



# RR-1

## ADMINISTRATIVE REPORT

Report Date: January 26, 2009  
Contact: Annette Klein  
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VanRIMS No.: 08-2000-20  
Meeting Date: February 3, 2009

TO: Vancouver City Council  
FROM: General Manager of Financial Services  
SUBJECT: 2009 Operating Budget: Interim Estimates

### RECOMMENDATION A

- A. THAT Council receive this report for INFORMATION and defer decision on Recommendations B to E to the March 24, 2009 Council meeting, to allow for public input.

### RECOMMENDATION B: To Maintain Existing Services, Including Outside Agency Costs, at a property tax increase of 5.96%

*Approval of RECOMMENDATION B provides the funding to maintain existing service levels (Base Budget) including the cost of outside agencies. These Interim Estimates include all administrative review and corporate adjustments but exclude 2009 funding requests.*

- B. THAT Council approve the 2009 Operating Budget - Interim Estimates as outlined in this report and detailed in Appendix 1 and instruct the Director of Finance to bring the budget into balance with a 5.96% general purposes tax increase, reflecting an increase of:
- 2.24% related to growth in base City costs
  - 2.26% reversal of the One-Time 2007 Work Stoppage Savings carried over into the 2008 Operating Budget
  - 1.15% 2008 Program Approvals
  - 0.31% cost of outside agencies

AND THAT Council approve the Park Board Global Budget of \$62,845,686 which includes approximately \$856,300 of Added Basic and Appeals in the Park Board estimates.

**CONSIDERATION C: To Fund All Requests identified for CONSIDERATION by the Corporate Management Team**

*Approval of CONSIDERATION C provides funding for all Funding Requests that have been identified by the Corporate Management Team for CONSIDERATION bringing the overall property tax increase to 6.20%.*

- C. THAT Council approve the CONSIDERATIONS included in Appendix 7 (#1 Project Civil City, #2 Ambassador Program, and #4 Temporary Opening of Hillcrest Pool), increasing property taxes by 0.24%.

**RECOMMENDATION D: To Fund All Requests for RECOMMENDATION by the Corporate Management Team**

*Approval of RECOMMENDATION D provides funding for all Funding Requests that have been identified by the Corporate Management Team for RECOMMENDATION bringing the property tax increase to 6.29%.*

- D. THAT Council approve the RECOMMENDATIONS included in Appendix 7, increasing property taxes by 0.09%.

**RECOMMENDATION E: To Approve Efficiencies Related to the First Phase Implementation of 311 Consolidated Citizen Service Centre**

*Approval of RECOMMENDATION E provides for the adjustments necessary to fund the first phase of operating costs for the 311 Consolidated Citizen Service Centre.*

- E. THAT Council approve the adjustments identified in Appendix 4, including the deletion of regular full time and part time positions identified in Appendix 6, to fund the 2009 311 Consolidated Citizen Service Centre operating costs.

All positions in Recommendations B to D are subject to classification by the General Manager of Human Resource Services

## COMMENTS OF THE CITY MANAGER AND DIRECTOR OF FINANCE

On December 18, 2008, staff presented to Council the first estimates on the 2009 Operating Budget which indicated a funding shortfall of \$57.4 million, equivalent to a property tax increase of 11.0%. That report outlined the 2009 budget challenges: the removal of the one-time 2007 work stoppage savings that was carried over to the 2008 budget, revenue decreases associated with the declining economy, increased funding for 96 officers and 22 civilians for the Vancouver Police Department approved in 2008, and inflationary increases associated with collective agreements.

The Corporate Management Team tasked a Budget Working Committee made up of the Deputy City Manager, Director of Budget Services, and Director of Business Planning to embark on a comprehensive review of each service group's budget. This review drove savings in the budget without impacting services and staffing.

The 2009 Interim Estimates results in a 5.96% property tax increase, and reflects the maximum savings opportunities (\$26.3 million) that will not impact services and staffing. Considering the fixed components to the Operating Budget, this tax increase reflects a 2.24% increase in base city costs.

	<b>Tax Impact</b>
Potential Tax Increase	5.96%
Less Outside Agency Impact	(0.31%)
Less Programs Approved in 2008	(1.15%)
Less 2007 Work Stoppage Savings	(2.26%)
<b>Base City Costs</b>	<b>2.24%</b>

The budget includes \$2.0 million of operational efficiencies used to fund the first phase of the implementation of a consolidated citizen service centre and 311 Service for the City of Vancouver along with two other administrative positions.

The report also details \$4.2 million of funding requests; however, the Corporate Management Team ensured that the maximum amount of offset was provided. This reduced the property tax implications to only 0.33% of which 0.24% relates to items put forward for Council's CONSIDERATION.

In determining the property tax implications of the 2009 Operating Budget on residential and non-residential property owners, three considerations need to be made:

- The Interim Estimate increase for the cost of City Services;
- The priority funding requests put forward by the Corporate Management Team; and
- The 2008 Council approval to redistribute the 1% of the property tax levy between residential and non-residential properties over five years based on the recommendations of a Property Tax Policy Review Commission

Description	Property Tax Impact	Overall Property Tax Increase	Property Tax Distribution	
			Residential Properties	Non-Residential Properties
<b>Opening Budget Position</b>	5.96%	5.96%	5.96%	5.96%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$90	+\$444
<b>Funding Requests</b>	0.33%	6.29%	6.29%	6.29%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$95	+\$469
			+\$5	+\$25
<b>Property Tax Redistribution of \$5.6 million Between Residential and Non-residential Property<sup>2</sup></b>			8.29%	4.29%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$128	\$313
			+\$33	(\$155)

<sup>1</sup> Calculated on using base levy of \$522 million

<sup>2</sup> 2.0% increase for residential property taxes and 2.0% decrease for non-residential property taxes

Upon receipt of this report, staff will undertake a public consultation process to seek public input on the 2009 Operating Budget. Council will receive the results of the consultation in time for the final deliberations on the 2009 Operating Budget on March 24, 2009. The final estimates will be presented on April 7, 2009.

## COUNCIL POLICY

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

In approving the annual Operating Budget, Council has also adopted a practice of passing on to taxpayers the tax increases related to requisitions from outside agencies, including the Greater Vancouver Sewerage and Drainage District and E-Comm over which Council has no control, rather than providing offsetting reductions in City services/programs to meet Council's target tax increase. Also, Council, in the past, has passed on tax increases related to major funding initiatives, such as a significant increase in police staffing.

Council approvals are required for changes in service levels, either expansions or reductions; creation and deletion of regular full-time and regular part-time positions; and allocation of funding from general revenues or taxation.

Appendix 2 details Council policies pertaining to City revenues.

## PURPOSE

The purpose of this report is to present to Council for INFORMATION budget proposals that minimize property taxes without impacting services and staffing. The proposals are being presented to the public as part of the budget consultation process and the results will be presented to Council on March 24, 2009, when Council will deliberate on the 2009 Operating Budget.

## BACKGROUND

The 2009 Operating Budget process involves a series of Council reports that update and seek Council direction. The key Council reports related to the 2009 Operating Budget and 2009 Property Taxes are:

- **December 18, 2008:** The "2009 Operating Budget Update" report provided Council with an update to the 2009 Operating Budget, a description of the budget strategy to reduce property taxes and information on the 2009 budget consultation process.
- **February 3, 2009:** The "Interim Estimates" report summarizes the budget strategies developed by the Corporate Management Team and seeks Council approval to finalize the estimates. This brings the 2009 Operating Budget into balance that minimizes the 2009 property tax increase without impacting services and staffing.
- **March 24, 2009:** The "Public Consultation Results" report summarizes the results of the 2009 Budget Consultation process.
- **April 7, 2009:** The "Final Estimates" report presents the final 2009 revenue and expenditure estimates approved by Council, and is accompanied by a resolution in which Council adopts the estimates for the year.
- **May 5, 2009:** Council Report with 2009 Property Taxation Bylaws and Averaging Resolution.

## DISCUSSION

### 1. Budget Position as at December 18, 2008

On December 18, 2008, the Director of Budget Services presented the potential 2009 budget position to Council for information. This budget position was based on approved levels of service and key inflationary guidelines prior to a detailed administrative review. The budget position presented a potential property tax increase of 11.0% to maintain current service levels.

Three elements within the budget were considered to be fixed:

- **Outside Agency Impacts** - Council has adopted a practice of passing on to taxpayers the tax increases related to requisitions from outside agencies, over which Council has no control.

- **Major Funding Initiatives** - Council in the past has passed on tax increases related to major funding initiatives, such as significant increases in police staffing.
- **Work Stoppage Savings** - impact of reversing the work stoppage savings that was used to reduce property taxes on a one time basis in 2008 needs to be excluded when considering the budget challenge. Since this is a one-time savings property owners will now see a rise in their 2009 taxes that was avoided in 2008 because of the strike savings.

Staff, therefore, focused their efforts on reducing property taxes below 7.2% (prior to considering any new 2009 funding requests) excluding these fixed components of the budget.

	Tax Impact
Potential Tax Increase	11.0%
Less Outside Agency Impact	(0.3%)
Less Programs Approved in 2008	(1.2%)
Less 2007 Work Stoppage Savings	(2.3%)
<b>Property Tax Challenge (Base City Costs)</b>	<b>7.2%</b>

Along with the 11% potential property tax increase, the report noted three other issues that need to be considered as part of the 2009 Operating Budget:

- **Property Tax Redistribution:** In March 2008, Council approved the redistribution of 1% percent of the property tax levy from the non-residential property classes to the residential property class every year for five years. 1% redistribution has the effect of increasing residential property taxes by 2% and decreasing non-residential property taxes by 2%.
- **Council Directed Efficiency Offsets:** Council requested that three initiatives (totaling \$2.0 million) be funded through operational efficiencies. These initiatives include the first phase of the implementation of a consolidated citizen service centre and 311 Service for the City of Vancouver planned for January 2009, a Financial Analyst position for the Financial Services Group, and an Employee Mobility Program Coordinator.
- **New Funding Requests:** Not included in the budget position above are new funding requests that have been included in this budget report.

## 2. Interim Budget Position as at February 12, 2009 (Base Services)

The current budget position has improved by \$26.8 million since estimates were presented to Council in December 2008. This reflects the results of the detailed administrative reviews.

Table 1 - Summary of Interim Budget Estimates

		<u>\$000</u>
<b>Revenues</b>		
Taxation Revenue	558,966	
General Revenue	178,611	
Utility Fees	158,066	
Transfers	7,160	
<b>Total Revenues</b>		<b>902,803</b>
<b>Expenditures</b>		
Departmental Expenditures	665,650	
Utility Expenditures	190,032	
Capital Program	72,474	
Transfers	5,746	
<b>Total Expenditures</b>		<b>933,902</b>
<b>Net Budget Position</b>		<b>31,099</b>
<b>Potential Property Tax Increase</b>		<b>5.96%</b>

The budget shortfall of \$31.1 million is equivalent to a 5.96% tax increase as follows:

	<b>Tax Impact</b>
Potential Tax Increase	5.96%
Less Outside Agency Impact	(0.31%)
Less Programs Approved in 2008	(1.15%)
Less 2007 Work Stoppage Savings	(2.26%)
<b>Base City Costs</b>	<b>2.24%</b>

Additional detail of these estimates is provided in Appendix 1, along with comparative information from the 2008 Operating Budget.

