



## ADMINISTRATIVE REPORT

Report Date: September 27, 2011  
Contact: Patrice Impey  
Contact No.: 604.873.7610  
RTS No.: 09317  
VanRIMS No.: 08-2000-20  
Meeting Date: October 4, 2011

TO: Vancouver City Council  
FROM: Director of Finance  
SUBJECT: 2012 - 2014 Capital Plan: Financial Plan and Plebiscite Questions

### ***RECOMMENDATION***

- A. THAT Council approve the proposed breakdown of funding sources for each program contained in the 2012-2014 Capital Plan as summarized in Appendix A.
- B. THAT the 2012-2014 Capital Plan borrowing plebiscite contain three questions in the following categories:
- Community Facilities and Parks: ..... \$65,800,000
  - Transportation: ..... \$66,300,000
  - Public Safety and Civic Facilities: ..... \$47,700,000

FURTHER THAT the wording of the questions be generally as set out in Appendix B, subject to any modifications required by Director of Legal Services to ensure consistency with the requirements of the Vancouver Charter.

A Bylaw authorizing these questions will be before Council later this day.

### ***GENERAL MANAGER'S COMMENTS***

The Director of Finance, in consultation with the Corporate Management Team, recommends approval of A and B.

### ***CITY MANAGER'S COMMENTS***

The City Manager recommends approval of A and B.

### ***COUNCIL POLICY***

The City has a policy to plan for capital expenditures on a multi-year cycle. Since 1990, capital plans have been developed in 3 year terms in order to match the term of Council and allow for a borrowing plebiscite to be held in conjunction with the municipal election.

Section 242 of the Vancouver Charter outlines which projects funded through borrowing require the assent of the electors (subsection 1) and which do not (subsection 2):

“(1) Except as otherwise provided in this or any other Act, the Council shall not contract any debt (...) unless a by-law authorizing it has been passed with the assent of the electors”.

“(2) Subsection (1) shall not apply to any debt contracted for any of the following purposes: (...)”; the list includes “a waterworks system”, “a system of sewerage and drainage” and “an energy utility system”.

Section 245 (2) of the Vancouver Charter outlines requirements of the questions that are to be presented to electors: “A question under this section must set out the following:

- (a) the maximum total amount proposed to be borrowed;
- (b) the number of years during which Council may exercise its authority under this section to borrow money without the assent of the electors;
- (c) the proposed projects for which the money is to be borrowed and the amount allocated for each;
- (d) a statement that, if the question receives the assent of the electors, the Council has the power, without the further assent of the electors, to pass by-laws as and when Council considers appropriate to borrow money for the projects described in the question up to an aggregate principal amount that does not exceed the amount authorized by the question.”

### ***PURPOSE***

The purpose of this report is to seek Council approval of the proposed breakdown of funding sources for each program contained in the 2012-2014 Capital Plan, and the proposed wording of the borrowing questions that will appear on the municipal election ballot on November 19, 2011.

### ***BACKGROUND***

On September 22, 2011, Council passed the following resolutions (RTS 9318):

- A. THAT Council approve the 2012-2014 Capital Plan as outlined in the Administrative Report dated September 14, 2011, entitled *2012-2014 Capital Plan: Approval of Final Plan*, consisting of \$702 million in expenditures in the following areas:
  - Community Facilities: \$79 million
  - Parks and Open Spaces: \$39 million

- Housing: \$60 million
- Public Safety: \$13 million
- Transportation: \$154 million
- Utilities and Public Works: \$228 million
- Civic Infrastructure: \$95 million
- Emerging Priorities, Inflation Contingency and Overhead: \$34 million

FURTHER THAT \$400,000 be transferred from the capital plan for new street trees and be allocated to tennis courts for the renewal of the tennis courts at Kitsilano Beach;

with anticipated funding from the following sources:

