



ADMINISTRATIVE REPORT

Report Date: June 28, 2019
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VanRIMS No.: 08-2000-20
Meeting Date: July 10, 2019

TO: Standing Committee on Policy and Strategic Priorities
FROM: Director of Finance
SUBJECT: 2020-2024 Budget Outlook

RECOMMENDATION

- A. THAT Council receive for information the 2020-2024 Budget Outlook, attached as Appendix A.
- B. THAT Council receive for information the 2019 Civic Satisfaction Survey results, attached as Appendix B.
- C. THAT Council endorse the priorities proposed in this report for staff to reference in developing the 2020-2024 Service Plans, 2020 Budget and Five-Year Financial Plan.
- D. THAT Council direct staff to bring forward a proposed 2020 Budget and Five-Year Financial Plan that will: 1) maintain or strengthen core services, 2) align service plans to address the priority areas and Council motions through reprioritizing existing resources, additional revenues, and identifying cost/productivity improvements within a tax increase of 6-7%. Staff will also bring forward recommendations that include options to advance additional priorities, such as the City-Wide Plan and other Council motions through potential service trade-offs, or additional taxes, or user fees.

REPORT SUMMARY

The purpose of this report is to present the 2020-2024 Budget Outlook and 2019 Civic Satisfaction Survey results to Council for information while at the same time seek for Council endorsements and direction for 2020-2024 service planning, 2020 budgeting and five-year financial planning.

The Budget Outlook is a preview to start the annual City budgeting process. It reviews external and internal factors that can influence the City's financial plans. The factors include economic trends, increased costs related to negotiated labour agreements and other internal and external pressures and challenges. The reasons for doing the Budget Outlook is to solicit direction from City Council with respect to priorities for funding for the upcoming Budget year, as well as to educate the residents/public about the challenges of maintaining and improving services, facilities and infrastructure while keeping a balanced budget.

Between now and the presentation of the proposed 2020 Budget to Council in December, engagement will take place to solicit the public's input on the priorities for the 2020 Budget. As well, City staff will continue to explore options for bringing the budget into balance and prioritize funding for capital projects and ongoing operations. The final budget strategy along with the results of the public engagement process will be presented to Council in December 2019, for deliberation and final approval.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Vancouver Charter governs the requirements for the City of Vancouver budget. The Director of Finance is to present the estimates of revenues and expenditures to Council no later than April 30 of each fiscal year and Council must adopt a resolution approving the budget and a rating by-law establishing general purpose tax rates as soon thereafter as possible.

While the Vancouver Charter requires only that the City present a one-year budget, other local municipalities present five-year financial plans as required under the BC Community Charter. Prior to the 2016 Budget, the City included a three-year financial view in the annual budget document. In order to better align with best practice, effective with the 2016 Budget report and continuing with the 2020 Budget report, the annual budget document now includes a financial plan covering a five-year period; for the 2020 Budget report, the financial plan will cover the period from 2020 to 2024.

In alignment with best practice, it has been Council practice to approve the City's Operating and Capital Budget in December of the prior year in order to have a budget in place to guide operational decisions and spending in the subsequent year. A Budget Outlook is presented in advance of the Budget which outlines the intended approach to budgeting and its anticipated direction. The proposed budget will be reviewed by Council and the public prior to Council approving the final 2020 Budget and Five-Year Financial Plan.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of A, B, C and D above. This report provides a summary of the approach for staff to develop the 2020-2024 Budget and Five-Year Financial Plan, which includes the Service Plans. Appendix A provides information in advance of the 2020 Budget and Five-Year Financial Plan to be brought forward for approval in December 2019. Appendix B provides information on the 2019 Civic Satisfaction Survey results.

REPORT

Background/Context

Between now and December when the 2020 Budget is presented to Council for deliberation, staff will continue to refine estimates, undertake a public engagement process to seek input on the 2020-2024 Service Plans, 2020 Budget and Five-Year Financial Plan, and develop strategies to achieve Budget priorities within existing funding availability.

Strategic Analysis

Vancouver, like other Canadian cities, offers a broad range of services but has limited revenue sources. The City adheres to prudent fiscal stewardship with careful financial planning that balances short-term operating needs with long-term public amenity and infrastructure requirements. The City's financial planning process is guided by a set of financial sustainability guiding principles and financial health targets, of which details are referenced in the Financial Capacity section in Appendix A. When developing our financial plans, the City considers global, regional, and local economic factors. Understanding these constantly changing factors allows the City to manage near-term risks and uncertainties, while also planning for long-term financial resilience and sustainability.

The City will continue to focus key priority areas, as well as review and improve service levels to ensure we are meeting the needs and expectations of those who live and work in, and visit, our city, all the while managing the challenges and addressing the opportunities of a diverse and growing city.

To continue to provide more services for residents without significant increases in taxes, the City will need to maintain its focus on delivering value for money spent. Over the past several years, the City has effectively used performance measurement and continuous process improvement to enhance decision-making and to gain additional insight into our businesses and services in order to more effectively maintain the City's financial health and strengthen our operational effectiveness.

Proposed Budget Priorities

The Budget Outlook includes the proposed priorities for alignment of spending for the annual budget and five-year financial plan, both in terms of maintaining and improving core services, and for new projects and initiatives in response to Council motions and direction. The primary priority which reflects the core business of the City is to continue to "Deliver Quality Core Services that Meet Residents' Needs". As well, the following priority areas will also be considered in prioritizing service plans and budgets:

- Address Affordability and the Housing Crisis
- Protect and Build our Economy
- Increase Focus on Diversity and Critical Social Issues
- Accelerate Action on Climate Change

Impact of New Council Motions

In addition, Council has put forward a number of motions over the past months, some of which will have budget implications over the next few years. The following are high level estimates which will be refined over the next few months and incorporated in the recommendations to Council for the 2020 budget and 5 year Financial Plan.

Major Council Motions (Preliminary Operating Impact estimate) (\$ in millions)	2020	2021	2022	2023	2024
Climate Change					
Global Warming (Sea level and storm water)	\$5 - \$6	\$5 - \$6	\$5 - \$6	\$5 - \$6	\$5 - \$6
Carbon Neutral before 2050	\$2 - \$3	\$3- \$6		TBD	
City Plan	\$7	\$5	\$3		
Other initiatives	\$7- \$8			TBD	
Estimated Expense Pressure	\$21 - \$24		TBD		

Financial impacts of motions related to other boards will be incorporated during the budget process.
A cost increase of \$8m for tax funded expenses would require a tax increase of approximately 1% to fund.

Major Council Motions (Preliminary Capital Funded estimate) (\$ in millions)	2020	2021	2022	2023	2024
Climate Change	\$14 - \$19		\$50 - \$100		
Vancouver's Watershed Revival Plan	\$2 - \$3		TBD		
Canadian Pride in Vancouver's Chinatown Memorial Square	\$1		TBD		
Formalize the False Creek to the Fraser River Blueways	\$1		TBD		
Estimated Total Cost	\$18 - \$24		TBD		

Financial Impact of external factors and investment in priority areas

Appendix A outlines the external and internal factors that will influence the analysis and recommendations for the 2020-2024 Budget and Five-Year Financial Plan. Appendix A also provides information on the 2019 operating and capital budgets, revenue and expense potential changes looking at 2020-2024 and capital budget estimates for the next 5 years.

A preliminary scan indicates that expenditure pressures will exceed those estimated in the 2019-2024 Five-Year Financial Plan. That plan estimated a 4.9% property tax increase to balance the budget. The 2020-2024 outlook indicates that the pressure would require a higher tax increase of 6-7% to balance and could be as high at 10% to implement all of the various Council motions.

The capital budget will reflect the 2nd year of the 4 year Capital plan approved in 2018. Initial estimates for 2020 are to bring forward projects of approximately \$450 million or 20% of the 4 year plan, with higher levels expected in future years as planning and design are completed and construction begins on major projects.

Following this high level scan, staff will undertake the process of reviewing costs and revenues, including utilities and fees, in developing a proposed budget. This will include consideration of increased revenues and revenue sources, cost savings through technology, process improvement or service changes, and other opportunities to deliver services and programs.

Through updates to the service and capital plans staff will look to realign resources to the priority areas and support Council motions while maintaining core service delivery.

Public Engagement

Between now and when the draft Budget is presented to Council in late fall, the City will embark on its annual public engagement process for the budget. Starting in mid-August, the public will have multiple opportunities—online, in person, in workshops, etc.—to share with City Council and City staff their thoughts on how we build the budget, as well as their own priorities for the services and programs we should fund more—or less.

Proposed Approach in brief:

- 1) Building on Learnings to Date
 - Sentiment research – IPSOS
 - Capital Plan and Budget 2019
 - Ongoing city-wide engagement
- 2) Setting the Stage for Meaningful Engagement
 - Improved literacy of key concepts
 - Going to community/ stakeholders
 - Be clear about what is core and where can public input help shape the budget
- 3) Framing the Trade-offs
 - How do public priorities and values intersect with Council Priorities, emerging issues?
 - What are key trade-offs that emerge in these tensions?
- 4) Transparency
 - How were decisions made? Where did we land?
 - Reporting out

Budget Timeline

The following are key dates for the 2020 Budget and Five-Year Financial Plan:

- September 30, 2019: Staff/Council briefing to discuss the updates on budget development, emerging cost pressures/risks since Outlook and progress on implementing findings from Phase A of the baseline financial review.
- November 18, 2019: Staff/Council briefing for draft 2020 Budget and Five-Year Financial Plan.
- November 22, 2019: Budget Report for consideration made public, with media release and updated web page
- December 3, 2019: Council meeting for staff presentation of 2020 Budget and Five-Year Financial Plan and to hear from speakers.
- December 10, 2019: Council meeting for final voting to approve the 2020 Budget and Five-Year Financial Plan.

CONCLUSION

The 2020-2024 Budget Outlook is a preview to start the City budgeting process and provides a review of the external and internal factors that can influence the City's 2020 Budget and Five-Year Financial Plan to be presented to Council for approval in December 2019. The development of the budget will continue to reflect the public sector budgeting best practices incorporated into City budgets in recent years.

The 2020-2024 Budget Outlook identifies the potential revenue and expenditure changes for the 2020 budget year. Over the next several months, public engagement activities will give residents an opportunity to provide feedback on their priorities and concerns. As well, City staff will continue to explore options for bringing the budget into balance and prioritize funding for capital projects and ongoing operations. The 2020 Budget and Five-Year Financial Plan will be presented to Council in December 2019.

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2020-2024 BUDGET OUTLOOK

INTRODUCTION – Preparing for the 2020-2024 Financial Planning and Budget Cycle

Each year the City of Vancouver prepares a Budget Outlook as a preview to start the annual City budgeting process. Through the budgeting process the City prepares an annual budget, including an Operating and a Capital budget, within the context of its five-year financial plan and four-year capital plan.

In the spring and early summer, City staff prepares and presents the Budget Outlook to City Council, including a review of the external and internal factors that can influence the City's financial plans. This includes considerations like the economy, increased costs related to negotiated labour agreements and other pressures and challenges, such as the Employer Health Tax, impacting the cost to run our city.

The vast majority of the City's annual budget goes towards funding of existing, core services—things like libraries, policing, fire and rescue services, utilities including water and sewer, facilities such as recreation centres, and other city infrastructure.

