended by the Staff Review Group reflect the view of the administration of the highest priorities for funding in the 2006 - 2008 Capital Plan.

The recommended draft plan has been consolidated under several categories which are summarized in Table 1 below. A more detailed summary is attached to this report as Appendix 1.

Table 1: Summary of the Capital Plan Draft Allocation

	Tax Supported Funding	Development Cost Levies	Total City Funding	Capital Plan Category
A	\$ 29,820,000	\$11,375,000	41,195,000	Social, Cultural and Childcare
B	\$ 19,070,000	\$14,500,000	33,570,000	Parks and Recreation
C	\$ 24,100,000		24,100,000	Public Safety
D	\$3,300,000		3,300,000	Library
E	\$ 17,930,000		17,930,000	Other Civic Facilities and Systems
F	\$ 83,950,000	\$7,700,000	91,650,000	Public Works
G	74,430,000		74,430,000	Sewer
H	54,870,000		54,870,000	Waterworks
I	\$ 3,000,000		3,000,000	Supplementary Capital
J	\$ 10,000,000		10,000,000	Plan Inflation and Debenture Costs
	\$ 320,470,000	\$33,575,000	354,045,000	Total Capital Plan

The following table compares this allocation to the financial limits established by Council on June 14, 2005. In order to balance the Capital Plan allocation to the financial limit, the Staff Review Group has reallocated approximately \$570,000 in borrowing authority from the Sewer allocation to the General allocation. However, based on a review of DCL eligible projects available in the plan, only \$33.75 million in City-wide DCLs have been allocated compared to the \$36 million limit. Finally, the Staff Review Group has allocated \$570,000 funding above the \$54.3 million limit to waterworks.

Funding Source	Financial Limit	Draft Allocation	Difference
General Borrowing Authority	\$135,000,000	\$191,170,000	(570,000)
Capital From Revenue	55,600,000		
Sewer Borrowing Authority	75,000,000	74,430,000	570,000
Development Cost Levies	36,000,000	33,575,000	2,425,000
Water Borrowing Authority	54,300,000	54,870,000	(570,000)
Total	\$355,900,000	\$354,045,000	2,425,000

The following Sections A through J provide additional information about: the objectives and achievements of the programs recommended for funding; the comments and funding recommendations of the Staff Review Group; and, comments about several programs/projects for which funding has not been recommended in the draft Capital Plan.

A) Social, Cultural and Childcare Facilities: \$41.2 million

Tax Supported Funding	DCL Funding	Program / Projects
\$ 1,200,000	\$11,200,000	Affordable Housing
16,250,000		Social and Cultural Facilities
4,770,000	175,000	Childcare
1,000,000		Public Art Program
6,600,000		Emerging Neighbourhoods
29,820,000	11,375,000	

This section of the Capital Plan provides funding to a variety of programs in the social, cultural and childcare area.

i) Affordable Housing

The City has been a partner in the development of affordable (social) housing for over 50 years. The City has sold and leased land at a discount for the development of public housing, non-profit rental housing and non-profit housing co-operatives. Today there are approximately 21,000 units of affordable housing in Vancouver, 8.5% of the city's total housing stock - 9,000 units serve low and modest income families; 8,000 units serve seniors and 4,000 serve youth, low-income singles and the mentally and physically disabled.

The City's current affordable housing policies are to maintain and increase the percentage of rental and social housing, with priority for low and modest income families, seniors in need of support, SRO residents, the homeless and those at risk of homelessness such as the physically disabled, the mentally ill and those suffering from addictions. The City's current initiatives include the Homeless Action Plan which seeks to develop 800 units of social housing/year, of which half would be supportive and transitional housing, and the Downtown Eastside Housing Plan which seeks to secure and improve the 10,000 units of low and modest cost housing in the area.

Since 2002, there has been limited federal and provincial funding for affordable housing. The City has undertaken several initiatives to address the need for affordable housing more or less on its own. These include the Performing Arts Lodge Vancouver project in Bayshore Gardens; the purchase and renovation of the Granville and Stanley/New Fountain Hotels; and, the replacement of the Passlin Hotel in Downtown South. The City's primary role has always been to create opportunities for affordable housing with senior government funding the construction and subsidizing the rents. To this end the City has purchased sites on Hastings (Woodwards), Pender, Burrard, Howe, and 16th Ave. for the development of

affordable housing. In addition, the City has provided grants for the development of housing for the frail elderly (e.g. Beulah Gardens) and for vulnerable populations (e.g. Kate Booth House) which are being funded through BC's Independent Living Housing program. The City has invested \$20 million in these initiatives with funding provided through the 2003 - 2005 Capital Plan, Development Cost Levies, Community Amenity Contributions generated through rezonings, and the Property Endowment Fund.

The key objectives for the 2006 - 2008 Capital Plan are:

- the Homeless Action plan involving up to 4 sites to be purchased and leased for 60 years for nominal rent; and
- the Downtown Eastside Housing Plan (approval expected in 2005) that involves purchase of one or two sites and one SRO hotel/year.

The development of the affordable housing would require federal and provincial funding which is expected to flow in 2006 following passage of the 2005 Federal Budget currently before the House of Commons. This budget includes \$800 million per year for the next two years.

The Staff Review Group notes that the provision of affordable housing is a "growth" related expenditure that was anticipated to be funded primarily from DCLs. Housing currently attracts 32% of all City-wide DCL funding and a considerable portion of area specific DCL funding and has been one of the primary beneficiaries of the CAC program. The Staff Review Group believes that these are the appropriate sources of funding from which to purchase and develop property for the affordable housing program. It is anticipated that over the course of this plan, in excess of \$22 million in funding will be available from these sources for housing initiatives. In addition, it is noted that the Southeast False Creek redevelopment will provide one third of its housing units to non-market and one third to affordable housing during the same time period as projects that are advanced during the 2006 - 2008 Capital Plan.

In each of the last two plans, \$2.5 million has been provided from the Capital Plan for a housing grant program through the Affordable Housing Fund. However, with the growth of DCL funding for replacement housing, it is possible to limit this contribution to \$1.0 million in the 2006 - 2008 Capital Plan. Finally, the Staff Review Group has allocated \$200,000 to equipment replacement at the Gresham Hotel and Old Continental Residences.

ii) Social and Cultural Facilities

The City has a long history of providing funding for social service facilities operated by community partners, including the purchase of sites and provision of grants for construction of new or expanded facilities. Recent capital plans have provided funding for significant upgrades or replacements for the network of neighbourhood houses including Mt Pleasant Neighbourhood House, Kiwassa Neighbourhood House, South Vancouver Neighbourhood House and, in 2005, the replacement of Little Mountain Neighbourhood House. In 2005, Council also invested in a site for the proposed Urban Native Youth Association development at Hastings and Victoria.