### 3. 2009 Interim Estimates - Budget Drivers

The details on the changes to the Revenue and Expenditure Estimates in Appendix 1 are described in Appendix 2. In summary, the key changes to the estimates are highlighted in Table 2 below.

Table 2 - Major Drivers for the 2009 Operating Budget - Interim Estimates

Budget Driver	Tax Impact	Cumulative Tax Impact
<b>To Maintain Existing Service Levels</b>		
Revenues Decreases - Economic Impacts <ul style="list-style-type: none"> <li>• Short Term Interest</li> <li>• Service &amp; Inspection Fees</li> </ul>	1.1%	1.1%
Other Revenues (Incl. New Construction)	(2.3%)	(1.2%)
Removal of One Time 2007 Work Stoppage Savings	2.3%	1.1%
Salary Increases (Collective Agreements)	4.5%	5.6%
New Facilities Operating Costs <ul style="list-style-type: none"> <li>• #1 Kingsway</li> <li>• Force Options Training Centre</li> <li>• Vancouver Olympic Centre (Hillcrest)</li> <li>• Park Board Added Basic</li> </ul>	0.7%	6.3%
User Pay - Sewer Utility Increase	(1.0%)	5.3%
New Programs Approved in 2008 <ul style="list-style-type: none"> <li>• Police staffing represents 0.8% of the increase</li> </ul>	1.1%	6.4%
Miscellaneous Expenditure Changes	(0.1%)	6.3%
<b>COST OF CITY SERVICES</b>		<b>6.3%</b>
Outside Agency Impact <ul style="list-style-type: none"> <li>• E-Comm</li> <li>• GVS&amp;DD Levy</li> </ul>	0.3%	6.0%
<b>INTERIM BUDGET POSITION (BASE SERVICE GAP)</b>		<b>6.0%</b>

<sup>1</sup>A 1% property tax increase is equivalent to a \$5.2 million increase to the budget



### 3. Adjustments to the Budget

\$26.3 million of adjustments were made to the budget to bring the property tax increase from 11.0% to 5.96%. Below is a description of the major adjustments that were made to the budget.

#### ***a) Administrative Budget Reviews (Net of Appeals) \$9.9 million (1.9% Tax Impact)***

City staff completed an intensive review of the budget. This review was coordinated by Corporate Budget Services and included participation by the Deputy City Manager, Director of Business Planning, each General Manager and lead operational managers for each service group. The objective of these administrative reviews was to look for ways to reduce the budget without impacting services and staff.

Specifically, the reviews focused on the following:

- Overview of programs, workload issues, and overall priorities
- Vacancy analysis by position as well as a salary based multi-year trend analysis to determine appropriate turnover rates
- Review of all non-salary accounts including a multi-year trend analysis of budget to actuals
- Review of under-utilized vehicles to determine if there are opportunities to reduce the City's fleet or to merge vehicles into the City's fleet pool for car sharing opportunities
- Determine appropriate timing of initiatives and projects
- Review appropriate opportunities to utilize prior year surplus for one time expenditures
- Assess appeals to the base budget submitted by departments
- Assess adjustments and initiatives submitted by departments to the budget process

The amount of adjustments resulting from these reviews are: \$13.2 million of savings that do not impact services or staffing, offset by \$3.3 million of appeals related to cost pressures that cannot be addressed in departments' target budgets. Overall \$2.1 million of specific turnover, \$3.3 million of one-time adjustments, and \$7.8 million of permanent on-going adjustments were made.

Appendix 3 identifies the level of adjustments provided by each Service Department and Board.

#### ***b) User Pay Increase - Sewer Utility \$5.2 million (1.0% Tax Impact)***

On December 18, 2008, Council approved the transfer the funding of the infrastructure costs related to the sanitary system from the property tax levy to be funded from user fees. This transfer is a revenue-neutral change for the utility overall in that the reduction in property taxes would exactly offset the increase in user fees.

A two-year phased implementation strategy was approved by Council that results in a \$5.2 million reduction to the property tax portion of the utility in 2009 and 2010.

***c) Corporate Adjustments*** ***\$3.3 million (0.6% Tax Impact)***

The Corporate Management Team recommended the following corporate adjustments that do not have service and staffing implications:

\$1.5 million	Reduction to New and Non-Reoccurring Budgets (One-Time)
\$1.5 million	Elimination of 2% inflationary increase to non-salary budgets
\$0.1 million	10% reduction to Consulting Budgets
\$0.2 million	Reduction to fleet budget by revising budgeting assumptions for costs related to the management of the City's fleet (e.g. not budgeting accident related costs at 100% to provide better driving incentives).

The on-going adjustments are a source of funding for Council directed efficiency offsets as described in Section 5 below.

***d) Other Adjustments*** ***\$7.9 million (1.5% Tax Impact)***

Other adjustments made to the budget include:

- \$1.2 million Fuel rate reduction from \$1.6/litre to \$1.3/litre due to recent economic developments
- \$7.7 million Debt cost reduction due to deferral of debt issuance to the fall of 2009
- (\$1.0 million) Miscellaneous adjustments

## 5. The Park Board Global Budget

The interim estimate for the Park Board Global Budget is \$62,845,700, an increase of 5.1% over 2008, and includes added basic funding of \$856,300 (a further \$33,800 is held centrally for #1 Kingsway which will be allocated to the Park Board upon the facility's opening) that includes \$194,000 for increased security contract costs.

The global budget has been determined by the City and Board staff according to the principles approved by Council. In short, these principles require the Park Board to increase its fees and charges based on the increase in City costs in order to receive inflationary adjustments to expenditures.

Added Basic is the ongoing operating cost of completed capital projects approved by the Park Board and Council. Under the global budget arrangement, Council has agreed to add these costs to the Park Board budget. The 2009 Added Basic includes \$661,800 for maintenance and support of new buildings and parks infrastructure.

The Park Board has agreed to reduce \$0.4 million of their 2009 Added Basic request and has agreed to a \$0.3 million share of the corporate adjustments. The Park Board will determine the specific adjustments that would be implemented so that services and staffing are not to be impacted.

## 5. Efficiency Adjustments

Council requested that three initiatives (totaling \$2.0 million) are to be funded through operational efficiencies. These initiatives include the first phase of the implementation of a consolidated citizen service centre and 311 Service for the City of Vancouver planned for January 2009, a Financial Analyst position for the Financial Services Group, and an Employee Mobility Program Coordinator.

### *311 Consolidated Citizen Service Centre:*

On November 30, 2006, Council approved the implementation of a consolidated citizen service centre and 311 Service for the City of Vancouver. As per Council's decision, all costs associated with the operation of the 311 Contact Centre are to be fully recovered by internal budget transfers by departments and operational efficiencies.

The implementation of the 311 Contact Centre has been phased over three years with funding reallocated directly from areas that will be transferring calls to the 311 Contact Centre as well as a broad Corporate allocation to recognize the overall service benefit to the City as a whole. Table 3 identifies the distribution of costs over three years noting that as the system is implemented some of the future costs may change.

**Table 3 - 311 Operating Costs and Department/Common Funding Sources**

Department	\$000				
	2009	2010	Increment	2011	Increment
Business Planning and Services	-	0.6	0.6	1.3	0.6
City Clerk's	84.0	103.3	19.3	122.6	19.3
City Manager	-	1.5	1.5	3.0	1.5
Community Services	208.4	380.6	172.2	438.4	57.8
Financial Services	120.3	288.6	168.3	288.6	-
Engineering - Public Works	358.1	621.0	262.9	629.6	8.6
Engineering - Utilities	92.7	185.5	92.7	185.5	-
Fire and Rescue Services	7.0	7.0	-	7.0	-
Human Resource Services	7.8	7.8	-	7.8	-
Legal	-	1.2	1.2	2.4	1.2
Library	-	12.3	12.3	24.6	12.3
Mayor's Office	-	-	-	25.3	25.3
Parks & Recreation	75.4	432.6	357.1	714.2	281.7
Police Department	125.1	125.1	-	125.1	-
<b>Department Allocation</b>	<b>1,078.8</b>	<b>2,167.0</b>	<b>1,088.2</b>	<b>2,575.4</b>	<b>408.3</b>
<b>Common Allocation</b>	<b>729.4</b>	<b>2,332.4</b>	<b>1,603.0</b>	<b>2,575.4</b>	<b>243.0</b>
<b>Total 311 Operating Budget</b>	<b>1,808.2</b>	<b>4,499.4</b>	<b>2,691.2</b>	<b>5,150.7</b>	<b>651.3</b>
	-				

***2009 - 311 Budget and Personnel Implications***

Operating costs for Phase I and Phase II of the 311 Contact Centre totaling \$1.8 million is included in the 2009 Operating Estimates. These operating costs have been funded through Department adjustments of \$1.1 million listed in Appendix 4 and \$0.7 million as a Corporate adjustment.

Council has previously approved the creation of 43 positions required for Phase 1 and 2 of the implementation of the 311 Contact Centre. Specifically, 15 positions were approved in June 2008 (RTS 7392) and 28 positions were approved in January 2009 (RTS 7827).

It was expected that due to the transition of funding and consolidation of services from departments into the 311 Contact Centre that some reduction to departmental staffing complements would occur. Departments have now provided the detail regarding how each will achieve their 311 budget reduction (again, details provided in Appendix 4)

As noted in RTS 7827, departments and Human Resource Services have been proactively addressing the potential impact on affected employees. Specifically, Human Resource Services, Departments and the Access Vancouver Program have done the following:

- Filled vacant RFT positions identified as highly impacted by 311 with temporary staff to avoid lay off situations;
- Offered comprehensive 4.5 days of Citizen Service Skills Training to impacted staff (140 attendees) to orient employee's to call centre functions;
- Offered two Career Development Workshops to participants of the Citizen Service Skills Training to assist in career planning decisions;
- Review of opportunities to redesign remaining work and services.

The initial estimates in the 311 Business Case identified up to 155 positions as impacted by the change. Departmental reductions which will be recommended to Council to meet the 311 cost allocations for 2009 will be 24 FTE's of which 19 are regular full time and part time positions (listed in Appendix 6). As a result of the undertakings above, the majority of the positions are either vacant, filled with temporary employees or the incumbents have received positions in the 311 Contact Centre. There are seven remaining FTE's which are filled with regular full-time employees. Where a regular (unionized) employee occupies a position deemed redundant and where the employee does not apply for, or does not secure employment in the 311 Contact Centre, they will have access to the layoff and bumping process outlined in the applicable collective agreement. Phase 3 (scheduled for 2010) may result in further staff impacts which are estimated to be within a similar range as 2009. A copy of this report has been provided to CUPE Local 15.

### *Corporate Efficiency Allocations 311 and Other*

Along with the common efficiency allocation for 311 of \$0.7 million, there are two other initiatives Council directed to be funded through Citywide efficiencies, Financial Analyst (\$0.1 million) and Employee Mobility Program Coordinator (0.1 million). The \$0.9 million corporate efficiency requirement to fund these three items has been achieved through the different corporate efficiency initiatives recommended by the Corporate Management Team.

- \$0.1 million from the 10% reduction to Consulting Budgets
- \$0.2 million from changes to City's fleet budget methodology
- \$0.6 million of the \$1.5 million savings from eliminating the 2% inflationary increase.

## **6. Funding Requests for 2009**

As much as possible, the Corporate Management Team attempts to anticipate the need for additional funding as part of the annual Operating Budget process so as to limit requests to be funded from the Contingency Reserve, after the Operating Budget is set for the year. Given the anticipated budget challenge, the Corporate Management Team limited the number of funding requests to those that related to key Council priorities and operational/workload issues. As well, offsetting funding sources were identified to mitigate the overall impact on property taxes.

