# 2017 Budget and Five-Year Financial Plan

Council Presentation
December 7, 2016

# Agenda

1. ***Key Dates***
2. ***Budget Highlights***
3. Economic Outlook
4. Budget Best Practices and Financial Health
5. Public Consultation Feedback
6. Operating Budget
7. Capital Budget
8. Five-Year Financial Plan

# Key Dates

| | | |
|---|---|---|
| Budget Outlook presented to Council | Oct 4 | ✓ |
| Public consultation | Oct | ✓ |
| 2017 Budget Report published | Nov 23 | ✓ |
| 2017 Budget Report presentation and speakers | Dec 7 | |
| Council approval of 2017 Budget Report and 5 yr plan | Dec 13 | |

# Budget Highlights – 2017 Key Messages

***In enhancing a vibrant , livable and sustainable city, the City of Vancouver addresses the challenges and opportunities of growth by building a resilient, culturally rich, sustainable city well positioned for the future, while continuing to support  residents, business growth and safe neighbourhoods.***

| **Budget highlights:** |
| --- |
| **Addressing housing needs and affordability** |
| **Enhancing the city's vibrancy, affordability and livability** |
| **Maintaining financial health and enhancing operational effectiveness** |
| **Fostering Canada's leading economy** |
| **Building a resilient/sustainable city** |

# Budget Highlights - 2017 Budget in Brief:

- Vancouver has consistently had one of the lowest average property tax increases among Lower Mainland communities
- Experiencing pressures of a growing city – public consultation feedback shows increasing prioritization of housing , cost of living and infrastructure/transportation
- Revenue growth of 4.6% is higher than prior years
  - 3.4% property tax increase
  - Utility rate increases 11.3% Sewer, 4% water, 3.8% solid waste
  - Other revenue increases in development fees, engineering fees, parking
- The increased revenues enable new investments in key priority areas ($22.3M operating investments of which ½ is one-time expenses)

# 2017 Budget Highlights – Fee Increases

CITY OF VANCOUVER

2017 Average Increases – City Property Tax and Utility Fees

| | |
|---|---|
| Property Tax | **3.4%** |
| Utility Fees (total average) | **6.1%** |
| Water | 4.0% |
| Sewer | 11.3% |
| Solid Waste | 3.8% |
| **Median single-family home combined municipal property tax and utility fees** | 4.4% |

2017 Average Increases – Other Fees

| | |
|---|---|
| Recreation user fees | 2.5% |
| Most other user fees | 2.0% |
| Permit fees | 2.0% |

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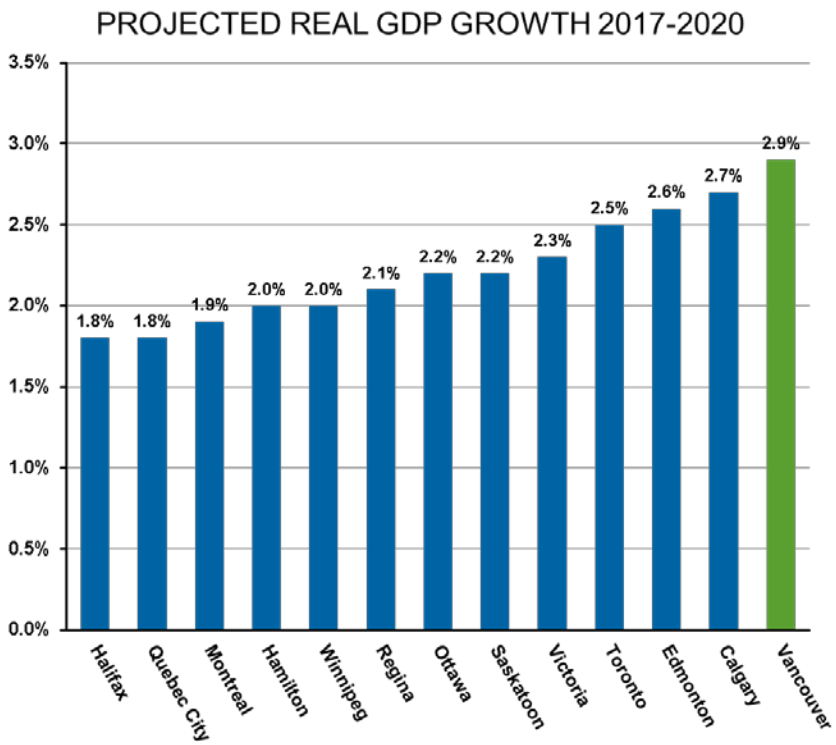
# Economic Outlook

**Metro Vancouver growth forecast highest among major Canadian cities (2017-2020)**




*Source: Conference Board of Canada Metropolitan Outlook, Autumn 2016*

**Global economic outlook continues to be volatile**

- Prolonged low oil prices continue to suppress Canada's economic growth
- China & EU continue to undergo economic and structural reforms
- US economy improves
- Canada's real GDP growth forecast to improve (2016-1.3%, 2017-2.0%, 2018/2019-1.8%, 2020-1.7%)
- Inflation for Metro Vancouver forecast to increase (2016-2.1%, 2017-2.0%, 2018-2.1%, 2019-2.4%, 2020-2.0%)

# Budget Best Practices

In building the 2016 budget, we have applied budgeting best practices including:

| |
|---|
| **Budget to strategy linkage** |
| **Enhancing public consultation** |
| **Providing relevant budget information** |
| **Streamlining budget process** |

# Financial Sustainability Principles Guide
# Financial & Capital Planning

These principles, combined with a long-term view of the City's overall financial planning, will be the platform on which annual budgets are built.

**Fiscal Prudence**

- Live within our means
- Consider long-term implications in all decisions
- Maintain a stable and predictable revenue stream
- Keep debt at a manageable level
- Build in flexibility and contingencies for emerging priorities and opportunities

**Affordability and Cost Effectiveness**

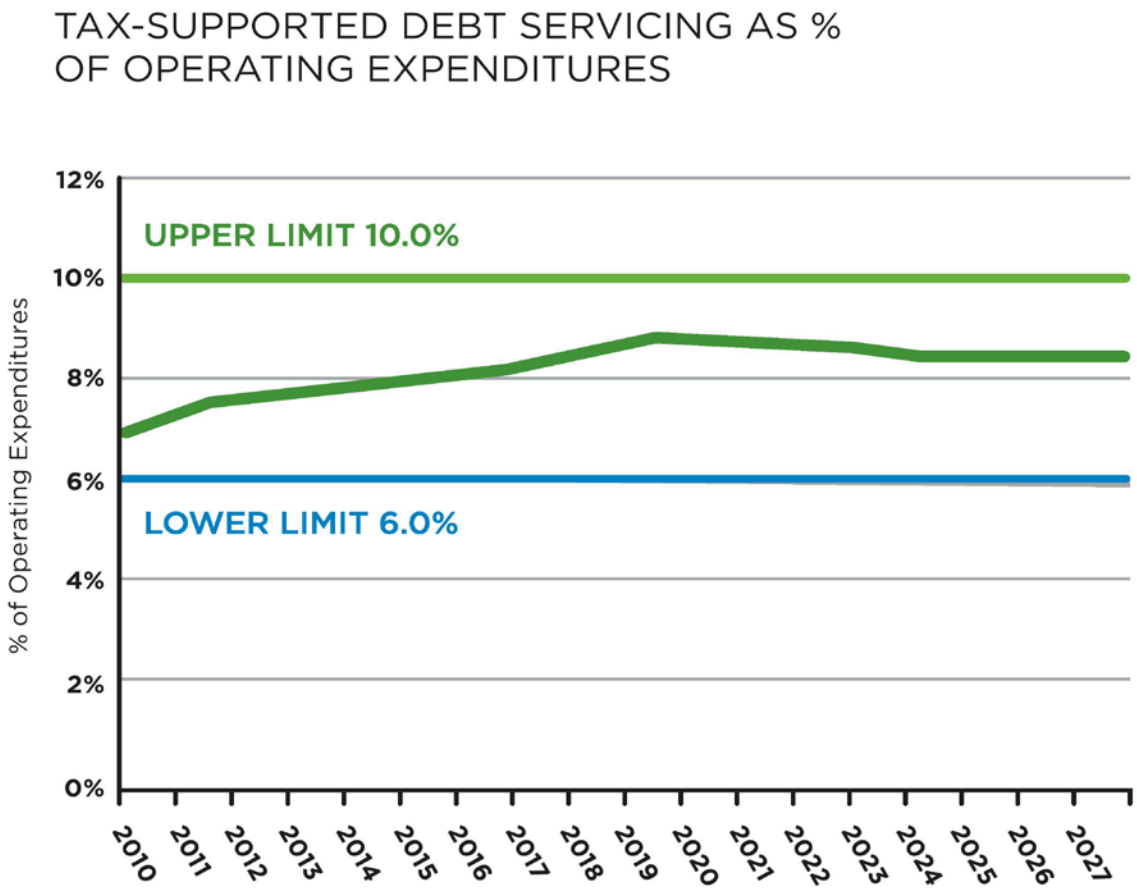
- Deliver services that are relevant and result in desired public outcomes
- Ensure value for money through productivity and innovation
- Keep property tax and fees affordable

**Asset Management**

- Maintain assets in an appropriate state of repair
- Optimize capital investments to meet public and economic needs while achieving value for the investment

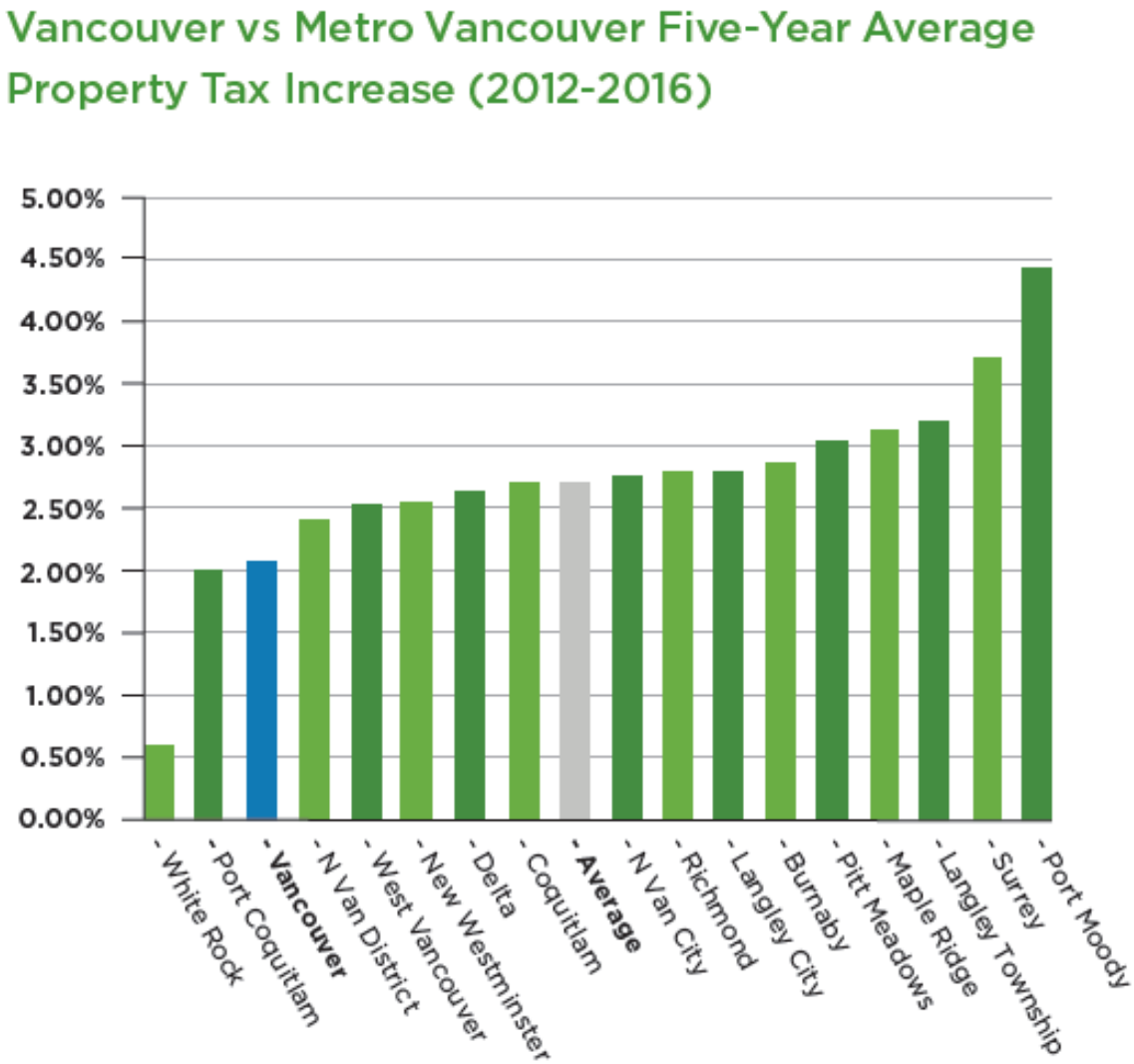
# Keep Debt at a Manageable Level

- Higher debt issued in advance of the 2010 Olympics increased debt servicing costs
- Ongoing debt management strategy will stabilize future debt servicing costs




Tax-supported debt = general debt + 50% sewer debt

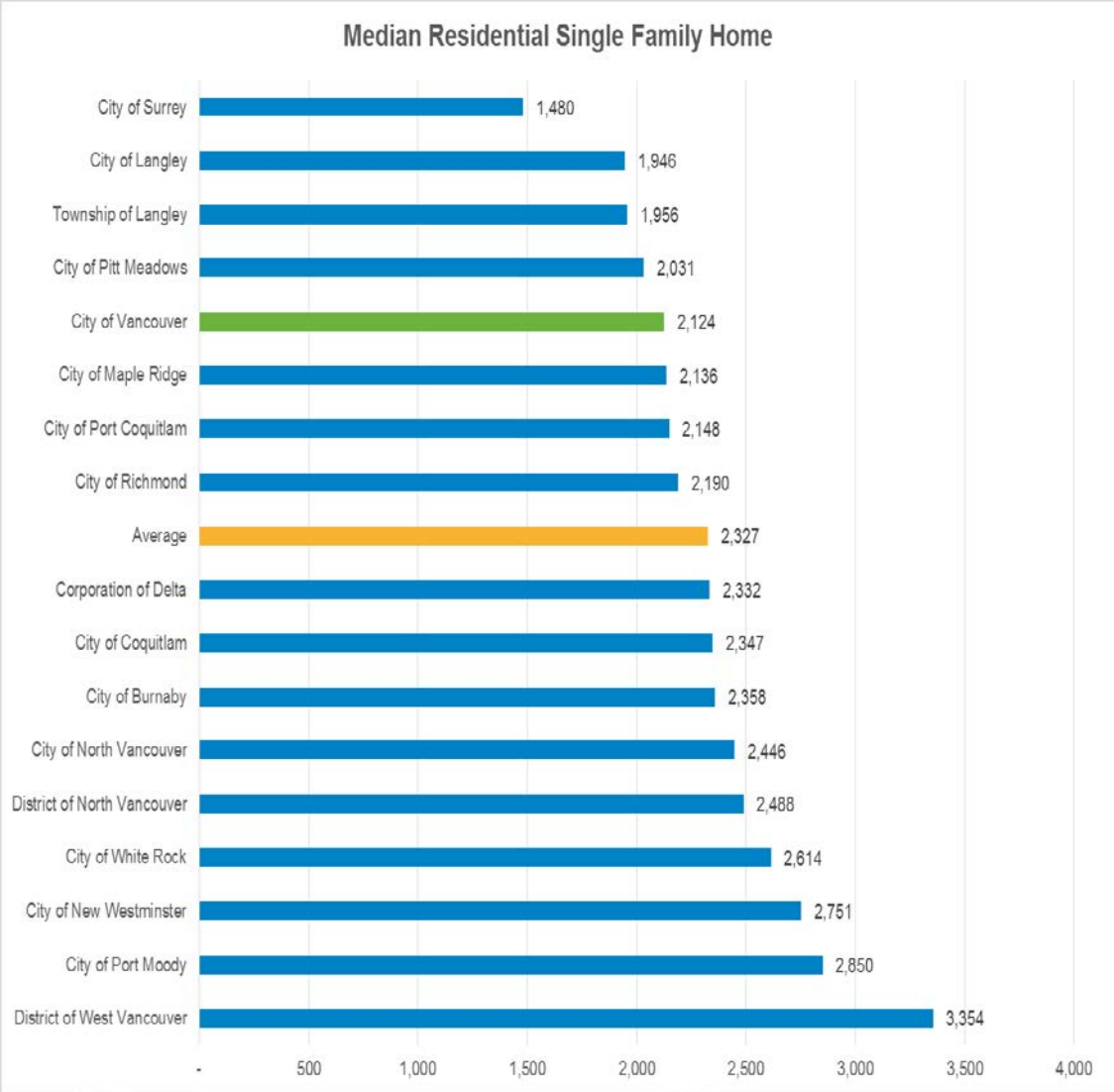
# Tax Rate Increases Well-Managed in the Past 5 Years