The City engages with the public through the annual Civic Service Satisfaction Survey for their feedback on how we are doing at delivering core services to our residents and businesses. We also use this survey to identify any service issues or other factors that impact the perception of Vancouver as a livable city with good quality of life.

The 2019 survey results tell us that overall satisfaction with City services continues to be positive and that a large majority of both residents and businesses say they are getting good value for their tax dollars. The [full report](#) is posted on the City's web site.

There is always room for improvement, especially as our city continues to grow and change. City staff continually looks for innovative ways—including the use of new technology and more efficient ways of working—to improve the quality of services that can be delivered within existing funding availability.

Proposed Budget Priorities

The Budget Outlook includes the proposed priorities for alignment of spending for the annual budget and five-year financial plan, both in terms of maintaining and improving core services, and for new projects and initiatives in response to Council motions and direction. The primary priority which reflects the core business of the City is to continue to “Deliver Quality Core Services that Meet Residents’ Needs”. As well, the following priority areas will also be considered in prioritizing service plans and budgets:

- Address Affordability and the Housing Crisis
- Protect and Build our Economy
- Increase Focus on Diversity and Critical Social Issues
- Accelerate Action on Climate Change

When City Council approves priorities for long-term financial planning and budgeting, this guides staff's work in creating strategies and goals to address those priorities, and also helps staff align the ongoing work of the City in the form of departmental service plans and annual budgets. Once a set of

priorities is approved by Council, staff will review existing City strategies and programs to confirm alignment of existing programs and resources, as well as new programs to be included in the 2020 Budget and beyond.

Between now and presentation of the draft Budget to Council in late fall, the City will embark on its annual public engagement process for the budget. Starting in mid-August, the public will have multiple opportunities—online, in person, in workshops, etc.—to share with City Council and City staff their thoughts on how we build the budget, as well as their own priorities for the services and programs we should fund more—or less. Check for details at vancouver.ca/budget later this summer.

Financial Capacity

Vancouver, like other Canadian cities, offers a broad range of services but has limited revenue sources. The City adheres to prudent fiscal stewardship with careful financial planning that balances short-term operating needs with long-term public amenity and infrastructure requirements. The City's financial planning process is guided by a set of financial sustainability guiding principles and financial health targets.

I. Financial Sustainability Guiding Principles

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 & 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 user fees affordable and competitive

Asset Management

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

II. Funding Strategy for Capital Investments

The City takes a comprehensive approach to assessing the short- and long-term economic indicators to inform the development of the Capital Plan. The City funds capital investments from a range of sources (who pays) using a balanced mix of payment methods (when to pay). Throughout the 4 years, the Capital Plan is increased as additional funds are identified to undertake additional work.

Funding Sources

- **Property Tax & User Fees** - Operating revenues (e.g. property tax, water & sewer fees, parking revenue) typically fund most capital work
- **Development Contributions** - Consistent with the City's Financing Growth Policy (2004), new and expanded amenities and infrastructure to support growth are funded in part through development contributions (e.g. DCLs, voluntary CACs, connection charges)

CACs are voluntary public benefit contributions offered by a rezoning applicant to address the impacts of rezoning. Allocation of CACs by the City is generally guided by Community Plans and Public Benefit Strategies, and applicable Council policies in the areas such as housing, childcare, cultural and heritage. CACs typically come in two forms: in-kind onsite amenity and cash contributions.

- **Partner Contributions** - The City receives funding from provincial and federal governments, from TransLink for road work, and from non-profit agencies, foundations and philanthropists particularly in the area of childcare and affordable housing.

Payment Methods (When to Pay)

- **Pay In Advance: Capital Reserves** - Capital reserves are like savings accounts, used to accumulate funds from current revenues or other sources over time to fund future capital investments. This method is typically used when other partners are involved and the City wishes to make clear its own commitment is protected. In other cases, the commitment is made as part of a community planning process and funded through development fees, while the timing of the project may not occur for a significant period of time.
- **Pay-as-you-go** - Pay-as-you-go funds capital investments using current revenues, user fees and other sources. It is used for some of the City's utility renewal – such as water infrastructure - that all taxpayers benefit from. This method enables residents and businesses to contribute on an ongoing basis to capital investments which are fundamental to the health of the City; and ensures the City's borrowing capacity is preserved for important, one-off capital investments that are not appropriate or are too costly to be funded on a pay-as-you-go basis.
- **Pay Over Time: Debt Financing** - Like most major Canadian cities and senior levels of government, the City uses debt in its mix of payment methods to fund capital investments, allowing payment to be made over a longer timeframe to align with the useful life of the underlying capital assets and ensure that more residents and businesses that benefit from the capital investments participate in paying for them. When used strategically, paid back within 10 years (much shorter than a typical mortgage and the average life cycle of a capital asset), and within best practices for responsible borrowing, debt financing allows the City to continue to renew its infrastructure on a regular basis and provide new amenities when necessary to accommodate growth while maintaining its fiscal health.

The City takes a very careful approach to its use of debt, funding repayment over 10 years while ensuring a balanced operating budget and keeping property tax and fees at an affordable level. The City's consistently strong credit ratings and favorable borrowing rates reflect this careful approach.

III. Long-term Financial Plan

When developing its long-term financial plan, the City has maintained a commitment to strong financial discipline and continued management of debt to ensure that operating and capital investments will not unduly burden the Operating Budget through debt servicing, operating costs and asset lifecycle costs. Both Moody's and Standard & Poor's credit rating agencies have acknowledged the City's efforts by awarding it with the highest credit rating.

Keep Debt at a Manageable Level

The City determines its long-term borrowing capacity for regular, non-utility related capital programs by limiting the ratio of annual debt servicing to operating expenditures at a maximum of 10%. This is to ensure that the City does not accumulate debt at unacceptable levels, and that annual debt servicing does not put undue pressure on the annual budget.

As part of our long-term debt management strategy, the water utility has transitioned its infrastructure lifecycle replacement programs from debt financing to pay-as-you-go. This will help lower the City's overall debt and save interest costs over the long-term. Looking ahead, we will continue to explore

opportunities, where appropriate, to transition our general capital program and the sewer utility to a higher proportion of pay-as-you-go to improve the City's long-term debt profile and maintain our credit ratings.

Maintain Strong Credit Ratings and Access to Low Borrowing Costs

The City's strong credit ratings (AAA) are among the best for Canadian cities and are supported by a diverse economy and a strong and stable tax base. Continued management of debt within target levels is critical to maintaining and enhancing the City's credit ratings. A strong credit rating reflects the City's capacity to adjust to changes in the financial environment and its financial management. It is estimated that the long-term borrowing costs would increase by 5-10 basis points for each level of downgrade, or approximately \$1 million in additional interest over the term of each \$100 million debenture issue.

Keep Property Tax and Fees Affordable & Competitive

Property taxes in recent years have seen a modest increase – ranging from 1.4% to 4.3% – in line with most other Metro Vancouver municipalities. During this period, the City has enhanced our network of public amenities in the areas of housing, community services and public safety, and has invested in core infrastructure, such as sewer separation and renewal and upgrading transportation infrastructure for pedestrians, bikes, and vehicles. All these were accomplished through continuous innovation, business transformation and productivity enhancement, while absorbing above-inflation wage increases.

Looking ahead, the growing need for asset renewal and new infrastructure and amenities to support growth will put further pressure on the City's budget. Understanding the long-term impacts on our tax and fee payers arising from both our operating and capital investment decisions, including debt servicing, ongoing operating costs and asset lifecycle costs, is a key consideration in developing the 2019-2022 Capital Plan.

Maintain Assets in State of Good Repair

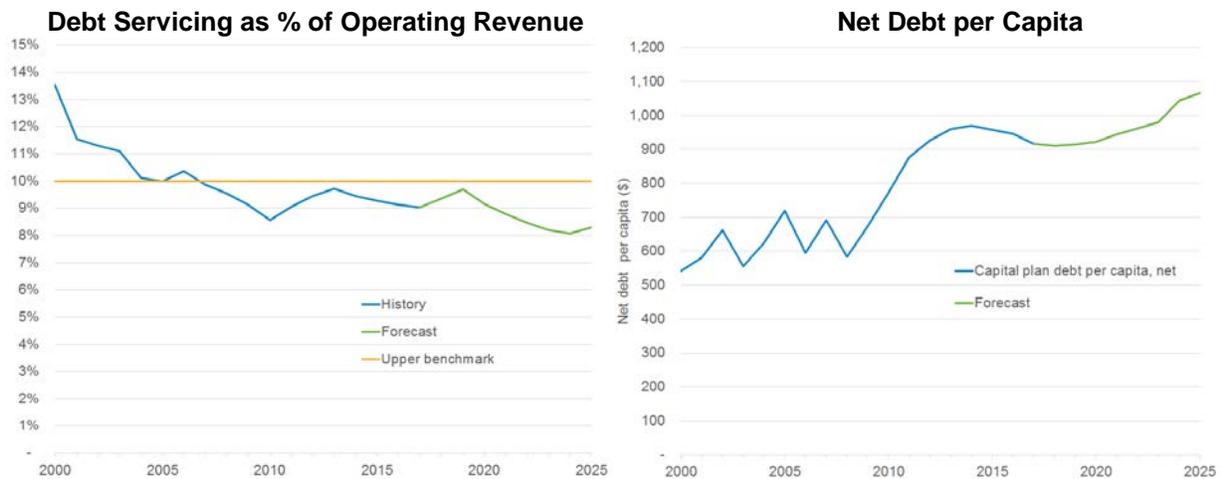
Maintaining core infrastructure and amenities in a state of good repair is critical to the City's long-term financial health and resilience, and helps ensure asset management obligations are not deferred and infrastructure deficits do not accumulate to unacceptable levels – one of the key factors that credit rating agencies consider as part of the rating reviews. City has developed service-centric facilities asset management, which ensures that the City's core service needs direct and inform long and short term decisions for new space and existing spaces, including redevelopment, retrofits, and level of investment in capital maintenance.

Optimize Facilities Investments

Before adding new facilities, the City will consider optimizing partnerships with other levels of government, non-profits and private partners, as well as repurposing and right-sizing existing facilities, and continue to advance on colocation and functional integration of services to enhance operational efficiency. All new facilities will be designed with flexible, adaptable, and expandable spaces to accommodate changing demographics and future growth.

IV. Financial Health Indicators

For long-term financial planning purposes, the City tracks a number of metrics to provide an indication of its financial health and long-term borrowing capacity, which inform both the operating and capital planning process. Below are two key financial health metrics and trends over the next decade: Debt Servicing as a % of Operating Expenditures and Net Debt per Capita.



In developing the Capital Plan, a key constraining factor is the impact on the operating budget and property tax increase arising from debt servicing and pay-as-you-go funding to support the capital program, as well as future operating costs and asset lifecycle costs. Our goal is to stabilize the debt level over the long term and minimize the year-over-year budget impact driven by our capital program, thereby maintaining our property tax and user fees at affordable and competitive levels.

Through our proactive debt management strategy over the last decade, including the City’s water utility transitioning from debt financing to pay-as-you-go, we have created room in our debt capacity to accelerate the asset renewal program. It is expected that the Capital Plan will continue to grow over the next decade as our infrastructure ages.