For 2009, the Corporate Management Team has identified new or expanded services/programs totalling \$4.2 million of which \$1.7 million would be without offset for a property tax increase of 0.33%. Appendix 3 provides details on the funding requests.

**Table 4 - Summary of Funding Requests**

Type of Funding Request	RFT / RPT	\$Gross Funding (\$000)	\$Net Impact ('000)	Tax Impact
1. Previous Council Requested Report Back		605	495	0.09%
2. Park Board Funding Request		747	747	0.15%
3. Finance Chair Priorities	1	700	400	0.08%
4. Priority Operational Funding Requests	24.5	2167	69	0.01%
<b>Total Funding Requests</b>	<b>25.5</b>	<b>4,219</b>	<b>1,711</b>	<b>0.33%</b>

*Previous Council Requested Report Back*

There are three initiatives listed in Appendix 2 that have been requested by the previous Council to be reported back on for final approval. The total funding request for 2009 is \$0.61 million. The Corporate Management Team has presented two of these requests (Project Civil City and the Ambassador Program) for Council CONSIDERATION. The third request, Crime Free-Multi-Housing is recommended to be funded from the Social Sustainability Fund with no impact to the Operating Budget.

*Park Board Funding Request*

The Vancouver Park Board will be completing the Hillcrest (Vancouver Olympic and Paralympic Centre) in the summer of 2009. The facility will need to be closed to the public in starting in the fall of 2009 when it is to be used the 2010 Olympic Games. The Percy Norman Pool (part of the Hillcrest complex) will be complete in time for the 2009 summer season. The Park Board has expressed a desire to open the new pool facility temporarily prior to the Olympic handover while continuing to operating the Riley Park Pool. The funding implication of \$0.75 million or 0.14% of a property tax increase is presented for Council's CONSIDERATION recognizing that the public will continue to have access to all community recreational facilities during this time at the Riley Park Community Centre, Rink, and Pool.

*Priorities Identified by the City's Finance Chair*

There are four funding priorities identified by the Finance Chair for 2009 that total \$0.7 million that will be reported to Council separately during the year for specific Council approval. These include the creation of a Mental Health Advocate, enhanced Childcare Support, creation of a Green Grants Fund, and the retention of an external auditor to provide a full review of city accounts and to identify efficiency opportunities. It is recommended that

\$0.4 million be added without offset (0.08% property tax increase) but that the \$0.3 million one time funding for the External Audit be funded from prior year surplus with no impact on property taxes.

**2009 Operational Priorities**

There are 18 funding requests totalling \$2.2 million prioritized by the Corporate Management Team that deal with critical workload issues. Where possible, Departments have identified offsets to fund these requests. As a result, the net funding increase is only \$0.1 million resulting in a 0.01% property tax increase.

**Summary of Budget Position**

As described in the previous sections the Interim Budget position identified a gap of \$31.1 million or a 5.96% tax increase. Should Council approve all the funding requests totalling \$1.7 million for a property tax implication 0.33%, the total property tax increase will be 6.29%.

This represents:

Base City Costs	2.24%
Programs Approved in 2008	1.15%
Reversal of the Work Stoppage Savings	2.26%
Outside Agency Impact	0.31%
<b>Interim Budget Position</b>	<b>5.96%</b>
<u>2009 Funding Requests</u>	<u>0.33%</u>
<b>Total Property Tax Increase</b>	<b>6.29%</b>

**7. Property Tax Implications for 2009**

Along with the budget impact on property taxes, property taxes will be impacted by the 2008 Council approval to redistribute the property tax levy between residential and non-residential properties based on the recommendations of a Property Tax Policy Review Commission (Appendix 2 highlights the policy changes approved by Council 2008).

Table 5 identifies the property tax implications of the Interim Budget position, the 2009 Funding Requests, and the Property Tax Redistribution on residential and non-residential properties.

Table 5 - Total Potential Impact on 2009 Property Taxes

Description	Property Tax Impact	Overall Property Tax Increase	Property Tax Distribution	
			Residential Properties	Non-Residential Properties
<b>Opening Budget Position</b>	5.96%	5.96%	5.96%	5.96%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$90	+\$444
<b>Funding Requests</b>	0.33%	6.29%	6.29%	6.29%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$95	+\$469
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<b>Property Tax Redistribution of \$5.6 million Between Residential and Non-residential Property<sup>2</sup></b>			8.29%	4.29%
<i>Property Tax Impact of Property Valued at \$783,000<sup>1</sup></i>			+\$128	\$313
			+\$33	(\$155)

<sup>1</sup> Calculated on using base levy of \$522 million

<sup>2</sup> 2.0% increase for residential property taxes and 2.0% decrease for non-residential property taxes

## 8. Estimated Tax Impact in 2010

In considering the 2009 Operating Budget adjustment proposals and funding requests, Council should be aware that decisions in 2009 will impact the 2009 Operating Budget. To calculate the 2009 potential property tax increase, the following will be considered.

Table 6 - 2009 Property Tax Increase Estimate

	2009 Funding (\$000)	2010 Budget (\$000)	2010 Budget Increase (\$000)	2010 Tax Impact <sup>1</sup>
Funding Requests	1,711	1,600	(111)	n/a
2008 Police Approvals	7812	8,996	1,184	0.2%
One-time Budget adjustments <sup>2</sup>		4,826	4,826	0.9%
Reversal of Incremental Turnover <sup>2</sup>		2,357	2,357	0.4%
Opening of Capital Facilities	1,940	5,168	3,228	0.6%
Cost to Maintain Base Services			\$16,665 to 24,975	3.0% to 4.5%
<b>Total</b>			<b>\$28,149 to \$36,459</b>	<b>5.1% to 6.6%</b>

<sup>1</sup>2009 Base Taxes at \$555 million assuming Council approves 6.29% property tax increase

<sup>2</sup>All one-time and turnover adjustments to the budget will be assessed during the 2010 Operating Budget process to determine whether savings can be extended.



The potential property tax increase to maintain Council approved service levels will range from 5.1% to 6.6% due to anticipated inflationary/wage increases and the reversal of one-time budget adjustments, the 2008 police staffing approvals, the 2009 funding requests, and the inclusion of one-time budget adjustments in the Interim Estimates.

## 9. Completing the Budget Cycle

The following outlines the next steps in the budget process (for details see Appendix 8)

Report Reference: Interim Budget Estimates - Base Budget, Initiatives, Adjustments	February 3/09
Public Consultation (See Communication Plan synopsis in Appendix 9) <ul style="list-style-type: none"> <li>• Mayor's Stakeholder Forum (Wosk Centre for Dialogue)</li> <li>• General Public Meeting (Vancouver Technical Secondary School)</li> </ul>	Feb 3 - March 24/09 <ul style="list-style-type: none"> <li>• February 18/09</li> <li>• February 21/09</li> </ul>
Staff Briefing - Union - Base Budget, Initiatives, Adjustments	Feb 3 - March 24/09
Report Reference: Public Consultation Results	March 24/09
Council Deliberations	March 24/09
Public Meeting Feedback on Council Deliberations (Council Chambers)	March 31/09 April 1/09 (back up, if required)
Final Budget Estimates	April 7/09
Tax Reports	April - May/09

## 10. Olympic Village Implications to the 2009 Operating Budget

On January 12, 2009, the City Manager briefed Council and the public on the Olympic Village project and its associated financial challenges (<http://vancouver.ca/olympicvillage-update.htm>). At that meeting Council requested the Province to amend the Vancouver Charter to provide Council with sufficient financing powers in connection with the Olympic Village project.

The Olympic Village project does not impact the 2009 Operating Budget or property taxes.

The City of Vancouver has provided a Completion Guarantee on the Olympic Village Project, a \$190 million financial guarantee to the lender, and \$100 million protective advances for construction of the project. As well, having received an amendment to the Vancouver Charter, the City will be seeking financing for all, or a portion, of the Olympic Village Project Costs.

To date, the funding implication (excluding project costs directly incurred by the City) has been the \$100 million protective advance. The cash for this advance has been charged to the project budget which resides in the Property Endowment Fund (PEF)<sup>1</sup>. Given the current fund balance in the PEF, funding for this advance has been provided by the Capital Financing Fund (CFF)<sup>2</sup> rather than Operating Budget.

Once the future loan is issued, the debt repayments (interest and principle) will be charged to the project in the PEF. However, these payments will need to continue to be funded by the CFF. When the sale is complete, proceeds from the sale will reimburse the PEF/CFF.

The future financing impact depends on:

- the financing required
- the financing terms (interest rate, loan repayment structure)
- the final proceeds from the sale of the Olympic Village units

Assuming the CFF can maintain a positive cash balance while still allowing for its current and future obligations; the Operating Budget should remain sheltered.

If, however, the CFF cannot meet its obligations and/or the proceeds from the sale of the Olympic Village assets are less than the loan obligation, then there may be future implications to the Operating Budget and, therefore, property taxes. This may transpire in the following ways:

- Internal loan opportunities for capital projects currently funded by the CFF may need to be funded from the Operating Budget.
- If cash reserves or other assets are utilized to fund any shortfalls, these reserves/assets may need to be replenished over time by the Operating Budget.
- The PEF may not be able to make some or all of its annual \$7 million funding contribution to the Operating Budget.
- The Operating Budget may need to repay loans to cover shortfalls if additional financing needs to be secured.

At this point it is difficult to determine these future implications to the Operating Budget and property taxes, however, staff will be preparing cash flow projections to minimize any financial implications to the City.

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<sup>1</sup> PEF - accounts for real estate properties not required for civic purposes, including non-market housing sites, other residential and commercial properties, and parking garages. These properties are generally managed on a commercial basis generating income to benefit current and future citizens. The Olympic Village is a PEF project.

<sup>2</sup> CFF - provides funds for internal financing of capital projects for both civic purposes (Capital Fund) and non-civic purposes (PEF). The CFF also holds the Solid Waste Capital Reserve which holds funding for the eventual closure & post closure costs at the City's landfill.

## CONCLUSION

The Interim Estimates included in this report represents the effort of the Corporate Management Team to bring forward a budget that minimizes property taxes while preserving City services and staffing. A property tax increase below this level would result in service and/or staffing impacts. As well a series of funding requests have been identified for Council's consideration. As much as possible these requests will limited to those of a Council priority and critical workload issues in the organization.

The next stage in completing the 2009 Operating Budget involves hearing input from the public on these budget proposals. Staff will report back on March 24, 2009 on the results of this consultation process.