Vancouver's 5-yr average tax increase 3rd lowest among major Metro Vancouver cities

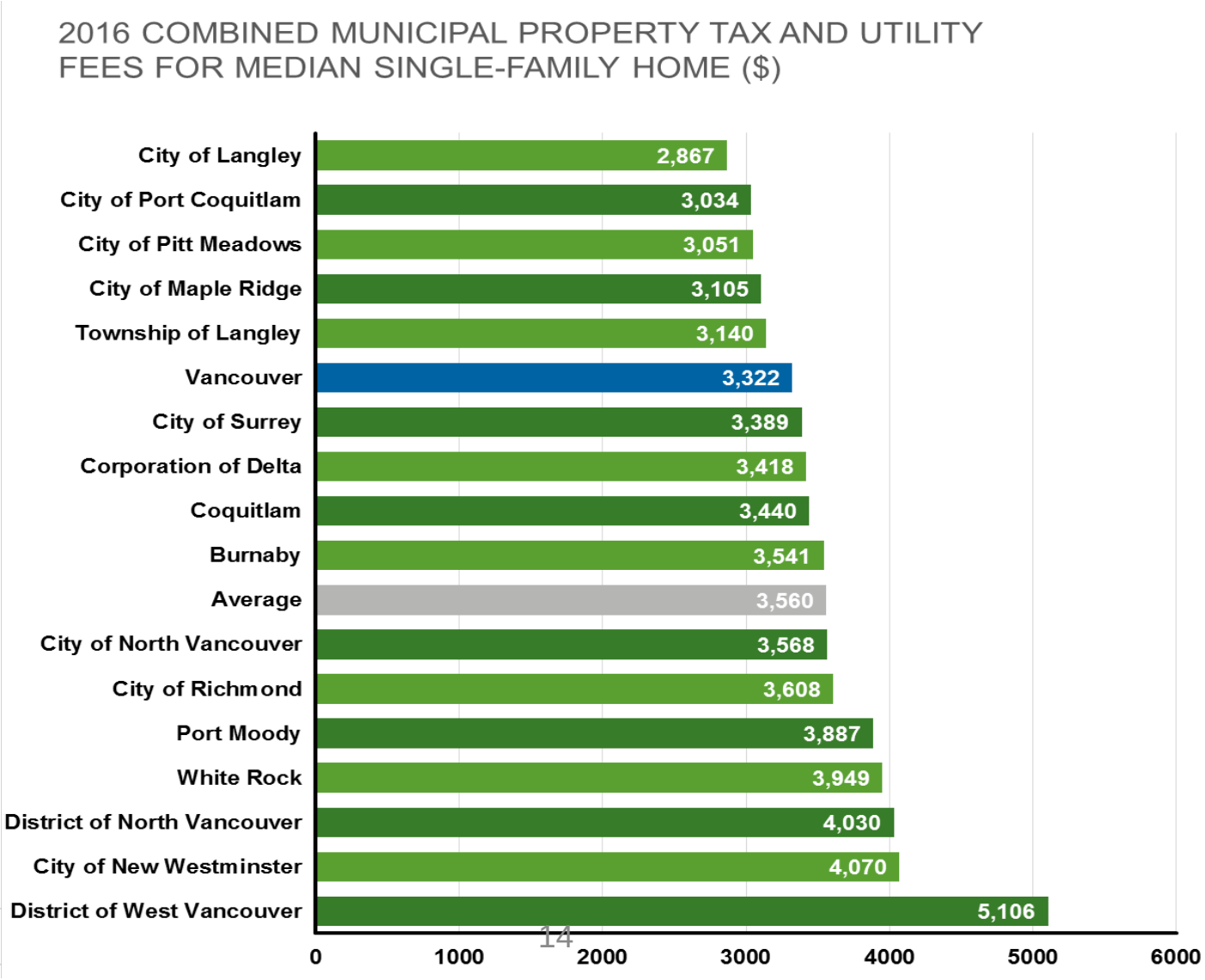
# Vancouver Residential Property Tax Below Metro Average

2016 municipal property tax for a median single-family home sits below the Metro Vancouver average

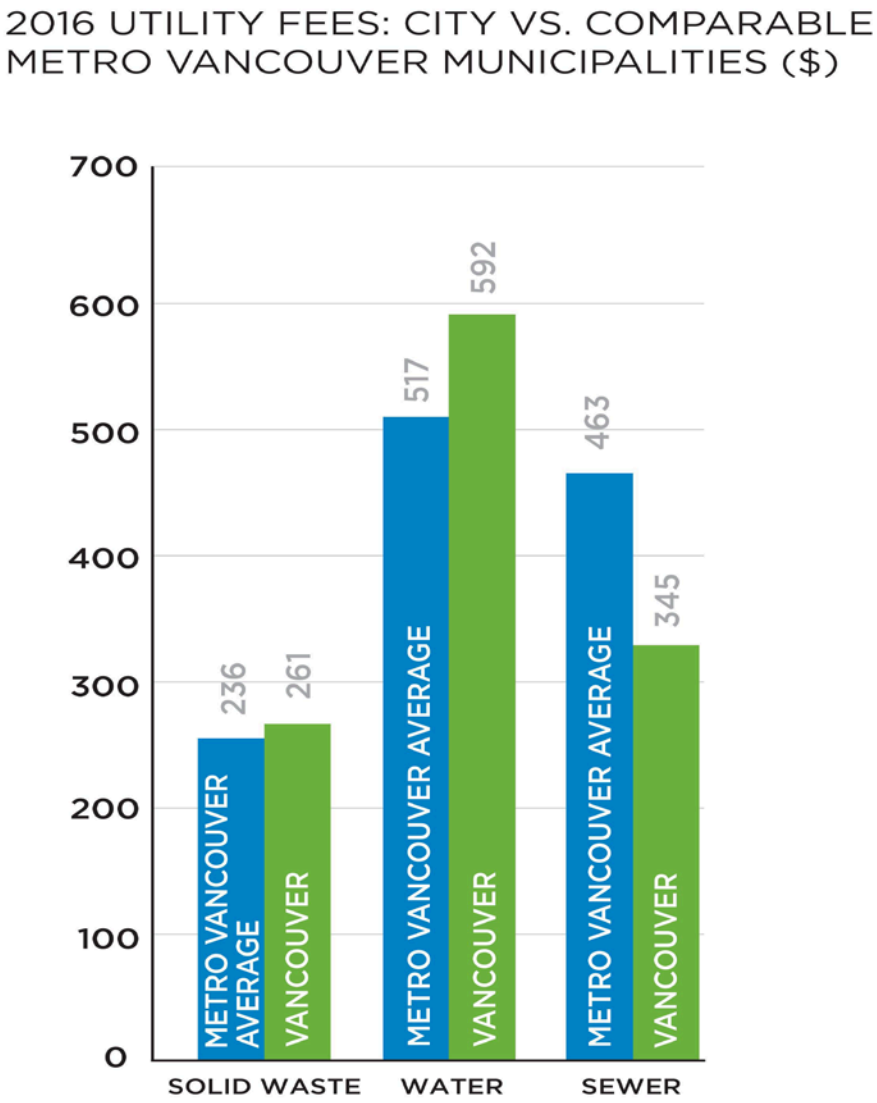


# Vancouver Residential Tax & Utility Fees Below Metro Average

2016 combined municipal property tax and utility fees for a median single-family home sits in the mid range of Metro Vancouver municipalities

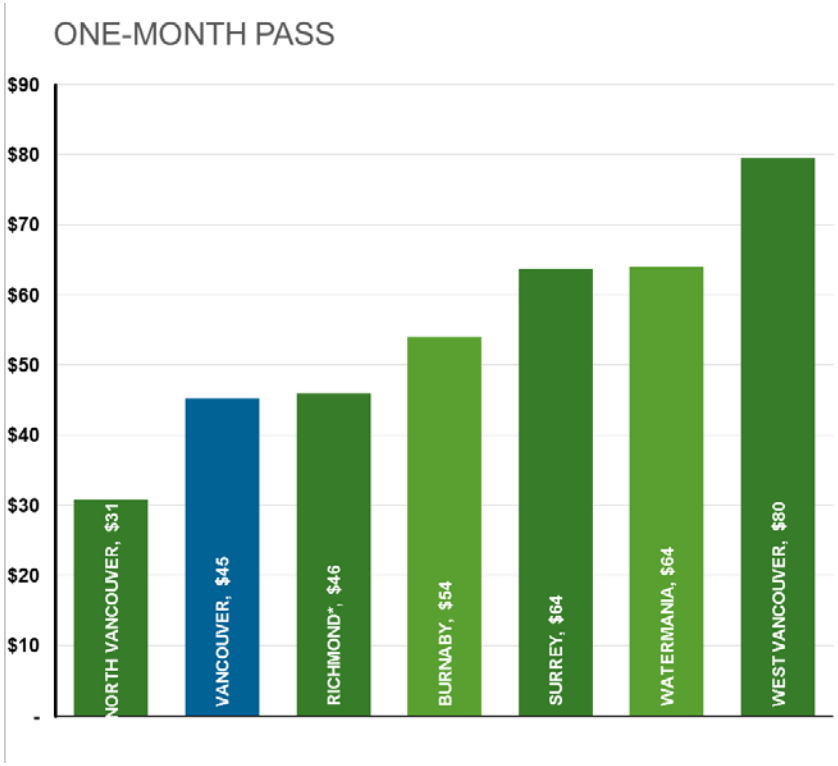


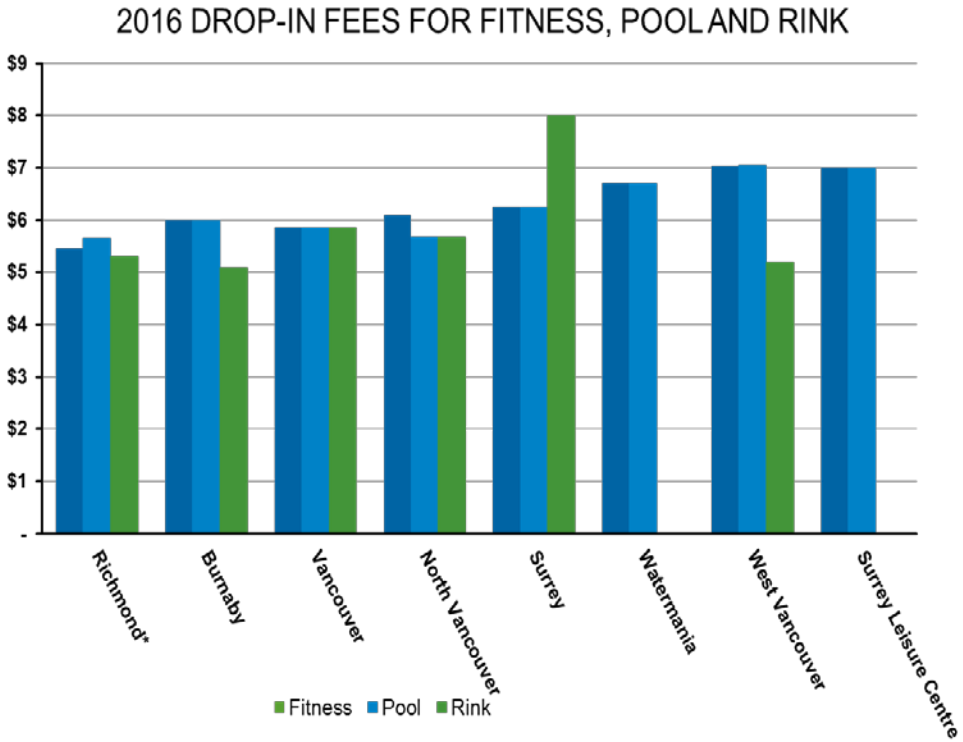
# Revenues Are Higher Across The Board - Utility Fees




Vancouver's total utility fees at $1,198, are slightly below the average of $1,216 for Metro Vancouver Cities

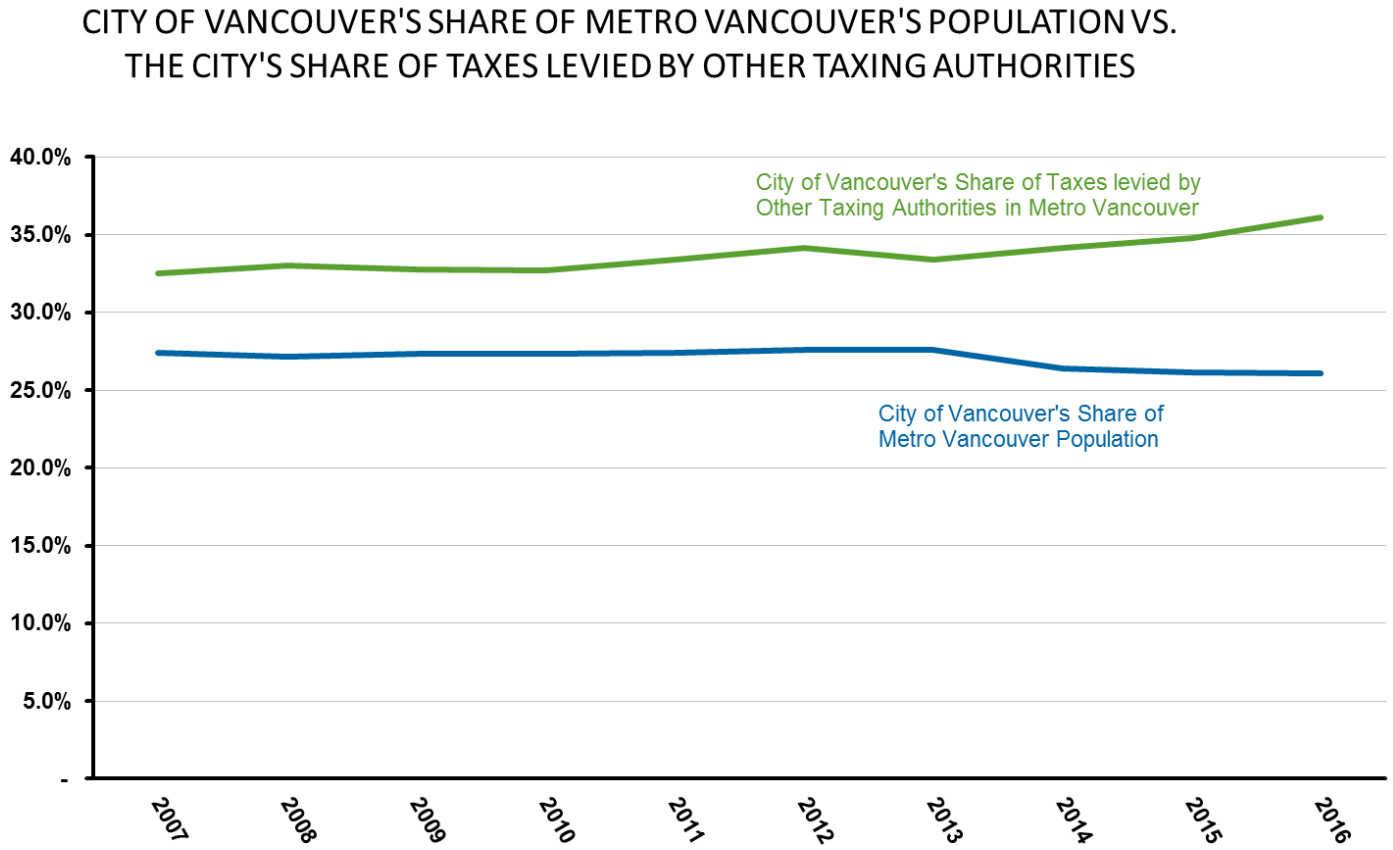
# Livable City - Affordable & Competitive Recreational User Fees




- Besides property taxes and utility fees, the City collects user fees for on-street parking and use of recreational facilities (such as fitness centres, swimming pools and ice rinks).
- Fees are typically set to recover some or all costs associated with delivering these services, taking into consideration users' ability to pay and pricing competitiveness relative to similar private and public service providers.

