



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Date: March 21, 2006  
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Meeting Date: April 20, 2006

TO: City Services and Budgets Committee

FROM: General Manager of Corporate Services/Director of Finance

SUBJECT: 2006 Operating Budget - Final Estimates

### RECOMMENDATION

THAT Council adopts the final 2006 Operating Budget revenue and expenditure estimates with a property tax increase of 4.04% as outlined in this report by approving the budget resolution attached as Appendix 2.

### CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

### COUNCIL POLICY

The Vancouver Charter requires the Director of Finance to present the estimates of revenues and expenditures to Council not 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 in the budget building process:

- the Preliminary Estimates Report provides Council with the first indication of the budget requests from Departments and Boards including the results of the detailed administrative reviews.

- the Interim Estimates Report summarizes the budget strategies developed for Council and seeks Council approval to finalize the estimate, 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.

## PURPOSE

The purpose of this report is to seek approval of the final revenue and expenditure estimates for the 2006 Operating Budget as approved by Council on April 6, 2006.

## BACKGROUND

On April 6, 2006, Council considered the Interim Report on the 2006 Operating Budget and approved a number of recommendations related to the 2006 Operating Budget. Council also instructed the Director of Finance to bring the 2006 Operating Budget into balance with a general purpose tax increase of 4.04%. The specific approvals from April 6, 2006 include:

- The Park Board Global Budget of \$54,508,800, which includes an increase of \$956,800 for operating costs of new and expanded facilities and one-time adjustments, reductions of \$400,000 for efficiencies, \$246,000 for the Ethical Purchasing Program, \$63,000 for turnover savings and \$13,000 for the Anti-Graffiti Program. The Park Board Global Budget does not include budget for any new and non-recurring items.
- The following program approvals without any impact to the operating budget:
  - The creation of positions within Corporate Services and the Library Board; and
  - The creation of a three year Ergonomic Program;
- The following funding requests for new programs, approved and funded from taxation:
  - An increase of 31 police officers and 46 civilians for the Vancouver Police Department;
  - Multimedia Monitoring;
  - Three additional staff positions for Employee Relations and Advisory Services
  - A one year extension to the Drug Policy and Prevention Program
  - Area Planning public process funding
  - Visions & Area Planning implementation
  - Funding for the 2006 World Urban Forum
  - Funding for the Vancouver Economic Development Commission, including funding for attraction and retention and the economic development strategy.
  - Funding for the feasibility study for the LGBT Community Centre

- Adjustments totaling \$11.3 million to the Operating Budget included in Recommendation B(iv) as identified in the Interim Estimates Appendices 3 and 4, as follows:

a) All adjustments in the Type 1, Type 2, and Corporate Type 3 categories, with the following exclusions or amendments to:

*Corporate Type 1 Adjustments - Amendments*

- # 3 - modify the reduction to Contingency Reserve from \$900,000 to \$500,000
- # 8 - modify the Capital from Revenue Deferral from \$1,000,000 to \$600,000

*Corporate Type 3 Adjustments - Exclusions*

- # 10 - eliminating the leaky condo development fee subsidy (\$175,000)
- # 11 - increasing development fees for inferred costs (\$500,000)

*Department Type 1 Adjustments - Exclusions/Amendments*

- # 15 - discontinuation of GVTV (\$95,000)
- # 44 - reduction to Engineering Graffiti Maintenance (\$50,000)
- # 55 - reduction to Community Service Grants (\$19,000)
- # 53 - **amended**; modify the reduction to Cultural Grants from \$348,650 to \$300,000
- # 72 - **amended**; exclude any adjustments to Park Board revenues and increase the amount of efficiencies from \$302,150 to \$400,000.
- 74/75 - **amended**; along with Type 1 adjustments # 74 and #75, further reduce the ethical purchasing program within the Park Board and the City by \$206,000, including the elimination of one FTE.

*Department Type 2 Adjustments - Exclusions/Amendments*

- # 81 - reduction in Britannia Swimming Pool Operating Hours (\$30,000)
- # 82 - reduction to the Britannia/Vancouver School Board Maintenance contract (\$16,000)
- #85 - **amended**; reduce the City Clerk's outreach budget by \$6,000 rather than \$12,000.
- #97A - reduction in operating hours at Park Board Recreational Facilities (\$302,150)
- # 97B - reduction in park maintenance and garbage collection (\$320,150)
- # 92 - **amended**; rather than eliminate the Food Police Coordinator, reduce the term of the temporary Food Policy Planner to July 2006 saving \$34,000 by reallocating 2005 carry forward funds into the Operating Budget.

b) The following adjustments in the Type 3 Category:

*Department Type 3 Adjustments*

- # 101 - reduce the level of cleaning at City Hall (\$28,700)
- # 104 - reduce Councillors' Travel & Training (\$11,800)

The positions to be eliminated, as reflected in the Departmental Type 1, Type 2 and Type 3 adjustments, are listed in Appendix 3.