Recent Capital Plans have also included limited funding for both city owned (capital funding) and non city owned (Capital Grant program) cultural facilities. These allocations have been utilized to leverage senior government and other funding to achieve much more than the City could have done on its own. Projects have included a series of upgrades to the Civic Theatres, with the addition of the salons, lobby renovations and major maintenance, (using the Theatres Capital Reserve and capital plan as sources of funding). City contributions towards capital projects initiated by non-profit tenants in City-owned facilities include the renovation of the Vancouver Museum (\$3.0 million in the 1994-1996 Plan) and Phase 1 of the Vancouver East Cultural Centre revitalization project (\$0.75 million in the 2003-2005 Plan).

Funding sources for these and future cultural capital projects include public support through Cultural Spaces Canada (Dept of Canadian Heritage) and the Canada/BC Infrastructure Works program, as well as significant private sector support. However, these funding program have set financial limits which preclude any major capital project in BC. With aging cultural infrastructure and the need to upgrade in time for the Cultural Olympiad and Olympic Arts Festival, new levels of funding are needed to keep up with and meet the needs of a growing and diverse audience for arts and cultural activities in Vancouver.

The Staff Review Group is recommending an allocation of \$16.75 million to cultural initiatives in the 2006 - 2008 Capital Plan. This allocation will provide funding for:

- A Cultural Reinvestment / Olympic Legacies Fund of \$10 million that can be accessed for renewal or upgrading of major cultural facilities or the provision of other Olympic Legacies in the City when senior government or community partner funding can be leveraged;
- \$5.0 million for the Queen Elizabeth Theatre complex. With funding from senior government and the private sector, this will complete the upgrading program that has been underway for several years, to be completed in advance of the 2010 Olympics;
- \$1,250,000 for grants to social and cultural organizations for capital upgrades to their facilities;
- \$1.0 million to continue the City's contribution to the provision of art in public places.

It is anticipated that having these funds available in the Capital Plan could leverage several millions dollars in funding from senior governments in advance of the 2010 Olympics.

iii) Childcare

In March, 2004, City Council, Park Board and School Board approved a Joint Child Care Protocol. The Protocol committed these three bodies to maximize tools and resources to support the development and delivery of non-profit child care on or in public facilities or land through the redevelopment process. To facilitate this commitment, the Protocol set out a number of objectives, two of which are key considerations in the capital plan:

- increase licensed child care spaces in the City by 5% in the next two years; and
- equalize access across the City to a full continuum of care.

In order to meet both objectives, 460 spaces, primarily in high need areas (e.g., Mt. Pleasant, Strathcona, Kensington - Cedar Cottage, Sunset, Riley Park, Renfrew-Collingwood) must be realized. Since 2003, Council has approved the addition of 406 spaces. With the additional 201 new spaces that can be provided in the 2006-2008 Capital Plan, Council will have met its objectives through creation of 607 childcare spaces, of which 367 will be high need areas.

Based on Council's direction to increase spaces and equalize access to those programs located in under-served and/or high risk areas, Strathcona and Mount Pleasant would be the first priority for funding from the 2006 - 2008 Capital Plan. Programs such as Downtown South (likely funded from the area-specific DCL) and Kits Montessori would be a second priority.

A key objective in the Childcare strategy is to access provincial funding and it is noted that commitments have been made to the Kits Montessori Childcare (\$450,000) which will be lost if the project were not built by 2007. It should also be noted that the rebuilding of childcares in conjunction with the Park Board would improve facilities currently on Park land and provide potential for adjacent public amenities (e.g., washrooms) in the future.

In response to these priorities and the availability of senior government funding, the Staff Review Group recommend tax supported funding for Childcare in the 2006-2008 Capital Plan of \$4.8 million. In addition, it is anticipated there could be City-wide DCL funding of up to \$1.5 million available by 2008.

iv) Emerging Neighbourhoods

Through the initiative of the Vancouver Agreement, the three levels of government have made a commitment to rehabilitation of the Downtown Eastside (DTES). To that end the City has invested \$5.0 million in capital funding over the last two Capital Plans to economic development, beautification and programmatic initiative on the DTES. This City funding is in addition to the considerable commitment of enforcement, housing and social planning resources dedicated to the DTES. These commitments have leveraged further investment and commitments by the senior governments and community. The City has also put in place the Heritage Management Incentive Program in Gastown, Chinatown and along East Hastings, providing bonus density, redevelopment grants and property tax exemptions to building owners to encourage the redevelopment of heritage buildings. The City invested over \$36

million in the redevelopment of the Gastown Parkade, replacing a facility that was at the end of its life, adding additional parking capacity as well as commercial space (Storeyum and office/retail) to support economic redevelopment of the area. Finally, the City invested \$6.0 million to purchase the Woodward's site and is in the process of negotiating an agreement with a private developer to provide commercial, residential and institutional space in a major redevelopment that is a key component to the rehabilitation of the East Hastings area.

The Staff Review Group recommends that funding of \$4.6 million be provided in the 2006 - 2008 Capital Plan to continue this work. This will provide funding for a number of initiatives, including:

- \$3.6 million for the City's requirements for funding as a participant in the Vancouver Agreement; and,
- \$1.0 million for continuation of the Façade Grant program in Gastown, Chinatown and along East Hastings Street;

The Staff Review Group recommends an allocation of \$1.0 million to the Façade Grant program, consistent with the funding identified for the initial five year program for the Gastown area. Although Council has expanded the program to include the DTES, Hastings Street, Chinatown and, most recently, the Victory Square area, the Staff Review Group felt that there were higher priorities for funding elsewhere in the Capital Plan. This allocation may require staff to concentrate on the other Heritage Management Plan incentives in pursuing the program objectives.

The Staff Review Group notes that with allocations elsewhere in the draft Capital Plan, there is over \$12.0 million in capital funding allocated to projects/programs in the DTES area. In addition to the funding noted above, the Capital Plan includes \$5.0 million to complete the Carrall Street Greenway, \$2.5 million to purchase property and begin planning for a new branch library in Strathcona and \$1.4 million to redevelop Oppenheimer Park and Fieldhouse. Finally, the proposed DTES housing plan will focus funding in this area.

The Staff Review Group also recommends that \$2.0 million be allocated to improvements in the area of Hastings Park in advance of the 2010 Olympics. With \$1.0 million provided in the Public Works budget, this funding would allow for beautification initiatives on Renfrew Street adjacent to the park and on the site itself. These improvements would be designed to fit within the overall redevelopment for the Park envisioned for the post Olympic period.

B) Parks & Recreation: \$33.5 million

Tax Supported Funding	DCL Funding / Other Funding	Capital Plan Category
\$ 3,150,000	\$ 750,000	Park Board Capital Overhead
	6,000,000	Land Acquisition
8,020,000	7,750,000	Park Development, including neighbourhood parks, playgrounds, playfields and street trees
7,900,000		Recreation Facilities, including Community Centres, Rinks, Pools and Concessions
\$19,070,000	\$14,500,000	

The Parks & Recreation component of the Capital Plan addresses funding requirements in three areas:

- Land Acquisition, including funding to increase the park inventory in park deficient neighbourhoods;
- Park Development, including the maintenance and development of major and neighbourhood parks; and
- Facilities Development, including the community centre and community recreation facility system.