# Vancouver's Disproportionate Share of OTA Levies




Increasing spread between Vancouver's share of levies from other taxing authorities and its share of population within Metro Vancouver puts further pressure on Vancouver as a growing city

# Vancouver City Property Tax Impact

- The following table summarizes the impact of a 3.4% municipal property tax increase on median residential and business properties
- This does not include property taxes levied by other taxing authorities, and Council has no control over the amounts collected by these other taxing authorities

## Indicative City Property Tax Impact

| 2016 Assessed Value of Property (without Land Assessment Averaging) | Estimated 2017 Tax Bill (CoV Portion) | Change over 2016 |
|---|---|---|
| Median strata unit assessed at $478,000 | $757 | $25 |
| Median residential unit assessed at $936,000 | $1,483 | $49 |
| Median single-family unit assessed at $1,386,000 | $2,196 | $72 |
| Median commercial property assessed at $618,000 | $4,030 | $133 |

# Vancouver City Property Tax Impact

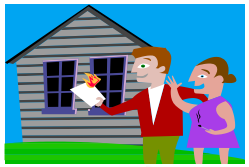
- The following table summarizes the impact of tax and utility rates (combined City and Metro Vancouver utility charges) on single-family residential properties, assuming no change in water consumption for 2017
- Majority of single-family residential properties are charged a flat fee for utilities, with only newly constructed single-family homes being metered.
- Business properties are metered. Water and sewer charges for commercial properties increase by the same percentages as residential properties.

Indicative City Property Tax and Utility Fee Impact

| | Median Single-Family $1,386,000 | | Median Business Property $618,000 | |
|---|---|---|---|---|
| | ESTIMATED 2017 TAX BILL (CoV PORTION) | CHANGE OVER 2016 | ESTIMATED 2017 TAX BILL (CoV PORTION) | CHANGE OVER 2016 |
| Property Taxes (3.4% increase) | $2,196 | $72 | $4,030 | $133 |
| **Utility Fees** | | | | |
| Water | $616 | $24 | $571 | $22 |
| Sewer | $384 | $39 | $392 | $40 |
| Solid Waste | $271 | $10 | $217 | $8 |
| Total Utility Fees | $1,271 | $73 | $1,180 | $70 |
| Total City Taxes and Fees | $3,467 | $145 | $5,210 | $203 |

# Impact of Assessment Changes on Property Taxes

CITY OF VANCOUVER



| Year 1 | | Year 2 |
|---|---|---|
| Total Property Value $3M<br>Tax Rate $2 per $1,000<br>Total Tax Levy $6,000 | = | Total Property Value $3.3M (+10%)<br>Tax Rate $1.8 per $1,000 (-10%)<br>Total Tax Levy $6,000 (flat) |
| Property Value $1M<br>Tax Bill $2,000 | = | Property Value $1.1M (+10%)<br>Tax Bill $2,000 (flat) |
| Property Value $1M<br>Tax Bill $2,000 | ↓ | Property Value $1M (flat)<br>Tax Bill $1,800 (-10%) |
| Property Value $1M<br>Tax Bill $2,000 | ↑ | Property Value $1.2M (+20%)<br>Tax Bill $2,160 (+8%) |

Higher assessed values do not generate higher tax revenue for the City
However, assessment changes may impact individual properties differently
If a property's value increase > class average increase → higher tax increase
If a property's value increase < class average increase → lower tax increase

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# 2017 Budget - Consultation

# 2017 Budget - Consultation Overview

| Consultation activity | Participants |
|---|---|
| Online Service Satisfaction Survey, October 1–25 (also available in Traditional Chinese) | 2,590 (2,110 residents, 480 businesses) |
| Insights West Survey | 1,615 (1,327 residents, 288 businesses) |
| Budget Road Show (interactive educational questions)<br>• Community Centres: Douglas Park, Roundhouse, Vancouver Urban Aboriginal Friendship Centre (Westcoast Night — Haida Nation hosting), Carnegie Centre/Library, Gordon Neighbourhood House, Dunbar, Sunset, Hillcrest<br>• Libraries: Renfrew Branh, Terry Salman Branch | 326 respondents |
| Random 3-1-1 Caller Survey (three key questions asked from the Service Satisfaction survey) | 691 residents |
| Stakeholder Workshop, October 24, 2016<br>Members of advisory committees, community organizations, business improvement associations | 25 participants |
| **Total citizens engaged** | **5,247** |

# Overview: Important City Issues

## What we learned about the issues that concern the public:

- Top concerns, while priority changes slightly, are fairly consistent across groups of respondents. Cost of living, infrastructure/transportation, and housing are the key issues on the minds of Vancouver residents and business owners.

| Residents (Online) |
|---|
| Housing/Accommodations (56%) |
| Cost of living (52%) |
| Infrastructure/transportation (37%) |
| Social issues (34%) |
| Development (30%) |

| 3-1-1 Callers |
|---|
| Housing/ Accommodations (43%) |
| Cost of living/taxes (42%) |
| Infrastructure/Transportation (29%) |
| Education (24%) |
| Social issues/Social services (17%) |

| Businesses (Online) |
|---|
| Cost of living (47%) |
| Housing/Accommodations (44%) |
| Infrastructure/transportation (38%) |
| Development (29%) |
| Social issues (22%) |

# Comparison: Important City Issues

| Current Consultation on Budget 2017 | | Prior Year Consultation on Budget 2016 | | Consultation on Budget 2012 | |
|---|---|---|---|---|---|
| Residents (Online) | Businesses (Online) | Residents (Online) | Businesses (Online) | Residents (Online) | Businesses (Online) |
| Housing /accommodations (56%) | Cost of living (47%) | Cost of living (46%) | Cost of living (44%) | Social Issues (42%) | Transportation (35%) |
| Cost of living (52%) | Housing /accommodations (44%) | Infrastructure /transportation (44%) | Infrastructure /Transportation (41%) | Transportation (26%) | City Finances and Property Taxes (29%) |
| Infrastructure /transportation (37%) | Infrastructure /transportation (38%) | Housing /accommodations (42%) | Housing/ accommodations (29%) | City Finances and Property Taxes (18%) | Social Problems (22%) |
| Social Issues (34%) | Development (29%) | Social issues (34%) | Development (28%) | Crime (10%) | Crime (8%) |
| Development (30%) | Social Issues (22%) | Development (33%) | Social issues (26%) | Environmental/ Green issues (33%) | Environmental concerns (7%) |

**Year-to-Year Changes in Budget Priorities**

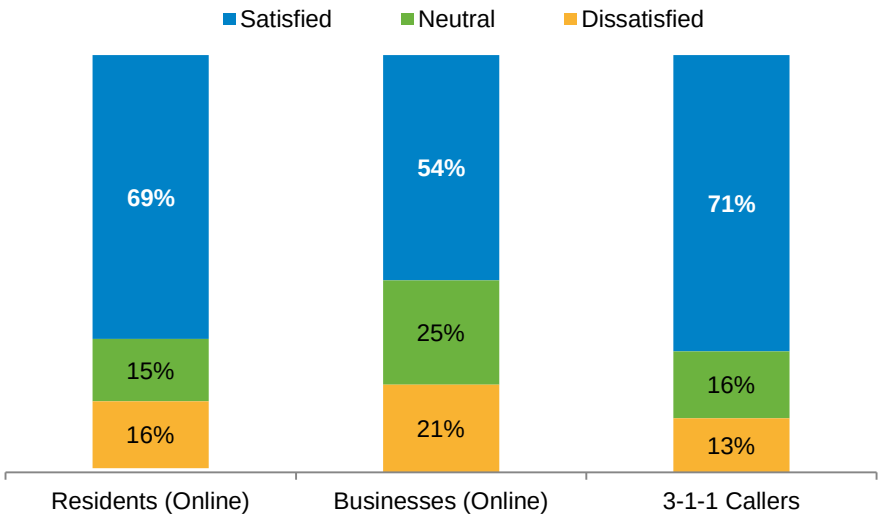
An interesting and valuable comparison tracks shifts in the public's budget priorities from year-to-year. We can see that the public's top-of-mind concerns and priorities have shifted from 2012 to today's budget profile. This tracking shows that our teams listen to the public's concerns, which do shape and, in many cases, help address these concerns.

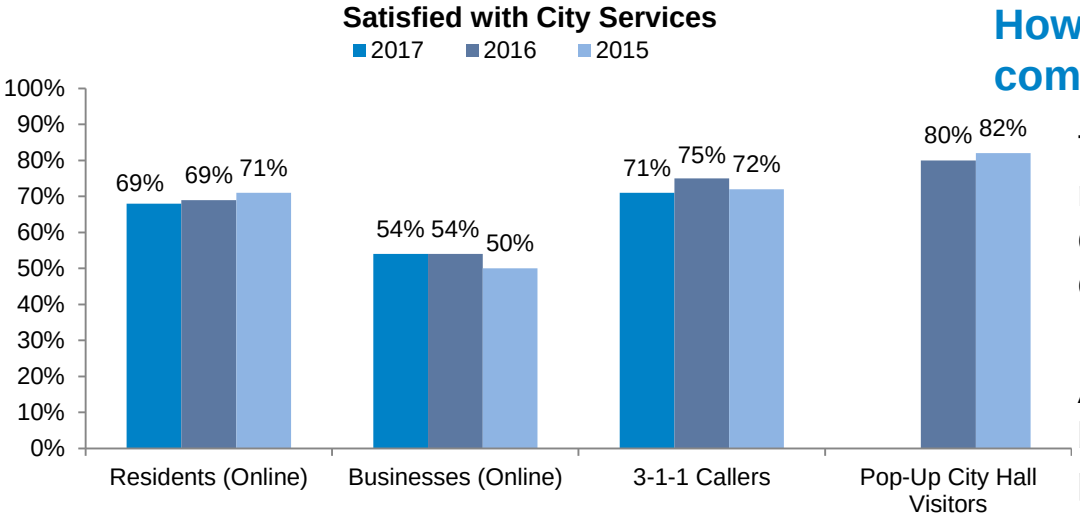
It is also a helpful reminder of how the public dialogue on key issues, such as housing and transportation, and challenges, such as crime and the environment, has shifted. We will continue to track these issues and shifts longitudinally, through our research on public values and priorities.

# Overview: Satisfaction

## What we learned about the public's overall satisfaction:

- Levels of satisfaction are high across all groups, and on average, three-quarters of residents are satisfied with City services. But, 3-1-1 callers tend to be more satisfied than other groups.
- Business owners in Vancouver, show relatively lower satisfaction, with City services. Just over half report they are somewhat or very satisfied with the services their business receives.



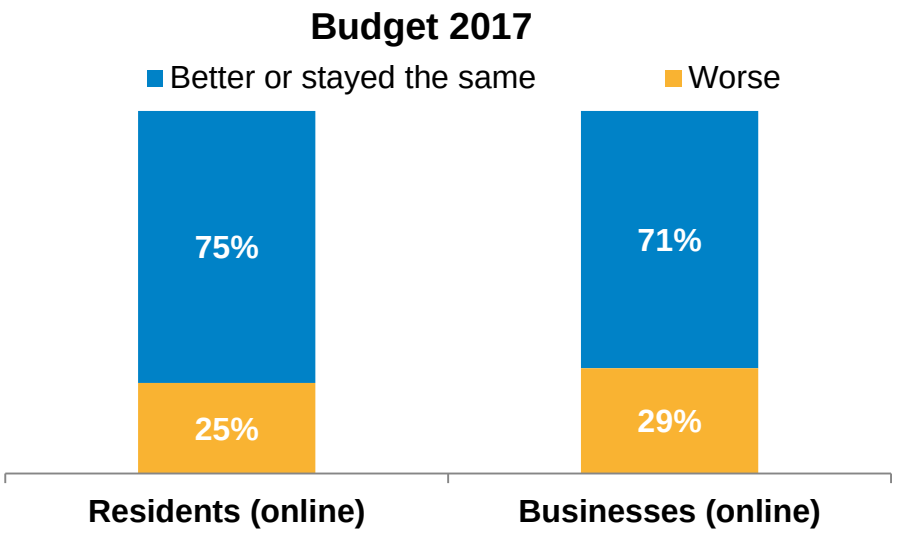




## How the public's overall satisfaction compares over time:

The average levels of satisfaction among residents (online, 3-1-1-), has been stable over the last several years, at or above 70% of those surveyed.

Among businesses, satisfaction has also been stable, with a small increase in the percentage who say they are satisfied ('very' or 'somewhat' satisfied) with City services to 54%, from 50% in previous years.

# Overview: Service Perceptions

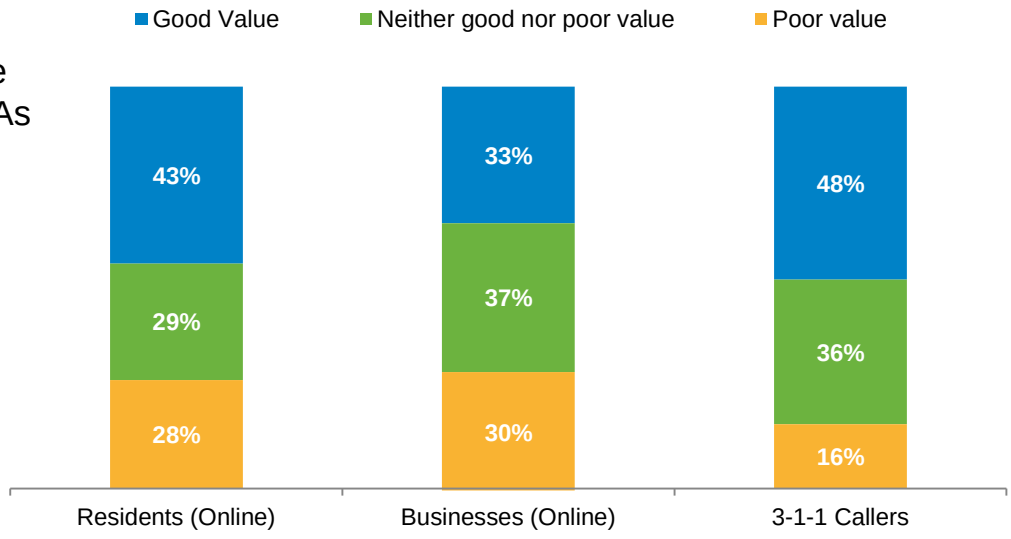


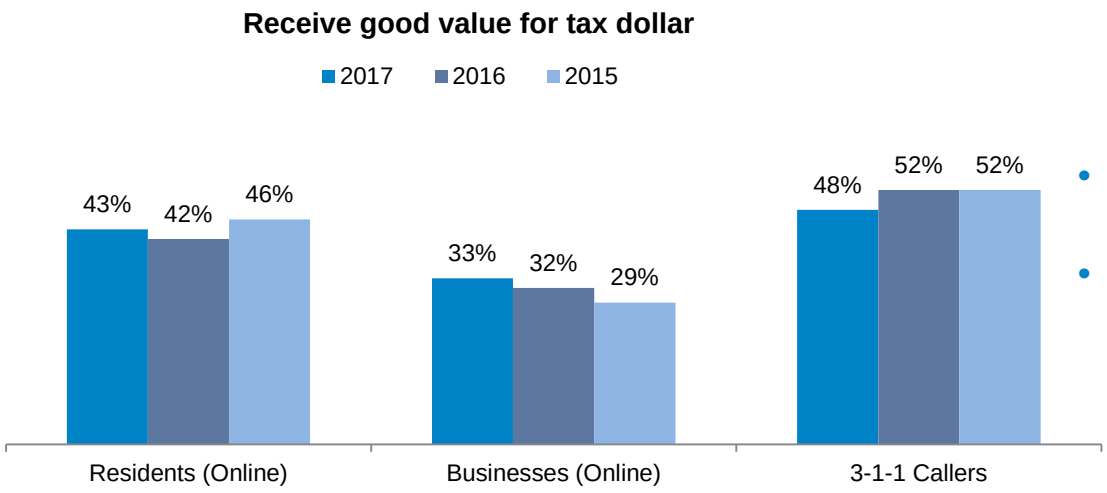

| | Residents | | Businesses | |
|---|---|---|---|---|
| | Budget 2016 | Budget 2015 | Budget 2016 | Budget 2015 |
| Better or stayed the same | 76% | 73% | 74% | 66% |
| Worse | 24% | 26% | 24% | 34% |

# Overview: Value for Tax Dollar

## What we learned about the public's perceptions of tax value.

- Across all residents (online, 3-1-1), 45.5% believe they are receiving good value for their tax dollar. As with perceived changes in the quality of services, phone and in-person respondents tend to have more positive views.
- Residents are more likely than businesses to believe they are receiving good value for their tax dollar.
- Perceptions among businesses are split, with about a third believing they receive good value for their tax dollar, and a third who think they do not.