\* \* \* \* \*

City of Vancouver  
2009 Operating Budget Projections

Appendix 1

	2008	2009	\$	%
	budget	Estimate	change	change
	(\$000s)	(\$000s)		

SECTION 1: Summary of Revenues

Taxation Revenues

Base Levy	506,287	516,563	10,276	2.0%
New Construction	10,276	5,500	-4,776	(46.5%)
<b>Total Taxation Revenues</b>	<b>516,563</b>	<b>522,063</b>	<b>5,500</b>	<b>1.1%</b>
Tax Adjustments	-4,000	-3,000	1,000	(25.0%)
Local Improvement Taxes	3,113	2,710	-404	(13.0%)
Receipts in Lieu of Taxes	32,045	33,286	1,241	3.9%
Penalties and Interest	4,500	3,907	-593	(13.2%)
<b>Total Revenue from Taxation</b>	<b>552,222</b>	<b>558,966</b>	<b>6,744</b>	<b>1.2%</b>

Other Revenues

Provincial Revenue Sharing Programs	20,500	22,000	1,500	7.3%
Investment Income	16,185	13,551	(2,634)	(16.3%)
License Fees	15,622	15,771	149	1.0%
Property Rental Income	1,509	993	(517)	(34.2%)
Service and Inspection Fees	33,160	30,048	(3,112)	(9.4%)
Municipal By-Law Fines	12,420	13,506	1,086	8.7%
On Street Parking Revenue	27,805	30,220	2,415	8.7%
Civic Theatres Revenue	5,977	6,359	382	6.4%
Park Board Revenues	38,508	40,213	1,706	4.4%
Miscellaneous Revenues	5,873	5,951	78	1.3%
<b>Total Other Revenues</b>	<b>177,558</b>	<b>178,611</b>	<b>1,053</b>	<b>0.6%</b>

	2008 budget (\$000s)	2009 Estimate (\$000s)	\$ change	% change
<b>Utility Fees</b>				
Waterworks	75,901	80,872	4,971	6.5%
Solid Waste	31,708	36,451	4,743	15.0%
Sewers	36,636	40,744	4,108	11.2%
<b>Total Utility Fees</b>	144,245	158,066	13,821	9.6%
<b>Total Revenues before Transfers</b>	874,025	895,643	21,618	2.5%
<b>Transfer from Other Funds/Reserves</b>				
Sinking Fund Prior Year Surplus	0	0	0	
Property Endowment Fund	7,000	7,000	0	0.0%
Art Gallery Reserve	160	160	0	0.0%
Revenue Surplus	0	0	0	
2007 WORK STOPPAGE SAVINGS	11,800	0	(11,800)	(100.0%)
Other	1,500	0	(1,500)	(100.0%)
<b>Total Transfer from Other Funds</b>	20,460	7,160	(13,300)	(65.0%)
<b>Total Revenues after Tax Increase</b>	894,485	902,803	8,318	0.9%

	2008	2009	\$	%
	budget	Estimate	change	change
	(\$000s)	(\$000s)		

**SECTION 2: Summary of Expenditures**

**General Government**

Mayor and Councillors	1,976	2,068	92	4.7%
City Manager / EEO	3,826	3,786	-40	(1.0%)
City Clerk	5,208	3,893	-1,315	(25.2%)
Legal Services	4,899	5,043	143	2.9%
Business Planning & Services	22,236	27,299	5,063	22.8%
Financial Services	11,885	12,572	686	5.8%
Human Resources	8,162	7,835	-327	(4.0%)
Other General Government	11,312	8,624	-2,689	(23.8%)
Community Services Administration	8,226	6,521	-1,705	(20.7%)
City-Wide and Community Planning	7,807	8,959	1,152	14.8%
<b>Total General Government</b>	<b>85,539</b>	<b>86,600</b>	<b>1,061</b>	<b>1.2%</b>

**Protection to Persons and Property**

Police Services	181,854	194,977	13,123	7.2%
Fire and Rescue Services	82,368	86,506	4,138	5.0%
E-COMM Services	18,238	19,157	918	5.0%
Permits and Licences	22,928	23,300	372	1.6%
Animal Control	1,853	1,867	15	0.8%
Vancouver Emergency Program	1,459	1,514	55	3.8%
<b>Total Protection to Persons and Property</b>	<b>308,699</b>	<b>327,320</b>	<b>18,621</b>	<b>6.0%</b>

	2008 budget	2009 Estimate	\$ change	% change
	(\$000s)	(\$000s)		
<b>Public Works</b>				
Administration and General	12,382	11,510	-872	(7.0%)
On Street Parking Program	10,511	10,405	-106	(1.0%)
Traffic Planning and Control	10,982	10,678	-304	(2.8%)
Street Lighting and Communications	5,206	5,883	677	13.0%
Street Cleaning	8,954	9,154	200	2.2%
Streets, Bridges and Walkways	17,071	18,586	1,515	8.9%
<b>Total Public Works</b>	<b>65,106</b>	<b>66,217</b>	<b>1,111</b>	<b>1.7%</b>
<b>Utilities - Waterworks</b>				
Operating Costs	9,196	11,498	2,302	25.0%
Water Purchase	49,444	55,733	6,289	12.7%
City Debt Charges	21,313	18,945	-2,368	(11.1%)
Transfer to/(from) Reserve	-4,052	-5,304	-1,252	30.9%
<b>Total Utilities - Waterworks</b>	<b>75,901</b>	<b>80,872</b>	<b>4,971</b>	<b>6.5%</b>
<b>Utilities - Solid Waste</b>				
Operating Costs	30,496	33,239	2,743	9.0%
Transfer to/(from) Reserve	1,212	3,212	2,000	165.0%
<b>Total Utilities - Solid Waste</b>	<b>31,708</b>	<b>36,451</b>	<b>4,743</b>	<b>15.0%</b>
<b>Utilities - Sewer</b>				
City Operating Costs	7,289	8,072	783	10.7%
City Debt Charges	22,302	21,471	-831	(3.7%)
Regional Sewerage Levy	42,672	44,157	1,485	3.5%
Transfer to/(from) Reserve	681	-992	-1,673	(245.5%)
<b>Total Utilities - Sewer</b>	<b>72,944</b>	<b>72,709</b>	<b>-235</b>	<b>(0.3%)</b>

	2008 budget (\$000s)	2009 Estimate (\$000s)	\$ change	% change
<b>Recreation and Community Services</b>				
Parks and Recreation	97,847	102,059	5,212	5.3%
Britannia Service Centre	2,960	3,088	128	4.3%
Social Planning	1,856	2,050	194	10.4%
Housing Programs	1,832	2,244	411	22.5%
Office of Cultural Affairs	1,497	1,773	276	18.4%
Carnegie Centre	3,308	3,442	135	4.1%
Downtown South Gathering Place	2,222	2,201	-21	(0.9%)
Vancouver Public Library	37,611	38,179	568	1.5%
Civic Theatres	7,045	7,395	350	5.0%
Archives	1,445	1,502	57	3.9%
Cemetery	820	817	-3	(0.4%)
<b>Total Recreation and Community Services</b>	<b>158,443</b>	<b>165,749</b>	<b>7,306</b>	<b>4.6%</b>
<b>Civic Grant Program</b>	<b>15,705</b>	<b>15,766</b>	<b>61</b>	<b>0.4%</b>
<b>Contingency Reserve</b>	<b>3,100</b>	<b>4,000</b>	<b>900</b>	<b>29.0%</b>
<b>Total before Capital Program and Transfers</b>	<b>817,145</b>	<b>855,682</b>	<b>38,538</b>	<b>4.7%</b>



	2008 budget (\$000s)	2009 Estimate (\$000s)	\$ change	% change
<b>Capital Program</b>				
General Debt Charges	49,032	47,765	-1,267	(2.6%)
Capital From Revenue	19,700	22,000	2,300	11.7%
Local Improvements	3,113	2,710	-404	(13.0%)
Debt Repayment Reserve	0	0	0	
<b>Total Capital Program</b>	<b>71,845</b>	<b>72,474</b>	<b>629</b>	<b>0.9%</b>
<b>Transfers to Reserves/Funds</b>				
Other Transfers	5,495	5,746	250	4.6%
<b>Total Transfers to Reserves/Funds</b>	<b>5,495</b>	<b>5,746</b>	<b>250</b>	<b>4.6%</b>
<b>Total Expenditures</b>	<b>894,485</b>	<b>933,410</b>	<b>39,417</b>	<b>4.4%</b>
<b>Tax Increase Used to Balance Budget</b>				
	<b>1.23%</b>	<b>5.96%</b>		

## Appendix 2 - Interim Budget Estimates

### Council Policies Pertaining to City Revenues:

#### *Parking Meter Policy:*

Council policy is to provide parking meters to improve turnover of street parking for short term use, with the support of local businesses. Rates are general set at levels above adjacent off-street parking with consideration of local market demand.

#### *Charges and Fee Policy:*

It is Council policy that fees and charges for City services be established on a cost recovery basis and at market levels in circumstances where they are provided in competition with the private sector.

#### *Property Tax Policy:*

Property Tax Distribution:

Since 1982, it has been Council's policy to collect a fixed share of the total property tax levy from each of the seven property tax classes in Vancouver. Over time, this share has been adjusted slightly by properties transferring between classes, by the addition of new construction value to a property class and by Council decisions that have affected the shares of the tax levy.

On April 28, 2005, Council confirmed the policy of managing the property tax levy through a "fixed burden" approach where the allocation of the levy among the classes of property is determined annually by Council, subject to physical changes in the classes or to Council action to adjust the allocation. In March 2008 after receiving the recommendations from a Property Tax Policy Review Commission, Council:

- Council approve a target redistribution of the tax levy, that would shift \$23.8 million proportionately from Classes 2, 4, 5 and 6, to Classes 1, 8 and 9, in order to achieve the Property Tax Policy Review Commission's recommended tax levy distribution of 48% non-residential and 52% residential.
- Council approved, to achieve the target redistribution, the reduction of the tax share borne by the non-residential property classes (Classes 2, 4, 5 and 6) at a rate of one percent of the overall tax levy per year, and the increase in the share borne by the residential classes (Classes 1, 8, and 9) by the same amount until a total of \$23.8 million has been shifted from the nonresidential property classes to the residential property classes.
- Approved that following the achievement of the recommended target tax redistribution described above, the tax distribution shares be unchanged for a period of five years.

Council Priorities Pertaining to City Revenues (Continued)

Land Assessment Averaging:

Since 1994, Council has approved the use of three year land assessment averaging as the method for calculating property taxes for the residential and business classes (and light industrial class beginning in 2008), including the criteria for determining the eligibility of individual properties. In March 2008 after receiving the recommendations from a Property Tax Policy Review Commission, Council:

- Instructed staff to seek an amendment to the Vancouver Charter, to allow the City to use up to five years of land assessments in the land assessment averaging formula available to the City for the calculation of property taxes, as compared to the current formula which allows for three-year land averaging only. If the Charter amendment is approved, staff are to report back with an analysis that compares the use of five-year land averaging to three-year land averaging in the calculation of property taxes, with respect to their respective efficacy in mitigating year-over-year volatility in property taxes for individual properties.

Property Tax Exemptions:

Section 396 of the Vancouver Charter governs eligibility for property tax exemptions in the City. With the exception of exemptions related to the City's Heritage Revitalization program, Council has not provided permissive exemptions from property taxation. A more comprehensive summary of exemptions will be reported to Council later in 2009.

The following summarizes the major revenue and expenditure areas included in the Appendix 1 Interim Estimates

**REVENUE ESTIMATES**

The revenue side of the Operating Budget is comprised of four components: Taxation Revenues, General Revenues, Transfers from Reserves/Funds, and Utility Revenues (as they relate to the utility expenditures). The Interim estimates include revenues of \$902.8 million in 2009, up 0.9% from 2008. This revenue position is prior to consideration of a property tax increase.

*Taxation Revenues*

Taxation revenues are those derived from property taxation sources including the general purpose tax levy, receipts-in-lieu of taxes (revenues from properties not subject to property taxation), as well as penalty and interest charges for outstanding and arrears taxes. The estimates established these revenues at \$559.0 million.

