



ADMINISTRATIVE REPORT

Report Date: December 1, 2017
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Meeting Date: December 12, 2017

TO: Vancouver City Council
FROM: Manager of Public Engagement
SUBJECT: West End Pilot Participatory Budgeting Process

RECOMMENDATION

- A. THAT Council authorize the Director of Communications and General Manager of Finance, Risk, and Supply Chain Management to undertake a Participatory Budgeting Pilot in the West End in 2018 and agree to a funding formula that allots up to a *maximum* of \$175,000 of the incremental net revenues from the market-based West End residential parking permit sales for funding and implementation, as available.
- B. THAT Council direct staff to report in Q4 of 2018 on the results of the Participatory Budgeting Pilot including an evaluation of the 2018 Participatory Budgeting Pilot process and options for Participatory Budgeting Processes in the 2019 and future years' annual budget cycle.

REPORT SUMMARY

In 2013, the Engaged City Task Force recommended the development of a participatory budgeting pilot project. Following two years of research and study into best practice, a viable pilot opportunity emerged via the West End Parking Strategy consultation process.

Participatory Budgeting (PB) is a best practice engagement process for allocating spending democratically that has been successfully implemented around the world, mainly by cities in the Americas. In brief, residents identify projects that would benefit their community. The community then helps shape the ideas into feasible proposals and creates cost estimates. These vetted proposals are voted upon by residents and the City implements the selected projects to the maximum funding available. This process is repeated, usually on an annual basis. Some of the goals and now observable outcomes in other cities include: greater civic participation,

particularly in communities that are typically under-represented in civic affairs; improved relationships between residents and government through the lens of transparency and shared accountability; and localized budget decisions that better reflect local interests.

The West End Parking Program offers a unique opportunity to explore a Participatory Budgeting pilot in Vancouver, engaging residents and enhancing relationships between the city and the community. The West End is an ideal pilot neighbourhood providing a manageable geographic size. It is also an area rich with social and community networks with capacity to undertake localized community engagement.

During the development of the West End Parking Program, staff recommended incremental revenue gained as a result of the shift back to market-based parking permit prices be reinvested back into community, and that it be allocated through a pilot Participatory Budgeting process. In early 2017, a Council motion directed staff to report back on the feasibility of implementation for this purpose, and to propose a possible framework for the process.

This report recommends a framework and timing for a proposed pilot process to take place in 2018.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Council approved Engaged City Task Force Recommendations May 2013
- Council Motion directed staff to test feasibility of pilot Participatory Budget process for the West End February 2017

REPORT

Background/Context

Participatory Budgeting (PB) is a democratic engagement process where residents propose and vote on community investment projects, funded through a pre-determined portion of a budget. Once a community votes, the selected projects are usually adopted without amendment by the government. Although the mechanics and processes of PB vary including geographic scale (City-wide, Neighbourhood), funding and criteria, PB generally follows an agreed upon series of steps over the course of 6 to 8 months that includes:

- Community Outreach and Engagement - Community meetings are convened to learn about PB, brainstorm project ideas and select community delegates;
- Proposal Development for Community Improvement Projects - Community delegates work with staff to transform ideas into concrete project proposals including costs;
- Community Vote - Community members select which project proposals to fund through a balloting process;
- Report Back on Final Community Improvement Projects - Project proposals are reported out to government; and

- Project Implementation - Public service staff implement the community improvement projects and the community monitors implementation.

Participatory Budgeting has been implemented in dozens of cities across the United States, South America, Latin America and Europe including some of the following case studies:

- City of Victoria is running an inaugural Participatory Budgeting process in 2017 with a funding allocation of \$50,000;
- Toronto Community Housing Corporation (TCHC) has been using a Participatory Budgeting process for over a decade to provide residents an opportunity to decide how to spend capital funds to improve their communities. In 2014, \$5M for all TCHC buildings and developments was set aside for PB.
- San Francisco has piloted PB with \$100,000 allocated across all 11 districts;
- New York City allocates \$1-2 M across 5 districts;
- Chicago allocates \$1 million across each of 55 wards;
- Boston is currently piloting a PB process to allocate \$1 M for youth; and
- Paris has recently allocated 5 percent of its capital budget over the next six years to PB.