While the Staff Review Group is making recommendations on the funding for these uses, the Park Board will make the final decisions on the allocation of the funding.

i) Land Acquisition

Over the last 10 years, over \$12.5 million of tax supported capital and city wide DCL funding has been allocated to purchase additional park sites across the City. These acquisitions include: Fraser & 8th; McGill Park; Renfrew Ravine (several properties on Atlin Street acquired, subdivided to retain Ravine portion as park); Shaughnessy Street site (on Fraser River); and Teaswamp Park. In addition, major additions to the parks inventory have been provided as a condition of development (eg. Downtown South, North False Creek, Coal Harbour, Arbutus and Collingwood Village).

The Park Board objective is to provide new parks to keep up with population growth and to address deficiencies in certain neighbourhoods. Priorities for the 2006 - 2008 Capital Plan are for additional sites adjacent to Renfrew Ravine, to create new parks in Grandview - Woodlands and Mount Pleasant and to acquire properties in Fraser Lands to extend Gladstone Park. The City continues to pursue the remaining properties required to complete Emery Barnes Park in downtown south and to locate sites for two additional synthetic turf sportsfields.

The Staff Review Group recommends that the funding for purchase of additional parksites from the Capital Plan be funded from DCLs and has included \$6.0 million in the draft allocation. This allocation will make it possible to acquire and develop about a half hectare of new park land. Should additional strategic sites become available during the capital plan, alternative financing sources will be found to complete the purchase with repayment from subsequent capital allocations or from DCLs.

ii) Park Development

The Park Board capital plan provides both for the rehabilitation and improvement of its existing system of more than 200 parks and the addition of new parks to the system as well as funding for the Street Tree Program. Recent capital plans have seen the following investments:

- Existing parks: China Creek South Park, Falaise Park, Grays Park, Kingcrest Park, Pandora Park and Thornton Park. Additions were also completed to McGill Park, Sahalli Park, Renfrew Ravine Park and Teaswamp Park. Major upgrading work has been completed in Hastings Park (Sanctuary, Italian Gardens, Empire Fields), New Brighton Park and Stanley Park (Salmon Stream, seawall improvements, Totem Poles Centre). The 2003 - 2005 Capital Plan also included funding for construction of two artificial turf fields that will significantly enhance year round access to sportfields.
- New Parks: Four new parks have been added to the system in park deficient neighbourhoods: Downtown Skateboard Plaza; Osler and 72nd Avenue, Shaughnessy Street Park and the major new park in Downtown South.
- Street Trees: the Street Tree Management Plan was approved by Council in 1990 and aims to enhance and diversify the urban forest over a 20 year period. Since its approval the number of street trees has increased to about 130,000 (up 50%).

Park Development is funded from tax supported sources and DCLs, with the latter taking on a more significant role as the City begins to deal with growth related demands on the park system. The Staff Review Group recommends an allocation of \$15.77 million with funding of \$8.0 million from tax supported sources and \$7.7 million from City wide DCLs.

The proposed Capital Plan allocation includes funding for eight parks, including: Everett Crowley Park; Mount Pleasant Park; Nelson Park; the Oak & 37th Avenue parksite; Oppenheimer Park (and fieldhouse); Sunset Park; Tecumseh Park; and Victoria Park. The proposed plan also includes funding for replacing 15 children's playgrounds, 22 sport courts and three sport fields. This funding will also ensure that complementary upgrades to Hillcrest and Nat Bailey Stadium Parks are completed in conjunction with the new Hillcrest Recreation Centre.

In addition, Park Board aims to provide additional recreational facilities in existing parks. The proposed Capital Plan includes funding for one additional synthetic turf sport field as well as funding for one or two facilities aimed at youth (skateboarding, BMX bike riding).

Finally, maintaining safety for the public and Park Board staff is high priority. The proposed Capital Plan funds a variety of programs such as seawall repairs and upgrades, cliff stabilization in Stanley Park, replacement of park structures and pathways, and foreshore erosion control. The Staff Review Group recommends that the work in Stanley Park be funded from the balance of the CACs received from the Bayshore development.

In addition to this funding, it is anticipated that the final phase of Emery Barnes Park (DTS Parksite) could be undertaken from area specific DCLS and CACs during the course of the 2006 - 2008 Capital Plan.

iii) Recreation and Support Facilities

The Park Board is responsible for 37 major facilities (community centres, ice rinks, pools) and a host of other facilities that serve local parks. Many of these facilities were constructed in a 25 year period from 1950 to 1975. The priorities for capital expenditures are established in a number of strategic facility plans developed by the Board in consultation with the community.

- **Community Centres:** The capital expenditure priorities for the 22 community centres in the City are identified in the *Community Centre Renewal Plan* (2001). Presently, 12 of these facilities are considered to be in good condition, with eight having been renewed and/or upgraded in the last three capital plans. Three community centres are scheduled for replacement in during the 2006 - 2008 Capital Plan. The City is funding the #1 Kingsway project (Mt Pleasant) and is cost sharing the replacement of Sunset Community Centre with the federal/provincial infrastructure program and community partners. Riley Park is being replaced as part of the 2010 Olympics venue program at the cost of Vancouver Olympic Organizing Committee (VANOC) (\$28 million, 2002).
- **Indoor Pools:** The strategic direction for the eight indoor pools is outlined in the *Aquatic Renewal Plan* (2002). Renfrew indoor pool has been rebuilt and the new leisure pool at Killarney is under construction, with funding from the 2003 - 2005 Capital Plan. The Park Board has requested funding in the 2006 - 2008 Capital Plan for the replacement of Percy Norman Pool in conjunction with the redevelopment of the Riley Park Complex.
- **Ice Rinks:** The *Ice Rink Assessment Report* (1999) establishes the priorities for capital expenditures on the seven ice rinks operated by the Park Board. Three rinks were constructed in 1976 and are considered to be in good condition. During the 2006 - 2008 Capital Plan, Riley Park Rink will be replaced by VANOC as part of the Hillcrest Curling Facility. The Park Board has requested \$14.0 million in funding for replacement of Killarney and Trout Lake rinks in the 2006 - 2008 Capital Plan to leverage additional funding from VANOC under the Venue Agreements.

The Park Board directly operates a large number of other buildings (golf course clubhouses, service yards, concessions, fieldhouses, and specialty facilities like the Bloedel Conservatory), and operates a number of facilities in partnership with non-profit associations (VanDusen Garden, Vancouver Curling Club, Vancouver Racquets Club, lawn bowling clubs, etc.).