- Debenture borrowing and Capital from Revenue: \$391 million, consisting of:
  - Plebiscite-approved borrowing authority: \$181 million<sup>1</sup>
  - Council-approved borrowing authority: \$142 million<sup>1</sup>
  - Capital from Revenue: \$68 million
- Other sources of funds: \$311 million, consisting of:
  - Operating Budget that funds capital projects: \$14.5 million
  - Special purpose reserves: \$82 million
  - Internal loans: \$2.5 million
  - Development Cost Levies: \$75 million
  - Community Amenity Contributions: \$12 million
  - User fees: \$46 million
  - Contributions from Senior Governments and other partners: \$79 million

- B. THAT Council instruct the Director of Finance to report back on October 4, 2011 with:
- i. The proposed breakdown of funding sources for each capital program; and
  - ii. The proposed wording for the plebiscite borrowing authority questions that will be submitted to the electorate during the November municipal election.

### ***DISCUSSION***

#### **Proposed breakdown of funding sources for each capital program**

The 2012-2014 Capital Plan contains eight major categories: Community Facilities, Parks and Open Spaces, Housing, Public Safety, Transportation, Utilities and Public Works, Civic Infrastructure, and Emerging Priorities, Inflation Contingency and Overhead. These categories are broken down into 31 programs. Staff have identified funding sources for each of the 31 capital programs and these are shown in Appendix A.

In most cases, assigning funding sources to capital programs is straight-forward because of Charter provisions (e.g. borrowing for utilities and Development Cost Levies) or limitations placed by Council (e.g. Special Purpose Reserves).

---

<sup>1</sup> After assigning 'debenture costs' to the programs, the final figure is \$180 million for "plebiscite-approved borrowing authority" and \$143 million for "Council-approved borrowing authority".

A total of \$68 million has been identified as Capital from Revenue funding and has been allocated to programs based on the following guidelines:

- Programs which are not yet assigned to specific capital projects, such as Emerging Priorities, Inflation Contingency, a portion of the City-wide Overhead and Park Board project management and overhead costs;
- Capital grants from the City to partner organizations (e.g. non-profit organizations) as these expenditures are not invested on City assets;
- Capital assets that have a lifespan of less than 10 years;
- Expenditures on assets that are not formally recognized as 'capital assets' in the City's policy on Tangible Capital Assets (e.g. planning and research studies, street trees and public art)

Approval of the Capital Plan funding sources and program allocations does not provide authority to undertake program or project expenditures. Council will confirm these expenditures and the appropriate funding sources as part of the annual 2012, 2013 and 2014 Capital Budgets.

#### **Plebiscite borrowing authority questions**

The Vancouver Charter gives Council the authority to approve borrowing for water, sewer and energy utility systems without reference to the electorate (\$143 million identified as part of the 2012-2014 Capital Plan). Borrowing for all other capital programs (\$180 million) requires voter approval. The programs/projects to be funded from borrowing authority requiring voter approval have been grouped into three plebiscite questions:

<b>Question 1: Community Facilities and Parks</b>	
• Community Facilities	\$58,600,000
• Parks	\$7,200,000
<b>Sub-total:</b>	<b>\$65,800,000</b>
<b>Question 2: Transportation</b>	
• Street and Bridge Infrastructure	\$41,150,000
• Transit and Safety Improvements	\$8,500,000
• Street Lighting, Traffic Signals and Communications Systems	\$16,650,000
<b>Sub-total:</b>	<b>\$66,300,000</b>
<b>Question 3: Public Safety and Civic Facilities</b>	
• Public Safety	\$13,200,000
• Civic Facilities	\$34,500,000
<b>Sub-total:</b>	<b>\$47,700,000</b>
<b>TOTAL:</b>	<b>\$179,800,000</b>

Subject to Council approval, the wording of the proposed questions will generally be in accordance with the examples provided in Appendix B. A bylaw authorizing that these questions be put to the electorate is included on the agenda for the Council meeting on October 4, 2011.

### *FINANCIAL IMPLICATIONS*

The 2012-2014 Capital Plan provides a similar level of capital expenditure to the 2009-2011 Capital Plan (approximately \$700 million). A strategy built into the 2012-2014 Plan was to reduce the amount of funding from the Operating Budget (Debt and Capital from Revenue funding), from \$457 million in 2009-2011 to \$391 million in 2012-2014. This will limit the impact of the Capital Plan on property taxes and utility fees to anticipated inflationary increases.