- i) The general purpose tax levy has been set at \$522.1 million prior to consideration of a tax increase. This includes \$5.5 million in tax revenue from new construction.

ii) The provision for tax adjustments is set at \$3.0 million, a reduction of \$1 million reflecting experience and consideration of the level of funding available in reserve.

iii) Receipts-in-lieu of taxes totals \$33.3 million, reflecting a \$1.2 million increase based on recent experience.

iv) Penalties and Interest has been set at \$3.9 million, an increase of \$0.6 million that better reflects actual experience.

### *General Revenues*

A variety of general revenue sources support the expenditure budget. Overall, General Revenues are anticipated to increase to \$178.6 million or \$13.3 million over the 2008 budget level of \$144.2 million, a 9.2% increase. These revenues are summarized below:

i) Provincial Revenue Sharing is comprised of two components:

*Provincial Traffic Fine Revenue* - The Provincial traffic fine revenue program increased substantially in 2004 based on the Provincial initiative to transfer 100% of traffic fine revenue to municipalities. This traffic fine revenue is provided to municipalities in order to defray the cost of local police enforcement.

The Interim estimates include \$14.9 million in Provincial Traffic Fine Revenue, an increase of \$0.8 million based on 2008 actual experience (2009 estimates have not yet been received from the Province). This increase is attributed to the rate of growth of the Vancouver Police Department.

*Gaming Revenue* - The Interim estimates include \$7.2 million in gaming revenue, an increase of \$0.8 million over 2008. The change reflects 2008 experience and the continued implementation of slot machines at Hastings Racetrack.

ii) Investment Income is dependent on the cash balances the City has to invest and on market interest rates. Interest rates have decreased dramatically in recent months, reducing anticipated short term interest earnings by \$2.6 million in 2009.

iii) On-Street Parking Revenue has increased by \$2.4 million to reflect program changes approved by Council in 2008 and historical experience.

iv) Service and Inspection Fees have also been negatively impacted by decreasing development activity and have been reduced by \$3.1 million.

v) License Fees have increased by \$0.2 million based on inflationary guidelines and historical experience.

vi) Park Board Revenues have increased by \$1.7 million or 4.4% based on inflationary guidelines.

vii) Civic Theatres Revenues are anticipated to increase by \$0.4 million based on inflationary guidelines and anticipated bookings. Overall, Civic Theatres revenues will be impacted by the planned closure of the all three Civic Theatres in 2009 for capital work.

viii) Miscellaneous Revenue is anticipated to be mainly static in 2009 with only a \$0.08 million projected increase.

### *Transfers from Reserves*

The transfer from other funds and reserves includes:

i) Annual dividend from the Property Endowment Fund remains unchanged at \$7.0 million.

ii) Transfer from the Art Gallery Reserve remains unchanged at \$0.16 million; which partially offsets the Art Gallery operating grant.

iii) Reversal of the \$1.5 million Transfer from the Election Reserve provided for the 2008 civic election.

iii) Reversal of the \$11.8 million Transfer of the 2007 Work Stoppage Savings approved by Council to offset 2008 property taxes.

## EXPENDITURE ESTIMATES

The expenditure side of the budget is comprised of four components: Departmental Expenditures, Utility Expenditures; Capital Program; and Transfers to Other Funds/Reserves. The estimates include expenditures of approximately \$932.5 million in 2009, up 4.2% from the 2008 final budget.

### *Departmental Expenditures*

Departmental expenditures are those related to the programs and services provided by the City. The increases in program costs total \$29.9 million and are driven by the following factors.

#### *i) Salary and Benefit Costs*

Collective agreements for all employee groups have been settled and included in the 2009 Operating Budget. Wage increases for most employee groups are 3.5% in 2009 with the major exception of the Vancouver Police Union and the Vancouver Fire Union which received 4.1% and 4.45% increases respectively. Wages are a significant driver as employment costs make up over 60% of the City operating expenditures. This translates to an increase of \$23.2 million or 4.5% property tax increase.

ii) Inflation in Non-Salary Costs

Besides the costs associated with salaries and benefits, a variety of material, equipment and other input costs associated with the programs offered by the City also face inflationary pressures. The budget had originally provided a general allowance of 2.0% in departmental budgets to account for these increases. However, a corporate adjustment has been included to remove this inflationary increase from departmental budgets reducing the impact from \$1.9 million to \$0.4 million (mainly related to Civic Grants). As well, through the administrative reviews \$3.8 million of adjustments were made to non-salary accounts resulting in a \$3.4 million reduction in non-salary inflation equivalent to a 0.7% property tax reduction.

Equipment costs have increased at a different rate than inflation by \$2.0 million, equivalent to a 0.4% tax increase mainly related to increasing fuel rates.

Utility rates have increased by \$2.4 million mainly related to increased hydro (13.0%) and natural gas rates (23.3%) equivalent to a 0.5% tax increase.

iii) One-Time Corporate Adjustments

As part of the budget setting exercise, Council made one-time budget adjustments to balance the 2008 Operating Budget. Some of these budgets have been reinstated while one has been further reduced resulting in a net reduction of \$0.5 million to the 2009 Operating Budget, equivalent to a 0.1% property tax decrease. These included:

- New and non-recurring funds - \$0.3 million reduction over 2008 leaving a balance in the fund of \$0.5 million
- Contingency Reserve - \$0.9 million increase bringing the Reserve up to \$4.0 million
- Strategic Initiative Fund - \$0.5 million increase bringing the Fund up to \$0.9 million
- Turnover - \$1.6 million increase over 2008

iv) New or Expanded Services/Programs Approved in 2008

There are a number of new or increased expenditures related to services/programs approved by Council in 2008 totaling \$9.5 million, equivalent to a 1.8% tax increase. These included "Added Basic" (\$3.8 million), services/programs approved in 2008 (\$5.7 million).

The following added basic is the ongoing operating cost of capital projects approved that are anticipated to impact the 2009 Operating Budget at a net impact of \$3.8 million or 0.7% property tax increase.

	<b>\$000</b>
#1 Kingsway (Library, Parks, & Facilities)	217.3
Force Options Training Centre	540.4
Hillcrest Community Centre	335.5
Park Board - Others	520.8
Cross Roads - Office Space	2,142.0
<b>Total Added Basic</b>	<b>3,756.0</b>

As well, Council approved the following services/programs in 2008 at a net impact of \$5.7 million or a 1.1% tax increase:

Approval	Impact (\$000)	Tax Impact
Additional 96 Police Officers & Fire Equipment	4,004.0	
Addition of Fire Equipment	51.0	
Graffiti Removal Contract Increase	111.0	
<b>Public Safety</b>	<b>4,166.0</b>	<b>0.80%</b>
City Clerks Staffing (Communications & Archives)	49.0	
Financial Services Resources - Capital Asset Accountant & Financial Analyst	126.0	
<b>General Administration</b>	<b>175.0</b>	<b>0.03%</b>
Carnegie Outreach Program	31.7	
City/Province Social and Supportive Housing	185.3	
Lease and Maintenance Costs of City Owned Capital Assets	42.0	
<b>Social Programs/Support</b>	<b>259.0</b>	<b>0.05%</b>
<b>Sustainability - Green Build Strategy</b>	<b>44.2</b>	<b>0.01%</b>
<b>Planning Resources including Financing Growth and BIA Program</b>	<b>683.4</b>	<b>0.13%</b>
Autodesk/Hansen Sustainment Positions (delayed implementation)	24.8	
ERDMS (Records Management) Sustainment	182	
<b>Systems Support</b>	<b>206.8</b>	<b>0.04%</b>
<b>Engineering Added Basic</b>	<b>67.6</b>	<b>0.01%</b>
<b>Park Board - Sports Strategy</b>	<b>125.0</b>	<b>0.02%</b>
<b>Total Council Approvals</b>	<b>5,727.0</b>	<b>1.10%</b>

### *Charges from Outside Agencies*

The City's Operating Budget must also fund costs imposed by outside organizations over which Council has little or no direct control. The following organizations are anticipated to increase their requisitions to the City in 2009:

- GVS&DD levies the City for its share of regional sewerage costs. In 2009, these costs are estimated to increase by \$1.6 million. These costs are recovered 55% from user fees and 45% from property taxes. The impact on the tax supported operating budget of this increase is \$0.7 million over 2008 or 0.1% tax increase.
- The requisition from E-Comm for radio and dispatch services is estimated to increase by \$0.9 million or 5.0% translating to a 0.2% tax increase.

It has been Council practice to pass these expenditure increases through to taxpayers as a tax increase rather than forcing reductions in the City's program to remain within acceptable taxation targets. Together these additional charges total \$1.6 million and represent a property tax increase of about 0.31%.

### *Utility Expenditures*

The City has established three utilities that are operated on a user pay basis. The water and solid waste utilities are fully funded from user fees so that increased expenditures are matched by increased user fee revenues with no impact on property taxes. The sewer utility is funded approximately 55% from user fees and 45% from property taxes. In late 2008, Council approved the budgets and rates for these utilities.

Water utility costs are driven by increases in the cost of water purchased from the Regional District and debt charges. The Regional cost of water is to increase by 15.8% in anticipation of future capital expenditures related to water filtration projects at Seymour and Capilano Reservoirs and has resulted in an overall increase \$6.3 million or 12.7%, factoring in consumption. The City's utility debt decreased by \$2.4 million or 11.1%. City Costs increased by \$2.3 million, largely due to collective agreements and the reversal of the 2007 Work Stoppage Savings. The 2008 Water Utility rates were increased by Council by 4.9%.

The Solid Waste utility shows a \$4.3 million or 13.3% increase mainly related to wage increases, the reversal of the work stoppage savings (attributing 40% of the overall Solid Waste Fee increase), and higher equipment costs. For 2009, the average homeowner will see an increase of about \$40 (weighted average) in their annual total solid waste collection fees.

Sewer utility is showing a modest decrease of \$0.2 million though there is an increase in the Regional District costs for sewage treatment 3.5% and City costs of 10.7% (partially due to the reversal of the work stoppage savings). The reason for the decline is a \$1.7 million change in the Stabilization Reserve over last year. Council approved two major changes in the Sewer Utility: the transfer of sanitary system infrastructure costs from the property tax levy to be to user fees over two years and the alignment of BOD/TSS charges to a more accurate rate structure aligned with Metro Vancouver. To mitigate the impact on user fees, a transfer from the Stabilization Reserve was approved by Council. Overall the, sewer metered rate increased by 13% and the annual flat fees for single dwelling units increased by \$16 (from \$179 to \$195).

As noted, water and solid waste operations have no impact on taxes while the increase to the sewer costs is partially impacting the general tax levy (the net impact to the tax supported portion of the sewer utility is \$5.2 million equivalent to a 1.0% property tax reduction).

### *Capital Program*

The City's capital program is planned over a three-year horizon with financing provided by a combination of Debentures, Capital from Revenue (pay-as-you-go), Development Cost Levies/Community Amenity Contributions, and external funding. The costs of this program



are carried in the Operating Budget through payments of principal and interest on Debentures with funding provided from utility user fees and the property tax levy.

In 2009, the Operating Budget includes debt charges related to all outstanding debentures and from an anticipated \$200 million debenture issue for general (\$125.0 million) and utility (\$75.0 million) purposes. The property tax impact results in a decrease in debt charges of \$1.6 million.

The 2009-2011 Capital Plan anticipates Capital from Revenue totaling \$75.0 million, of which \$22.0 million has been allocated in the 2009 Operating Budget an increase of \$2.3 million over 2008.