## DISCUSSION

### 1. Final Budget Position

Since April 6, 2006, staff has worked to bring the budget into balance within the property tax guidelines approved by Council. Appendix 1 reflects the final estimates including the changes itemized in the previous Background section.

- The general purposes tax levy has been increased by 4.04%, adding \$18.6 million taxation revenue to the budget.

These adjustments bring the 2006 Operating Budget into a balanced position as follows:

	(\$000)	(\$000)
<b>Revenues</b>		
Taxation Revenue	\$516,336	
General Revenue	154,624	
Utility Fees	135,210	
Transfers	<u>7,160</u>	\$813,330
<b>Expenditures</b>		
Departmental Expenditures	\$570,043	
Utility Expenditures	169,515	
Capital Program	68,276	
Transfers	<u>5,496</u>	<u>\$813,330</u>
<b>Net Budget Position</b>		<u>\$0</u>
<b>Property Tax Increase Applied to Budget</b>		4.04%

### 3. The Budget Resolution

With approval of the Recommendation in this report, the 2006 Operating Budget will be brought into balance and the budget cycle completed. Council approval of this final position requires adoption of the budget resolution attached as Appendix 2.

### 4. Final Steps

The following three events are required of Council to put in place the necessary rating bylaws to provide for billing of the general purposes property tax levy:

- On March 23, 2006, City Services and Budgets Committee approved the enactment of an averaging by-law. The by-law authorizes the continuation of three-year land averaging as the method for calculating property taxes for Class 1 (Residential) and Class 6 (Business and Other) for 2006.

- On April 18, 2006, City Services & Budgets Committee will consider a report from the Director of Finance addressing the policy issues related to shifting the tax distribution as well as outlining the tax impacts of shifting of the tax levy from the non-residential classes to residential class.
- On May 16, 2006, the Director of Finance will bring forward a report summarizing the property tax levies and introducing resolutions to fix averaged tax rates (if approved) and bylaws establishing general purpose and regional district tax rates.

## CONCLUSION

The approval of the attached resolution will finalize the process of balancing the 2006 Operating Budget.

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**City of Vancouver  
 2006 Operating Budget**

**Appendix 1**

	2005 budget	2006 projection	\$ change	% change
	(\$000s)	(\$000s)		
<b>SECTION 1: Summary of Revenues</b>				
<b>Taxation Revenues</b>				
Base Levy	445,624	471,662	26,038	5.8%
New Construction	8,253	5,686	(2,567)	(31.1%)
<b>Total Taxation Revenues</b>	<b>453,877</b>	<b>477,348</b>	<b>23,471</b>	<b>5.2%</b>
<b>Tax Adjustments</b>				
Tax Adjustments	(2,000)	(3,000)	(1,000)	50.0%
Local Improvement Taxes	3,964	3,752	(212)	(5.4%)
Receipts in Lieu of Taxes	32,062	33,317	1,255	3.9%
Penalties and Interest	5,850	4,919	(931)	(15.9%)
<b>Total Revenue from Taxation</b>	<b>493,754</b>	<b>516,336</b>	<b>22,583</b>	<b>4.6%</b>
<b>Other Revenues</b>				
Provincial Revenue Sharing Programs	19,737	17,538	(2,200)	(11.1%)
Investment Income	10,000	11,400	1,400	14.0%
License Fees	14,845	14,423	(422)	(2.8%)
Property Rental Income	1,407	1,509	102	7.3%
Service and Inspection Fees	26,128	28,610	2,482	9.5%
Municipal By-Law Fines	9,994	10,807	813	8.1%
On Street Parking Revenue	22,625	24,073	1,448	6.4%
Civic Theatres Revenue	6,282	5,999	(284)	(4.5%)
Park Board Revenues	32,967	34,752	1,785	5.4%
Miscellaneous Revenues	5,077	5,513	436	8.6%
<b>Total Other Revenues</b>	<b>149,062</b>	<b>154,624</b>	<b>5,561</b>	<b>3.7%</b>
<b>Utility Fees</b>				
Waterworks	64,806	69,668	4,862	7.5%
Solid Waste	29,686	31,391	1,705	5.7%
Sewers	32,374	34,151	1,777	5.5%
<b>Total Utility Fees</b>	<b>126,866</b>	<b>135,210</b>	<b>8,344</b>	<b>6.6%</b>
<b>Total Revenues before Transfers</b>	<b>769,682</b>	<b>806,170</b>	<b>36,488</b>	<b>4.7%</b>
<b>Transfer from Other Funds/Reserves</b>				
Property Endowment Fund	7,000	7,000	0	0.0%
Art Gallery Reserve	160	160	0	0.0%
Other	1,268	0	(1,268)	(100.0%)
<b>Total Transfer from Other Funds</b>	<b>8,428</b>	<b>7,160</b>	<b>(1,268)</b>	<b>(15.0%)</b>
<b>Total Revenues after Tax Increase</b>	<b>778,110</b>	<b>813,330</b>	<b>35,220</b>	<b>4.5%</b>