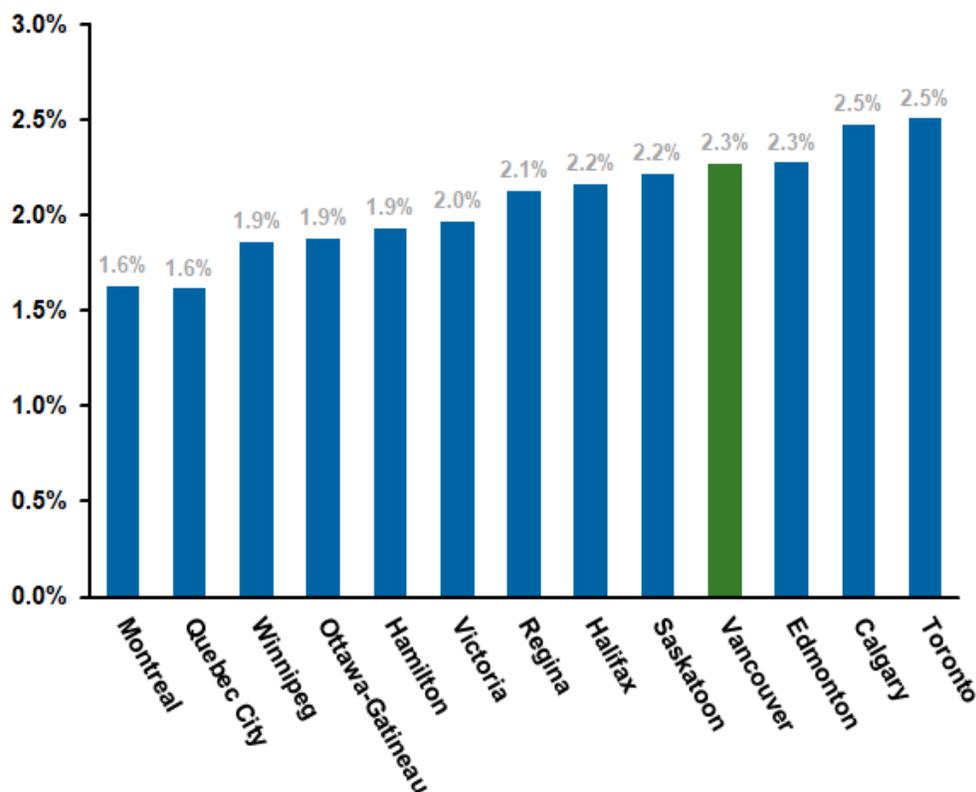
The projected growth in net debt per capita reflects a thoughtful, gradual increase in both operating and capital investments in renewing and upgrading our infrastructure and amenities. The trajectory could reverse should future Councils choose to transition more capital work from debt financing to pay-as-you-go sooner. Lowering debt financing would achieve long-term interest savings, but result in higher property tax, utility rates and fee impacts during transition years. The City will continue to monitor and adjust our financial strategy to strike a balance between debt financing and pay-as-you-go.

Economic context

When developing our financial plans, the City considers global, regional, and local economic factors. Understanding these constantly changing factors allows the City to manage near-term risks and uncertainties, while also planning for long-term financial resilience and sustainability.

Metro Vancouver’s economy is forecast by the Conference Board of Canada to be moderate from an average growth of 3.8% between 2015 and 2018, to 2.3% in 2019 and 2.4% in 2020. Employment growth is anticipated to pick up to from 1.8% in 2018 to 2.1% for 2019 before slowing in 2020 to 1.0%. The Unemployment rate is forecast to rise from a recent low of 4.3% in 2018 to 4.6% for 2019 before stabilizing to an average of 4.4% through 2023. Inflation for the region is forecast to stabilize at 2.0% through 2023 after higher inflation in recent years including 2.9% for 2018.

PROJECTED REAL GDP GROWTH 2020-2023



GDP growth in Vancouver is forecast to be amongst the fastest growing metropolitan areas in the country

Balancing Affordability – Property Tax and Small Business

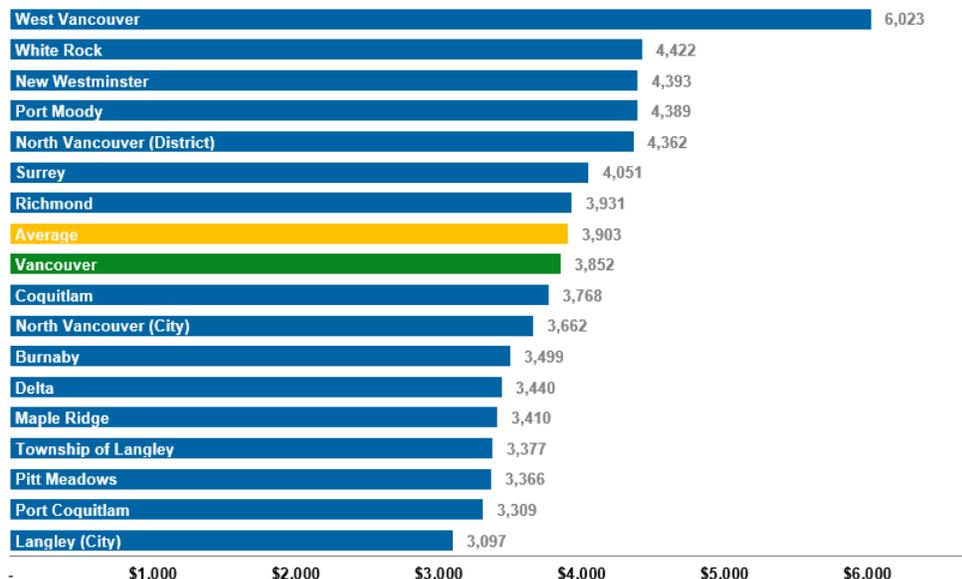
The City strives to balance the affordability and competitiveness of property taxes, utility fees, and user fees while sustaining the breadth and quality of public amenities, infrastructure, and services for businesses and residents. While more businesses and residents add to Vancouver’s economic and social vitality, there is a growing demand for services. By transforming the way services are delivered, the City has maintained or increased the breadth and quality of services, and demonstrated leadership as a sustainable and livable city with budgets defined by modest tax and fee increases relative to other Metro Vancouver municipalities.

Relative to other major Metro Vancouver municipalities, in 2018, Vancouver’s business tax rate (un-averaged) is among the lowest (\$4.61 per \$1,000), its business tax rate ratio (un-averaged) is the most improved (3.82 in 2018 from 4.93 in 2001), its commercial building permit value is the highest (\$1.8B), and its commercial assessment base has increased the most (407% since 2001).

In April 2019, Council approved a 2% tax shift (\$15.8 million) from non-residential properties (Classes 2, 4, 5 and 6) to residential properties (Classes 1, 8 and 9) over three years, at a rate of 1% in 2019, 0.5% in 2020 and 0.5% in 2021. Incorporating the 1% tax shift in 2019 would achieve a tax share of ~55.9% residential and ~44.1% non-residential. Vancouver’s business tax rate (un-averaged) has reduced to \$3.99 per \$1,000 (2018: \$4.61 per \$1,000) and its business tax rate ratio (un-averaged) has reduced

significantly to 3.05 (2018: 3.82). While the tax shift intends to support the business sector, it does increase the tax burden for residential taxpayers, including rental and social housing.

2019 PRELIMINARY COMBINED MUNICIPAL PROPERTY TAX AND UTILITY FEES FOR MEDIAN SINGLE-FAMILY HOME (\$)



In recent years, the influx of investment capital and speculative real estate demand in Vancouver continued to drive up land values, resulting in significant volatility year-over-year in property assessment and the resulting taxes, causing hardship for some residents and small businesses. In British Columbia, the majority of real estate properties are assessed at their highest and best use (market value), and taxes are allocated to individual properties based on such values. In the case where a property is under-developed, its assessed value could substantially increase to reflect the value of its development potential.

The City does not generate higher tax revenue as a result of rising property values. The required tax levy to be collected is determined by Council as part of the annual budget, and tax rates are lowered to offset assessment increases. However, relative assessment increases for individual properties do shift the tax burden from one property to another in any given year.

The challenge is particularly prevalent for small business tenants, as most landlords pass on all property taxes, on both rented space and development potential, to tenants through their triple net lease agreements. As tenants do not benefit from an increase in property values in the same way that an owner does upon redevelopment or sale, the practice could cause significant financial distress for small business and not-for-profit tenants who have very limited ability to absorb and/or finance such an unanticipated surge in expenses during their lease term (typically five years or longer).

While there are a number of Provincial mitigations available for eligible residential properties (e.g. s19(8) of the Assessment Act, Property Tax Deferral and Home Owner Grant), those measures do not apply to commercial properties. Land assessment averaging is an optional tool available to Council under the Vancouver Charter. However, this program alone may not be adequate in addressing assessment volatility arising from development potential.

An Inter-governmental Working Group was established in November 2018 to identify viable policy tools to provide targeted and time-limited tax relief to properties that are impacted by assessment volatility arising from development potential. It is comprised of Provincial staff from the Ministry of Municipal Affairs &

Housing, the Ministry of Finance, BC Assessment, City of Vancouver, and other Metro Vancouver municipalities. A key recommendation that is under consideration by the Province is splitting the “development potential” value from the “existing use” value for under-developed properties (“Split Assessment”), and creation of a commercial sub-class to capture the “development potential” value. With the new sub-class, City Council could define eligible properties for “Split Assessment”, set a lower tax rate (compared to commercial) for the development potential, and limit the duration of such tax relief. With support from the Province, “Split Assessment” could provide the most targeted and time-limited tax relief to small businesses and not-for-profits currently residing in under-developed properties in neighborhoods that are experiencing significant pace of change.

Business Transformation and Continuous Process Improvement

Over the years, the City has continued to look at opportunities to improve processes and evolve our service delivery models to improve quality and efficiency of our services. For example, in 2009, the City began the 3-1-1 operation which provided a single point-of-access to City information and non-emergency services. Also in 2009, the Vancouver Services Review (VSR) was launched by City Council to implement a comprehensive core services review. The program achieved cost savings and reduced redundancy through shared services consolidation in key support services such as Information Technology, Accounting, Finance, Supply Chain Management, Communications and Facilities Management. Transformational projects such as the Digital Strategy, Multi-Family Organics & Integrated Recycling, Electronic Pay notification, the One Card, the Capital Outlook, Bylaw Adjudication, Online permits, and comprehensive Budget and Service planning are examples of major transformations and smaller improvement projects that resulted in significant cost savings and improvements of City Services.

The City’s Continuous Process Improvement Program (CPI) was established in 2016. The CPI program is designed to embed a culture of continuous process improvement across the City by assisting departments in applying best practices in process optimization. CPI utilizes Lean and Six Sigma principles to streamline processes and eliminate activities that do not add value to the end user, thus achieving improved value for money for taxpayers. The benefits from these projects increase the City’s capacity to better serve our user without adding resources, and decrease the time required to complete key processes.

In 2017 and 2018, the CPI program, which was implemented by teams across City departments, had a cumulative impact of approximately \$4m toward operating savings, addressing cost escalations, and revenue and capacity increases. Some of the projects that were implemented included:

- Finance, Risk and Supply Chain Management - Increasing investment revenue through Cash Management Optimization
- Park Board - Operating savings through operational improvements in Recreation and Parks; improved recognition of Rink Rental revenue through process optimization
- Real Estate & Facilities Mgmt. - Operating savings through optimization of Commercial Lease Management
- Engineering - \$2.6M reduction in Sewer Connection program deficit and increased staff capacity to improve client service delivery levels
- Capacity & Customer Services Improvements equivalent to over 6000 person days/year and reduced the time customers had to wait for City services by 105,000 days. Engineering Services alone saved 99,000 days in client wait time, as a direct result of Engineering improvement projects.