While not included in the Community Centre inventory, VanDusen Gardens is a major recreation facility operated by the Park Board and the VanDusen Gardens Society. The provincial government has recently provided \$2.0 million and the Vancouver Foundation \$1.0 million to the Society to upgrade the buildings at VanDusen to achieve a long term vision that was approved by the Board in 2002. The Park Board is committed to contributing to the project and is requesting \$3.0 million in the 2006 - 2008 Capital Plan.

The Staff Review Group is recommending that \$7.9 million be allocated to the Facilities component of the Park plan as part of the basic allocation. This allocation will provide for the Park Board commitment to the redevelopment at VanDusen Gardens (\$3.0 million) and \$4.9 million for major maintenance and upgrading for other facilities.

The recommended Park Board allocation includes a provision for overhead and project management costs of \$3.9 million. It is funded from Capital (\$3,150,000) and DCL's (\$750,000). These amounts reflect the costs of project management staff and the costs of capital related purchasing, accounting and administration. For other projects in the draft plan, these costs are incorporated in project estimates.

The Staff Review Group notes that the total funding for Park Board of \$33.5 million is only about 40% of the funding requested. This will mean that several worthwhile projects may not receive funding in this plan including the final phase of the upgrade to Renfrew Community Centre/Pool, the development of the Stanley Park Interpretive Centre and the rehabilitation of Malkin Bowl. However, final allocation of the recommended funding is the responsibility of the Park Board. At the present time, the Board is collecting public input on the allocation of the funding in the draft plan. The final allocation will be reported to Council prior to final approval of the Capital Plan.

The basic allocation does not address the opportunities available to advance a number of recreation projects as part of the 2010 Winter Olympics. These opportunities are dealt with in a separate recommendation from the Staff Review Group later in this report that will significantly increase the allocation to the Park Board Capital Plan.

C) Public Safety \$24.1 million

Tax Supported Funding	DCL Funding	Programs / Projects
\$ 4,600,000		Replace Firehall #15
19,500,000		Police Property Storage Facility and relocation of the Dog Squad
\$24,100,000		

i) Fire

In the 1980s, the City began a long term program to replace the oldest of its firehalls. Many of these facilities were in excess of 60 years old, no longer met the operational requirements of the Fire Department and were in need of major upgrade or replacement. At 92 years, Firehall #15 (3003 East 22nd) is the oldest of the remaining halls and is recommended for replacement in the 2006 - 2008 Capital Plan. Funding for design and pre-replacement planning was included in the 2003 - 2005 Capital Plan and the Staff Review Group recommends that \$4.6 million be included in the 2006 - 2008 Capital Plan to provide for construction.

ii) Police

Prior to development of the 2003 - 2005 Capital Plan, the Vancouver Police Department completed a major review of its long term operational strategy and facility requirements. This review identified several facilities priorities that were submitted to that capital planning process for consideration.

The highest priority flowing from that review was an upgrade to officer training facilities. This need arose because the existing firing range in Coquitlam involves considerable travel time and is due to be closed by the provincial government and a need to replace and upgrade other facilities that were spread across the City and region.

The 2003 - 2005 Capital Plan included funding of \$9.0 million for the City's portion of a new training centre. With that approval, staff working under the direction of the City Manager's Office, has been pursuing a facility that can be used by all regional police forces on a cost shared basis. That facility, to be developed on City-owned land in the east False Creek Flats, is currently the subject of a business case review that will demonstrate the feasibility of financing the balance of the costs (estimated to be \$12.0 million for a total of \$21.0 million) based on shared use by the RCMP, other municipal forces and private security personnel. A separate report on the business plan for this facility - now referred to as the Vancouver Force Options Training Centre - will be before Council at a future date.

The Staff Review Group recommends that the 2006 - 2008 Capital Plan include funding for the next highest priorities of the VPD:

- **Physical Evidence Storage Facility:** The VPD Property Office currently occupies 26,000 square feet of space in five locations for the storage of evidence and documents related to its investigative function. A recent review conducted by the City's Internal Audit group indicated that the current facilities are substandard with respect to space, fire protection, security and access. As part of realizing the department's strategic facilities plan, the Staff Review Group recommends that the Capital Plan include \$17.0 million to construct replacement facilities totaling 83,000 square feet for property, evidence and information storage and for investigation of impounded vehicles. The proposed facility will be located adjacent to the new Force Options Training Facility on City property at the east end of the False Creek Flats.

- Relocation of the Dog Squad: The VPD Dog Squad occupies a facility in Southeast False Creek, adjacent to the former Cambie Works Yard. With redevelopment of this area, the Dog Squad must be relocated. The Staff Review Group recommends that the Capital Plan include \$1.2 million for this relocation, which, with the \$450,000 approved in the 2000 - 2002 Capital Plan will provide \$1.65 million for this relocation.
- Major Maintenance/Upgrade of Existing VPD Office Space: As there is little likelihood of a replacement for its existing facilities in the near future, there is a requirement to update existing facilities so they can accommodate the department for the next decade. The Staff Review Group recommends that \$1.7 million be provided to ensure adequate capital maintenance and upgrades of existing VPD office space.

The department continues to pursue the replacement of facilities at 312 Main Street and 2120 Cambie with a single Police campus. This new facility could cost \$80 million to \$90 million and is not considered a priority for funding in the near future.

D) Library: \$3.3 million

Tax Supported Funding	DCL Funding	Program / Projects
\$ 2,500,000		DTES/Strathcona Branch Library
\$ 800,000		Branch Library Major Maintenance
\$ 3,300,000		

Since the mid 1990s the City has provided funding, either directly or through developer contributions, to upgrade or replace a number of branches. A new Central branch was added and significant increase in capacity was provided in the new Renfrew Branch at City cost. The Mt Pleasant Branch is being replaced and doubled in size as part of the #1 Kingsway project. The library has also benefitted from a major upgrade at the Champlain Branch and the Kensington Branch will be replaced and increased in size during this Capital Plan as a result of contributions negotiated with a developer. Finally, building on the objective to increase public access to City services through the development of joint-use facilities, staff are pursuing the relocation of the Riley Park Branch in the new Hillcrest Centre being developed as a replacement for the Riley Park Community Centre by the 2010 Olympic Organizing Committee.

For the 2006 - 2008 Capital Plan the Library has submitted a request for an addition to its branch network in the DTES/Strathcona neighbourhood at an estimated cost of \$13.0 million as well as funding to maintain its existing branch system at a cost of \$800,000.

With respect to the DTES/Strathcona Branch, the Capital Plan Staff Review Group recommends funding of \$2.5 million be provided to allow for property acquisition and planning. This recommendation reflects the expectation that, even if a suitable site for the DTES/Strathcona Branch can be found during the next plan, design and consultation work would likely delay construction until after 2008. Council should also be aware that the

addition of a new branch to the system will add approximately \$750,000 (2005) to the Operating Budget.

The Staff Review group also recommends that an additional \$800,000 be allocated to upgrades at existing branches as part of a systematic approach to maintenance and renewal of Library facilities.