### *COMMUNICATIONS PLAN*

Once Council has approved the bylaw authorizing the borrowing questions, the final phase of the Capital Plan public information process will begin so that information about the 2012-2014 Capital Plan is shared with voters prior to the municipal election on November 19, 2011. A strategy will be developed with Corporate Communications and materials to be produced (hard copy and online) will be coordinated with the City's Election Office.

### *CONCLUSION*

The final version of the 2012-2014 Capital Plan was approved by Council on September 22, 2011. This report provides a follow-up on two important components: the proposed breakdown of funding sources for each program (Appendix A) and the proposed wording for the plebiscite borrowing authority questions that will be submitted to the electorate during the November municipal election (Appendix B).

\* \* \* \* \*

APPENDIX A

CAPITAL PLAN 2012-2014  
BY FUNDING SOURCE

<i>\$ millions</i>	ALL FUNDING SOURCES (Deb. costs allocated)	PLEBISCITE APPROVED BORROWING (DEBENTURE) (Deb. costs allocated)	COUNCIL APPROVED BORROWING (DEBENTURE) (Deb. costs allocated)	CAPITAL FROM REVENUE	OPERATING BUDGET THAT FUNDS CAPITAL	SPECIAL PURPOSE RESERVES	INTERNAL LOANS	DEVELOPMENT COST LEVIES	COMMUNITY AMENITY CONTRIBUTIONS	USER FEES	CONTRIBUTIONS FROM SENIOR GOV'TS & OTHER AGENCIES
<b>COMMUNITY FACILITIES</b>	<b>\$79.1</b>	<b>\$50.0</b>	<b>\$0.0</b>	<b>\$8.3</b>	<b>\$0.0</b>	<b>\$4.0</b>	<b>\$0.0</b>	<b>\$5.0</b>	<b>\$11.8</b>	<b>\$0.0</b>	<b>\$0.0</b>
Childcare	\$11.5	\$6.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$5.0	\$0.0	\$0.0	\$0.0
Social	\$5.4	\$3.6	\$0.0	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Culture	\$13.5	\$10.5	\$0.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Entertainment & Exhibition	\$8.4	\$3.9	\$0.0	\$0.5	\$0.0	\$4.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Library & Archives	\$23.7	\$21.1	\$0.0	\$0.8	\$0.0	\$0.0	\$0.0	\$0.0	\$1.8	\$0.0	\$0.0
Recreation (Community Centres, Pools and Rinks)	\$16.7	\$4.9	\$0.0	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0	\$0.0	\$0.0
<b>PARKS &amp; OPEN SPACES</b>	<b>\$39.5</b>	<b>\$7.2</b>	<b>\$0.0</b>	<b>\$4.6</b>	<b>\$1.8</b>	<b>\$0.6</b>	<b>\$2.5</b>	<b>\$22.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Parks & Open Spaces	\$34.1	\$7.2	\$0.0	\$2.9	\$0.0	\$0.3	\$2.5	\$21.2	\$0.0	\$0.0	\$0.0
Seawalls and Trails	\$1.9	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$1.7	\$0.0	\$0.0	\$0.0
Street Trees	\$2.9	\$0.0	\$0.0	\$1.1	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Public Art	\$0.7	\$0.0	\$0.0	\$0.4	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>HOUSING</b>	<b>\$60.2</b>	<b>\$8.6</b>	<b>\$0.0</b>	<b>\$8.6</b>	<b>\$0.0</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>\$33.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$8.9</b>
Non Market Housing	\$59.5	\$8.6	\$0.0	\$8.6	\$0.0	\$0.0	\$0.0	\$33.5	\$0.0	\$0.0	\$8.9
Market Rental Housing	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>PUBLIC SAFETY</b>	<b>\$13.2</b>	<b>\$13.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Police	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fire	\$12.9	\$12.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Animal Control	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Notes:

- Capital Plan of \$702 million approved Council on Sept. 22, 2011 (RTS 9318)

- Debenture Costs (total \$3 million), previously shown in "City-wide Overhead", have been allocated to programs with debenture borrowing

# APPENDIX A

## CAPITAL PLAN 2012-2014 BY FUNDING SOURCE

September 27, 2011  
Page 2 of 2

\$ millions	ALL FUNDING SOURCES (Deb. costs allocated)	PLEBISCITE APPROVED BORROWING (DEBENTURE) (Deb. costs allocated)	COUNCIL APPROVED BORROWING (DEBENTURE) (Deb. costs allocated)	CAPITAL FROM REVENUE	OPERATING BUDGET THAT FUNDS CAPITAL	SPECIAL PURPOSE RESERVES	INTERNAL LOANS	DEVELOPMENT COST LEVIES	COMMUNITY AMENITY CONTRIBUTIONS	USER FEES	CONTRIBUTIONS FROM SENIOR GOV'TS & OTHER AGENCIES
<b>TRANSPORTATION</b>	<b>\$154.7</b>	<b>\$66.3</b>	<b>\$0.0</b>	<b>\$3.5</b>	<b>\$0.0</b>	<b>\$9.3</b>	<b>\$0.0</b>	<b>\$13.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$61.8</b>
Walking & Cycling	\$24.8	\$9.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$12.6	\$0.0	\$0.0	\$2.6
Transit	\$3.3	\$2.3	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9
Major Roads	\$109.4	\$46.4	\$0.0	\$3.4	\$0.0	\$0.0	\$0.0	\$1.3	\$0.0	\$0.0	\$58.4
Local Serving Roads	\$7.9	\$7.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Parking	\$9.3	\$0.0	\$0.0	\$0.0	\$0.0	\$9.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>UTILITIES &amp; PUBLIC WORKS</b>	<b>\$229.0</b>	<b>\$0.0</b>	<b>\$142.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$32.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$46.3</b>	<b>\$7.8</b>
Waterworks	\$48.0	\$0.0	\$41.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.3	\$0.0
Sewers	\$139.8	\$0.0	\$99.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$40.0	\$0.0
Solid Waste	\$39.9	\$0.0	\$0.0	\$0.0	\$0.0	\$32.1	\$0.0	\$0.0	\$0.0	\$0.0	\$7.8
Neighbourhood Energy	\$1.4	\$0.0	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>CIVIC INFRASTRUCTURE</b>	<b>\$95.2</b>	<b>\$34.5</b>	<b>\$0.0</b>	<b>\$12.0</b>	<b>\$12.8</b>	<b>\$35.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.5</b>
Administration Facilities	\$12.2	\$10.3	\$0.0	\$1.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Yards	\$0.4	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fleet	\$34.0	\$0.0	\$0.0	\$0.0	\$0.0	\$33.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Information Technology	\$48.7	\$23.8	\$0.0	\$10.1	\$12.8	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>PROGRAM SPENDING</b>	<b>\$671.0</b>	<b>\$179.8</b>	<b>\$142.9</b>	<b>\$37.0</b>	<b>\$14.5</b>	<b>\$82.1</b>	<b>\$2.5</b>	<b>\$75.3</b>	<b>\$11.8</b>	<b>\$46.3</b>	<b>\$79.0</b>
EMERGING PRIORITIES	\$15.0	\$0.0	\$0.0	\$15.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
INFLATION CONTINGENCY	\$10.0	\$0.0	\$0.0	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CITY-WIDE OVERHEAD	\$6.0	\$0.0	\$0.0	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>GRAND TOTAL</b>	<b>\$702.0</b>	<b>\$179.8</b>	<b>\$142.9</b>	<b>\$68.0</b>	<b>\$14.5</b>	<b>\$82.1</b>	<b>\$2.5</b>	<b>\$75.3</b>	<b>\$11.8</b>	<b>\$46.3</b>	<b>\$79.0</b>

**Notes:**

- Capital Plan of \$702 million approved Council on Sept. 22, 2011 (RTS 9318)

- Debenture Costs (total \$3 million), previously shown in "City-wide Overhead", have been allocated to programs with debenture borrowing

**APPENDIX B**

**2012-2014 Capital Plan  
Borrowing Authority Questions  
for Municipal Election Ballot**

Draft dated September 27, 2011  
Page 1 of 3

**1. COMMUNITY FACILITIES AND PARKS**

This question seeks authority to borrow funds to be used in carrying out the basic capital works program with respect to Community Facilities and Parks.