For 2019, the CPI program is looking at a broad range of projects which will improve service levels for users as well as generate operating savings, revenue and capacity increases, addressing cost escalations, and customer service improvements. In 2019, over 35 projects are underway or planned, such as improving procurement processes for affordable housing projects, and projects specific to Engineering Services that will focus on finding improvements in wait times for utility connection permits,

improving garbage collections, improving the residential parking permit process, and further improvements to permit review processes to ensure a full cost recovery model.

In development of 2020-24 service plans and budget over the next few months, departments will look at these improvements to build capacity to absorb additional volumes, cost pressures and new work aligned to Council Priorities.

Operating Budget

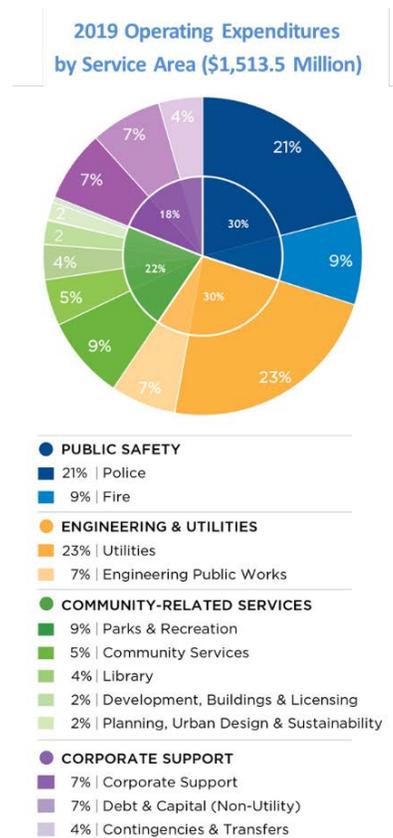
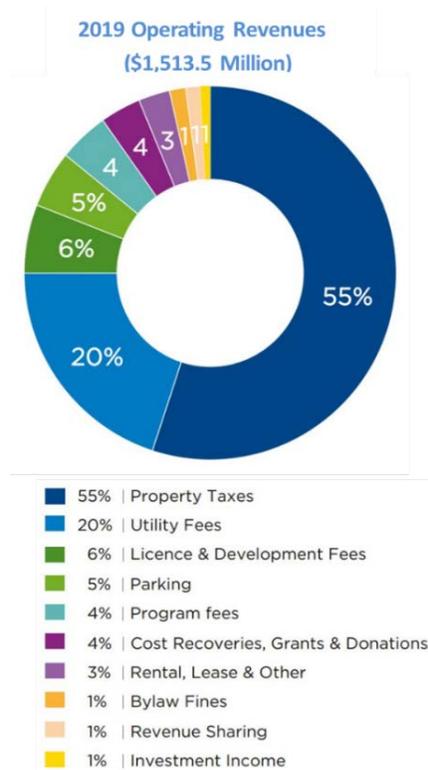
Operating budget revenues and expenditures for 2019: \$1.513 billion

Property tax and utility fees for water, sewer and solid waste make up 75% of the revenue in the 2019 Budget. These revenue sources are highly predictable. The remaining 25 % of revenues are more variable such as revenues from property development-related fees and permits.

In 2019, Vancouver's property tax revenue increased by 5.05% (including the Council-directed tax increase of 4.15% and additional taxes generated from new development of 0.90%). The City of Vancouver's preliminary combined 2019 municipal property tax and utility fees for a median single-family home is in line with the regional average (among the municipalities that comprise Metro Vancouver).

Public safety accounts for 30% of the City's operating expenditures and Engineering public works and utilities expenditures (water, sewer, solid waste, neighbourhood energy) accounts for another 30%. Together, these services make up for more than half of the City's operating expenditures budget. Community-related services, such as parks and recreation, library, community services and planning, comprise 22% of the operating budget. Over the past 10 years, the expenditures have increased for the City due to increase in costs downloaded from senior levels of government (including policing DNA costs, employer health tax, affordable housing, homelessness, etc.), collective agreements wage increases higher than inflation for public safety, and Engineering utility costs primarily due to increase in regional utilities costs and renewal of aging infrastructure.

Overall, salary and benefit costs represent the largest component of the City's operating budget, at 58%. While utilities represent 23% of operating budget, approximately 50% of those costs are passed on to the City directly by Metro Vancouver. A further 9% of the operating budget goes to interest and debt payments for capital investments, as well as transfers to other funds and allocations. This includes transfers to the Capital Fund which, along with development revenues and other external contributions, funds the City's capital investment. The remaining 22% of the operating budget goes to other non-salary costs, including facilities costs, grant payments and equipment.



2020 Operating Budget Outlook

Looking toward 2020, the projected growth in revenues is fairly predictable and consistent with prior years; however, wage cost increases, which are uncertain in 2020 and beyond, will be a key factor in determining the City's rate of expense growth. Keeping wage growth at levels affordable to taxpayers will be an important part of achieving a balanced five-year budget. Also, focus on renewal of our infrastructure (roads, bridges, water and sewer pipes, and community and civic facilities) will require increased investment.

Through the first half of 2019, Council has provided direction to staff to begin work on a number of new initiatives to progress Council's motions and respond to emerging issues. As staff begin the work building the 2020 budget, the allocation of staff time and budget to further these initiatives will require a combination of prioritization, efficiencies, identification of initiatives to stop or defer, new revenue sources, and/or tax and fee increases.

Costs rising faster than inflation

Municipalities across Canada are facing the challenge of costs rising faster than inflation, as outlined in a recent study by the Federation of Canadian Municipalities, experiencing a combination of several pressures and trends:

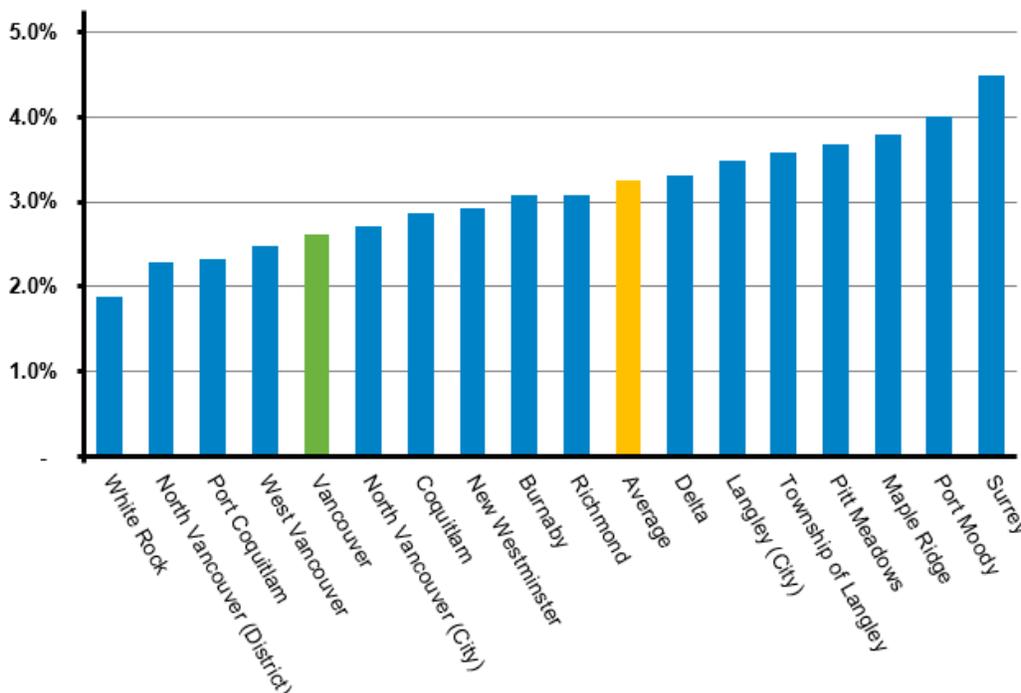
- The growth of urban centers driven by changes to the economy and migration patterns and the

challenges faced by municipalities in relation to that growth, including the ongoing cost of operating and maintaining new and expanded infrastructure and public amenities.

- The need for renewal of infrastructure that was built decades ago and is reaching the end of its useful life (as noted in the Capital Plan). Regional utility charges passed on to the City by Metro Vancouver are forecast to increase between 10% and 12% for water and between 2% and 6% for sewer annually from 2020-2024, driven by major infrastructure investments.
- Significant market driven escalation in costs such as construction and technology.
- Downloading of responsibility for services that historically have been the responsibility of other levels of government
- Impacts of senior level policies on local conditions, such as income assistance rates, health system responses to complex mental health issues, and homelessness response.
- Public safety wage increases higher than inflation. While this factor is dependent on future collective agreement settlements, the national trend has been for growth above inflation.

Over the last 10 years, the City's average tax increase has been below the average of Metro Vancouver municipalities.

**Vancouver vs Metro Vancouver Ten-Year Average
Property Tax Increase (2010-2019)**



The outlook for 2020-2024 shows the potential of significant gap between the growth in expenses (significantly dependent on the terms of future collective agreement settlements) and the growth in revenues (of which property tax has been below the average for Metro Vancouver).

This trend— shared by all municipalities—will require continued improvements in the way services are delivered in all areas of City services, including process improvements, information technology transformation, and modernization of service delivery models to address the higher costs of labour, facilities, and operations.

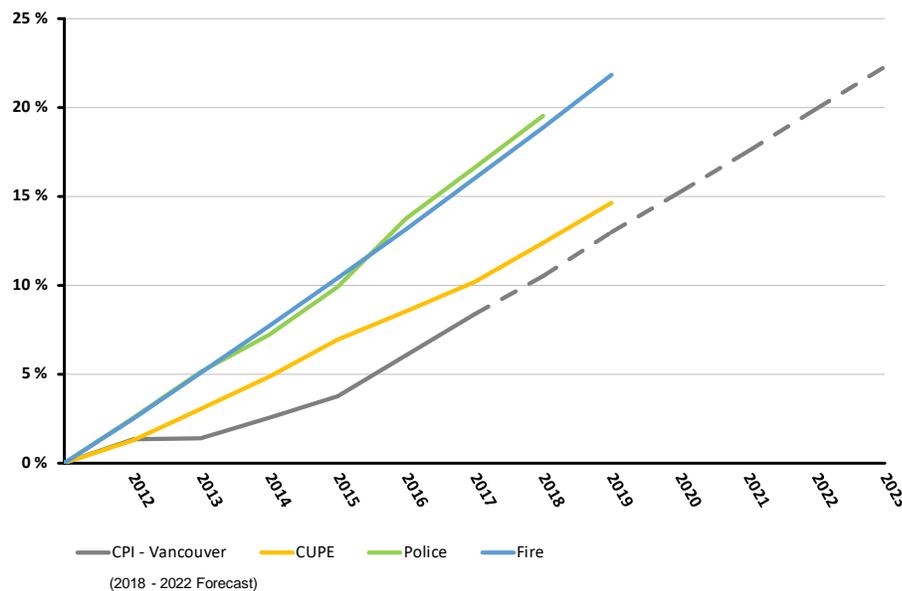
Collective agreements, other challenges and opportunities

Collective agreements

The City and related boards have negotiated collective agreements for all unions as represented by Vancouver Firefighters Union, CUPE Local 15, CUPE Local 1004, IATSE, CUPE Local 391, International Brotherhood of Electrical Workers Local 213, and Teamsters Local 31, which will expire at the end of 2019, adding uncertainty to the five-year financial plan.