Examples of typical projects selected and funded through PB include playground improvements, neighbourhood beautification including flower beds, irrigation and planters, pedestrian safety improvements, street furniture, traffic calming, public art, murals and recreation improvements including sports field upgrades and bleachers.

In a recent study of Participatory Budgeting projects conducted in the US and Canada in 2014-2015, some key comparative variables included:

- Officials allocated on average \$1million to a PB process ranging from \$61,000 to over \$3million.
- In all communities, residents under 18 years old were eligible to vote.
- Nearly all communities used online and digital tools to tell residents about PB. Far fewer did targeted person-to-person outreach, but person-to-person outreach was associated with greater participation of traditionally marginalized communities.

Strategic Analysis

Participatory Budgeting, while once on the leading edge of participatory engagement, has become accepted best practice across North America. With over a decade of case studies and in-depth evaluation behind us, we know that PB offers a channel for involving the public in a deeper exercise beyond the typical cycle of financial planning -the tough choices of public service. Residents participate not just in validation of tax and spend, but assessing trade-offs and adjudication of community need and vision. When planned well, and with an eye to inclusion, a strong PB process can support communities to become more resilient and connected, involving those who often can't or don't participate and bringing new voices into civic life. Vancouver, as an innovator in community engagement, now has an excellent opportunity to bring this accepted process into our roster of tools.

This opportunity to pilot Participatory Budgeting emerged as an idea during the first round of public consultation in the development of the West End Parking Strategy. In the second phase of consultation, when a possible PB process gained support, respondents indicated a need for transparency in calculating funding amounts and determining the improvements funded.

Of particular note, we heard in the most recent budget planning process that stakeholders wanted to know how funds were directly improving the lives of community groups and organizations. The proposed pilot provides this direct line from localized revenue to community benefit.

Finally, the West End, with its resident diversity of age, background, housing tenure, a wealth of community organizations, and as home to many new immigrants to Canada, offers an ideal proving ground for the pilot.

Risk Analysis

There are potential financial and engagement risks associated with a PB process, however, most if not all can be addressed through pre-planning and setting clear project parameters and givens.

Some of the specific challenges in implementation of the pilot relate to the calculation of funding amounts. In the initial staff report, the potential total amount of additional revenue that could be invested was estimated at \$300-500K annually; however, due to the phased implementation of the market-based permits beginning in September 2017, it will take several years for revenues to grow to this level. The current forecasts are as follows:

Projected Lift in WE Permit Revenue	
2017	\$ 25,000
2018	\$ 175,000
2019	\$ 280,000
2020	\$ 370,000

The model is intended to be self-funding: that all costs associated with the administration of Participatory Budgeting would also be funded from these incremental revenues net of program costs, with ongoing technical and strategic stewardship and investment from the public engagement team.

Research shows successful projects in North American cities and neighbourhoods share key structural elements: namely, transparency and clarity about funding calculations and limits, as well the development of criteria for eligible community improvement projects.

Because PB is, at its heart, focused on providing residents with direct decision-making, the clearer the city is about its constraints and objectives for the use of public monies, the easier it is to devolve decision-making to community. And while criteria

for the pilot should be broad enough to meet community identified priorities, they must take into account existing budget priorities, planning policy for local areas and the city's capital plan.

We recommend that the Director of Communications and the General Manager of Finance, Risk, and Supply Chain Management in collaboration with leaders from Engineering, Park Board and Planning, work to identify the City of Vancouver policy and funding rules for Participatory Budgeting. The work of the committee should verify some of the following proposed directions identify a funding formula given the early Parking program revenues and future projections; and decide how they could be managed during the pilot year and potentially, beyond.

Best practice suggests some of the following Participatory Budgeting rules should be explored and verified:

- Projects must develop, maintain or improve infrastructure or assets owned or leased by the City;
- Projects cannot delay, cancel or supersede the Council-approved Capital Plan or Park Board approved plans;
- Projects cannot cancel or supersede priorities within the existing budget;
- Projects must begin construction within twelve (12) months and be completed within eighteen (18) months after the community votes to select community improvement projects; and
- Projects must not create ongoing operating cost impacts.