E) Other Civic Facilities and Systems: \$17.43 million

This section of the draft Capital Plan deals with the balance of the civic facilities, most notably the 280 buildings from which the City delivers its core services, and with Information Technology needs.

Tax Supported Funding	DCL Funding	Programs / Projects
\$ 8,000,000		Major maintenance of civic buildings, including the roof replacement program
700,000		City Hall Precinct Upgrades
450,000		IT Business Continuity Plan
500,000		Animal Control Shelter
8,280,000		Information Technology
\$ 17,930,000		

An integral part of the process for developing the Capital Plan was an update of the Facilities Strategic Plan. This plan has three main purposes:

- to inventory all City buildings and facilities, including an evaluation of their condition;
- to develop a business plan to deal with the highest major maintenance priorities;
- to review requests for replacement of civic facilities;
- to review the potential for joint-use facility projects to take advantage of synergies in providing services.

The report of the Facilities Strategic Planning Group was utilized in developing the facilities-related funding in the draft plan and the Manager of Facilities Development & Management provided advice to the Staff Review Group.

There are a number of significant projects recommended in the draft plan:

i) Major Building Maintenance/ Roof Replacement

The recommended allocation increases the funding for major building maintenance projects to ensure City facilities continue to be functional and meet mandated safety standards for the delivery of civic services. The Staff Review Group recommends funding of \$8,000,000 for

physical plan maintenance and upgrades in City buildings and buildings leased to outside organizations and for the roof replacement program.

ii) Business Continuity Plan

With the reconstruction of Firehall #15 in this Capital Plan, there is the opportunity to add a post disaster facility as a back-up for the City's extensive client server network hardware. This will replace the facility currently at E-Comm, solving space and access issues, and will complement the limited use back-up City Hall facility included in the Fire Department Training Centre at its Chess Street facility as part of the 2003 - 2005 Capital Plan. The Staff Review Group recommends an allocation of \$450,000 from the 2006 - 2008 Capital Plan.

iii) City Hall Precinct Upgrades

The Staff Review Group also recommends an allocation of \$700,000 for general upgrades of the City Hall Precinct to continue the limited office upgrading and to accommodate an expansion of program staff.

iv) Animal Control Shelter

The Community Services Group requested \$15 million to replace the Animal Shelter with a significantly enhanced facility in order to meet the objectives of their new business model. The Staff Review Group noted that the City has recently spent over \$300,000 upgrading the existing facility and, given other priorities, was not able to provide full funding. However, the group recommends that \$500,000 be allocated to this project for planning and design work that would reduce overall capital cost and identify a suitable site that would allow the proposal to be resubmitted to the 2009 - 2011 Capital Plan process.

v) Information Technology Program

Information Technology is key to the delivery of programs and services by the City. Replacement of existing information technology infrastructure (computers, network servers, voice and data systems) is accommodated through the Information Technology Long Term Financing Plan, while new technology must be funded separately. In every case, the first priority of staff is to establish a business case for upgrades and expansions of these systems, however, in some situations, projects must proceed without a viable payback. The Staff Review Group recommends that \$8.28 million be allocated in the Capital Plan for the following projects:

- Corporate Risk Management: Managing risk in the City's operations is an important business requirement. The current manual processes and limited technology available have reached their capacity to support this initiative. Because of the potential costs faced by the City if risk management tools are not improved, the Staff Review Group recommends that \$600,000 be allocated to introducing new systems to support Contract/Agreement Management, Property/Asset Tracking and Claims Management.

- Corporate Systems Evolution: During 2005, the City will be upgrading the SAP system to mySAP.com. In order to build on this technical upgrade, new functionality can be configured to improve business processes and complete the plan to move current stand alone software products to the enterprise system. The Staff Review Group recommends that the 2006 - 2008 Capital Plan include \$2.5 million to provide funding for a number of potential projects, including replacement of the Real Estate system; development of e-Procurement capability; and enhance the Human Resource Management modules.
- VPD Desktop Infrastructure: The Staff Review Group recommends that \$180,000 be allocated to the increasing the inventory of computers at the Police Department to increase sworn staff access to the new PRIMEBC records management system.

The City Clerk submitted three projects to the Capital Plan process with a total cost of \$16.5 million:

- Electronics Records and Document Management System: Funding was sought for phase II of the ERDMS project currently underway through the City Records Centre. This phase would introduce software technology to the management of the City's records.
- Access Vancouver: Development of a call centre approach for providing contact with the City for citizens by telephone or web access.
- Replace/Upgrade Electronic Voting Equipment: replacement/upgrade of the City's optical scanner voting equipment in time for the 2008 election.

The Staff Review Group recommends that \$5.0 million be included in the 2006 - 2008 Capital Plan for these projects. It is likely that a portion of the funds would be allocated to replacement of the voting equipment at a cost ranging from \$1.2 million to \$2.0 million depending on the technology chosen. Business cases would be established for the other projects and the balance of the funding would be used to support the project that provides the most benefit to the City.

F) Public Works: \$91.65 million
 (excluding Sewers and Waterworks)

Tax Supported Funding	DCL Funding	Programs / Projects
\$ 15,800,000		Street, lane and bridge rehabilitation
14,800,000	\$ 4,400,000	Pedestrian & bicycle improvements, including greenways and the bicycle network
7,500,000	2,500,000	Transit and safety improvements
13,200,000	500,000	Local area street improvements and traffic plans, including local improvements
6,600,000		Traffic signal modification and replacement
18,700,000	300,000	Major Projects
7,050,000		Street lighting and communications improvements
300,000		Yards upgrading program
\$ 83,950,000	\$ 7,700,000	

The Public Works section of the Capital Plan deals with the funding requirements to maintain and upgrade the City's streets, traffic signals, street lighting and communications infrastructure. In developing the Public Works component of the plan, the Staff Review Group was guided by Council policy related priorities for pedestrians, bicycles and transit improvements, as well as the ongoing maintenance and replacement of the City's basic public works infrastructure.

i) Streets

Council's highest transportation priorities reaffirmed in the 1997 Transportation Plan are pedestrians followed by cyclists and transit. In recent Capital Plans there has been a significant shift toward pedestrian and cycling oriented projects and the Staff Review Group has supported additional funding for these projects in the 2006 - 2008 Capital Plan. Excluding asset replacement programs, approximately 78 percent of the 2006 -2008 Streets funding is earmarked for new pedestrian, bicycle and transit related infrastructure. Funding for these types of improvements is incorporated throughout the Streets portion of the Capital Plan including, for example:

- new sidewalk construction;
- new curb ramp construction;
- bicycle network funding;
- Community Vision and Neighbourhood Centre implementation;
- pedestrian bridge work;
- new Greenways;
- new pedestrian traffic signal construction;
- new curb bulge construction; and,
- new bus landing area construction.