The arbitrated settlement between Vancouver Police Union and Vancouver Police Board expired at the end of 2018, and has not been finalized for 2019. As a result of arbitrated settlements expiring in 2019 for the Vancouver Firefighters Union, the final year of the settlement (2019) includes annual wage increases of 2.5%, higher than the equivalent increase of 2.0% for civic unions for the same final year. Given the magnitude of public safety wages relative to the rest of the City, the recent trend of public safety wage increases above inflation will continue to put significant pressure on the City’s budget and property tax rates.

COMPOUNDED ANNUAL WAGE INCREASES



Compounded Annual Increase from 2012 to 2018



Other Challenges

Vancouver is a rapidly growing city and the central hub of the Metro Vancouver region, serving as the main financial district and offering a wide array of attractions. Over the past 10 years 2008-2018, the operating expenditures inflation adjusted growth is 29.1% due to costs download from senior levels of

government, mitigating the gaps created by senior level responses to various social issues such as mental health and homelessness crisis, collective agreements wage increases higher than inflation for public safety, costs of renewing aging infrastructure, and maintaining existing service levels to meet the need of growing population. Examples of some of the challenges the City faces include:

- The opioid crisis – in 2017, Council approved \$3.5 million to respond to this urgent crisis. In 2018, additional investments of \$0.3 million for opioid crisis response as well as \$0.2 million for ongoing micro cleaning grants were included. The 2018 budget also included an investment of \$0.7 million in a VPD Drug Containment Facility for safe and proper handling and processing of drug exhibits that may be contaminated by fentanyl and/or other suspicious substances.
- Insufficient new affordable housing for low- to moderate-income individuals and families. In 2019, the City invested additional \$30 million in capital and \$7.7 million in operating costs to support housing needs and affordability.

There is also evidence of change in the income distribution in Vancouver that may suggest loss of renter households at the lower end of the income spectrum. The share of renter households earning below \$30,000/year fell from 34% in 2005 to 28% in 2015, while the share of renter households earning over \$80,000/year increased from 13% to 28% in the same period. While rising median incomes may account for some of this change, these trends indicate a risk to the long-term diversity and resilience of our City— reinforcing the need to meet the Housing Vancouver objective to ensure the “right supply” of housing that meets the needs of all incomes (Statistics Canada Census 2016 updated every 5 years).

- Deterioration of Single Room Occupancy (SRO) hotels and the aging social-housing stock is having a cumulative impact on homelessness, street disorder and related crisis-response costs at the municipal level. The City will pursue a multi-year partnership plan with the Province of BC (primarily through BC Housing) and the Government of Canada (primarily through CMHC) in order to clarify roles and responsibilities and mitigate the risk of uncertain financing for social housing projects.
- Affordability is contributing to severe challenges for vulnerable residents. A total of 2, 233 individuals were identified as experiencing homeless in the 2019 Homeless Count (a 2% increase since 2018). The number of sheltered individuals increased by 87 people, and the number of unsheltered individuals decreased by 44 people between 2018 and 2019, with seniors, and Indigenous people, overrepresented among individuals experiencing homeless compared to their share of the overall population. Continued partnership with the Province for expanded investments in provisional homelessness interventions will be important to keep this crisis from expanding.
- Inadequate access to treatment for people with serious mental health challenges and addictions puts pressure on local services. There has been an 88% increase in mental health-related emergency room visits between fiscal year 2009/2010 and fiscal year 2018/2019 with 4,811 Mental Health Act Apprehensions in 2018. The Vancouver Police Department provides significant resources to respond to these emergencies, and there is a need to ensure that appropriate treatments are available to those in need before an emergency occurs.

- The provincial government increased income assistance rates on October 1st, 2017 and then on April 1st, 2019. However, the rates have not increased significantly in 20 years, despite substantial increases in rents over this period, increasing the risk of homelessness and requiring investment in support services to provide housing options for people with, mental illnesses, drug addiction and other issues.
- Existing rental stock is aging, requiring upgrades and refurbishment, with potential displacement of long-term tenants who are not able to afford new market housing.
- The decision by the RCMP and Provincial government to limit the financial contribution for the cost of DNA analysis services resulted in costs downloaded to municipalities.
- In 2018, the target of adding 1,000 new childcare spaces from the Capital Plan for 2015-2018 has been surpassed. However, the availability of childcare spaces continues to be well below the number needed to meet current demand. The City's Capital Plan for 2019-2022, includes creating 1,000 new spaces for children between 0-12 years to ensure more children have access to quality childcare, a key goal under Vancouver's Healthy City Strategy. Continued partnerships with senior levels of government are important for creating additional future childcare spaces.

Opportunities

While there are a number of challenges in our current environment, there are also many opportunities ahead for the City in the near future.

- We are fortunate that both the federal and provincial governments have announced funding programs for major infrastructure over the next several years, many of which are directly aligned to the City's strategies and needs. The Federal Government's "Investing in Canada Infrastructure Program" includes a focus on Green infrastructure, social infrastructure, trade and transportation infrastructure and Public Transit Infrastructure.
- Commitments for financial support for housing through CMHC is also a key opportunity for the City's housing program. Provincially, support for housing and childcare are key issues for the City. Over the next few years, we will focus on engaging with senior government through these programs.
- Final approval of funding for the Broadway Millennium line extension has been announced and the project is proceeding. The \$2.83-billion project will be funded and delivered by the provincial government, with financial contributions from the federal government and in-kind contributions from the City of Vancouver. Bringing rapid transit to this core employment area of the city will be a major support to the city's economic growth. Planning for the Broadway Corridor is underway
- As a City with one of the most favorable economic forecasts in Canada, Vancouver will continue to see benefits in job growth and population growth over the next few years.
- The City continues to be a leader in service delivery including using technology to increase our online services and public engagement activities, and will continue to look for opportunities to improve our service delivery models through innovation, technology, and continuous improvement to support a growing City.

- While affordability is a factor for many residents, programs such as the leisure access program, library services, and availability of parks, open spaces and public plazas provide free and subsidized programs for residents.
- With successes this year for the Empty Homes Tax and the regulations for Short Term Rentals to support the City’s rental market, Vancouver has led the way on many critical issues. We will continue to advance new and innovative programs to address the challenges and opportunities of a growing city.

Operating Budget 2020-2024 Outlook

Budget decisions will be considered as part of a five-year financial plan to ensure Council priorities are addressed, and to enable proactive planning for revenues and business transformation opportunities, while also responding to emerging issues. The 2020 budget is the first year of the five-year financial outlook and highlights some of the City’s main drivers of the operating budget. These are estimates that help to initiate the budget process by framing the challenges and opportunities which Staff will consider over the next few months in developing the proposed 2010 Budget and Five-Year Financial Plan. For reference, in 2020, a 1% increase in property tax increase would equate to approximately \$8 million of funding for the operating budget.

Operating Budget Preliminary Revenue Changes (\$ in millions)	2020	2021	2022	2023	2024
Property Tax:					
Increase in property tax revenue: estimated ~ 4.9% (as published in the 2019-2023 Financial Plan)	\$39	\$41	\$43	\$45	\$48
New construction tax revenue	\$5	\$5	\$5	\$5	\$5
Utility fees:					
Increase in utility fee revenue (Average blended rate estimated ~ 9%)	\$28	\$28	\$26	\$32	\$29
User fees:					
Inflationary increases in Program fees, Licence and Development fees	\$3	\$3	\$3	\$3	\$3
Total Preliminary Revenue Changes	\$75	\$77	\$77	\$85	\$85

Note: Totals may not add due to rounding

Through a preliminary scan of the financial drivers, it is estimated that Operating Revenues will increase in the following areas:

- Property tax was initially estimated to grow by approximately 4.9% annually (as indicated in the 2019-2023 financial plan) to cover the fixed cost base increasing at ~ 3.9% / year and increased funding for asset renewal in the Capital Plan. Taxes from new development are estimated at \$5 million annually. The five-year outlook reflects an unbalanced budget which could possibly lead to higher taxes than the 4.9% assumed in the five year period if other revenues or cost savings are not identified.
- Utility fees are initially estimated to increase by 9% annually on average for the next five years, based on Metro Vancouver regional utility charge forecasts (estimated at 8% shown in the 2019-2023 financial plan).

- Program fee and development fee revenues are estimated at this time to increase in line with inflation.
- Revenue from the Empty Homes Tax is anticipated to cover the ongoing costs of administering the program, with any additional revenue to be used to fund affordable housing programs.
- Through the budget process over the next several months, staff will review existing revenue sources for potential increased revenues as well as other potential revenue opportunities including revenue sharing from the province from the legalization of cannabis, and from the expansion of the traffic fine revenue share program. Note that staff are analyzing the impact of ride sourcing on revenue and cost however positive or negative impacts are not available at this time.

Operating Budget Preliminary Expense Pressures (\$ in millions)	2020	2021	2022	2023	2024
External Agency Costs passed on to the City:					
Increased Metro Vancouver charges for Water and Sewer utility	\$13	\$13	\$16	\$16	\$18
Anticipated external party cost increases (including EComm)	\$1	\$1	\$1	\$1	\$1
Debt, Transfers and Capital Program Costs:					
Pay-as-you-go Sewer & Water, Transfers and Debt Financing	\$17	\$23	\$14	\$26	\$18
Infrastructure renewal strategy in the 2019-2022 Capital Plan	\$6	\$5	\$10	\$9	\$9
Operating impacts of capital projects	\$6	\$6	\$6	\$6	\$6
Salary and benefit costs:					
Salary and benefit projected increases (contractual increments and projected benefit cost increases)	\$5	\$5	\$5	\$5	\$5
2020 MSP Premiums phased out	(\$3)				
CPP increase	\$2	\$2	\$2	\$3	\$3
VFRS Operational Review staffing recommendations	\$4	\$3	\$4	\$3	
VPD Operational Review staffing recommendations	\$4	\$4	\$4	\$2	
Other Cost Pressures:					
Inflationary costs (Hydro, Gas rates, IT, Rents & leases, Insurance, Grants)	\$10	\$6	\$6	\$7	\$6
Workspace	\$3	\$2	\$2	\$2	\$2
Other costs	\$4	\$4	\$4	\$4	\$4
Snow Contingency	\$2	\$2	\$2	\$2	\$2
Total Preliminary Expense Pressures (Excluding impact of collective agreements)	\$74	\$76	\$76	\$86	\$74
	+ impact of wage increases to be determined				

Note: Totals may not add due to rounding

Through the preliminary scan of the financial drivers, it is estimated that Operating Expenses will increase in the following areas:

- An additional \$5 million to \$10 million will be allocated each year to maintain our infrastructure

and public amenities in a state of good repair as outlined in the 2019-2022 Capital Plan. Over the five year it equates to approximately 1% of property taxes and is built into the 5 year Financial Plan. There will be increasing costs related to: higher debt servicing costs; ongoing operating and asset life cycle costs for new infrastructure and public amenities; increased use of pay-as-you-go for water and sewer utilities capital.