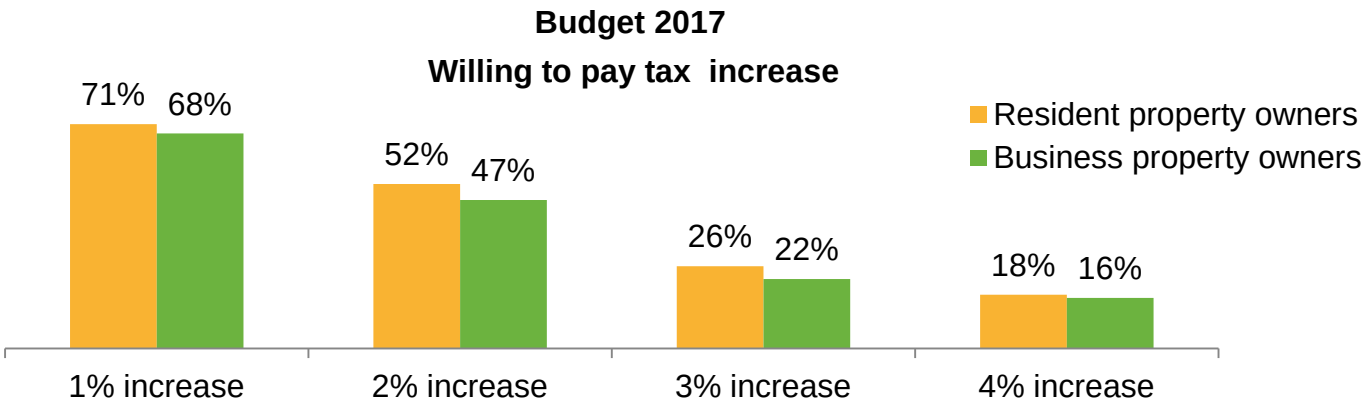


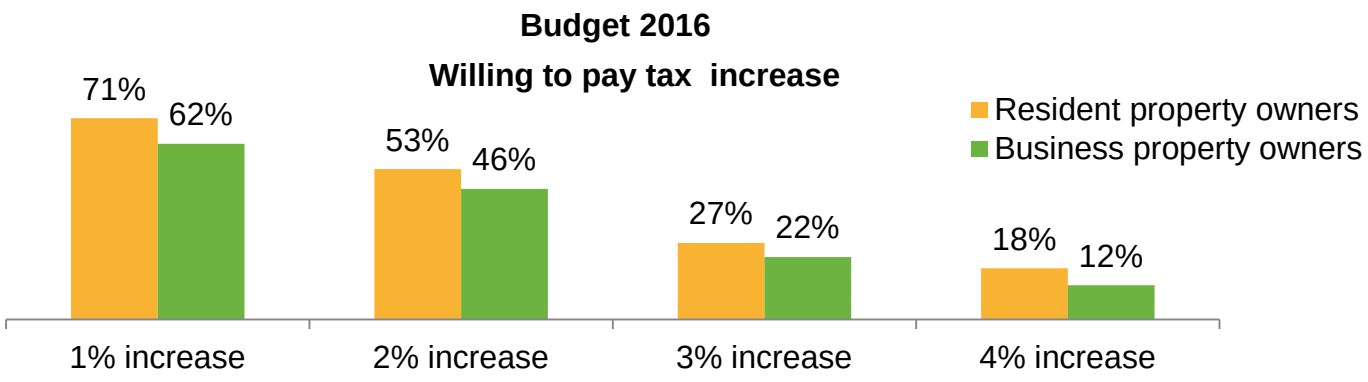




- Compared to last year, overall, residents' perceptions of the value they receive for their tax dollar remain steady.
- Businesses also show similar ratings of value over time, lower than residents.
- Over the last few years, residents responding online have become somewhat less likely to report that they receive good value for their tax dollar.

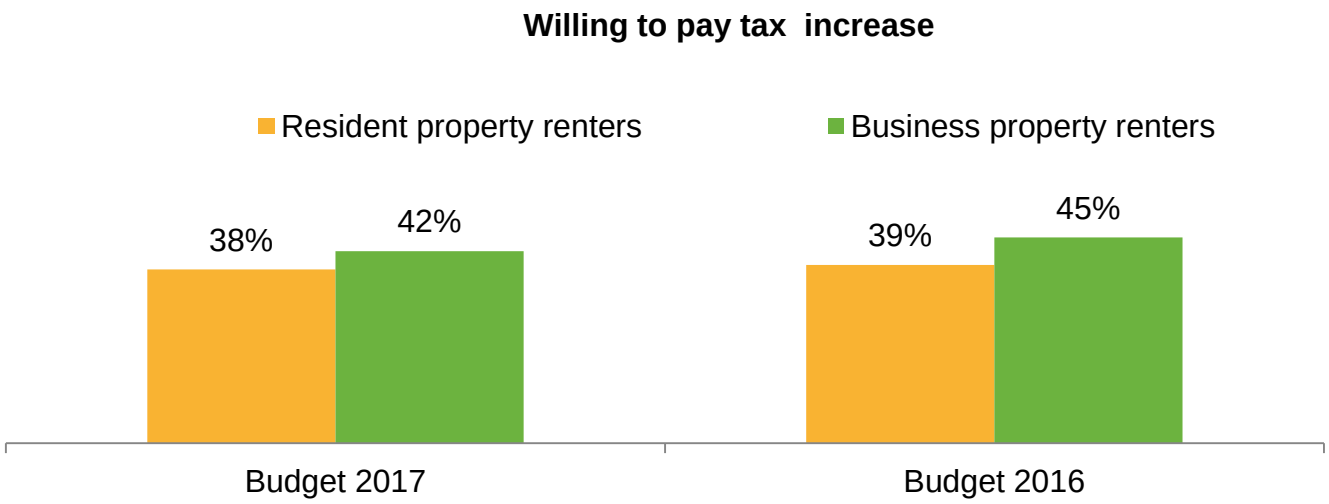
# Overview Tax Tolerance - Owners

- The majority of resident and business property owners are wiling to pay a 1% tax increase, on average 67% are willing to pay such an increase
- Additionally, half are also willing to pay a 2% tax increase (although resident owners are somewhat more willing in this case).
- Levels of tax tolerance remain similar to last year, with some small incremental drops in the willingness to support tax increases across taxation levels for both residents and businesses.



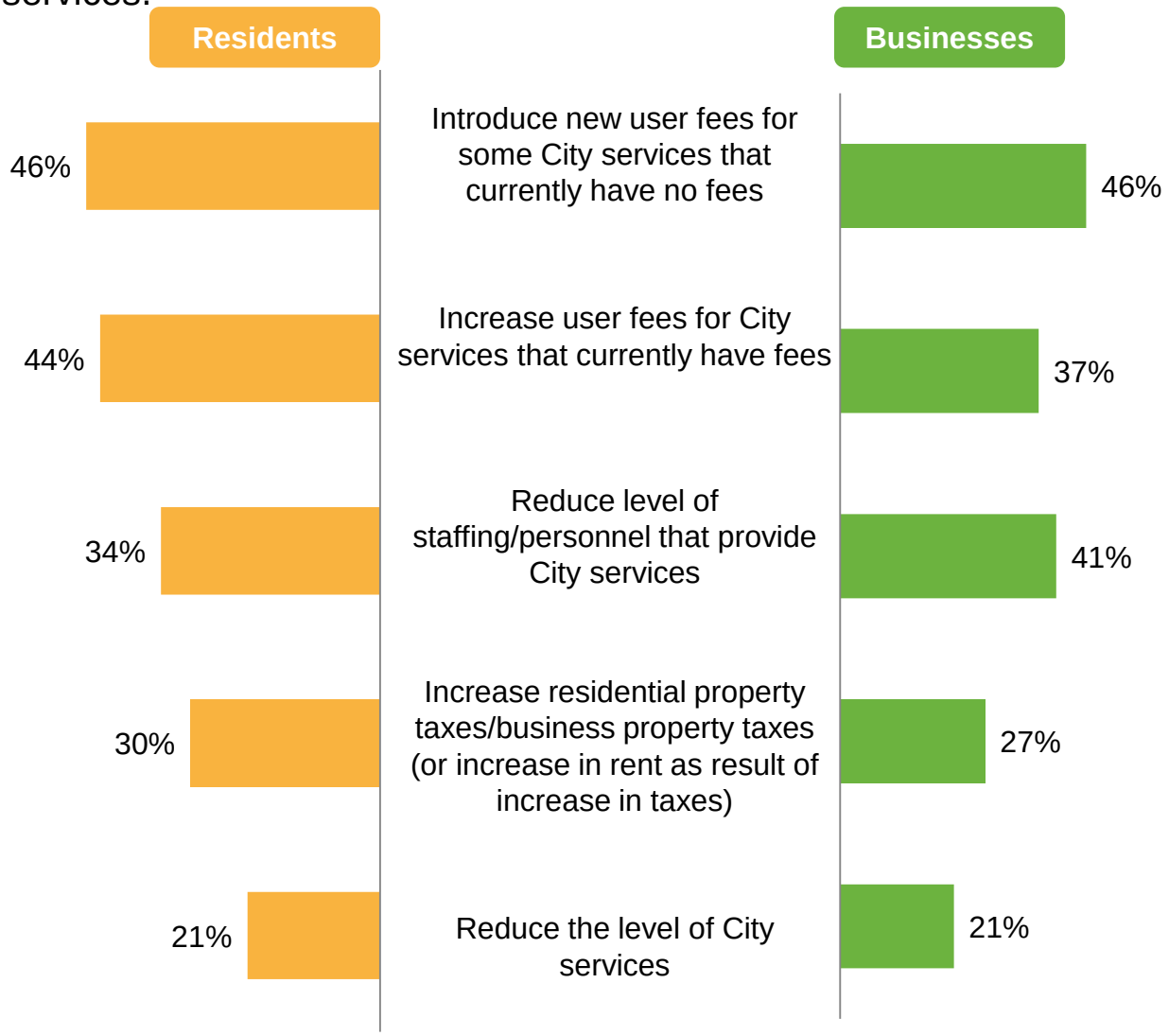
# Overview: Tax Tolerance - Renters



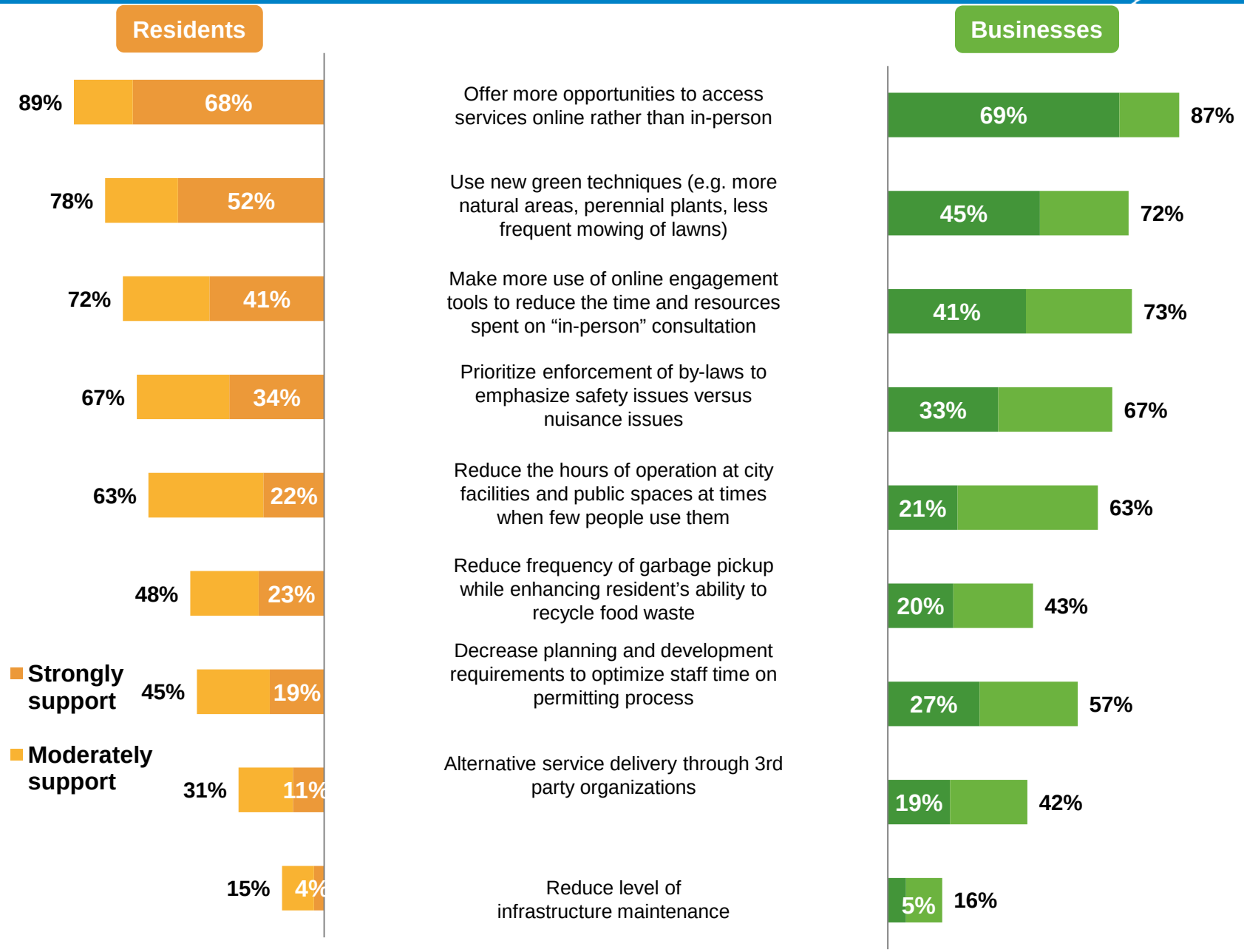

- Less than half of residential and business property renters are willing to pay higher rent to maintain current service levels (as a result of a tax increase passed onto them by their property owner).
- They are less willing, overall, than property owners to tolerate the impact of tax increases. But business renters have a relatively higher tax tolerance than residential renters.

# Overview: Cost Efficiencies – Support for City Measures to Balance Budget

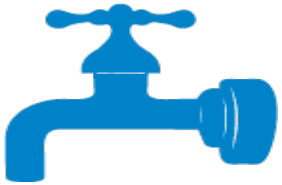
The public is open to a variety of tools to balance the City's budget. But respondents were most likely to support measures related to increasing user fees or decreasing personnel (but not level of service) for the provision of City services.



# Overview: Support for Efficiency Measures for Services



# 3: Summary of Feedback from in person outreach



# Overview: Budget Road Show

- To increase the opportunities for citizens to provide their input on the 2017 Budget, the City used an additional channel to reach out to the public on a key question from the survey.
- We asked one question, “What is the most important issue facing the City at the present time?” We asked people to each take three LEGO pieces to cast a vote for their priorities.
  - The priorities that received the most votes were ***Housing/accommodation and Cost of living***
- It had the effect of drawing youth from 10-18 into a meaningful dialogue about how the City invests money in their communities.
- Parents found that it was a useful way to describe the topics to introduce to their children. The dioramas were also effective in bridging language (Punjabi) barriers where they could understand from the imagery.
  - Some comments:
    - “This is a remarkable innovative way to do this”
    - “Oh I was just doing this for school!”
    - “Way to get kids to learn about it this way”
    - “Can I put more than three?”
    - “Can you come back next week and leave it here?”
    - “Can you visit our teen advisory group that we have?”
    - To their children, “how about we do it together?”