The following provides a summary of 2006 - 2008 Streets Plan programs where the Staff Review Group has recommended additional funding, and noted areas of concerns where expectations may not be fully addressed:

Sidewalk Funding Strategy

In April 2004 Council set objectives for completion of the sidewalk network and approved a shift in funding from residential street and lane construction to sidewalks in order to adequately fund the initiative. In addition the property owner's share of new sidewalk projects was reduced considerably. The Staff Review Group has allocated \$4.6 million in the 2006 - 2008 Plan to achieve these goals. This is a very significant increase in funding from the \$800,000 provided for the City share of new sidewalk construction in the previous Capital Plan. However, this increase has been offset by a continued reduction in the funding provided for street and lane paving. This shift continues to actualize Council's priority for pedestrian oriented improvements.

In 2004 Council also eliminated the property owner's share of sidewalk reconstruction projects. To reflect this loss of funding while still achieving a reasonable level of sidewalk reconstruction, the Staff Review Group recommends that \$4.7 million be provided for sidewalk reconstruction. This is an increase from the \$3.4 million of City funding provided in the previous plan and will offset the reduction in the property owner's share of sidewalk reconstruction projects.

Carrall Street Greenway

The Carrall Greenway concept was approved in the Downtown Transportation Plan. On April 28, 2005, Council approved various design objectives and a concept design for the Greenway. The intent of this downtown greenway is to create another link in the seawall loop around the downtown peninsula, while bringing more residents and visitors to the historic areas of Chinatown, Gastown and the Downtown Eastside. The Carrall Greenway will create a safe pedestrian and cycling environment while celebrating through its design the diverse communities it passes through.

The Staff Review Group recommends \$5.0 million in funding for this project in the 2006 - 2008 Capital Plan. This funding will allow the seven-block Greenway to be built over the next three year Capital Plan and will help leverage supportive, compatible development along its route. This funding does not include the proposed north bridge connection to Crab Park and Burrard Inlet, or the Pacific Blvd to False Creek connection as these will likely be funded by adjacent development.

Bicycle Network

In January 2005, Council requested that staff develop a range of capital budget options for the Vancouver Bicycle Network and that these be considered and reported back in conjunction with the Capital Plan review process.

The three options developed for consideration by the Staff Review Group were based on completion of the network (\$20 million capital cost) within the next Capital Plan period (by 2008), the next two Capital Plans (by 2011) or the next three Capital Plans (by 2014). The effects of each option on network completion date, and on capital funding requirements are summarized below.

	Option 1	Option 2	Option 3
Network Completion Date*	2008	2011	2014
2006-2008 City capital funding	\$17 M	\$7 M	\$4 M
2006-2008 senior government funding	\$3.3 M	\$3.3 M	\$3.3 M
2009-2014 City capital funding	-	\$7 M	\$6.6 M
2009-2014 senior government funding	-	\$3.3 M	\$6.6 M
TOTAL CITY CAPITAL**	\$17 M	\$14 M	\$10.6 M
TOTAL EXTERNAL FUNDING**	\$3.3 M	\$6.6 M	\$9.9 M

* includes facilities identified in the 1999 Bicycle Plan and 2002 Downtown Transportation Plan

** values are not amortized

The Staff Review Group was faced with a wide range of initiatives which were aimed at addressing Council priorities. Given these demands and the requirement to develop a financially prudent Capital Plan, the group recommends that the 2006 -2008 Capital Plan include an allocation of \$4.0 million (Option 3) for the Bicycle Network. This allocation represents a funding increase of over 40 percent compared to the 2003 -2005 Plan. Further, since senior government funding programs for cycling initiatives are typically based on a dollar-for-dollar funding scheme, a medium term implementation strategy will allow the city to capitalize on our ability to leverage greater senior government cost sharing with time.

In addition, other Capital Projects such as the Carrall Greenway provide improvements to the bicycle network.

Curb Ramp Program

This program provides funds for the retrofitting of ramps in existing curbed corners, increasing accessibility for pedestrians and particularly people with disabilities. At the end of 2005, there will be approximately 8,800 street corners in the City which require ramps.

New installations are prioritized in terms of: street corners near "accessible" bus stops; arterial streets; pedestrian collector routes; higher zoned streets and local residential streets to satisfy individual (and group) requests; upgrading existing ramps which do not meet current standards; providing ramps in conjunction with other work.

The Staff Review group recommends that \$2.0 million be allocated to this program up from \$1.5 million in the previous capital plan.

Arterial Street Reconstruction

The total value of the City's sidewalk, street, lane and bridge infrastructure is about \$2 billion and maintaining an adequate maintenance program is a high priority. Approximately 50 percent of the Streets portion of the 2006 -2008 Capital Plan is allocated to the replacement or restoration of these assets that are nearing the end of their service life. Currently, Translink provides about \$11 million of total annual funding for street maintenance and rehabilitation, and construction of related street infrastructure on the major road network (MRN).

However, over half of the arterial streets are non-MRN streets and are therefore funded by the City. This Plan allocates funding for non-MRN arterials at a level approaching what Translink provides on a lane-km basis. It will be important to continue to monitor the condition of the arterial streets and the associated costs of reconstruction, and it may be necessary to increase City funding in future Plans if the current level is not adequate.

This plan also allocates \$11.0 million to the reconstruction of the Granville Mall to coincide with the development of the RAV line. This work will be completed prior to the 2010 Olympics.

Residential Street and Lane Reconstruction

Funding has been added to the 2006 - 2008 Capital Plan to begin a formal reconstruction program for the City's inventory of residential streets and lanes. These streets were paved in the 1960s and 1970s and form an asset with a value of approximately \$1 billion. Previously there has not been a replacement program for this asset but evidence of rapid deterioration of some of these pavements indicates this should be a priority in the capital program. The \$2 million provided in this plan is an important step to begin this work coupled with an improved maintenance effort established in the 2005 operating budget process. However this area will remain a concern and must be monitored in the future as the maintenance and replacement required will increase over the next ten to twenty years.

City funding for Streets work could be augmented by approximately \$37.2 million in funding from outside sources to support the rehabilitation and reconstruction of existing components and the addition of new components of the major road network and residential streets and provide safety improvements and amenities for pedestrians and bicycles.

ii) Communications, Street Lighting

The Communications and Street Lighting section of the plan provides funding to replace and provide limited upgrading of the City's street lighting and communications network. In the Communications area, this expenditure provides for maintenance and expansion of the City's voice and data transmission systems to meet the business needs of civic facilities and to maintain control of vital systems. The latter expenditure provides funding for ongoing replacement and upgrade of the street lighting system in a timely fashion, as aspects of this system come to the end of their service life.

iii) Yards

The plan also includes funding to complete the upgrade of Public Works yards that began in the 2000 - 2002 Capital Plan. A total of \$1.5 million is provided for upgrading and reorganizing office space and replacement of plumbing, electrical and other works that are over 40 years old and at the end of their life cycle.