- Regional utility charges passed on to the City by Metro Vancouver, are forecast to increase between 10% and 12% for Water and between 2% and 6% for sewer annually from 2020-2024, driven by major infrastructure investments. These are estimates and more information will be available once rates are confirmed by Metro.
- The outlook for 2020-2024 shows the risk of potential increase in wage expenses, significantly dependent on the terms of future collective agreement settlements all of which will be expired by the end of 2019.
- The Provincial government announced an Employer Health Tax that came into effect on January 1, 2019 with an incremental impact of \$15M in 2019. This was accompanied by the announcement of the elimination of Medical Services Plan (MSP) premiums effective January 1, 2020 which equates to one-time reduction of \$3 million for 2020 budget.
- The Federal Government has announced increases to the Canada Pension Plan contribution rate starting 2019 which will drive an approximate cost increase of \$2 million for 2020 to 2022 and \$3 million for 2023-2024.
- Cost increases passed on from external agencies and senior levels of government are estimated to be \$1million to \$2 million per year. In addition, indirect cost pressures in the areas of housing, mental health and addiction, childcare, and emergency medical response, which are primarily the responsibility of the Provincial and Federal governments, continue to add to the City's budget pressure.
- Reinstatement of \$2 million of the Council Contingency which was reduced in 2019 budget. Response to storm and snow events continue, and a contingency is required to cover those costs. Staff are considering set up of a storm/snow stabilization reserve to address the variability of storms and their associated costs.

Through the preliminary scan of revenue and expense drivers, staff have identified budget expenditure pressures which exceed revenue estimates once collective agreement estimates are considered, which if not mitigate would require a tax increase above the 4.9% in the financial plan, possibly up to 6-7% to maintain existing service levels including staffing increases to Fire and Police services.

In addition, Council has put forward a number of motions over the past months, some of which will have budget implications over the next few years.

Major Council Motions (Preliminary Operating Impact estimate) (\$ in millions)	2020	2021	2022	2023	2024
Climate Change					
Global Warming (Sea level and storm water)	\$5 - \$6	\$5 - \$6	\$5 - \$6	\$5 - \$6	\$5 - \$6
Carbon Neutral before 2050	\$2 - \$3	\$3- \$6		TBD	
City Plan	\$7	\$5	\$3		
Other initiatives	\$7- \$8			TBD	
Estimated Expense Pressure	\$21 - \$24		TBD		

Financial impacts of motions related to other boards will be incorporated during the budget process. A cost increase of \$8m for tax funded expenses would require a tax increase of approximately 1% to fund.

Major Council Motions (Preliminary Capital Funded estimate) (\$ in millions)	2020	2021	2022	2023	2024
Climate Change	\$14 - \$19		\$50 - \$100		
Vancouver's Watershed Revival Plan	\$2 - \$3		TBD		
Canadian Pride in Vancouver's Chinatown Memorial Square	\$1		TBD		
Formalize the False Creek to the Fraser River Blueways	\$1		TBD		
Estimated Total Cost	\$18 - \$24		TBD		

Over the next few months, as part of the budget process, staff will work to reprioritize existing resources, adjust service models, and look for additional revenue sources or cost savings in order to accommodate the major Council motions. Where these programs cannot be accommodated within existing resources, staff will bring back to Council options for potential tradeoffs in services or additional tax/fee impacts.

Major Capital funding required by numerous Council Motions will be reviewed for the opportunity to: reprioritize within the existing budget, reduction of scope to be able to implement at lower cost, or review of funding sources to determine an appropriate municipal funding source. The tax impact of Capital projects is dependent on type of funding source.

The final 2020 Budget will incorporate feedback from public consultation with Vancouver residents and business owners, to be conducted in fall 2019.

Capital Planning and Budgeting

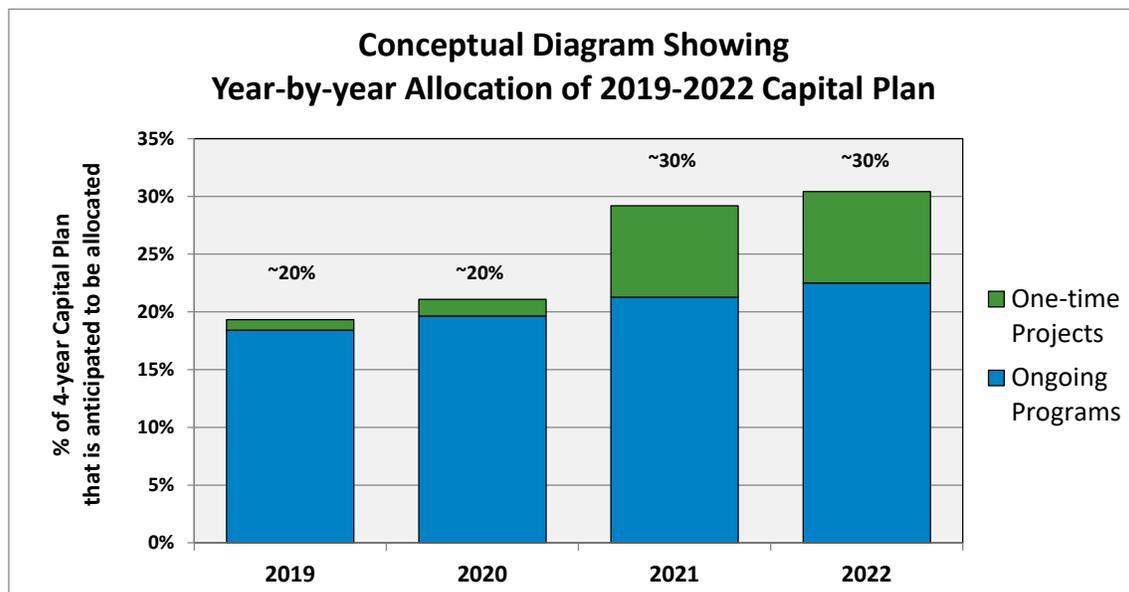
The City owns approximately \$25 billion of infrastructure and public amenities (excluding land), encompassing: underground water and sewer infrastructure; roadways, sidewalks and bikeways; affordable housing; community facilities, parks and open spaces; public safety facilities; and service yards. There are two principal goals as the City plans and manages its capital assets over the medium and longer term: (a) renewing aging infrastructure and amenities to maintain them in a state of good repair; and (b) upgrading and expanding infrastructure and amenities to meet the needs of a growing city. The City incorporates these goals into its 10-year Capital Strategic Outlook.

Shorter-term implementation is organized around the 4-year Capital Plan and the Annual Capital Budget. The 4-year Capital Plan matches City Council's and Park Board's term in office: the current Capital Plan timeline covers the 2019-2022 period. The 2019-2022 Capital Plan was approved by City Council and Park Board in July 2018, and the required borrowing authority components were approved by voters in October 2018.

The 2019-2022 Capital Plan sets out the objectives to be achieved for one-time projects (e.g. to renew and expand the Marpole Library) and ongoing programs (e.g. to repave approximately 23 km of arterial streets over the 4-year period). In total, the Capital Plan for 2019-2022 contemplates \$2.8 billion of investment: \$2.2 billion worth of City-led capital investments and \$0.6 billion worth on in-kind contributions achieved through development. The Capital Plan is intended to be an evolving document, as some adjustments are needed as the City executes on the 4-year plan. Since January 2019, City Council has added \$16 million to the 2019-2022 Capital Plan, of which \$7 million was from additional partnership funding (primarily funding from TransLink, the regional transportation authority).

Service Categories	Original 2019-2022 Capital Plan approved by Council in July 2018 (\$ millions)			Changes to 2019-2022 Capital Plan approved by Council since Jan 2019 (\$ millions)		Current Total (\$ millions)
	City-led Capital Investments	In-Kind Contributions	Total	City-led Capital Investments	In-Kind Contributions	
Affordable Housing	\$ 140	\$ 400	\$ 540	\$ 0.8	\$ -	\$ 541
Childcare	86	38	123	4.7	-	128
Parks and Open Spaces	264	-	264	-	-	264
Arts & Culture	142	43	185	0.6	-	186
Community Facilities	146	88	234	-	-	234
Public Safety	48	-	48	0.3	-	48
Civic Facilities & Equipment	108	-	108	-	-	108
Transportation & Street Use	311	-	311	7.6	-	318
One Water (Water, Sewer & Green Infrastructure)	616	-	616	-	-	616
Solid Waste	92	-	92	-	-	92
Renewable Energy	41	-	41	1.5	-	43
Technology	100	-	100	0.1	-	100
Overhead	20	-	20	-	-	20
Emerging Priorities	88	-	88	-	-	88
Total	\$ 2,203	\$ 569	\$ 2,771	\$ 16	\$ -	\$ 2,787

The Annual Capital Budget sets out Council-authorized funding and spending for the year, as well as detailed project information and outcomes. It provides the authority to proceed with specific components for one-time projects (e.g. funding for the planning/scoping phase of the Marpole Library project) and the quantity of work associated with ongoing programs (e.g. funding to repave 6 km of arterial streets). In general, annual capital budget allocations to one-time projects are lower in the first and second years of the Capital Plan (since projects are typically in the planning/scoping phase or the detailed design phase) and higher in the third and fourth years (as projects move to the construction phase). Annual Capital Budget allocations to ongoing programs are generally more stable year over year.



The Annual Capital Budget includes (1) Capital Budget allocations, which covers the funding required to complete the scope of work as approved in the budget and can span over more than one year; and (2) Annual Capital Expenditure Budget, which covers the amount expected to be spent in the budget year and includes projects/programs initiated in the current year and projects/programs initiated in previous years but not yet completed.

2019 Capital Budget Allocations

2019 is the first year of the 2019-2022 Capital Plan. City Council approved the 2019 Capital Budget allocations of \$366 million for capital projects and programs. In the first half of 2019, an additional \$57 million was added to the Capital Budget allocations, increasing the total to \$423 million, which represents 19% of the City-led capital investments identified in the 2019-2022 Capital Plan (\$2.2 billion).

Funding was included to initiate planning/scoping for 20+ one-time projects identified in the Capital Plan, including park projects (e.g. West End waterfront park master plan, Queen Elizabeth Park master plan), community facility projects (e.g. Marpole-Oakridge Community Centre/childcare renewal and expansion, Marpole Library renewal and expansion combined with new childcare and affordable housing), and transportation projects (e.g. Granville Bridge greenway, Bute greenway).

Funding has also been provided to ongoing programs such as granting programs to support affordable housing and social/cultural facilities owned by non-profit partners, facility maintenance and renovations programs for City-owned buildings, renewable energy and GHG reduction program for City-owned buildings, park renewal and upgrade programs (playgrounds, fields, courts), transportation renewal and improvement programs (road paving, sidewalks, traffic signals), and programs to renew and upgrade water, sewer and drainage infrastructure.