	2005 budget (\$000s)	2006 projection (\$000s)	\$ change	% Change
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## SECTION 2: Summary of Expenditures

### General Government

Mayor and Councillors	1,800	1,887	87	4.8%
City Manager / EEO	2,377	2,569	192	8.1%
City Clerk	4,022	3,102	(920)	(22.9%)
Legal Services	3,994	4,292	298	7.5%
Corporate Services	30,279	31,241	962	3.2%
Human Resources	6,549	7,104	556	8.5%
Other General Government	11,005	8,741	(2,264)	(20.6%)
Community Services Administration	7,574	8,026	452	6.0%
City-Wide and Community Planning	6,117	6,012	(106)	(1.7%)
<b>Total General Government</b>	<b>73,717</b>	<b>72,974</b>	<b>(743)</b>	<b>(1.0%)</b>

### Protection to Persons and Property

Police Services	150,934	160,506	9,572	6.3%
Fire and Rescue Services	73,534	75,641	2,107	2.9%
E-COMM Services	15,825	17,767	1,942	12.3%
Permits and Licences	19,759	20,881	1,123	5.7%
Animal Control	1,525	1,620	95	6.2%
Vancouver Emergency Program	683	668	(15)	(2.2%)
<b>Total Protection to Persons and Property</b>	<b>262,259</b>	<b>277,082</b>	<b>14,823</b>	<b>5.7%</b>

### Public Works

Administration and General	9,247	10,841	1,594	17.2%
On Street Parking Program	8,759	9,417	657	7.5%
Traffic Planning and Control	7,971	7,865	(106)	(1.3%)
Street Lighting and Communications	4,865	4,797	(69)	(1.4%)
Street Cleaning	7,826	8,159	333	4.3%
Streets, Bridges and Walkways	16,888	17,260	372	2.2%
<b>Total Public Works</b>	<b>55,556</b>	<b>58,338</b>	<b>2,782</b>	<b>5.0%</b>

### Utilities - Waterworks

Operating Costs	8,228	7,590	(638)	(7.8%)
Water Purchase	32,532	37,609	5,076	15.6%
City Debt Charges	24,449	26,964	2,514	10.3%
Transfer to/(from) Reserve	(404)	(2,494)	(2,090)	517.7%
<b>Total Utilities - Waterworks</b>	<b>64,806</b>	<b>69,668</b>	<b>4,862</b>	<b>7.5%</b>

### Utilities - Solid Waste

Operating Costs	27,375	29,475	2,100	7.7%
Transfer to/(from) Reserve	2,311	1,916	(395)	(17.1%)
<b>Total Utilities - Solid Waste</b>	<b>29,686</b>	<b>31,391</b>	<b>1,705</b>	<b>5.7%</b>

	2004 budget (\$000s)	2005 projection (\$000s)	\$ change	% change
<b>Utilities - Sewer</b>				
City Operating Costs	7,000	7,255	254	3.6%
City Debt Charges	21,367	24,298	2,930	13.7%
Regional Sewerage Levy	36,460	36,904	444	1.2%
<b>Total Utilities - Sewer</b>	<b>64,828</b>	<b>68,456</b>	<b>3,628</b>	<b>5.6%</b>
<b>Recreation and Community Services</b>				
Parks and Recreation	85,763	89,261	3,498	4.1%
Britannia Service Centre	2,626	2,843	217	8.3%
Social Planning	1,665	1,567	(98)	(5.9%)
Housing Programs	1,531	1,586	55	3.6%
Office of Cultural Affairs	1,194	1,153	(41)	(3.4%)
Carnegie Centre	2,792	2,952	160	5.7%
Downtown South Gathering Place	1,941	2,001	61	3.1%
Vancouver Public Library	32,777	34,050	1,273	3.9%
Civic Theatres	6,675	6,469	(205)	(3.1%)
Archives	1,346	1,256	(90)	(6.7%)
Cemetery	829	832	3	0.3%
<b>Total Recreation and Community Services</b>	<b>139,139</b>	<b>143,970</b>	<b>4,832</b>	<b>3.5%</b>
Civic Grant Program	12,489	14,178	1,689	13.5%
Contingency Reserve	5,200	3,500	(1,700)	(32.7%)
<b>Total before Capital Program and Transfers</b>	<b>707,680</b>	<b>739,558</b>	<b>31,878</b>	<b>4.5%</b>
<b>Capital Program</b>				
General Debt Charges	40,772	46,874	6,102	15.0%
Capital From Revenue	19,000	17,400	(1,600)	(8.4%)
Local Improvements	3,964	3,752	(212)	(5.4%)
Debt Repayment Reserve	1,250	250	(1,000)	(80.0%)
<b>Total Capital Program</b>	<b>64,986</b>	<b>68,276</b>	<b>3,290</b>	<b>5.1%</b>
<b>Transfers to Reserves/Funds</b>				
Other Transfers	5,444	5,496	52	0.9%
<b>Total Transfers to Reserves/Funds</b>	<b>5,444</b>	<b>5,496</b>	<b>52</b>	<b>0.9%</b>
<b>Total Expenditures</b>	<b>778,110</b>	<b>813,330</b>	<b>35,220</b>	<b>4.5%</b>
<b>Tax Increase Used to Balance Budget</b>		<b>4.04%</b>		