*Are you in favour of Council having the authority, without further assent of the electors, to pass by-laws between January 1, 2012 and December 31, 2014 to borrow an aggregate \$65,800,000 for the following purposes?*

**A. Community Facilities**

To provide for major maintenance, upgrading or replacement of existing community facilities, such as libraries, recreation facilities, cultural facilities, affordable housing, social facilities and childcare centres, that are beyond economical repair or no longer meet operational requirements, and provision of new community facilities to serve Vancouver's growing population ..... \$58,600,000

**B. Parks**

To provide for major maintenance, upgrading or replacement of existing parks and features within parks, such as pathways, playgrounds and playfields, that are beyond economical repair or no longer meet operational requirements ..... \$7,200,000

**Total ..... \$65,800,000**

*If this question receives the assent of the electors, Council has the power, without further assent of the electors, to pass by-laws, as and when Council considers appropriate, to borrow money for the projects described up to \$65,800,000.*



**APPENDIX B**

**2012-2014 Capital Plan  
Borrowing Authority Questions  
for Municipal Election Ballot**

Draft dated September 27, 2011  
Page 2 of 3

**2. TRANSPORTATION**

This question seeks authority to borrow funds to be used in carrying out the basic capital works program with respect to Transportation.

*Are you in favour of Council having the authority, without further assent of the electors, to pass by-laws between January 1, 2012 and December 31, 2014 to borrow an aggregate \$66,300,000 for the following purposes?*

**A. Street and Bridge Infrastructure**

To provide for major maintenance and reconstruction of the street and lane networks, and to undertake major maintenance of bridges and other structures ..... \$41,150,000

**B. Transit and Safety Improvements**

To provide for modifications to the arterial and neighbourhood transportation networks, and to expand and make safety improvements to the system of greenways and cycle routes ..... \$8,500,000

**C. Street Lighting, Traffic Signals and Communications Systems**

To provide for major maintenance, replacement and expansion of the street lighting, traffic signal and communications systems that are beyond economical repair or no longer meet operational requirements ..... \$16,650,000

**Total ..... \$66,300,000**

*If this question receives the assent of the electors, Council has the power, without further assent of the electors, to pass by-laws, as and when Council considers appropriate, to borrow money for the projects described up to \$66,300,000.*

**APPENDIX B**

**2012-2014 Capital Plan  
Borrowing Authority Questions  
for Municipal Election Ballot**

Draft dated September 27, 2011  
Page 3 of 3

**3. PUBLIC SAFETY AND CIVIC FACILITIES**

This question seeks authority to borrow funds to be used in carrying out the basic capital works program with respect to Public Safety and Civic Facilities.

*Are you in favour of Council having the authority, without further assent of the electors, to pass by-laws between January 1, 2012 and December 31, 2014 to borrow an aggregate \$47,700,000 for the following purposes?*

**A. Public Safety Facilities**

To provide for major maintenance, upgrading or replacement of existing public safety facilities, such as fire halls and police buildings, that are beyond economical repair or no longer meet operational requirements ..... \$13,200,000

**B. Civic Facilities**

To provide for major maintenance, upgrading or replacement of existing civic facilities and infrastructure, such as information technology systems, civic offices and maintenance yards, that are beyond economical repair or no longer meet operational requirements..... \$34,500,000

**Total..... \$47,700,000**

*If this question receives the assent of the electors, Council has the power, without further assent of the electors, to pass by-laws, as and when Council considers appropriate, to borrow money for the projects described up to \$47,700,000.*