Service Categories	2019-2022 Capital Plan: City-led capital investments (Current total) (\$ millions)	2019 Budget Allocations (\$ millions)		
		Approved by Council in Dec 2018	Changes approved by Council since Jan 2019	Current Total
Affordable Housing	\$ 141	\$ 30	\$ 1	\$ 31
Childcare	91	1	12	12
Parks and Open Spaces	264	44	-	44
Arts & Culture	143	9	16	25
Community Facilities	146	12	1	13
Public Safety	48	12	1	13
Civic Facilities & Equipment	108	27	2	29
Transportation & Street Use	318	72	17	90
One Water (Water, Sewer & Green Infrastructure)	616	86	6	93
Solid Waste	92	15	-	15
Renewable Energy	43	23	2	25
Technology	100	27	0	27
Overhead	20	6	-	6
Emerging Priorities	88	-	-	-
Total City-led Capital Investments	\$ 2,218	\$ 366	\$ 57	\$ 423
% of total City-led Capital Investments	100%	16%	3%	19%

2019 Capital Expenditure Budget

Council also approved the 2019 Capital Expenditure Budget of \$563 million, consisting of \$297 million for new projects/programs to be initiated in 2019 and \$266 million for projects/programs initiated in previous years but not yet completed (e.g. the renewal of Fire Hall #17 @ Knight & 55th Avenue and the renewal of Roddan Lodge & Evelyne Saller Centre in the Downtown Eastside, both of which were approved as part of the 2015-2018 Capital Plan). The Annual Capital Expenditure Budget is adjusted throughout the year to calibrate it based on the progress made on one-time projects and ongoing programs. As approved by Council to date in 2019, an additional \$12 million was added to the 2019 Capital Expenditure Budget, increasing the total to \$575 million.

Capital Budget 2020-2024 Outlook

2020 Capital Budget Allocations Forecast

2020 will be the second year of the 2019-2022 Capital Plan. Two main assumptions have been used to build an initial estimate of 2020 Capital Budget allocations:

- 1) Many of the one-time projects that initiated planning/scoping in 2019 will complete this phase of work and move to the detailed design phase in 2020. Examples include community facility projects (e.g. Marpole-Oakridge Community Centre/childcare renewal and expansion, Marpole Library renewal and

expansion combined with new childcare and affordable housing), and transportation projects (e.g. Granville Bridge greenway, Bute greenway).

- 2) Funding will be included for the ongoing programs such as granting programs to support affordable housing and social/cultural facilities owned by non-profit partners, facility maintenance and renovations programs for City-owned buildings, renewable energy and GHG reduction program for City-owned buildings, park renewal and upgrade programs (playgrounds, fields, courts), transportation renewal and improvement programs (road paving, sidewalks, traffic signals), and programs to renew and upgrade water, sewer and drainage infrastructure.

Based on these assumptions, the estimate for 2020 New Capital Budget allocations will be approximately 20% of the \$2.2 billion contemplated in the 2019-2022 Capital Plan total or approximately \$450 million.

2019-2022 Capital Plan Budget Allocations (\$ millions)	2019-2022 Capital Plan: City-led capital investments (Current total) (\$ millions)	2019 Budget Allocations to date	2020 Estimated Budget Allocations
Total City-led Capital Investments	\$ 2,218	\$ 423	\$ 450
% of total City-led Capital Investments	100%	19%	20%

2020 Capital Expenditure Budget Forecasts

It is estimated that 2020 Capital Expenditure Budget will be approximately \$600 million, being slightly higher than 2019 and reflecting expenditures for several major capital projects that have significant construction expenditures in 2020. Over the next few months, staff will review the project and program schedule to refine the proposals for the 2020 Capital Budget based on Council and community priorities, as well as capacity to deliver, and bring to Council for approval.

Future Years Capital Forecasts

2021 and 2022 will be the third and fourth years of the 2019-2022 Capital Plan. Many of the one-time projects will be moving to the construction phase and therefore require increased funding allocations. It is also anticipated that several key ongoing programs (e.g. water and sewer infrastructure) will have increased funding allocations as the City ramps up investments to address aging infrastructure needs. As a result, it is anticipated that approximately 30% of the \$2.2 billion contemplated in the 2019-2022 Capital Plan total will be allocated in 2021 and also in 2022.

2023 and 2024 will be informed by the City's next round of capital planning, which includes the preparation of a 10-year Capital Strategic Outlook in 2021 and the preparation of the 2023-2026 Capital Plan in 2022. Future year projections assume capital investments to be steady or increased to address the needs of aging infrastructure and amenities.

Note: The estimates contained in this report are preliminary and are based on assumptions related to future events and rate changes that have been estimated based on the current economic outlook, recent expenditure growth trends, and available Metro forecasts. These assumptions will be refined and adjusted over the coming months to reflect ongoing productivity improvements and service delivery changes to bring the 2020 Budget into balance.

Operating and Capital Budget risks 2020–2024

There are a number of internal and external risks that can affect the City's five-year financial outlook and are considered in developing the City's budget.

Revenue risks

Approximately 75% of the City's operating revenue comes from property taxes and utility fees, which form a stable and predictable revenue base for the City. Some revenues come from cyclical activities such as development and permit fees which make up 6% of the City's revenues.

Revenue risks include:

- Building and Development permits, within the revenue category License and Development fees (6% of the revenue budget) may be negatively affected by senior government policy direction, such as the new Provincial tax introduced in their 2018 budget, increases in mortgage rates and economic slowdown.
- Program fee revenue, parking, rental and lease income combined generate 12% of the City's revenue and are also sensitive to general economic conditions, seasonal weather factors and increased market competition.
- Cost recoveries, grants and donations from external parties and provincial revenue sharing provide 4% of City revenue and 4% of the City's 2019-2022 Capital Program funding and are subject to being reduced or discontinued.
- Development contributions both in terms of cash and in-kind contributions are a significant source of funding for growth-related capital investment. An economic downturn could lead to less real estate development and therefore less development-related sources of capital funding, resulting in some capital projects being delayed or cancelled.
- Investment income could decline should interest rates decrease.

Expenditure risks

A significant portion of non-salary expenses are contractually fixed and predictable in the short-term. For expenses that are less predictable during the year, the City's annual budget includes a contingency to cover unanticipated expenses, subject to approval by Council before the funding is accessed.

Expenditure risks include:

- Costs associated with collective agreements for 2020 and beyond, potentially including arbitrated agreements for which the City has no control over final settlement costs.
- Risk of higher fuel costs considering the rising gas prices in the province.
- Unforeseen capital expenditures as a result of change in cost estimates due to rising construction costs, construction inflation, and competitive market for contractors
- Unforeseen increases in employee benefit and payroll costs, including costs associated with employer pension contributions, WCB premiums, employee extended health and dental benefits, and long-term disability insurance claims.
- Unanticipated costs passed on to the City from other levels of government.
- Costs for unforeseen events, such as public emergencies and issues related to climate change or unusual weather events. These could include costs for higher water consumption during periods of low

rainfall, costs for flooding and wind damage, or higher costs for snow and ice removal in periods of high winter storm activity.

- Additional impact on Operating Budget as a result of increase in investment in new Capital assets.
- Delays in benefit realization and payback from business and technology transformations.
- Any significant increase in interest rates, which will increase the City's debt servicing on new debt and limit future borrowing capacity.
- Future costs associated with priority initiatives of Council.

Summary

The City of Vancouver offers a broad and expanding range of services to meet the needs of residents and businesses. Overall satisfaction with delivery of service and perceptions of value for taxes paid is high.

Vancouver has limited funding sources, and must continuously balance the need to maintain and improve services, facilities and infrastructure with publicly acceptable levels of taxation and overall concerns about the affordability of our city.

All Canadian municipalities share the challenge of costs that are rising faster than the inflation rate. City of Vancouver staff continues to find ways to work more efficiently, including through continuous process improvement and new technology, to help us deliver faster service and at a lower cost.

The majority of the City's annual budget goes towards providing the quality, core services that support the daily lives of our residents every day. Additional funding is set aside to make advancements in the areas that City Council has identified as priorities.

The financial assumptions included in this Budget Outlook are a preliminary scan of the drivers for the operating and capital budgets and five-year financial plan. Over the next few months, informed by public input and ongoing dialogue with City Council, staff will work to develop service plans that align to the key priorities, look for additional revenue sources or cost savings (which may include re-aligning existing resources), and provide options for potential trade-offs in service or additional tax/user fees to bring the 2020 Budget into balance.

The public are encouraged to participate in the budget engagement process to share their views and priorities. City staff and Council are committed to protecting what makes our city great, and to aligning the funding for the 2020 Budget to the priority work that will make the most difference to enhance the livability of our city.

CIVIC SERVICE SATISFACTION SURVEY REPORT

1.1 Executive summary

1.1.1 Introduction

The City of Vancouver's annual budget process offers multiple opportunities for public input and encourages broad listening for city-wide priorities and issues, feedback on City service levels, and consultation on emerging budget directions to help develop a picture of the public's preferences for where the City should focus its investments and resources. These inputs help shape emerging directions principally driven by Council and Board priorities, economic and technical analysis, long-range planning and ongoing public and stakeholder listening throughout the year.

City staff develop an engagement approach to help inform and underpin the Budget Outlook and then validate the 2020 Budget with input from residents, businesses and stakeholders.

Phase one involves a detailed research project with opinion research firm, IPSOS Public Affairs to understand resident and business satisfaction with City services and to understand the priorities among a representative sample of Vancouver residents..

1.1.2 Resident and Business Survey Results

IPSOS's research gave a snapshot of resident and business priorities, rated City of Vancouver services, and allowed Vancouver to benchmark its results against other municipalities surveyed across Canada. The research was highly detailed and provided rich information to help shape City service planning and budget priority setting.

- **Overall perceptions of Vancouver's quality of life are favourable** with a majority of residents and businesses reporting that quality of life has stayed the same or improved in the past three years. However, among those saying the quality of life has changed, both residents and businesses are much more likely to say things have worsened than improved. Among those saying the quality of life has worsened, cost of living and housing are the primary factors. Other factors include overcrowding and traffic.
- **Housing and infrastructure dominate the public issue agenda.** Among residents, the two most frequently mentioned top-of-mind issues are "housing/accommodations" (49%) and "infrastructure/transportation" (44%). All other issues are a distant second in priority. The same top two issues are also voiced by businesses although the order is reversed.

- **Most residents and businesses are satisfied with the overall level and quality of City services although satisfaction is lower than the national research norm.** Overall, 83% of residents and 80% of businesses say they are satisfied (combined 'very/somewhat satisfied' ratings) with the overall level and quality of services provided by the City of Vancouver. In comparison, the normative resident score is 90% total satisfied.
- **Resident satisfaction extends to the delivery of specific services with a few notable exceptions.** Enabling affordable housing is the least satisfactory of all the tested services. A strong majority of businesses are also satisfied with many of the City's services. One notable exception is development and building permits.
- **Residents' top three investment priorities are enabling affordable housing, social policies and projects, and homelessness services.** Transportation infrastructure places fourth. **Businesses' top three priorities for investment are street infrastructure, development and building permits, and keeping our community clean.**
- **The majority of residents and businesses say they receive good value for their municipal tax dollars, consistent with the national research norm.**

1.2 Phase One – Civic Service Satisfaction Survey

1.2.1 Background and objectives

This section presents the findings of the City of Vancouver's 2019 Civic Service Satisfaction Survey conducted by Ipsos.

The primary objective of the survey is to obtain Vancouver residents and businesses' feedback on municipal services and the value they perceive they are receiving from the City.