## Appendix 2 RESOLUTION

MOVED BY Councillor:

SECONDED BY Councillor:

THAT WHEREAS, the Vancouver Charter, Section 219 requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year;

AND WHEREAS the Vancouver Charter, Section 372 requires that Council adopt the estimates of revenues and expenditures for the City as soon thereafter as possible;

AND WHEREAS Council has reviewed the development of the estimates in reports submitted by the Director of Finance on January 31, 2006, and April 4, 2006 and approved measures to bring the estimates into balance, including approval of a 4.04% general purposes property tax increase;

AND WHEREAS the total estimated expenditures of the City to pay all debts and obligations of the City falling due in the year 2006, exclusive of the amounts required for school, Greater Vancouver Regional District, Greater Vancouver Transportation Authority, British Columbia Assessment Authority and Municipal Finance Authority purposes and not otherwise provide for, as amended by Council, amount to \$813,330,000;

AND WHEREAS the total estimated expenditures as aforesaid is the sum of the appropriation requests of all departments and boards properly supported by detailed analysis of those expenditures and listings of the salaried staff;

AND WHEREAS the total estimated revenue of the City for 2006 from sources other than real property taxes, as amended by Council, amounts to \$335,981,900;

AND WHEREAS the amount of the General Purposes Tax Levy so required is \$477,348,100;

THEREFORE be it resolved that the said estimates, both as to totals and individual items pertaining thereto, of the Director of Finance as so amended by Council be and the same are hereby adopted by Council.

**Appendix 3 - Positions to Be Eliminated as Approved in the 2006 Interim Operating Budget on April 6, 2006.**

Organizational Unit	Position Description	Position Number
LIBRARY	LIBRARY ASSISTANT VI - Vacant	50006575
LIBRARY	LIBRARY ASSISTANT VI - Vacant	50006628
LIBRARY	LIBRARY ASSISTANT I - Vacant	50006305
LIBRARY	LIBRARY ASSISTANT II - Vacant	50011569
FIRE	CLERK STENO IV - Vacant	50003928
FIRE	FIREWARDEN - Vacant	50013990
CORPORATE SERVICES - FACILITIES	WORKING SUPERVISOR - BUILDING SERVICES - Vacant	50005785
CORPORATE SERVICES - FACILITIES	WORKING SUPERVISOR - BUILDING SERVICES - Vacant	50005786
CORPORATE SERVICES - FACILITIES	BUILDING WORKER	50006066
CORPORATE SERVICES - MATERIALS MANAGEMENT	CONTRACT SPECIALIST	50039744
CORPORATE SERVICES - INFORMATION TECHNOLOGY	COMPUTER PROGRAMMER ANALYST	50005083
CORPORATE SERVICES - INFORMATION TECHNOLOGY	SYSTEMS/NETWORK ADMINISTRATOR	50012212
CORPORATE SERVICES - INFORMATION TECHNOLOGY	NETWORK SUPPORT SPECIALIST II	50005116
ENGINEERING	FOREMAN IIA - Vacant	50007182
ENGINEERING	ENGINEERING ASSISTANT IV - Vacant	50005355
ENGINEERING	CLERK TYPIST III - Vacant	50005375
COMMUNITY SERVICES GROUP	SEISMIC SPECIALIST - Vacant	50011308
COMMUNITY SERVICES GROUP	ANIMAL CONTROL II - Vacant	50048809
COMMUNITY SERVICES GROUP	CLERK TYPIST III - Vacant	50010633
COMMUNITY SERVICES GROUP	PLANNING ASSISTANT II	50001569
COMMUNITY SERVICES GROUP	PLANNING ASSISTANT II	50002458
COMMUNITY SERVICES GROUP	SOCIAL PLANNER II	50030534
COMMUNITY SERVICES GROUP	VOLUNTEER PROGRAM ASSISTANT I	50034955