Movies
Non-Fiction
City Finance
Cost of Living
Environment/ Environmental Issues/Sustainability
Education
Health/ Healthcare
Governance and Transparency
Housing/ Accomodations
Development

ACTION!
OCTONAUTS
The Great Penguin Race

# 4: Multi-stakeholder Workshop

# Multi-stakeholder workshop

***From your perspective, what are the major priorities for Vancouver as a growing city? How can the City best address these priorities? Do the budget priorities for 2017 reflect what you feel the city's greatest needs are from the perspective of your groups/networks? Where are the gaps?***

- Housing affordability emerged as key priority and a number of the participants felt that more action is needed. Growing homelessness faced by people with disabilities and LGBTQ+ youth were articulated as priorities.
- There was commentary that budget planning should be reviewed through the lens of different vulnerable communities.
- There was significant commentary about balancing the relationship between short and longer term challenges for Vancouver. For example, there was commentary about prioritizing Greenest City targets over immediate challenges for housing availability and affordability. Also incentivizing density while ensuring there are adequate community amenities to serve incoming residents.

# Multi-stakeholder workshop

***What are your ideas for improving efficiency of service delivery and staff resources?***

- More planning and services offered at a regional level, building on efficiencies
- Increased usability of the website for users with challenges, as well as easier to access information about services, licensing, permits and payments.
- Being mindful of domestic and international narratives, and how a local “crisis” might negatively impact global business and recruitment.
- There was interest in better communication and information about how taxes are apportioned, especially to specific areas like arts and culture and community.
- There was a flag about staff turnover and how it affects the efficiency of standing committees and other community, knowledge-based relationships.
- Ongoing challenges with the pace and backlogs with city permits.
- Finding ways to recoup the policing and other related costs of non-City events (i.e., 420 )

# Multi-stakeholder workshop

***What technologies could help improve the City's services? In what new ways could the city generate revenues?***

- Multiple conversations about increasing municipal portion of fees from film industry, and increasing the cost of film permits.
- Integration of VanConnect, Pay by Phone, Mobi, Car Share and City Mapper', as well as better promotion of these digital apps overall.
- Increasing revenues from development permits and other development oriented licensing.
- If we are trying to become a city that can attract digital talent, our own digital presence must reflect this invitation by becoming more sophisticated. Social media was included in this, as well as moving consultations online through live streaming and more sophisticated online engagement.

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# Focused on Council Priorities

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## HOUSING, AFFORDABILITY, & HOMELESSNESS

- Housing Strategy Re:set
- Vancouver Affordable Housing Agency ("Housing Agency")
- Housing & Affordability
- SRO Hotel livability upgrades
- Social & Supportive Housing
- Interim Housing & Shelters
- Vacant homes tax

## SAFETY, INCLUSION AND CREATIVITY

- 25th Anniversary of Vancouver Public Art Program
- Local artist Erica Stocking for the new nə̓c aʔmat ct Strathcona Branch Library
- Aboriginal Relations – City of Reconciliation
- Resilient City Network
- Healthy City Strategy
- Public Safety
- Additional Parks and Open Spaces
- Swim to Survive Initiative
- Commitment to Inclusion – Jim Deva Plaza
- Childcare Spaces Above Target

## ECONOMIC DEVELOPMENT

- Innovation and Tech Industry Hub
- TED conference
- Major Sporting Events

## GREENEST CITY

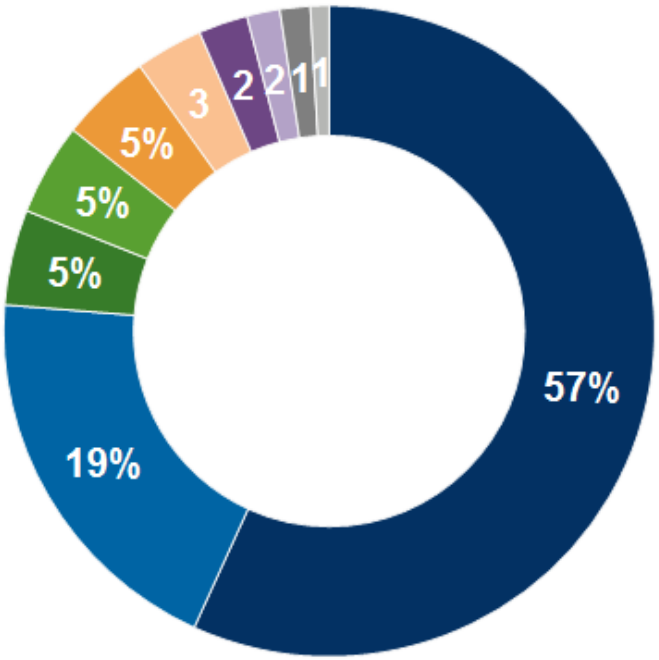
- Greenest City Implementation Update
- Renewable City Strategy
- Leadership in Climate Change
- Broadway Rapid Transit Extension
- Active Transportation
- Arbutus Corridor

## VALUE FOR MONEY

- Performance Metrics and Continuous Process Improvement
- Enhancing Customer Service and Efficiency
- Permit and Licence Transformation Program
- Warehouse Inventory Management Program

# 2017 Operating Revenue

## 2017 OPERATING REVENUES
## $1,319 MILLION




- 57% | Property Tax
- 19% | Utilities Fees
- 5% | Program Fees
- 5% | Licence & Development Fees
- 5% | Parking
- 3% | Cost Recoveries, Grants & Donations
- 2% | Rental, Lease & Other
- 2% | Revenue Sharing
- 1% | Bylaw Fines
- 1% | Investment Income

# Revenues are higher across the board: 4.6% Year-over-Year increase in Revenue

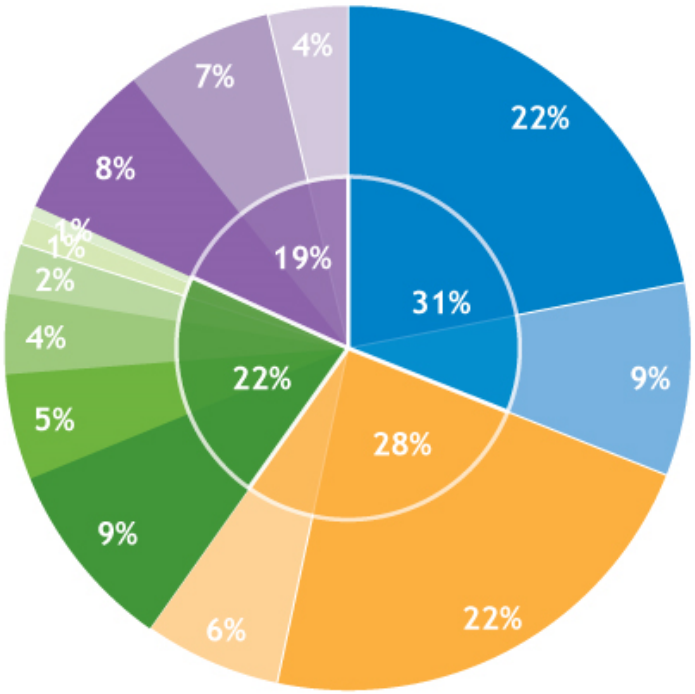
| 2017 Revenue Increase Summary[1]: | $000s |
|---|---|
| Property tax levy increase at 3.4% | 22,655 |
| Property tax revenue from New Construction | 7,000 |
| Other property tax-related revenue | 2,211 |
| Increased Business Improvement Association levy | 475 |
| **Total Property Tax** | **32,341** |
| Water revenue | 4,826 |
| Sewer revenue | 6,143 |
| Solid Waste revenue[2] | (2,799) |
| Neighbourhood Energy revenue | 281 |
| **Total Utility revenue** | **8,450** |
| Parking revenue | 4,619 |
| Program revenue | 3,714 |
| Cost recoveries, grants & donations | 3,202 |
| Parking Bylaw fine revenue | 2,878 |
| Other revenue | 2,765 |
| Licence and Development revenue | 2,192 |
| Investment income | (2,600) |
| **Total Fees and other revenue** | **16,769** |
| **Total** | **57,560** |

[1]Totals may not add due to rounding.

[2]Net decrease as a result of the transition of recycling to MMBC partially offset by increases in collection rate and disposal revenue.

# Expenditures by Service Area

## 2017 OPERATING EXPENDITURES BY SERVICE AREA $1,319 MILLION




PUBLIC SAFETY
- 22% | Police
- 9% | Fire

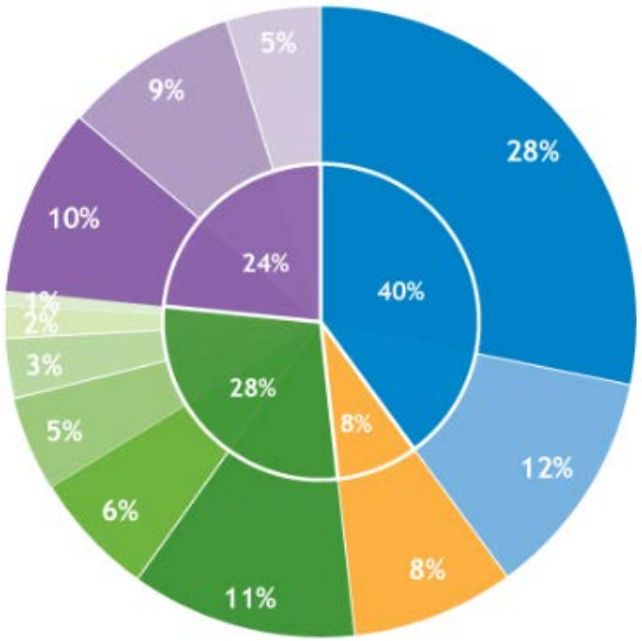
ENGINEERING AND UTILITIES
- 22% | Utilities
- 6% | Engineering Public Works

COMMUNITY-RELATED SERVICES
- 9% | Parks & Recreation
- 5% | Community Services
- 4% | Library
- 2% | Development, Buildings & Licensing
- 1% | Planning, Urban Design & Sustainability
- 1% | Other

CORPORATE SUPPORT
- 8% | Debt & Capital (Non-Utility)
- 7% | Corporate Support
- 4% | Contingencies & Transfers

# Expenditures by Service Area, excluding Utilities

2017 OPERATING EXPENDITURES
EXCLUDING UTILITIES $1,025 MILLION



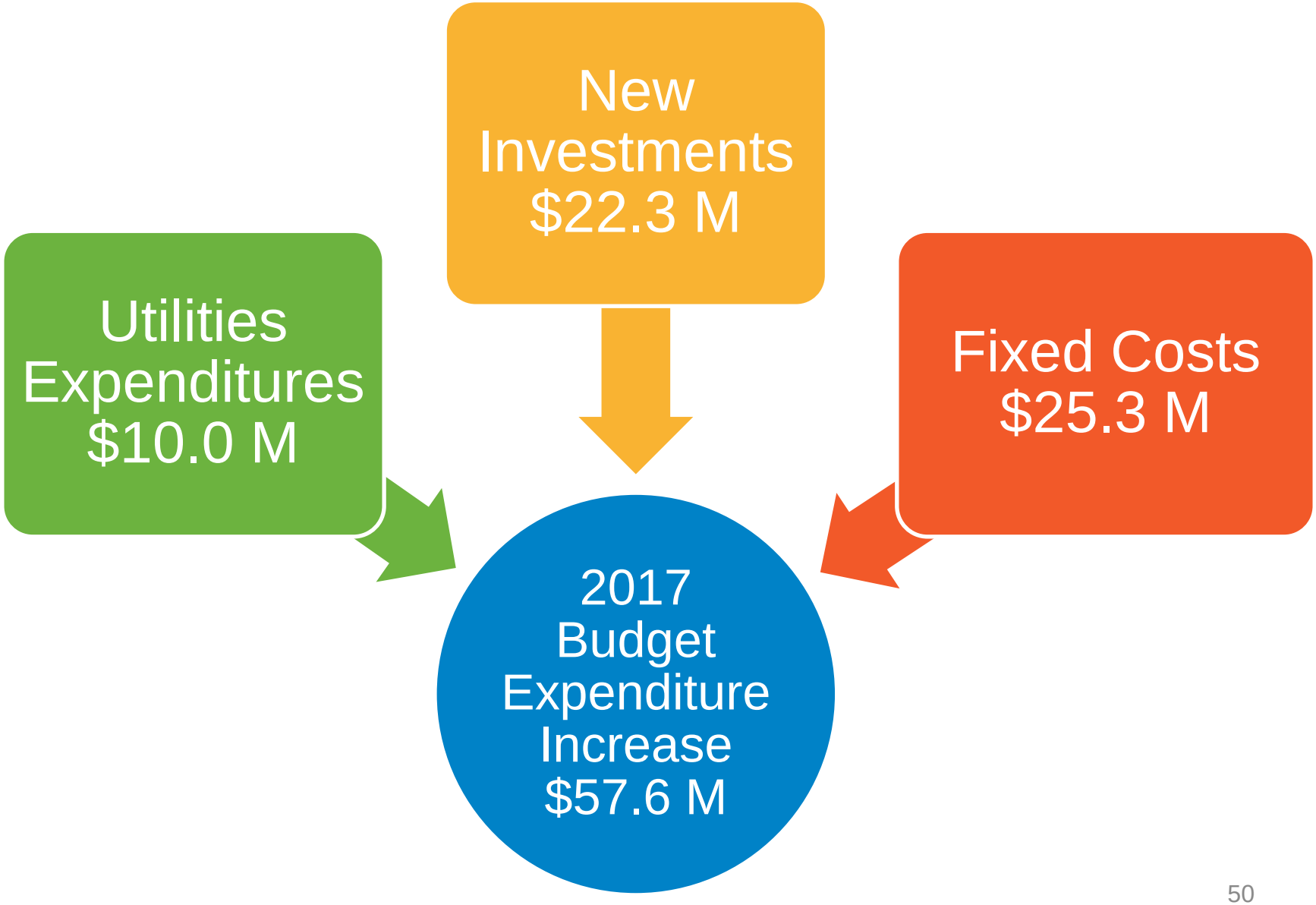

PUBLIC SAFETY
- 28% | Police
- 12% | Fire

ENGINEERING
- 8% | Engineering Public Works

COMMUNITY-RELATED SERVICES
- 11% | Parks & Recreation
- 6% | Community Services
- 5% | Library
- 3% | Development, Buildings & Licensing
- 2% | Planning, Urban Design & Sustainability
- 1% | Other

CORPORATE SUPPORT
- 10% | Debt & Capital (Non-Utility)
- 9% | Corporate Support
- 5% | Contingencies & Transfers

# 2017 Budget Increase - $57.6 Million (M)



# Highlights – Ongoing Operations – Fixed costs and Investments (2% tax funding impact)

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**Ongoing Costs**

- General Debt Charges
- Inflationary Increases for external party costs
- Tax funded portion of Sewer costs
- Building occupancy costs
- Wages and benefits
- Annualized funding for VAHA and support model costs

**Revenue related expenditures**

- Civic Theatres Revitalization Plan
- Parking enforcement costs
- Park Board expenditures related to higher revenues
- Police Secondments and Overtime expenditures offset by cost recoveries