Another risk that has been identified by cities that have implemented PB is that without a commitment to equitable and inclusive participation as an objective, the process can become another vehicle for those with time, access, and privilege to shape the City according to their needs or concerns. In order to address this risk, we recommend the PB pilot leverage the City's existing community capacity building, stakeholder relationships, communications and outreach strategies to seek greater inclusion of non-traditional participants in this process. The City should make inclusive outreach and participation an objective a key indicator of success.

In summary, setting out a transparent and clear set of funding allocations and project criteria, will ensure a durable and meaningful pilot process.

Proposed Framework

Once the City has established clear givens and criteria for the pilot, we propose the following process and deliverables based on best practice and local conditions.

An effective, meaningful and measurable pilot Participatory Budgeting process will comprise the following objectives:

- Increase civic involvement and widen the door to improved public participation by empowering members of the public to make project decisions for their community and to practice empowered decision making.
- Foster community resilience and trust by creating a space for community members to discuss local needs collaboratively and to deliver outcomes that a majority of residents want.

- Increase financial literacy by building capacity to understand financial allocations that consider project viability, financial trade-offs and equitable distribution of funds.
- Deliver specific public goods decided upon by the community.

The following are proposed strategic elements:

A. Community Outreach and Education

In early 2018, City of Vancouver would convene workshops in the West End to educate residents on Participatory Budgeting and the opportunities for neighbourhood participation. This outreach serves as a way to increase awareness and to encourage potential delegates to get involved. We also recommend the PB pilot leverage the City's existing community capacity building, stakeholder relationships, communications and outreach strategies to seek greater inclusion of non-traditional participants in this process.

B. Establish a Residents Stewardship Committee

We would partner with community organizations and, with the assistance of our subject matter experts/ consultants, form a local residents/ business / community committee that will lead the Participatory Budgeting process. City staff would support the process, but would not play a role in the deliberation or decisions of the Stewardship Committee, nor would elected officials.

C. Proposal Development for Community Improvement Projects

Community delegates on the Stewardship Committee would lead a process of surfacing and prioritizing local ideas working with staff to transform ideas into concrete project proposals, including cost and feasibility.

D. The Community Vote

Community members would select which project proposals to fund via an inclusive and widely promoted balloting process.

E. Report Back on Final Community Improvement Projects

Project proposals would be reported out to Council and Park Board. Council, and the Park Board, Library Board, or Police Board as applicable, would provide ultimate approval of project budgets.

F. Project Implementation

Staff and community develop implementation plans and the community and staff monitor implementation.

G. Evaluation

Staff will work with consultants to evaluate the pilot and recommend next steps for future Participatory Budgeting projects in Vancouver.

The proposed timing for the PB pilot following Council approval of the framework:

- December 2017 - *Givens and Funding Formula confirmed by staff leadership committee. Process to identify consultant underway.*
- January- February 2018 - *Community Outreach and Workshops in West End*

- March 2018 - *West End PB Committee struck and process development underway*
- April - July 2018 - *Proposal development and community vote to select projects.*
- September 2018 - *The community-identified improvement projects will be reported out to City Council to confirm final funding sources for inclusion in the 2019 Budget.*
- October - December 2018 - *Evaluation of pilot and recommendations for ongoing pilot study.*

Financial Implications

Participatory Budget implementation costs of \$50,000 in 2018 would be managed within the proposed 2018 operating budget. Funding for Participatory Budgeting projects will be established based on the funding formula approved by the General Manager of Finance, Risk, and Supply Chain Management and subject to revenues received net of administrative costs.

Human Resources/Labour Relations

City of Vancouver staff have participated in active learning and study of Participatory Budgeting including interviews with North American jurisdictions that have implemented PB processes and workshops led by the Participatory Budgeting Project, a US-based not for profit organization that is a repository of best practice. Public engagement staff are prepared to support and guide the pilot in collaboration with identified business units internally and to provide a liaison between community and staff for technical support and implementation.

This staff capacity should be augmented with support from a consultant with demonstrated expertise in Participatory Budgeting exercises. The cost for implementation is estimated at \$50,000, including promotion, communications, outreach, digital tools and staffing.

CONCLUSION

A pilot Participatory Budgeting process that rests on clear project criteria and funding allocations, is self-funding through existing revenues and helps advance community involvement and civic financial literacy will be an excellent benchmark for authentic, transparent and meaningful community engagement for City of Vancouver.

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