The impact of the tax-supported portion of the capital program (excluding Sewer Utility debt and Local Improvements debt) will be an increase of \$0.7 million, equivalent to a tax increase of 0.1%.

#### *Transfers to Reserves/Funds*

There are a number of transfers included on the expenditure side of the operating budget, the main transfers include:

- i) Information Technology Long Term Financing Plan - \$4.2 million for the replacement and continued development of the City's core information technology infrastructure and equipment
- ii) Civic Election - \$0.75 million for the next civic election. The budget includes anticipated inflationary increases and a provision for the eventual replacement of the City's voting equipment in 2014.
- iii) Liability Insurance Reserve - \$0.75 million

**APPENDIX 3 - SUMMARY OF ADJUSTMENTS AS A RESULT OF LINE BY LINE REVIEWS**

Department/Board	Turnover	One-time Adjustment	Ongoing Adjustments	Total Adjustments	% Interim Estimates
Mayor	-	-	3.0	3.0	0.3%
Council	-	-	4.0	4.0	0.3%
City Manager's Office	-	25.0	15.0	40.0	1.3%
City Clerks	10.2	-	12.0	22.2	0.4%
Civic Theatres	-	-	145.0	145.0	14.0%
Community Services	477.9	985.4	527.7	1,991.0	3.7%
Business Planning & Services	161.8	250.0	349.5	761.3	2.8%
Engineering Public Works	153.9	900.8	293.8	1,348.5	2.0%
Utilities -Sewer tax supported	-	-	70.7	70.7	0.2%
Human Resources	13.5	-	473.4	486.9	5.2%
Fire and Rescue	266.0	215.2	120.1	601.3	0.7%
Legal	-	-	-	-	0.0%
Libraries	100.0	900.0	368.0	1,368.0	3.6%
Park Board	-	-	364.0	364.0	0.6%
Police	800.0	-	717.6	1,517.6	0.8%
EEO	-	-	-	-	0.0%
Britannia	-	-	18.7	18.7	0.6%
Grants	-	-	-	-	0.0%
Financial Services Group	140.0	5.0	292.3	437.3	3.5%
<b>Sub-Total</b>	<b>2,123.30</b>	<b>3,281.40</b>	<b>3,774.80</b>	<b>9,179.5</b>	<b>1.5%</b>
Revenues	-	-	3,986.0	3,986.0	-0.6%
<b>Total With Revenues</b>	<b>2,123.30</b>	<b>3,281.40</b>	<b>7,760.80</b>	<b>13,165.5</b>	<b>-16.6%</b>

Appendix 4 - 311 Departmental Adjustments

#	Department	Program	Description	FTE Impact		\$ Amount	Impact Statement
				Total FTE <sup>1</sup>	Net FTE <sup>2</sup>		
1	City Clerks	Administrative Services	Transfer Information Clerical Services (2 RFT positions) from the City Hall Front Kiosk to 311	2	0	84,000	Minimal impact as service will be provided by the 311 centre. Employees received jobs at 311 Contact Centre.
<b>Total City Clerks</b>				<b>2</b>	<b>0</b>	<b>\$84,000</b>	
2	Financial Services	Revenue Services	Transfer customer services support positions to 311 (1 RFT & 2 TFT positions)	3	0	51,000	Minimal impact as service will be provided by 311 call centre. No full time employee impacted as 2 positions are vacant and 1 filled by temporary employee.
3	Financial Services	Accounting Services	Eliminate vacant RFT Clerk III position	1	0	53,000	Accounting services has identified process improvements in the area of purchase orders, goods receipts, construction progress payments, supplier invoices and time entry that allows for an elimination of a clerical position without impact on services. The position is currently vacant.
4	Financial Services	Misc. Adjustments		0	0	16,330	Miscellaneous adjustments throughout Financial Services that have no impact on staffing or services.
<b>Total Financial Services</b>				<b>4</b>	<b>0</b>	<b>\$120,330</b>	

#	Department	Program	Description	FTE Impact		\$ Amount	Impact Statement
				Total FTE <sup>1</sup>	Net FTE <sup>2</sup>		
5	Community Services	Planning	Eliminate RFT Clerk Typist II position	1	0	48,541	Minimal impact as service will be provided by 311 contact centre. No full time employee impacted as employee received job at 311 Contact Centre.
6	Community Services	Non Market Operations	Eliminate RFT Landscape Technician position	1	1	72,976	Minimal service impact as position no longer required. Staff impact.
7	Community Services	Development Services	Eliminate RFT Clerk II position	1	0	48,541	Minimal impact as service will be provided by 311 contact centre. Position currently filled by temporary staff.
8	Community Services	Licenses & Inspections	Eliminate RFT Permit & License Clerk position	1	1	52,596	Service will be provided by the 311 centre, one RFT staff impact.
<b>Total Community Services</b>				<b>4</b>	<b>2</b>	<b>222,654</b>	
9	Engineering	Parking Management	Eliminate TFT Engineering Assistant I position	1	0	44,000	Minimal impact as service will be provided by 311 contact centre. Position currently filled by temporary staff.
10	Engineering	Engineering Call Centre	Eliminate two RFT Permit & License Clerk positions	2	0	97,085	Minimal impact as service will be provided by 311 contact centre. Positions currently filled by temporary staff.
11	Engineering	Parking Enforcement	Eliminate two Parking Enforcement Officers positions (mid-year)	2	0	50,471	Minimal impact as service will be provided by 311 contact centre. Positions currently vacant.
12	Engineering	Local Improvements	Reduce Temp help budget	0.5	0	22,500	Minimal impact as service will be provided by 311 contact centre.

#	Department	Program	Description	FTE Impact		\$ Amount	Impact Statement
				Total FTE <sup>1</sup>	Net FTE <sup>2</sup>		
13	Engineering	Yards	Eliminate RFT Clerk III position (mid-year)	1	1	28,177	Minimal impact as service will be provided by 311 contact centre.
14	Engineering	Traffic & Electrical	Miscellaneous adjustments	0	0	50,000	Miscellaneous adjustments that have no impact on staffing or services
15	Engineering	Sanitation	Eliminate two RFT Clerk II positions (mid-year) and one RFT Clerk II position full year	3	1	102,550	Service will be provided by 311 contact centre. One RFT position is vacant, one filled with temporary staff, and one RFT staff impact.
16	Engineering	Landfill	Reduce Landfill Ditch Maintenance Program	0	0	3,600	No impact on service or employees
17	Engineering	Waterworks Operations	Reduce Water Service maintenance	0	0	28,000	No impact on service or employees
18	Engineering	Sewer Operations	Reduce Street Drainage maintenance and cleaning program	0	0	24,408	No impact on service or employees
<b>Total Engineering</b>				<b>9.5</b>	<b>2</b>	<b>450,790</b>	
19	Fire & Rescue Services	Prevention	Misc. Adjustments	0	0	7,000	Miscellaneous adjustments that have no impact on staffing or services
<b>Total Fire &amp; Rescue Services</b>				<b>0</b>	<b>0</b>	<b>7,000</b>	
20	Human Resource Services	Administration	Misc. Adjustments	0	0	7,769	Miscellaneous adjustments that have no impact on staffing or services
<b>Total Human Resource Services</b>				<b>0</b>	<b>0</b>	<b>7,769</b>	

#	Department	Program	Description	FTE Impact		\$ Amount	Impact Statement
				Total FTE <sup>1</sup>	Net FTE <sup>2</sup>		
21	Parks & Recreation	Bloedel Conservatory	Reduce auxiliary budget	0.3	0	13,650	Reduction in auxiliary staff budget. Minimal impact as service will be provided by the 311 centre.
22	Parks & Recreation	Administration	Eliminate RFT Clerk Typist III (mid-year)	1	1	19,665	Service will be provided by the 311 centre, one RFT staff impact.
23	Parks & Recreation	Administration	Misc. Adjustments	0	0	7,804	Adjustment of administrative support functions.
24	Parks & Recreation	Aboriculture	Mid-year elimination Clerk Typist III	1	1	34,311	Service will be provided by the 311 centre, one RFT staff impact.
<b>Total Parks &amp; Recreation</b>				<b>2.3</b>	<b>2</b>	<b>75,430</b>	
25	Police Department	Administration	Eliminate two telephone operator positions	2	1	93,200	Service will be provided by 311 centre, potential staff impact. Some remaining duties will be reallocated to other positions. One position RFT, one filled by temporary staff.
26	Police Department	Unallocated		0	0	31,720	To be absorbed by savings within budget and will have minimal impact to department
<b>Total Police Department</b>				<b>2</b>	<b>1</b>	<b>124,920</b>	
<b>Total City-wide</b>				<b>23.8</b>	<b>7</b>	<b>1,092,893</b>	

<sup>1</sup> FTE refers to temporary and regular positions

<sup>2</sup> Net FTE excludes vacant and temporary position to identify any Human Resource implications

Appendix 5 - New Funding Requests

(\$'000)

Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	#
<b>Council Requested Report Back</b>							
Project Civil City	Provided for Council CONSIDERATION	-	300	-	-	In December 2006, Council adopted the Project Civil City initiative. Council received Progress Reports in November 2007 and July 2008, outlining progress on benchmarking the Project Civil City goals and on a number of initial actions underway under the broad categories of supporting homeless and vulnerable people, achieving public order and citizen engagement. Council allocated \$300,000 in the 2007 and 2008 Operating budgets for Project Civil City work. Program costs include Commissioner's salary, planning staff salaries, research and office support, and office supplies. Continuation of the work program requires a budget of \$300,000 for 2009 program costs.	1
Ambassador Program	Provided for Council CONSIDERATION	-	195	782	782	In December 2007, Council expressed support in principle for the expansion of the DVBIA Ambassador Program within the Downtown Business Improvement Area as well as to other commercial districts. In July 2008, Council approved the expansion of the Ambassador Program in six additional Business Improvement Areas. Current approved funding will provide the source of funds for the first nine months of 2009, and this funding request is the requirement for the BIA's for the last three months of 2009 and the on-going funding for this program.	2

Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	#
	Crime Free Multi-Housing Program	-	110 <i>no funding impact</i>	-	-	In February 2008, Council approve the creation of a Crime Free Multi-Housing Program (RTS # 07151), including a regular full- time project co-ordinator position, at an annual cost of \$110,000. Funding in 2008 of \$75,000 was provided from the Social Responsibility Fund (SRF) and for 2009 it is proposed to again provide the funding (\$110,000) from the SRF. Staff will report back prior to March 24 <sup>th</sup> , with proposed changes to the terms of the SRF to better align the funding criteria with this program.	3
TOTAL		-	605	782	782		



Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	
<b>Park Board Funding Request</b>							
Vancouver Board of Parks & Recreation	Vancouver Olympic & Paralympic Venue (Hillcrest Pool)  Provided for Council CONSIDERATION	-	747	-	-	The Vancouver Olympic & Paralympic Centre, in the Riley Park neighborhood, will be the home of the 2010 curling events. After 2010 the venue will be converted to a recreation complex. Being built at the same time and attached to the curling venue is a new aquatic centre. It is anticipated that the aquatic centre construction will be completed and available for opening in Summer 2009. The pool could be open for 16 weeks before the entire facilities are closed to the public for the Olympic exclusive use period. During the games, and the exclusive use period, the existing Riley Park Community Centre, Percy Norman Pool and Riley Park Ice Rink will still be open and servicing the needs of the community. Opening the additional Hillcrest pool for the 16 week period between occupancy and the Olympic use period requires a budget of \$747,000 with no offset from the current pool budget, as it will also remain open.	4

Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	
<b>Priorities Identified by the Finance Chair</b>							
	Mental Health Advocate Childcare Support Green Grants Fund External Audit	1.0	700	400	400	A series of priorities have been identified for 2009. These include the creation of a Mental Health Advocate (\$150K), enhanced Childcare Support (\$150K), creation of a Green Grants Fund (\$100K), and the retention of an external auditor to provide a full review of city accounts and to identify efficiency opportunities (up to \$300K on a one time basis). It is requested that \$0.4 million be added without offset and that the one-time funding be provided from prior year surplus.	5

Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	#
<b>Operational Funding Requests - With 2009 Funding Implications</b>							
Community Services Group	Planning - Extension of Temp Planner I position in the BIA area	-	65	-	-	Funding request to extend the temporary Planner I position within the Planning department for the BIA program, to meet workload requirements.	6
	Social Development - Increase Security staffing at Evelyne Saller Centre	0.5	11	12	12	Funding request for an additional regular part time security attendant at the Centre, to provide an additional 33 hours of security coverage per week. This additional coverage will ensure that there is two staff on site to respond to clients needs in a safe manner. Gross cost of \$22,400 will be offset by the existing 50/50 agreement with BC Housing.	7
	Support Services	-	9	9	9	Request to create a Financial Analyst position to meet workload requirements. Partial funding (\$40K) is available through the deletion of one RFT Accounting (\$50.5K) and savings from other position reclassifications with CSG (\$34.6K) leaving a balance of \$9K)	8
Business Planning	Staffing Resources for Non-Profit Capital Asset Portfolio	2	83	172	178	In order to support our over 80 social and cultural facilities in the Non-Profit Capital Asset Portfolio, it is requested that two dedicated RFT positions be funded: One Property Negotiator II position in Real Estate Services to work on lease arrangements, tenant insurance, and manage the tenant/landlord agreement; second position is a Building Management officer to provide ongoing property management services to the facilities per the lease agreements.	9

Department	Request	RFT / RPT	2009 \$	2010 \$	2011 \$	Description	#
Britannia Services Centre	Communications Coordinator	-	21	22	23	As part of a restructuring plan to meet service delivery needs, the funding request is put forward to convert a vacant Clerk II position to a regular full time Communications and Marketing Coordinator position. This position is needed to coordinate activities, inform the public of offerings, and attract funding for additional cooperative programming. The gross cost (\$70,000) of the position will be partially offset by the existing Clerk II salary (\$49,000).	10
<b>TOTAL</b>		2.5	189	215	222		

Department	Request	RFT / RPT	2009 \$ Gross	2009 Net	2010/2011 Net	Description	#
<b>Operational Funding Requests - With Funding Source</b>							
Engineering Services	Streets Administration / Filming - Temporary help in the Film Office	-	55	-	-	Request for an additional temporary position to carry out additional polling and field work to support filming, to help during times of the year when activity is highest. The gross cost of \$55,000 will be offset by increases in permit fees for filming and a new fee for staff to carry out neighbourhood polling.	11
Engineering Services	Solid Waste Mgmt - Keep Vancouver Spectacular (KVS) Expansion	1	105	-	-	Keep Vancouver Spectacular (KVS) currently operates as a 3-month program, however there is increasing public demand for the provision of year-round services. Request for an additional regular full time Program Coordinator to sustain a city-wide KVS Adopt-A-Block program with anti-litter promotions throughout the year. Funding source will be partial offset from street cleaning operating budget (\$48,000), sponsorships (\$10,000) and internal budget reallocations within the current department operating budget (\$47,000).	12

Department	Request	RFT / RPT	2009 \$ Gross	2009 Net	2010/2011 Net	Description	#
Engineering Services	Parking Enforcement - Expanded hours	10	580	(120)	(120)	To meet increased public and resident demand for late night parking enforcement, this request is to increase operating hours by an additional 3.5 hours to 2am (7 days per week), as well as open at 8.30am on Sundays (2 hours earlier than present). The costs for increased staffing (8 RFT Parking Enforcement Officers and 2 RFT Superintendents) will be approximately \$580,000, and this will be more than offset by increased ticket revenues of \$700,000, thus providing net revenue of \$120,000.	13
	Utilities Management - Street Utilities Bylaw	1	62	-	-	Request to regularize a temporary full time position (EA III for Street Utilities Bylaw), to continue the existing level of service and in anticipation of the Street Utilities By-law being enacted. Source of funds to be the fees from the utility companies.	14
	Streets Design, Sewer Design and Water Design - Road Ahead Coordinator	1	73	-	-	Request to regularize a temporary full time position (Communications Officer / Construction Schedule Coordinator) in the Streets Design Branch to continue the existing level of service related to construction coordination and communications to the public through the Road Ahead Program. Source of funds to be equal allocations from capital overhead for Sewer, Water and Streets capital projects.	15

Department	Request	RFT / RPT	2009 \$ Gross	2009 Net	2010/2011 Net	Description	#
City Clerk's Department	Corporate Communications	-	70	-	-	Request to hire a full time administrative/office manager to assist in managing the expanding service demands of the client City departments. Gross cost \$70,000 offset by removing two 0.5 FTE positions (Clerk III and Clerk IV) which have become available through process re-engineering.	16
Community Services Group	Social Development - New Assistant Director of Social Infrastructure	1	120	-	-	Funding request for an additional regular full time Assistant Director of Social Infrastructure position to lead the team that is focused on social development partnerships and projects. Source of funds for this position (\$120,000) to come from internal budget reallocations within the current department operating budget.	17
Financial Services	SAP Business Support	1	75	-	-	Request to regularize a temporary full time position within the SAP Business Support Team (since April 2005), to support the ongoing work of this team and ensure the ongoing employment of the current resource. Source of funding to be the existing temporary help budget.	18
Business Planning	Information Technology - Systems Administrator, & Web Systems Analyst	3	200	-	-	Request to regularize three temporary full time positions within the IT department to accommodate growth. Positions are: Systems Administrator; Web Programmer Analyst and Web Systems Analyst. Costs will be offset by Capital funding.	19

Department	Request	RFT / RPT	2009 \$ Gross	2009 Net	2010/2011 Net	Description	#
	Information Technology - Learning Support	1	75	-	-	Request to regularize a temporary full time position, to create a Learning Support function. This position will provide short courses to staff on Office and other desktop tools, increasing staff productivity and reducing the number of IT Help Centre calls. Source of funding to be the existing temporary help budget.	20
	Information Technology - Enterprise Data/Applications Architecture	1	110	-	115	Funding request for an additional regular full time Enterprise Data/Applications Architecture position. The need for this position has arisen as a result of the implementation of major new applications, and the need to ensure effective integration with existing applications as well as the evolution of new integration technologies. The source of funds for this position will be Capital in 2009, and the Operating Budget from 2010 onwards.	21
Business Planning	Information Technology - IT Security	2	200	-	208	Funding request for two additional regular full time IT Security positions to monitor and respond to IT threats. These positions will ensure our	22



Department	Request	RFT / RPT	2009 \$ Gross	2009 Net	2010/2011 Net	Description	#
						technology is current and efficient in deterring threats. These positions will be recruited in the later part of 2009 for 2010 with no funding impact in 2009.	
Vancouver Police Department	Granville Entertainment District	-	253	-	-	In 2008, Council approved and funded an enhanced summer LIMA squad and street closure in the entertainment district. Funding request for the continued deployment of the LIMA squad in the Granville Entertainment District to handle and reduce public nuisance and annoyance complaints from the public.  It is proposed to use \$253,000 of the 2008 surplus to fund this program in 2009. Staff will report back in 2009 to Council on liquor license fees as a source of funds from 2010 onwards.	23
<b>TOTAL</b>		<b>22.0</b>	<b>1978</b>	<b>(120)</b>	<b>203</b>		

## Appendix 6 - Positions to Be Delimited by Council Approval

Department	Position Number and Description
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### Positions Related to 311 Implementation

City Clerk	50006754 Information Clerk
City Clerk	50006756 Information Clerk
Community Services	50003200 Clerk Typist II
Community Services	50002457 Landscape Architectural Technician
Community Services	50003402 Clerk II
Community Services	50003419 Permit & License Clerk
Financial Services	50005870 Clerk III
Financial Services	50004990 Clerk Typist III
Engineering – Public Works	50004650 Permit & License Clerk
Engineering – Public Works	50004688 Permit & License Clerk
Engineering – Public Works	50005241 Parking Enforcement Officer
Engineering – Public Works	50025023 Parking Enforcement Officer
Engineering – Public Works	50005454 Clerk III
Engineering – Public Works	50000602 Clerk II
Engineering – Public Works	50004492 Clerk II
Engineering – Public Works	50004509 Clerk II
Park Board	50007814 Clerk Typist III
Park Board	50007816 Telephone Operator/Clerk Typist II
Vancouver Police Department	50012457 Telephone Operator I

### Positions Related to Funding Requests

City Clerk's – Corporate Communications (Rec. 10)	50027019 0.5 Clerk III
City Clerk's – Corporate Communications (Rec. 10)	50012293 0.5 Clerk IV
Community Services (Rec. 3)	50002696 Accounting Clerk
Britannia Services Centre (Rec.5)	Clerk Typist II in Cost Centre 70100

## Appendix 7 - Council Considerations/Recommendations Funding Requests

### CONSIDERATION 1 - 2: Council Requested Report Back

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1. THAT Council approve one-time funding of \$300,000 for Project Civil City to continue with the work program in 2009 as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.06%.
2. THAT Council approve the funding of \$195,000 for the Ambassador Program to continue with the work program to the end of 2009 as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.04%

### RECOMMENDATION 3: Council Requested Report Back

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3. THAT Council approve one-time funding of \$110,000 for the Crime Free Multi-Housing Program to continue with the work program in 2009, offset by a contribution from the Social Responsibility Fund with no net budget impact subject to staff reporting back on the terms of reference for the Social Responsibility Fund prior to March 24, 2009.

### CONSIDERATION 4: Park Board Funding Request

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4. THAT Council approve funding for the temporary opening of the Vancouver Olympic & Paralympic Venue (Hillcrest Pool), at a cost of \$747,000 as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.14% and that staff will report back on the program in late 2009.

### RECOMMENDATION 5: Priorities Identified by the Finance Chair

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5. THAT Council approve the funding for priorities identified by the Finance Chair - a Mental Health Advocate (\$150K), enhanced Childcare Support (\$150K), creation of a Green Grants Fund (\$100K), and the retention of an external auditor (\$300K) - at an annual cost of \$700,000, offset by one-time funding from the 2008 Operating Budget surplus (\$300,000), with a net amount of \$400,000 as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.08% and that staff will report back on each program for final approval.

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**RECOMMENDATION 6 - 10: Funding Requests Requiring New Funding**

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6. THAT Council approve the extension of the temporary Planner I position within the Community Services Group Planning division for the BIA program, at an annual cost of \$86,200 (2009 pro-rated cost - \$64,700), including benefits, as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.01%.
7. THAT Council approve the establishment of a Regular Part Time Security Attendant position within the Community Services Group - Evelyne Saller Centre, at an annual gross cost of \$22,400 (with partial offset of \$11,200 by the existing agreement with BC Housing), as an increase of \$11,200 to the 2009 Operating Budget, increasing the 2009 property taxes by 0.002%.
8. THAT Council approve the conversion of an existing Regular Full Time Account Clerk position with the Community Services Group Support Services division, to a Regular Full Time Financial Analyst position at an incremental annual cost of \$9,000, including benefits, as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.002%.
9. THAT Council approve the establishment of a Regular Full Time position within the Business Planning Real Estate division, and another in the Business Planning Building Management division, at an annual cost of \$165,000 (2009 pro-rated cost - \$82,500), including benefits, as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.02%.
10. THAT Council approve the conversion of an existing Regular Full Time Clerk II position within Britannia Services Centre, to a Regular Full Time Communications Coordinator position at an incremental annual cost of \$21,400, including benefits, as an increase to the 2009 Operating Budget, increasing the 2009 property taxes by 0.004%.