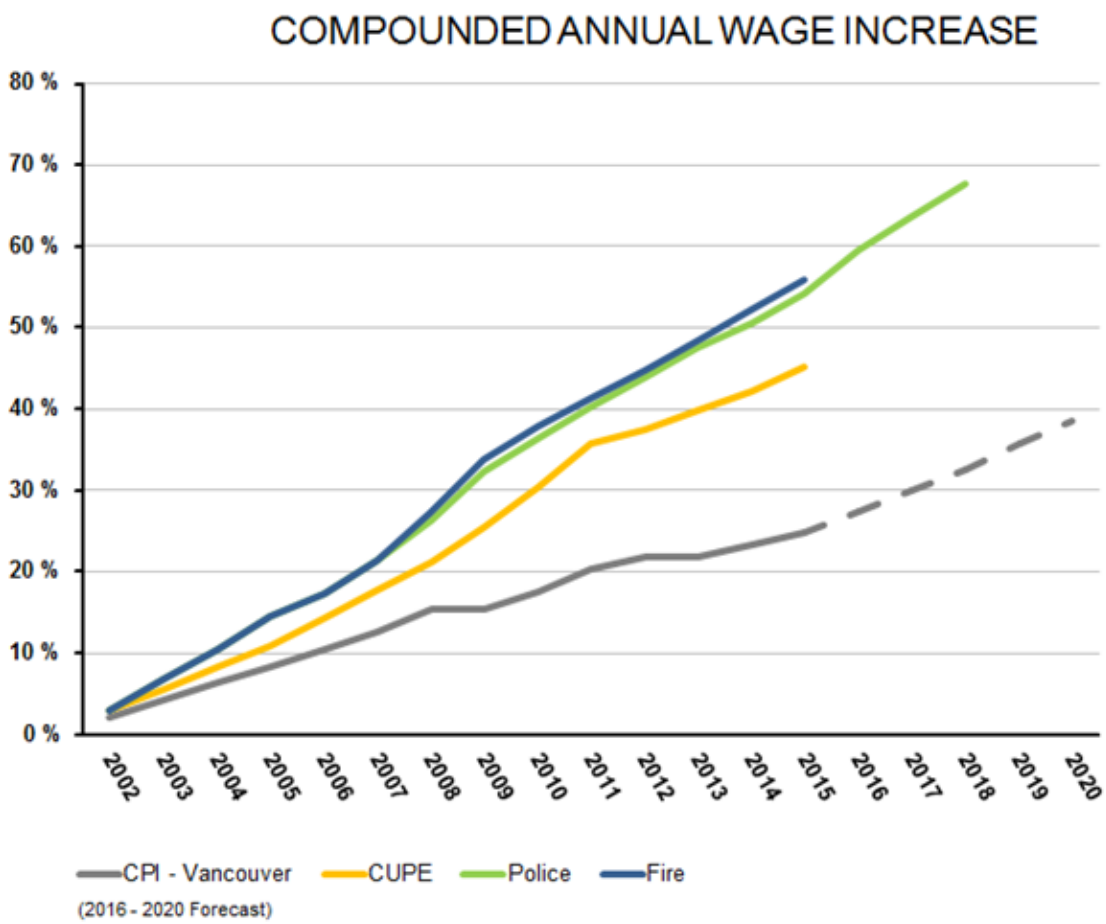
**Provincial download of costs**

- Central and Alexander Subsidy ending in 2016

**Financial Health and Operational Effectiveness Investments**

- PCI and Regulatory Compliance
- IT, Digital Services and 3-1-1 service levels
- Operating costs of new online permitting system and sustainment team
- Zero Emissions building planning and implementation
- Regulatory review - Planning, Urban Design and Sustainability
- Driver services training
- Performance measurement and analytics
- Private property seismic risk

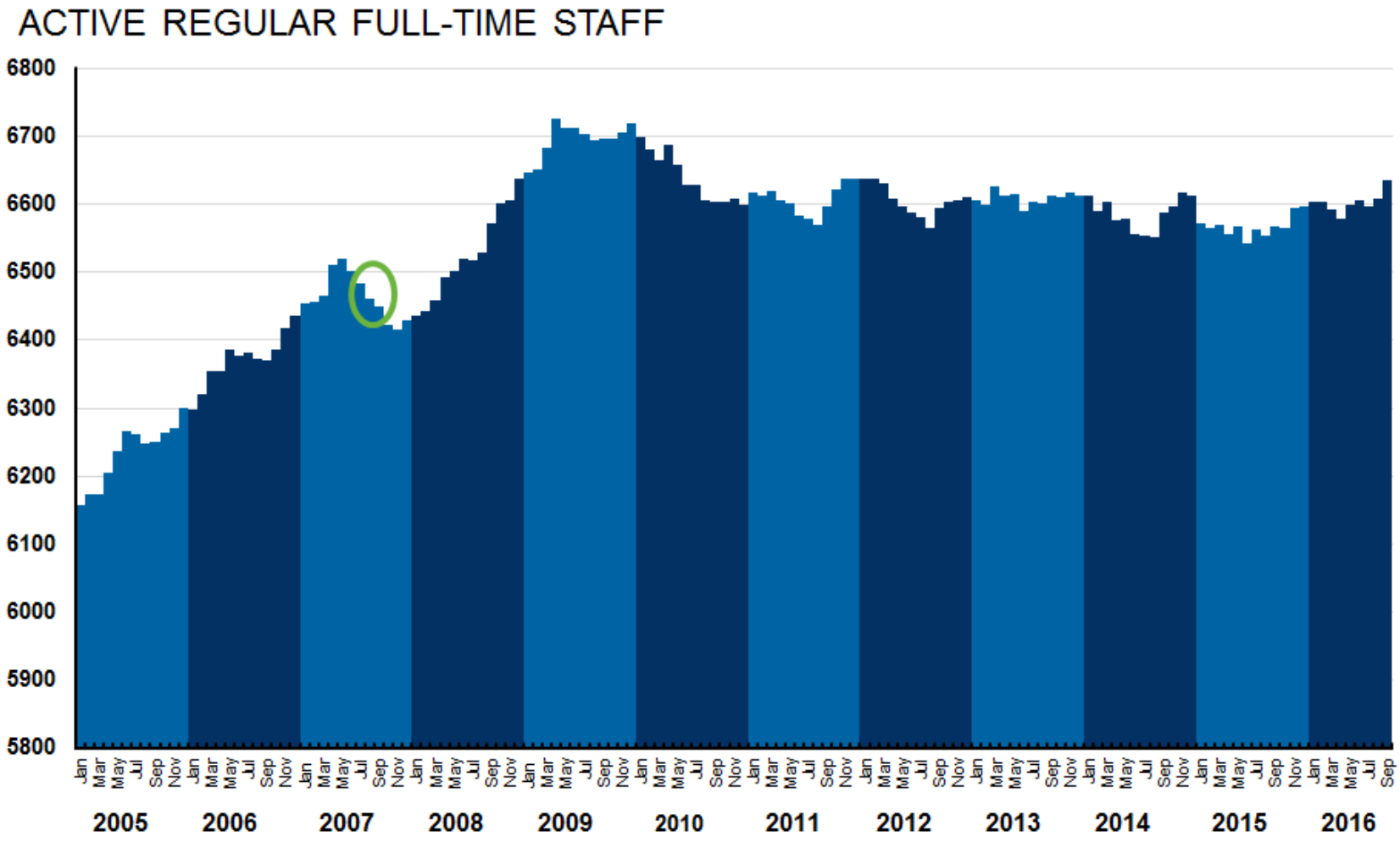
# Fixed Cost Drivers – Wages and Benefits Inflation (CPI) vs. CoV Wage Increases




**Compounded Annual Increase**

| CPI 38.5% | CUPE 45.1% | POLICE 67.7% | FIRE 56.0% |
|---|---|---|---|

# Increased investments in operating and capital expected to increase 2017 headcounts




(Note: Count as of last day of month. Job Action 2007)

# 2017 Investments - $22.3 Million

| 2017 New Investments | $000s |
|---|---|
| **Equity, safety and livability** | **8,773** |
| Public realm cleanliness | 3,800 |
| Operating funding for new fire trucks | 3,100 |
| Additional security at public buildings | 655 |
| Annualised operating costs of nə̓c̓aʔmat ct Strathcona Branch Library | 547 |
| Additional park rangers | 439 |
| Library collections | 233 |
| **Housing needs and affordability** | **6,397** |
| Interim housing | 2,501 |
| Empty homes tax implementation | 2,059 |
| Downtown Eastside (DTES) - Social initiatives | 1,223 |
| Downtown Eastside (DTES) - Public Space Improvement Program | 614 |
| **Arts and culture** | **1,834** |
| VIVA Vancouver and film and special events office | 500 |
| Canada 150 celebration | 500 |
| Vancouver Public Library inspiration lab | 258 |
| Increase for cultural grants | 226 |
| Vancouver Economic Commission - film office | 200 |
| Community use of Civic Theatres spaces | 150 |
| **Financial health and operational effectiveness** | **5,328** |
| Payment Card Industry (PCI) and regulatory compliance | 1,543 |
| Information Technology, Digital Services and 3-1-1 service levels | 1,050 |
| Operating costs of new online permitting system and sustainment team | 900 |
| Zero emissions building planning and implementation | 685 |
| Regulatory review - Planning, Urban Design and Sustainability | 675 |
| Driver services training | 220 |
| Performance measurement and analytics | 125 |
| Private property seismic risk | 130 |
| **Total** | **22,332** |

Note: Totals may not add due to rounding

1.2% property tax impact; $3.8 million utility funded

0.2% property tax impact

Part of 2% property tax increase for ongoing business

# 2017 Operating Investments Highlights

In 2017, **$15.1 million** of the total $22.3 million investment is directed toward ***equity, safety and livability*** and ***housing needs and affordability:***

This includes increased support services in the DTES, public realm improvements, interim housing and safety and security - including Park Rangers, Carnegie reading room staff, and fire services (fire trucks and driver services training),

**$3.8M for Public Realm Cleanliness**

Large Item Collection Pilot Program, quicker response times to overflowing receptacles, illegal dumping, abandoned garbage

**$3.1M Operating funding for new fire trucks**

**$0.7M for additional security at public buildings**

Improved staff and public safety at parks, libraries and other City buildings

**$0.5M to support new nə́ca ʔmat ct Strathcona Branch Library operating costs**

**$0.4M for additional park rangers**

5 rangers to help reduce criminal activities, encampments, drug & alcohol usage, and reduction in 311 Ranger service requests

**$0.2M for increased Library collections**

**$2.5M for Interim Housing**

**$2.1M for empty homes tax implementation**

**$1.2M for DTES Social Initiatives**

DTES Street Market operations and 1 social planner, Lux Operations, Women's market, etc.

**$0.6M for DTES Public Space Improvement Program**

Community outreach, higher security and policing, increased street cleaning and sanitation

# Downtown Eastside and Interim Housing

- **Downtown Eastside (DTES) Social Initiatives**
  - DTES Street Market operations
  - Lux Operations
  - Women's market
  - Violence Risk Assessment and Low barrier employment – Carnegie/Gathering Place/ESC
  - DTES system of care coordination
  - Resource for long term planning
- **Downtown Eastside Public Space Improvement Program**
  - Continued efforts with Vancouver Coastal Health and St Paul's with regard to mental health and addictions over the next 3-5 years
  - Multi department operations plan to mitigate street disorder in the DTES, prevent larger scale events, while providing housing to those in need
  - Includes funding for additional outreach, street cleaning and increased policing and security
- **Interim Housing**
  - Quality Inn Lease Extension
    - The Quality Inn lease, expired in October 2016, has been extended to February 2017
    - Subsidize Quality Inn tenants to find housing in the new Jubilee House and other social housing buildings in late 2016
  - New Opportunities to secure interim housing
  - Ramada operating costs and lease

# Investment in Public Realm Cleanliness over 2 years

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$2.8 million investment in 2016 and $3.8 million in 2017

## Proposed Enhanced Street Cleaning Services:

- Large Item Collection Pilot Program which may accept mattresses, furniture and appliances;
- Quicker response times to overflowing receptacles, illegal dumping or abandoned garbage (27 new staff added);
- 300 new litter receptacles added to hot spot and high-demand areas city-wide;
- Added focus on litter and needle collection close to schools and residential areas (such as Strathcona, Kensington/Cedar Cottage and Grandview Woodland);
- New recycling and waste diversion programs added to public spaces;
- Increased enforcement through ticketing to address illegal dumping.

## Increased Enforcement

Illegal dumping is an offence under the Street and Traffic By-Law 2849.

A person or the registered owner of vehicle caught illegally dumping material on City property may have to:

- Remove the waste and restore the area;
- Repay the City for removing the waste and restoring the area;
- Pay a bylaw ticket ranging from $100 to $500 per offence;
- Face prosecution leading to a fine of up to $10,000.

# 2016 Highlights – Public Realm Cleanliness Investment

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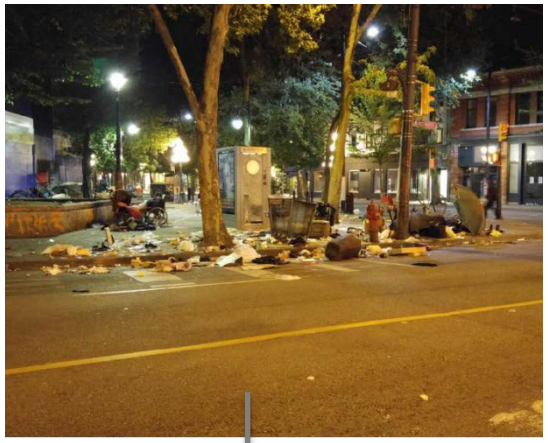
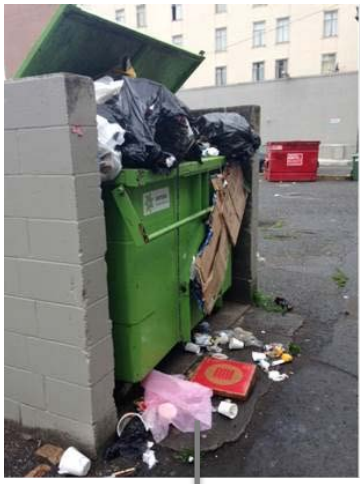
BEFORE

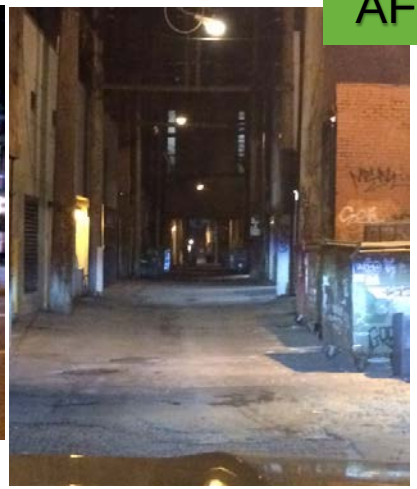
Increased cleaning



Increased enforcement



AFTER



# Investment in Permit Processing

2016 is forecast to show near record volume of permit applications received – approximately 8,600 – matched only by higher record volumes in 2014.

Investments over the past year have had positive impacts in permit backlog reduction and wait times, including:

- New 1&2 family permit applications are being reviewed and retuned to clients in 8-10 weeks compared to 16 weeks in November 2015.
- Field Review Permit times have been cut in half from 12 to 6 weeks through efficiencies in workflow and building capacity with the Industry.
- Over 60% of large-scale construction projects are close to meeting their full intake-to-issuance targets of 26 weeks

Opportunities in 2017

- Building on the prior year system investments, implement process changes to improve overall processing time, including exploration of tree retention and removal options in advance of permit application to address delays associated with re-design during the application process
- Plans to undertake a regulatory review in 2017 are expected to further improve wait times.
- Continued collaboration with industry on process improvements and opportunities to build capacity through training and workshops

# Overview

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## Recommended Rates:

| Utility | 2017 Proposed Rate Increase | Median Single Family Home | |
|---|---|---|---|
| | | Change over 2016 | Total Annual Fee |
| Water | 4.0% | $24 | $616 |
| Sewer | 11.3% | $39 | $384 |
| Solid Waste | 3.8% | $10 | $271 |
| Blended Rate | 6.1% | | |
| **NEU** | **3.2%** | **$28*** | |

*For an average suite in the S.E. False Creek neighbourhood

# Water Pricing Strategy

| Proposed | Projected | | | |
|---|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| 4.0% | 3.5% | 2.7% | 2.6% | 2.0% |

**Key Drivers Impacting Proposed Rate:**

- Metro Vancouver water rates increase by 3.2%;
- increase to the reserve for 2017 to target levels to ensure it's financial health;
- increase in funding for capital projects to deal with the increasing level of service breaks;

# Sewer Pricing Strategy

| Proposed | Projected | | | |
|---|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| 11.3% | 9.3% | 9.3% | 9.3% | 9.3% |

**Key Drivers Impacting Proposed Rate:**

- 5.1% increase in Metro Levy including costs for site preparation for secondary treatment at Iona;
- increase in debt to fund capital for ongoing replacement and separation of sewer infrastructure to support the City's goal to eliminate combined Sewer overflows by 2050;
- contribution to the reserve for 2017 to target levels to ensure it's financial health;

# Solid Waste Pricing Strategy

| Proposed | Projected | | | |
|---|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| 3.8% | 3.6% | 2.6% | 1.9% | 1.9% |

**Key Drivers Impacting Proposed Rate:**

- leaf removal funded through Utility
- investment in bulky items pick-up program
- investment in public realm cleanliness
- decrease due to transition of recycling to MMBC

# NEU Pricing Strategy

| Proposed | Projected | | | |
|---|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| 3.2% | 3.2% | 2.0% | 2.0% | 2.0% |