Projects Not Funded in the Draft Allocation

It should be noted that there are a number of projects for which the Engineer sought funding but that the Staff Review Group could not allocate funding because of other priorities:

Downtown Transportation Plan: With the exception of the Carrall Street Greenway (\$5 million noted above), specific funding for implementation of the Downtown Transportation Plan has not been provided in this plan. Remaining elements of the plan will have to be funded from established programs within the Streets Capital Plan.

Demonstration Streetcar: No funding is provided in the Capital Plan for the downtown streetcar either for extensions or to relocate track to accommodate the redevelopment of the Southeast False Creek area. The Staff Review Group notes that the development timelines for the street network in the SEFC neighbourhood, and especially the work related to the Olympic Village have not been finalized and funding this work now is premature. If relocation of the existing track is necessary during this capital plan, funding will have to be provided from the SEFC development budget.

The Staff Review Group has not recommended an allocation of funds to provide a final link between the streetcar and the new 2nd Ave RAV station. Funding for any such linkages can be identified once the design of the new station has been decided.

Science World Area Deck Replacement: The decking over False Creek in the vicinity of Science World was built in 1985 as a temporary structure for Expo 86 and currently configured as park. The structure has been in place for 20 years, five years beyond its design life and it will need to be repaired, replaced or removed during this Capital Plan. Rebuilding the deck in its current configuration (structure topped with park) will cost about \$15 million, however, the Staff Review Group was unable to accommodate a full replacement within the recommended capital plan. However, the group does recommend that \$2 million be included in the plan to undertake the minimum amount of repair that will be required in the short term to keep the structure safe and that staff review funding options through development cost levies or other sources to allow full replacement.

G) Sewers

Tax Supported Funding	DCL Funding	Program / Projects
\$74,430,000 ¹		Sewers

1. Estimate is fully inflation adjusted through the 2006 - 2008 Capital Plan.

The Capital Plan Staff Review Group recommends an allocation of \$74.4 million to sewers. This funding will ensure maintenance of the long term "1% replacement/separation" policy for sewers infrastructure. It will also provide funding for a program to begin replacement of the City's 26 sanitary sewerage pump stations, many of which have reached the end of their anticipated lives and should be replaced to protect against potentially serious environmental damage associated with a failure. Other expenditures are planned for sewer system management and pollution abatement, including continuation of the Sewer Separation on Private Property Program that is directed at eliminating sewer outflows into surrounding water.

The City has applied for significant sewer cost sharing from the BC Community Water Improvement Program that, if approved, would augment funding recommended in this plan and move the sewer separation program closer to completion.

The Sewers allocation will also provide funding toward a recommended public works radio system upgrade and improvements to facilities at Manitoba Yards.

The proposed allocation represents an increase of 27% over the funding provided in the 2003 - 2005 Capital Plan. The primary reason for this increase is that Engineering has included inflation in the requested funding, reflecting cost increases from 2002 through to the end of the 2006 - 2008 Capital Plan.

H) Waterworks

Tax Supported Funding	DCL Funding	Program / Projects
\$54,870,000 ¹		Waterworks

1. Estimate is fully inflation adjusted through the 2006 - 2008 Capital Plan.

The allocation to the waterworks program is governed by the life-cycle costing policies established by Council for renewal and upgrading of the City's water system that ensures that safe drinking water is delivered to all residents and sufficient flows are available for fire suppression.

The recommended allocation at \$54.9 million provides for infrastructure replacement (\$44.6 million), system capacity and fire protection requirements (\$7.2 million) and monitoring, control and water quality initiatives (\$2.15 million). Funding at this level reflects the costs of the "1% replacement" program. The Waterworks will also provide funding toward a

recommended public works radio system upgrade and improvements to facilities at Manitoba Yards.

The allocation for 2006 -2008 represents an increase of approximately 12% compared to 2003 - 2005 Capital Plan funding. The primary reason for this increase is that Engineering has included inflation in the requested funding, reflecting cost increases from 2002 through to the end of the 2006 - 2008 Capital Plan.

I) Supplementary Capital \$3.0 million

Supplementary Capital is intended to deal with emergent issues that arise during 2006 - 2008 Capital Plan. There are a variety of program and project proposals for which departments requested funding that were either of a smaller scale than could be considered in the plan, where the immediacy for undertaking the work was not established, or where the issues or request were not well defined. These items were not included in the plan and the potential for submitting them to future Supplementary Capital Budgets was identified. The Staff Review Group recommends funding to deal with these projects on an annual basis be set at \$3.0 million. This is the same level represents as was provided in the 2003 - 2005 Capital Plan.

J) Capital Plan Inflation and Debenture Costs \$10.0 million

One of the most difficult tasks in putting together this Capital Plan is anticipating what the costs of programs and projects will be as the plan unfolds. In order to manage the speculation that would occur in individual submissions, departments were requested to submit costs based on 2005 dollars. The Staff Review Group then undertook to provide an allowance for inflation in these costs until the projects proceed.

The Staff Review Group recommends that \$10.0 million be set aside in the 2006 - 2008 Capital Plan to provide for inflation protection. This allocation reflects the significant inflation in all forms of construction over the last plan and the expectation that a very active construction sector leading up to the 2010 Olympics will continue to place pressure on costs. This allocation would be available as the Capital Plan is translated into annual capital budgets and will ensure that projects that are included in the Plan will have the necessary funding when they are ready to proceed.

OPPORTUNITIES FOR ADVANCING CAPITAL PROJECTS

In reviewing the Capital Plan submissions from the Park Board, the Staff Review Group noted the significant opportunity available to the City to advance the Park Board facilities renewal plan in conjunction with the development of 2010 Olympic venues.

Under existing and recently renegotiated agreements, the Vancouver Olympic Organizing Committee (VANOC), has agreed to provide approximately \$80 million in investments in recreation facilities in Vancouver. These agreements offer City the opportunity to leverage this funding to advance the replacement of facilities that are among the highest priority for replacement or upgrading and will be funded in full by the City in future capital plans if the VANOC funding cannot be accessed. These opportunities exist in two areas:

- VANOC will build the Olympic curling venue at Hillcrest Park at an estimated cost of \$28 million (\$2002). After the Olympics, VANOC will convert the building to a legacy facility owned by the City to include a replacement for Riley Park Community Centre, Riley Park Rink and the Vancouver Curling Club. It is also anticipated this facility will house a new and expanded Riley Park Library.

A significant component of the plan to replace the Riley Community Centre Complex is the replacement of Percy Norman Pool. Undertaking this in conjunction with the development of the new Hillcrest Centre will allow the City to take advantage of synergies available from a single construction project and of shared energy benefits between the pool and the balance of the centre. It will ensure that the Olympic precinct, including the greening of the existing community centre site, is completed without a protracted construction period.