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**RECOMMENDATION 11 - 21: Funding Requests with No Net Budget Impact**

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11. THAT Council approve the an additional temporary position within Engineering Streets Administration Division to carry out additional polling and field work to support filming at an annual cost of \$55,100, including benefits, offset by increases in permit fees for filming and a new fee for staff to carry out neighbourhood polling with no net budget impact.
12. THAT Council approve the establishment of a Regular Full Time Program Coordinator position for the Keep Vancouver Spectacular program within Engineering Solid Waste Management division at an annual cost of \$70,000, including benefits, offset by sponsorships and existing program funding with no net budget impact.

13. THAT Council approve the establishment of eight Regular Full Time Parking Enforcement Officers and two Regular Full Time Superintendents for expanded late night parking enforcement within Engineering Parking Enforcement division, at an annual cost of \$580,000, including benefits, offset by increased parking revenues of \$700,000, as a decrease to the 2009 Operating Budget, decreasing the 2009 property taxes by 0.02%.
14. THAT Council approve the regularization of an existing Temporary Full Time Engineering Assistant III within the Engineering Utilities Management division at an annual cost of \$62,000, with benefits, offset by fees from the utility companies with no net budget impact.
15. THAT Council approve the regularization of an existing Temporary Full Time Communications Officer for the Road Ahead program within Engineering Streets Design Branch at an annual cost of \$73,000, including benefits, offset by a contribution from Capital with no net budget impact.
16. THAT Council approve the establishment of a Regular Full Time Office Manager within City Clerk's Corporate Communications division at an annual cost of \$70,000, including benefits, offset by the deletion of one Regular Part Time Clerk III position and one Regular Part Time Clerk IV position with no net budget impact.
17. THAT Council approve the establishment of a Regular Full Time Assistant Director of Social Infrastructure position within the Community Services Group Social Development division at an annual cost of \$120,000, including benefits, offset by the savings within Community Services Group operating budget with no net budget impact.
18. THAT Council approve the regularization of an existing Temporary Full Time position within the Financial Services SAP Business Support Team at an annual cost of \$75,000, including benefits, offset by a reduction in the existing Temporary Help Budget with no net budget impact.
19. THAT Council approve the regularization of three existing Temporary Full Time positions (Systems Administrator; Web Programmer Analyst and Web Systems Analyst) within Business Support Information Technology division at an annual cost of \$200,000, including benefits, offset by a reduction in the existing Temporary Help Budget with no net budget impact.
20. THAT Council approve the regularization of an existing Temporary Full Time Learning Support position within Business Support Information Technology division at an annual cost of \$75,000, including benefits, offset by a reduction in the existing Temporary Help Budget with no net budget impact.
21. THAT Council approve the establishment of a Regular Full Time Enterprise Data/Applications Architecture position within Business Support Information Technology division at an annual cost of \$110,000, including benefits, offset by a contribution from Capital with no net budget impact.

22. THAT Council approve the establishment of two Regular Full Time IT Security positions within Business Support Information Technology division at an annual cost of \$200,000 without offset, including benefits, to begin in early 2010, with no net 2009 budget impact.
  
23. THAT Council approve the continued deployment of the Vancouver Police Department's LIMA squad in the Granville Entertainment District at an annual cost of \$253,000 offset by one-time funding from the 2008 Operating Budget surplus with no 2009 net budget impact and that staff report back in mid 2009 on options to increase liquor licence fees in 2010.

## Appendix 8: Next Steps in the Budget Process

Key Council Report Dates - 2009 Operating Budget and Property Tax Reports			
DATE	TIME	COUNCIL / COMMITTEE MEETINGS & REPORTS	LOCATION
Feb-03-2009	2 - 6	Council Reports: <ul style="list-style-type: none"> <li>2009 Operating Budget: Base Budget / Initiatives / Adjustments (RTS#7862)</li> </ul>	Council Chamber
Mar-24-2009	2 - 6	Reports - 1) 2009 Operating Budget: Public Consultation Results Council Deliberation - 2009 Operating Budget: Base Budget /Initiatives/Adjustments & Potential Tax Increase	Council Chamber
Mar-05-2009	9.30 - 1	Report - 2009 Property Taxation: Land Assessment Averaging Program	Council Chamber
Mar-31-2009	7:30-10pm	Evening Public Meeting - Public to comment on Council's decisions on balancing the 2009 Operating Budget (back up meeting on April 1 if required)	Council Chamber
Apr-07-2009	2 - 6	Final 2009 Operating Budget & Tax Increase brought to Council; Council may make further changes based on the evening public meeting	Council Chamber
Apr-09-2009	9.30 - 1	Report - 2009 Property Taxation: Distribution of Property Tax Levy	Council Chamber
Apr-21-2009	2 - 6	Report - 2009 Property Taxation Bylaws and Averaging Resolution	Council Chamber
Apr-21-2009	2 - 6	Report - Final Approval of 2009 Operating Budget & Tax Increase (only required if Council makes changes on April 07, 2009)	Council Chamber
Apr-23-2009	9.30 - 1	Report - 2009 Property Taxation: Distribution of Property Tax Levy (only required if Council makes changes on April 07, 2009)	Council Chamber
May-05-2009	2 - 6	Report - 2009 Property Taxation Bylaws and Averaging Resolution (only required if Council makes changes on April 07, 2009)	Council Chamber

2009 Operating Budget Consultation Program			
DATE	TIME	ACTIVITY	LOCATION
Week of Jan-26-2009		Newspaper ads to announce the beginning of the Public Consultation process, direct people to the website, and provide information about the Public Meeting - The Vancouver Courier, 24 Hours, Ming Pao, Sing Tao, Xtra West, Carnegie Newsletter	
Week of Jan-26-2009		Radio ads to announce the beginning of the Public Consultation process, and direct people to the website, and provide information about the Public Meeting - The Beat 94.5 and Red FM 93.1	
Jan-29-2009		2009 Operating Budget Consultation website - Launch new pages including details of budget challenges, timelines and dates, and the budget process	vancouver.ca
Jan-29-2009		Launch online forum for discussion (Web 2.0)	vancouver.ca
Jan-29-2009		Web survey begins	vancouver.ca
Jan-29-2009	1:30-3pm	1st Staff/Council Briefing with Unions - 2009 Operating Budget	Committee Room 1
Feb-03-2009		GVTV Community Bulletins begin - Public Service Announcements	GVTV
Feb-04-2009		Telephone survey begins	NRG Research Group
Feb-10-2009	6-8pm	Community Focus Meeting #1 - Residential	Committee Room 1
Feb-11-2009	1-3pm	Community Focus Meeting #2 - Business	Committee Room 2
Feb-12-2009	6-8pm	Community Focus Meeting #3 - Residential	Committee Room 2
Feb-13-2009	1-3pm	Community Focus Meeting #4 - Residential	Committee Room 2
Feb-16-2009	6-8pm	Community Focus Meeting #5 - Residential	Committee Room 2
Feb-15-2009		Telephone survey complete	NRG Research Group
Feb-17-2009		GVTV Community Bulletins end	GVTV
Feb-18-2009	6:30 - 9:30pm	Mayor's Forum - Stakeholders - with live webcast and online discussion forum	Wosk Centre for Dialogue
Feb-21-2009	9am - 12.30pm	Public Meeting	Vancouver Technical Secondary School
Feb-22-2009		Web survey complete	
Mar-02-2009	1.30-3.30pm	2nd Staff/Council Briefing with Unions - 2009 Operating Budget	Strathcona Meeting Room
Mar-24-2009	2-6pm	Presentation to Council on 2009 Budget Consultation Results	Council Chambers
Mar-31-2009	7:30-10pm	Evening Public Meeting - Public to comment on Council's decisions on balancing the 2009 Operating Budget (back up meeting on April 1 if required)	Council Chambers



## Appendix 9: Operating Budget Consultation 2009 - Communications Plan Synopsis

### Background

The City of Vancouver's Finance Department consults annually with the community regarding the operating budget. To support the 2009 operating budget public consultation, the Corporate Communications department will provide support to a communications campaign, working with staff of the Finance Department and an outside contractor hired to provide professional management of a large-scale public consultation process.

Such a consultation process demonstrates openness and transparency by the City through public engagement.

### Communications Objectives

- To raise awareness of the operating budget development process.
- To increase participation in the consultation process by residents and the business community.
- To ensure residents and business owners in Vancouver understand the responsibility they have to participate in this process.

### Target Audiences

- Vancouver residents.
- Contributors to revenues (taxpayers, and those who pay fees, fines, etc.).
- Municipal stakeholder organizations and grant recipients (arts & culture groups, sporting groups, multicultural groups, etc.).
- Vancouver media.

### Challenges

- Analysis has shown that previous consultation attempts have not resulted in significant voluntary participation by citizens in public meetings; an opinion poll indicates citizens would prefer a wider range of options for participating in the consultation process. (<http://vancouver.ca/ctyclerk/cclerk/20071016/documents/rr1.pdf>)
- New media technologies are replacing traditional print media as the primary source of news for many Vancouver citizens, and the City of Vancouver recognizes the need to include these new means of communicating into our outreach activities.
- A significant percentage of Vancouver residents are multilingual; many of whom do not use English language print media as their primary source of news.

## Appendix 9

- Public forums must be interactive and centrally located, and at venues suitable for hosting a large group for a public discussion.

### Key Messages

- Council wants to hear from citizens on what options they would prefer for balancing the budget.
- In 2009, there will be more ways than ever for people to have their say in the consultation process, such as an online forum and listserv. The City is introducing these new options in response to what people have told us about how they like to participate in public consultations.

### Strategies & Tactics

To expand the methods by which citizens can participate in the consultation process by:

- using new media technologies to expand the methods for public consultation
  - introduce a listserv for people to register who want to receive e-mailed updates and survey requests on the consultation process
  - introduce an icon ("Together") to draw attention to the program
  - use web cast technology at meetings
  - introduce an online forum
  - use the City's website to provide information
  - use dedicated e-mail addresses
- focusing on previously under-represented audiences by placing paid advertising in community & ethnic print publications and radio - who have large audience reach with youth and ethnic communities
- although 92% of the public have internet access, the City will continue to provide methods of participation so that people without computers still have an opportunity to be involved this year through
  - dedicated telephone line & voice mailbox
  - public meeting
- continuing to conduct a telephone survey to provide a base sample of public opinion
- continuing to provide information to media on the process
  - news release to announce consultation
  - media advisory announcing public meeting details
  - media invited to stakeholder meeting

Further discussion of the communications strategies and tactics is included in an Administrative Report of December 15, 2008, by the General Manager of Financial Services.

**Budget & Timeline**

Funding has been allocated in the 2009 Operating Budget in the amount of \$175,000 for the public consultation process.

Implementation started in December 2008 with information being posted on the City's website and mailed to taxpayers in their tax notices. The consultation will continue until March 2009.