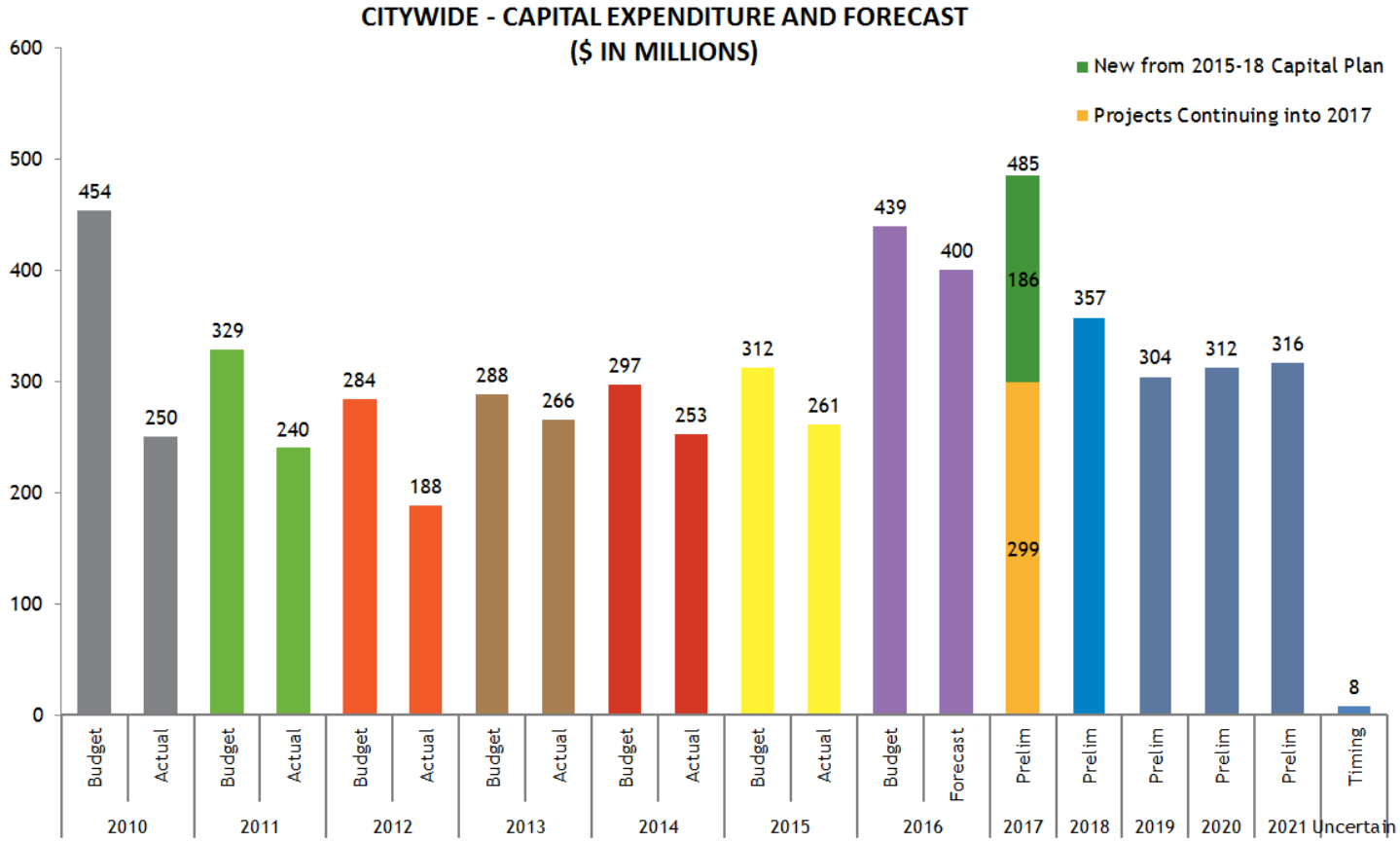
**Key Drivers Impacting Proposed Rate:**

- Consistent with rate increases and forecasts from previous years;
- 2.0% inflationary increase
- 1.2% escalation factor

# Agenda

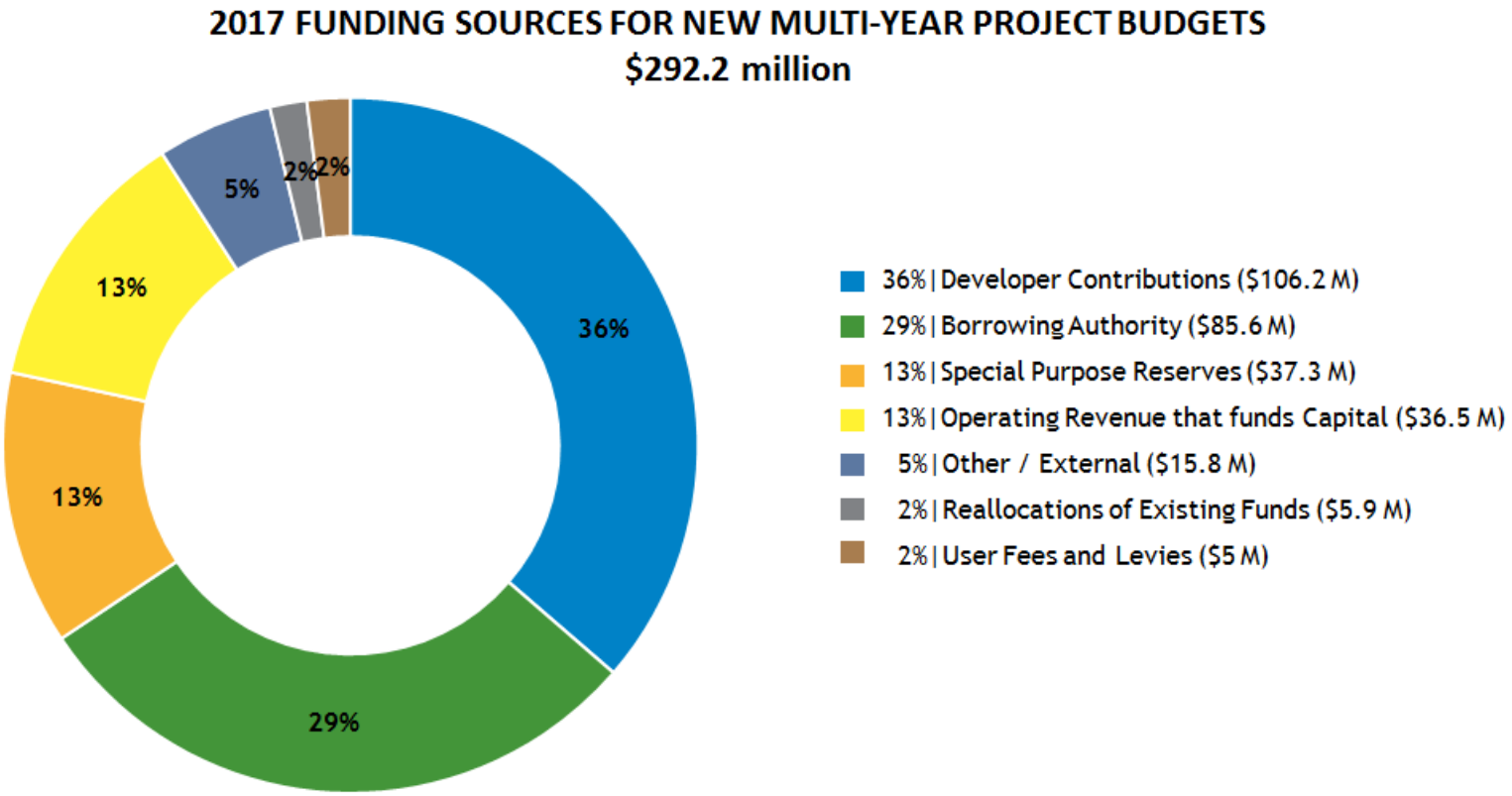
1. Key Dates
2. Budget Highlights
3. Economic Outlook
4. Budget Best Practices and Financial Health
5. Public Consultation Feedback
6. Operating Budget
7. ***Capital Budget***
8. Five-Year Financial Plan

# 2017 Capital Expenditure Budget above historical average




- 2016 forecast expenditure higher than historical average primarily due to Arbutus Corridor; Housing Land Acquisition; Burrard Bridge Upgrades; Social Housing SEFC Area 3B
- 2017 expenditure budget higher than 2016 forecast primarily due to Affordable Housing; Landfill Phase 3 Southeast Closure; Landfill Western 40 Hectare Closure; Viaducts Removal; Active Transportation
- 2018-2021 forecasts are based on historical spend and major projects coming up

# New Multi-year Capital Projects Funding Requested $292.2 million (2017 Expenditure $186.5 million)



# Capital Budget – Investment in new versus renew

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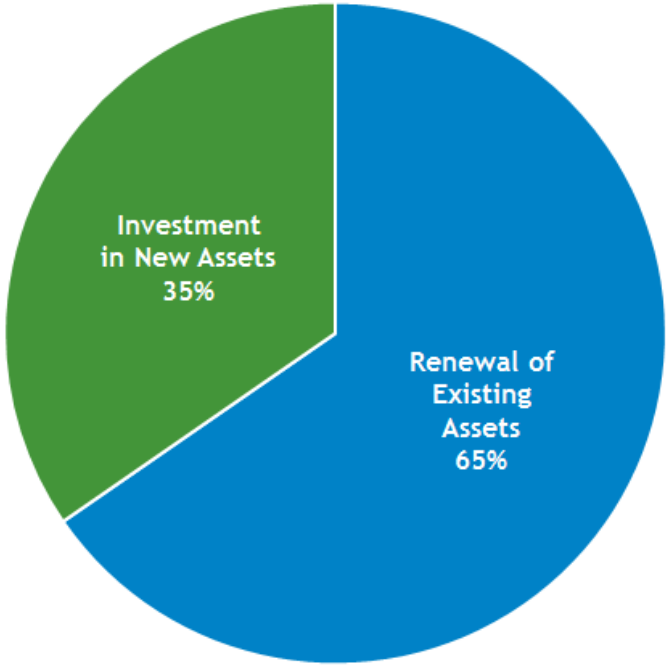
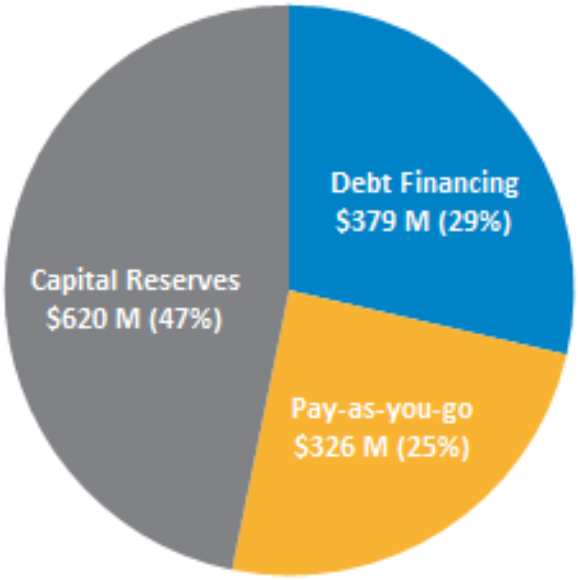
**CAPITAL INVESTMENT - NEW VS. RENEWED**

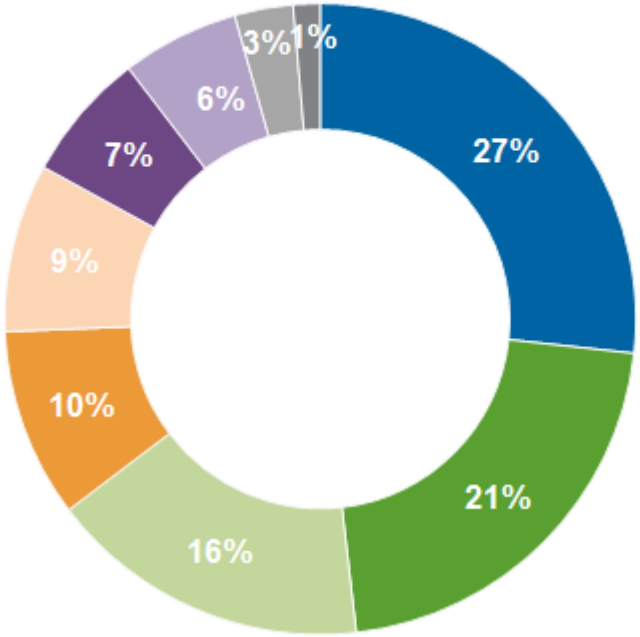



**Current 2015-2018 Capital Plan ($1,325.1 M)**



# Capital Expenditure Budget by Service Category

## 2017 CAPITAL BUDGET EXPENDITURES
## $485.5 MILLION




- 27% | Utilities and Public Works ($130 M)
- 21% | Transportation ($104 M)
- 16% | Housing ($80 M)
- 10% | Parks, Open Spaces and Recreation ($47 M)
- 9% | Equipment and Technology ($42 M)
- 7% | Community Facilities ($32 M)
- 6% | Civic Facilities ($29 M)
- 3% | Childcare ($15 M )
- 1% | Citywide ($7 M)

# Vancouver Affordable Housing Agency (VAHA)

- VAHA (Vancouver Affordable Housing Agency) was created in 2014 with a mandate to enable 2,500 units by 2021 through innovative partnerships with non-profit housing partners, developers and senior levels of government. Nearly 1,000 affordable homes are currently in the planning and design phase
- Major VAHA projects planned for 2017 include:
  - Capital to complete planning and design work on priority affordable housing projects: $25.8 million
  - Leverage innovative financing and equity funding from senior governments, private sector and non-profit agencies to advance affordable housing projects
  - Acquiring land in the River District for affordable housing: $9.2 million

# Housing

- Responsible for developing and implementing housing policy; facilitating delivery of affordable housing; buying land, providing capital grants to improve and create new social housing; and monitoring and researching housing trends

- Major housing commitments to date include:
  - 285 new units anticipated to be completed through inclusionary zoning policies as in-kind CACs (Community Amenity Contributions)
  - Capital grants for non-city-owned social housing, with a target of 125-250 rooms/units, depending on unit mix: $4.4 million
  - 135 new social housing units in Southeast False Creek Area 3B: $19.0 million (DCL and cash CAC investment from a total cost of $38m)
  - 81 new social housing units – 1107 Seymour Street: $4.9 million (DCL investment from a total cost of $28m)

- Anticipated commitments for 2017 include:
  - Grants to upgrade SROs $3.0 million
  - Grants for new social housing $2.5 million
  - ~200 units created through inclusionary zoning policies as in-kind CACs (Community Amenity Contributions)

# Childcare

- VBE/CoV school-childcare Partnership Projects (ages 0-4): **$6.4M**
  - Portion of funding required in 2017 for projects already approved by Council:
  - Lord Nelson Elementary childcare: $3.3M
  - Sir Sandford Fleming Elementary childcare: $3.1M
- Feasibility, planning and schematic design for other priority childcare projects (ages 0-4): **$2.8M**
- 
- Childcare facility at Maple and 10th Avenue: **$2.5M**
- New childcare facilities and emerging priorities**: $2.9M**

# Public Art

**For 2017-18:**

Civic:

- $1.2m support for public art from capital budget:
  - New public art including Canada 150+ murals
  - Partnering for large-scale commissions
  - New artist-initiated projects
  - Maintenance planning
- Public Art Boost, $1.5m for 2017-2018 from Capital and Innovation Fund

Private Sector:

- 12 recently completed projects, 34 in process as of November 2016

# Community Facilities

**Cultural Facilities: $6.4  million**

- Cultural facility grant disbursement (Rize): $2.2 million
- Cultural Infrastructure Grant Program disbursements: $1.5 million

**Social Facilities: $10.0 million**

- Marpole Place base building repairs: $1.9 million
- Capital grant re. redevelopment Little Mountain Neighbourhood House: $1.5 million
- Carnegie Community Centre & Gathering Place Community Centre kitchen renovations: $1.0 million

# Parks and Open Spaces: Board of Parks and Recreation

**Urban Forest and Natural Features: $2.6 million**

- Urban Forest parks and street trees (15,000 trees): $1.5 million

**Activity Features: $8.6 million**

- Playgrounds, water parks, and skate parks: $2.2 million
- Dr. Sun Yat-Sen Gardens Improvements: $1.3 million
- Burrard Marina electrical upgrades; breakwater construction: $2.4 million
- Completing planning and design for a new outdoor pool: $0.2 million

**Seawall and Waterfront: $4.9 million**

- Repairs to the existing Stanley Park seawall, rebuilding two sections damaged by recent storms (on English Bay and near Siwash Rock) and habitat enhancements

# Parks and Open Spaces: Board of Parks and Recreation

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**New Parks and Renewals: $7.8 million**

- Land acquisition for park development: $1.6 million
- New park in Downtown South (Smithe & Richards): $1.3 million
- Neighborhood park renewal (Sunset, Brewers, Renfrew Ravine parks): $1.4 million

**Park Buildings: $1.7 million**

- Fieldhouse renovations at 2-3 locations; park building renovations: $1.2 million
- Capital maintenance at park buildings: $0.5 million

**Park Infrastructure: $0.7 million**

- Park pavement and drainage: $0.4 million
- Upgrades to Lost Lagoon Fountain in Stanley Park: $0.2 million

**Recreation Facilities: $13.0 million**

- Killarney Seniors Centre construction: $5.5 million
- Capital maintenance recreation facilities: $3.4 million
- Energy Optimization for building energy retrofits: $1.5 million
- Site feasibility, public consultation, schematic design for Marpole-Oakridge Community Center renewal: $0.5 million

# Transportation

**Walking and Cycling: $58.3 M**

- Burrard Bridge upgrades: $17.7 million
- Walking and cycling network upgrades/expansion (including expanding AAA cycling network by 10 km): $17.4 million
- Seaside Greenway public realm improvements: $13.6 million

**Transit: $3.7 million**

- Replacement of transit trolley poles & City infrastructure: $1.1 million

**Major Roads: $35.2 million**

- Georgia Dunsmuir Viaduct Removal Phase I: $15.3 million
- Major roads rehabilitation (City and MRN): $9.6 million

**Local Roads: $6.1 million**

- Local roads rehabilitation: $2.1 million
- H-Frame removal and replacement of City infrastructure: $1.7 million

**Parking: $0.8 million**

- New and replacement parking meters.