- VANOC had agreed to spend \$2.5 million to upgrade one of the Park Board ice rinks as a practice facility for the Olympics and to spend \$2.5 million to provide a temporary practice short track speed skating rink at Hastings Park. VANOC has now agreed to transfer its investment in the temporary facility to second Park Board rink, thereby providing a second legacy project. Allocating City funds to capitalize on this contribution will allow the City to completely replace existing community rinks at Trout Lake and Killarney.

The following table summarizes the opportunity to access VANOC funding to advance these three projects.

Tax Supported Funding	VANOC Funding	Program / Projects
15,000,000 ¹	5,000,000	Advance Killarney and Trout Lake Community Ice Rink Replacement
20,000,000 ¹		Advance Percy Norman Pool Replacement
	28,000,000 ²	Replace Riley Park Community Centre

1. *Estimated costs in 2005 dollars*

2. *Estimated cost in 2002 dollars*

These facilities are high priorities for replacement in the Park Board recreation facilities plans. If this opportunity to share the replacement costs with VANOC is not taken, these projects will be fully funded by the City in future Capital Plans. For a City investment of \$35 million, three ice rinks, a major indoor pool, a community centre, a branch library and a curling club can be replaced and the existing sites returned to park.

If Council wishes to pursue these options, the Staff Review Group recommends that these projects be funded outside the financial limit for the 2006 - 2008 Capital Plan. Recommendation B of this report seeks Council authority to advance these projects from future Capital Plans to take advantage of significant funding from VANOC by seeking one-time additional borrowing authority of \$35.0 million from the electorate.

The impact of this additional allocation will be a tax increase of approximately 1.25% over the duration of the 2006 - 2008 Capital Plan borrowing program. However, in the long term, the impact will be neutral because VANOC funding will reduce the total amount to be financed for facility replacement and offsetting reductions in City funding will be reflected in future capital plans.

NEXT STEPS: PUBLIC CONSULTATION TO FINAL APPROVAL

This report provides the recommendations of the Capital Plan Staff Review Group as to the funding priorities for the 2006 - 2008 Capital Plan. Throughout its deliberations, the Staff Review Group focussed on infrastructure sustainability and the priorities of Council and the community, however, it is acknowledged that the draft plan is the administrative view of the priorities. In addition to providing the opportunity for Council to consider the components of the draft plan, it is appropriate that the public should also be given the opportunity to provide input.

Park Board is currently in the midst of its consultation with the public on the Parks Capital Plan and will be reporting its results to Council prior to the plan being finalized in September. In addition, the Staff Review Group has developed a process to publicize the contents of the draft Capital Plan and to encourage public feedback, culminating in a public meeting currently scheduled for September 13, 2005. The components of the public process include:

- Production of an information video to be shown on GVTV outlining the capital plan process and inviting the public to become informed about the detailed plan and provide input.
- Production of a newspaper flyer summarizing the draft Capital Plan priorities as well as a survey form. To be delivered in a July issue of community newspapers and distributed through community centres, branch libraries and other civic facilities. This will be modelled after the What do you think? documents produced for the past two Capital Plans.
- Creation of Capital Plan web pages dedicated to an overview of the capital plan proposal with an online survey. Include links to video.

- Newspaper advertisements for directing people to the web pages and to the on-line survey. The newspapers targeted will be consistent with Council's new policy regarding broad advertising for public consultation exercises.
- Provide reference to the public consultation process and links to the Capital Plan web pages on the City's *What's New* page (which is updated weekly).
- Production of a follow-up video outlining the Capital Planning process that will outline the major components of the draft plan. The video will be aired on the GVTV program and also be available for viewing on the Capital Plan web site, and the GVTV web site.
- Design posters for placement breaks and on the *greater.vancouver* program;

Feedback from the public will be encouraged by means of the Capital Plan Questionnaire (*Your Opinion*), which will be available in the flyer and on-line on the Capital Plan webpage. The public meeting will provide Council to opportunity to hear reaction to the draft Capital Plan from departments, boards and the public.

Following the public meeting, Council will be asked to make final decisions on the contents of the plan on September 20, 2005. This approval will be followed by a report recommending a financial plan outlining the sources of funding to support the Capital Plan. The components of the plan requiring borrowing authority will be submitted to the electorate in a series of plebiscite questions during the civic election on November 19, 2005.

CONCLUSION

This report represents a major milestone in the development of the 2006 - 2008 Capital Plan; the presentation of the draft plan by the Staff Review Group. This allocation is the result of many hours of work by staff in the departments who developed funding requests that reacted to the need to properly maintain and renew the City's public works and facilities infrastructure as well as to the priorities established by Council and the community. These requests were then reviewed by the Capital Plan Staff Review Group which has recommended how Council might accommodate \$650 million in requests in \$355 million of available funding. As the report documents, difficult choices were necessary to arrive at this recommended plan leaving many worthwhile programs/projects under - or unfunded. There are also difficult choices left to make because unique opportunities to advance capital projects from future plans and access outside funding to offset the cost are available, however, these will mean exceeding the established funding limit.

The next step in the process is to put the Draft Capital Plan out to the community for public comment. Using the input from this process, along with the recommendations of staff, Council will be in a better position to make judgments about how the plan should be finalized. These decisions will be made in September, 2005, in time for the necessary borrowing questions to be put to the electorate in the November civic election.

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**City of Vancouver
2006 - 2008 Capital Plan
Funding Allocation**

03-05 Approved \$000's	03-05 DCL / CAC	03-05 Total	Ref #	Department	2006 - 2008 Funding Request \$000's	2006 - 2008 Recommended	DCL Funding \$000's	Total City Funding
SUMMARY								
58,750	0	58,750	D	Utilities				
				Sewers	78,832	74,430		74,430
46,000	0	46,000	F	Waterworks	54,273	54,870		54,870
104,750	0	104,750		Total Utilities	133,105	129,300	0	129,300
Other Public Works								
59,935	0	59,935	A	Streets	156,220	76,600	7,700	84,300
2,015	0	2,015	B	Communications	3,800	1,900		1,900
5,060	0	5,060	C	Street Lighting	6,997	5,150		5,150
1,935	0	1,935	E	Yards	1,950	300		300
68,945	0	68,945		Total Other Public Works	168,967	83,950	7,700	91,650
5,110	0	5,110	I	Library	15,820	3,300		3,300
300	0	300	J	Fire	4,585	4,600		4,600
9,620	0	9,620	K	Police	47,869	19,500		19,500
10,500	3,800	14,300	L,N,O	Community Services	78,212	29,820	11,375	41,195
31,290	6,100	37,390	P,Q, R	Parks	76,590	19,070	14,500	33,570
11,500	0	11,500	U	Other	26,880	8,280		8,280
7,250	0	7,250	W	Civic Property Management	46,903	9,650		9,650
3,000		3,000		Supplementary Capital		3,000		3,000
				Inflation Adjustment and Debenture Discounts		10,000		10,000
252,265	9,900	262,165		Total Capital Plan	598,931	320,470	33,575	354,045