# Utilities and Public Works

**Waterworks: $11.1 million**

- Distribution main, Transmission main, and aging hydrant replacement

**Sewers: $36.0 million**

- Sewer main replacement/sewer separation: $31.5 million

**Water and Sewer Connections: $25.6 million**

- Sewer and water combined connections: $13.0 million
- Aging water connection replacement: $2.5 million
- Replacement of sewer connections and manholes: $1.4 million

**Solid Waste: $54.1 million**

- Landfill closure (Ph 3 SE, Western 40): $30.2 million
- Reconstruction of the Landfill entrance: $5.4 million
- Transfer Station improvements to accommodate increased waste diversion: $3.4 million

**Neighborhood Energy: $3.1 million**

- Extension of the NEU system to service new customers in Southeast False Creek.

# Equipment and Technology

**Vehicles and Equipment: $21.3 million**

- Vehicles and equipment replacement program: $18.8 million
- Fire truck replacement (final deliveries): $1.1 million

**Information Technology: $20.5 million**

- Core IT infrastructure maintenance, upgrade, and expansion

(City, VPD, VPL): $6.5 million

- Ongoing replacement of end-of-life hardware: $2.8 million

Fleet Management Software Solution: $2.2 million

- Final phase of Permit and License Transformation Program: $1.5 million

# Civic Facilities

**Fire: $15.8  million**

- Fire Hall No. 5, including social housing: $11.5 million
- Planning/design Fire Hall No. 17: $2.2 million

**Police $1.9 million**

- Office renovations and moves, capital maintenance and renovation/upgrades of Police facilities

**Animal Control: $0.3 million**

- Capital maintenance, and minor renovation/upgrades to meet operational needs

**Administration Facilities: $9.6 million**

- Seismic upgrades at West Annex: $2.4 million
- City Hall East Annex deconstruction: $2.3 million

**Service Yards: $1.6 million**

- Replace fuel tanks at Manitoba Yard: $0.5 million
- Capital maintenance and minor upgrades: $0.5 million

# Library and Archives

**Libraries and Archives: $15.7 million**

- Expansion of Central Library to levels 8 and 9: $8.9 million
- nəc̓ aʔmat ct Strathcona Branch Library completion: $4.9 million
- Capital maintenance of libraries/archives, including Library Square: $1.4 million

# Citywide

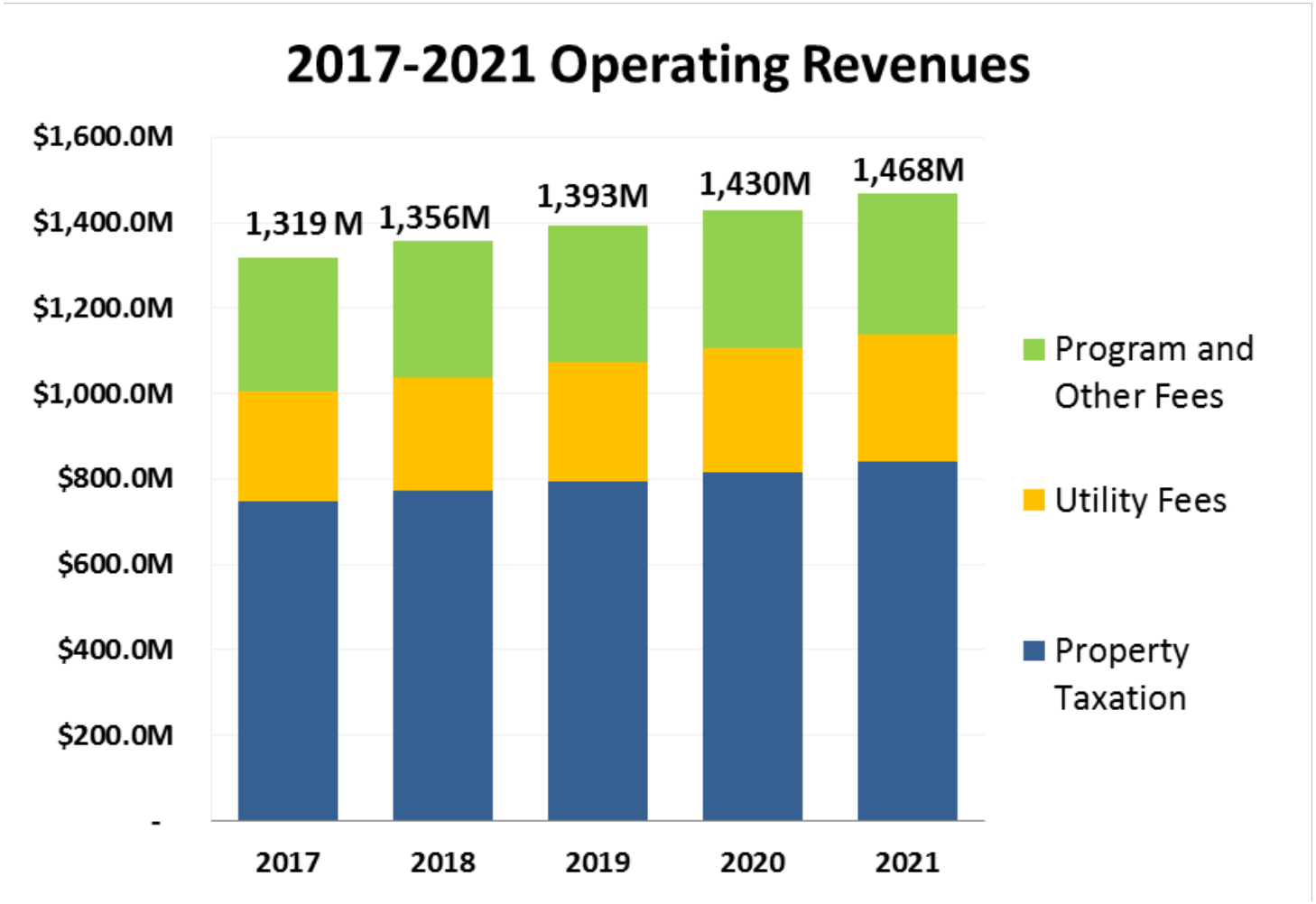
**Capital Overhead: $6.7 million**

- Includes financing fees that the City incurs as part of the debenture program, and costs that support the City's Capital Program (Legal, Communications, Procurement, REFM Facilities Planning, PNE Facilities Planning).

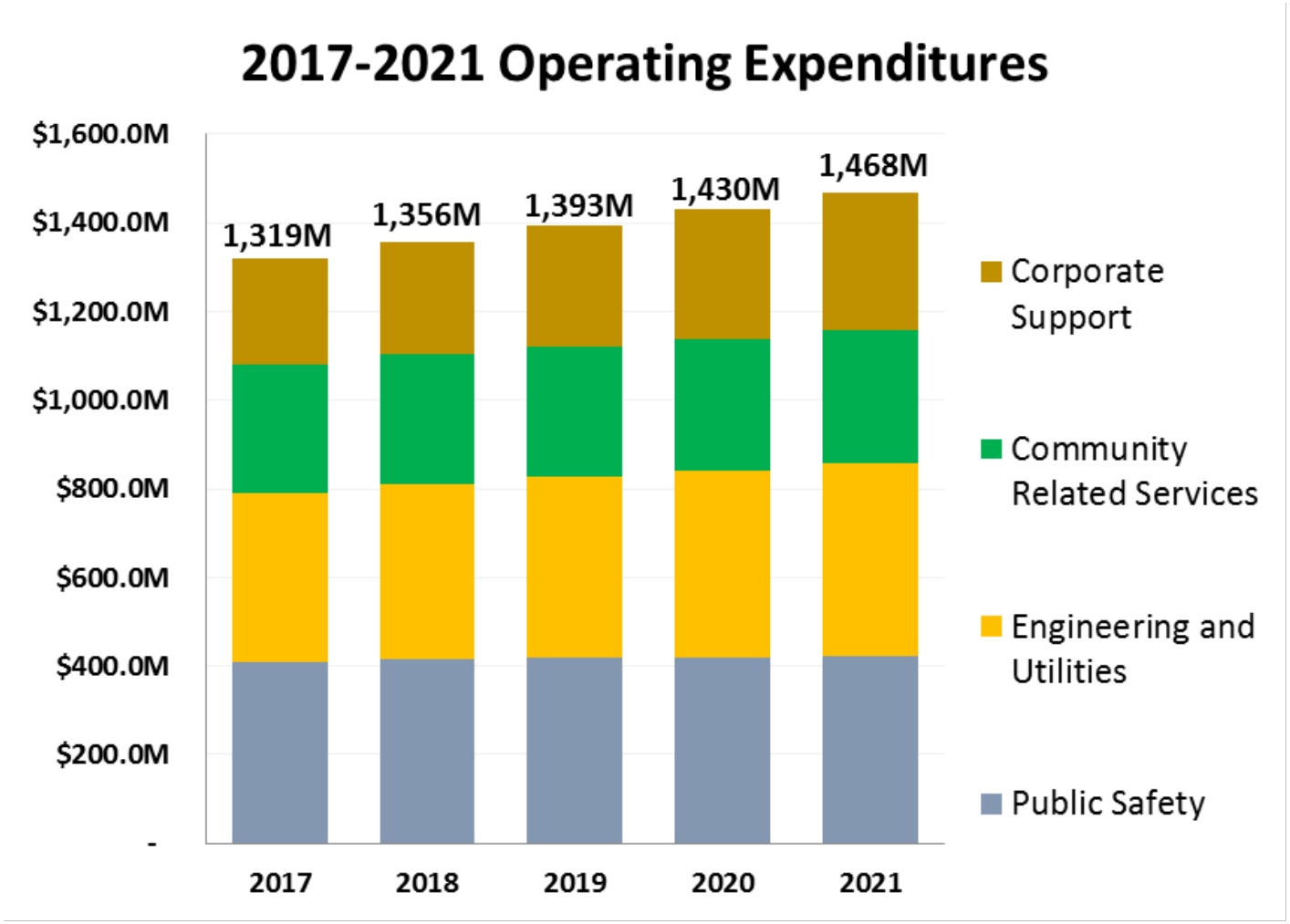
# Agenda

1. Key Dates
2. Budget Highlights
3. Economic Outlook
4. Budget Best Practices and Financial Health
5. Public Consultation Feedback
6. *Operating Budget*
7. Capital Budget
8. **Five-Year Financial Plan**

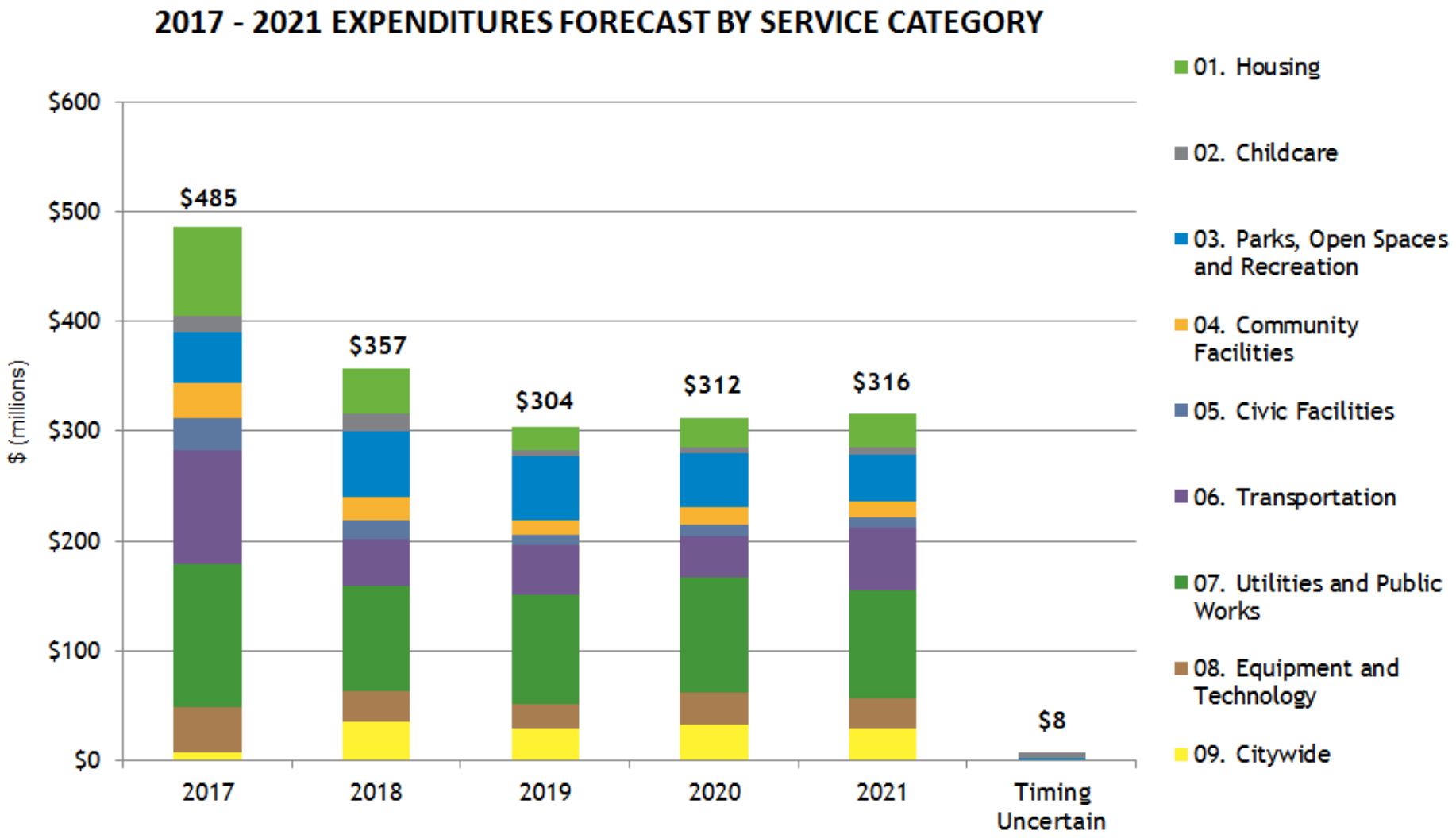
# 2017-2021 5 Year Plan Operating Revenues



# 2017-2021 5 Year Plan Operating Expenses



# 2017-2021 5 Year Financial Plan (Capital)



# Thank You