Key survey topics included:

- Important local issues
- Quality of life
- City services (satisfaction, level of investment)
- Financial planning

Where appropriate, this year's results have been compared to the City's 2018 Civic Service Satisfaction Survey. Comparing the year-over-year results allows the City to understand how residents and businesses' attitudes and priorities are changing, identify new or emerging issues facing the community, and monitor perceptions of the City's performance in key areas.

Where appropriate, the City of Vancouver's results have been compared to Ipsos' municipal norms to provide a benchmark against which the City can evaluate its performance. These norms are based on research Ipsos has conducted in other Canadian municipalities within the past five years. Normative comparisons are available for residents only.

1.2.2 Methodology

Ipsos conducted a random and representative telephone survey with City of Vancouver residents and businesses.

Households with members who work for the City of Vancouver, belong to a City advisory committee, or are elected officials of the City were excluded from the survey via an upfront screening question.

All interviewing was conducted between May 1 and 22, 2019.

Residents

A total of 602 interviews were conducted with adult (18+) Vancouver residents, broken out as follows: Downtown/West End (n97), Northwest (n104), Northeast (n102), Southwest (n107), and Southeast (n192).

- 16th Avenue is the North-South boundary and Main Street is the West-East boundary.

A dual frame landline/cellphone sampling methodology was used, with the final sample split 70% landlines and 30% cellphones.

The landline sample was pulled by postal code while the cellphone sample was pulled by billing centre. A screening question was included at the start of the survey to confirm residency in the City of Vancouver.

Interviewing was conducted in English, Cantonese, and Mandarin. This approach reflected the City's guidelines around translating city-wide initiatives when the home language other than English represent more than 5 per cent of the population.

The final data has been weighted to ensure that the gender/age and neighbourhood distribution reflects that of the actual population in the City of Vancouver according to 2016 Census data.

Overall results are accurate to within $\pm 4.0\%$, 19 times out of 20. The margin of error will be larger for sample subgroups.

Businesses

A total of 201 interviews were conducted with Vancouver businesses, broken out as follows: small businesses with <25 employees (n111), medium businesses with 25 to 99 employees (n67), and large businesses with 100+ employees (n23).

A screening question was included at the start of the survey to confirm that respondents owned, managed, or operated a business in the City of Vancouver. Interviews were conducted with the person responsible for the overall management and direction of their company at that specific location.

Interviewing was conducted exclusively on landlines in English.

The final data has been weighted by business size according to 2017 BC Stats data.

Overall results are accurate to within $\pm 6.9\%$, 19 times out of 20. The margin of error will be larger for sample subgroups.

Interpreting and Viewing the Results

Some totals in the report may not add to 100%. Some summary statistics (e.g., total satisfied) may not match their component parts. The numbers are correct, and the apparent errors are due to rounding.

Analysis of some of the statistically significant demographic differences among residents is included where applicable. While a number of significant differences may appear in the cross-tabulation output, not all differences warrant discussion. Smaller sample sizes limit any meaningful demographic analysis among businesses.

1.2.3 Executive summary

Quality of life

Similar to last year, overall perceptions of Vancouver's quality of life are favourable. Overall, 89% of residents and 92% of businesses say the quality of life in Vancouver today is 'very good' or 'good'. In comparison, the normative resident score is 95% total good.

The majority of residents and businesses continue to think the quality of life has 'stayed the same' or 'improved' in the past three years. However, among those noticing a change, more say the quality of life has 'worsened' than 'improved'. Specifically, when asked how the quality of life in Vancouver has changed in the past three years, 48% of residents say 'stayed the same', 13% say 'improved', and 36% say 'worsened'. The results are similar among businesses (50% 'stayed the same', 14% 'improved', 36% 'worsened'). In comparison, the normative resident score demonstrates a more balanced view towards the direction quality of life is taking (52% 'stayed the same', 23% 'improved', 23% 'worsened').

- Among those saying the quality of life has worsened, the cost of living and housing are driving perceptions of a worsened quality of life.

Important local issues

Housing and infrastructure continue to dominate the issue agenda. When asked to identify the most important local issues facing the City at the present time, the two most frequently mentioned open-ended responses among residents are "housing/accommodations" (48%) and "infrastructure/transportation" (40%); all other issues are a distant second in priority. The leading top-of-mind issue among businesses is "infrastructure/transportation" (39%), followed by "cost of living" (22%) and "housing/accommodations" (19%). Housing mentions among businesses are down 19 percentage points this year.

City services

Similar to last year, overall satisfaction with City services is high. Overall, 86% of residents and 80% of businesses say they are satisfied (combined 'very/somewhat satisfied' ratings) with the overall level and quality of services provided by the City of Vancouver. In comparison, the normative resident score is 91% total satisfied.

The majority of residents and businesses continue to think services have 'stayed the same' or 'improved' in the past three years. Among those noticing a change, more say services have 'worsened' than 'improved' although the gap has shrunk this year (residents: 69% 'stayed the same', 13% 'improved', 17% 'worsened'; businesses: 73% 'stayed the same', 7% 'improved', 20% 'worsened'). Compared to 2018, there has been an increase in the percentage saying City services have 'stayed the same' (residents up 7 points, businesses up 11 points) and a decrease in the percentage saying City services have 'worsened' (residents down 5 points, businesses down 9 points).

- Respondents who think City services have worsened attribute this to a variety of factors, with no single explanation standing out from the rest.

Similar to last year, resident satisfaction extends to the delivery of specific services with a few notable exceptions. Enabling affordable housing continues to be the least satisfactory of all the tested services. Of the 26 services evaluated by residents, 14 receive a satisfaction score of 80% or higher (combined 'very/somewhat satisfied' ratings), with the highest ratings going to library services (92%), parks/green spaces (91%), recreation (91%), fire rescue & medical response (90%), and services to enhance parks (90%). The single least satisfactory service is enabling affordable housing (30% satisfied compared to 68% dissatisfied). While this year's results are largely similar to 2018, statistically significant increases in satisfaction are seen for recreation (up 5 points), services to enhance parks (up 5 points), making streets vibrant (up 7 points), and transportation infrastructure (up 9 points).

Businesses' service satisfaction remains high. Opinion is mixed on development & building permits. Of the 19 services evaluated by businesses, 10 receive a satisfaction score of 80% or higher (combined 'very/somewhat satisfied' ratings), with the highest ratings going to fire rescue & medical response (95%), police services (94%), online payment services (91%), and library services (91%). Opinion is mixed on development & building permits (53% satisfied, 40% dissatisfied). While overall satisfaction is statistically consistent with last year for all tested services, directional increases in satisfaction are seen for transportation infrastructure (up 8 points) and development & building permits (up 11 points).

Once again, residents' top three investment priorities are enabling affordable housing, homelessness services, and social policies & projects. Overall, 73% of residents say the City should 'invest more' in enabling affordable housing, 69% say the City should 'invest more' in homelessness services, and 69% say the City should 'invest more' in social policies & projects. While the remaining services are less of an investment priority, there are no services where a majority of residents think the City should reduce investment.

Businesses have more diverse investment priorities, led by street infrastructure and economic development. Overall, 49% of businesses say the City should 'invest more' in street infrastructure and 46% say the City should 'invest more' in economic development. Other investment priorities include emergency preparedness (44%), long-range planning (43%), transportation infrastructure (43%), development & building permits (41%), and fire rescue & medical response (40%). As with residents, there are no services where a majority of businesses think the City should reduce investment.

Financial planning

Similar to last year, the majority of residents and businesses say they receive good value for their municipal tax dollars. Overall, 81% of residents and 76% of businesses say they receive 'very' or 'fairly' good value for their municipal tax dollars. In comparison, the normative resident score is 81% total good value.

To balance the budget, residents and businesses prefer user fees (new/increased) over tax increases or a reduction in City services/staffing. New this year, respondents were presented with various options for balancing the budget and asked which ones they would most and second most prefer. Overall, there is a strong preference (combined most/second most mentions) for new or increased user fees, with 50% of residents saying 'introduce new user fees for some City services that currently have no fees' and 42% saying 'increase user fees for City services that currently have fees'. Similarly, 52% of businesses prefer new user fees and 45% prefer increased user fees. While a relatively large proportion of businesses also see an opportunity to cut back on City staffing (44% select 'reduce the level of staffing and personnel that provide City services'), only 27% of residents would like the City to take this approach when balancing the budget.

An increase in property taxes is the least preferred option for balancing the budget. When asked which option they would least prefer the City use to balance the budget, 'increase residential and business property taxes' is selected the most often by both residents (40%) and businesses (59%). This is more than double what is mentioned for any other option.

The majority of residents and businesses say they would be willing to pay more user fees for services. Overall, 72% of residents and 67% of businesses say they would be willing to pay more in user fees for the services they use in order to maintain or improve them.

Key takeaways

1. Most survey measures are stable and strong.
 - Quality of life (89% good residents, 92% good businesses)
 - Overall service satisfaction (86% satisfied residents, 80% satisfied businesses)
 - Value for taxes (81% good residents, 76% good businesses)
2. Satisfaction with individual services is largely unchanged and any shifts in overall satisfaction are positive.
3. Issues related to cost of living and housing are still making more see quality of life worsening versus improving.
4. Housing and transportation/infrastructure continue to dominate the issue agenda.
5. Residents prioritize investment in affordable housing, homelessness, and social policies. Businesses have more diverse priorities led by street infrastructure and economic development.
6. New/increased user fees are preferred to raising property taxes or making cuts to City services/staff.

1.2.4 Quality of life

1.2.4.1 Overall quality of life

Similar to last year, overall perceptions of Vancouver’s quality of life are favourable.

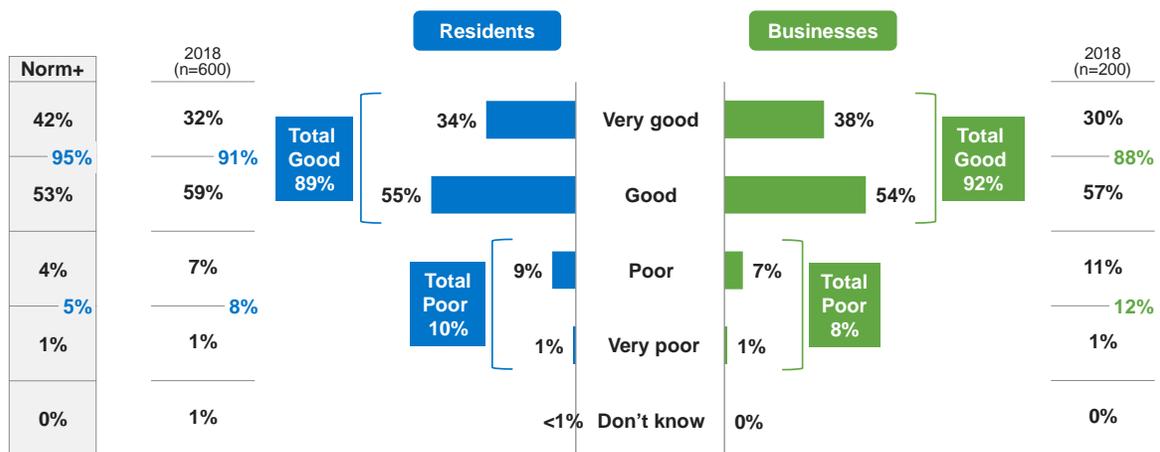
Overall, 89% of residents and 92% of businesses say the quality of life in Vancouver today is ‘very good’ or ‘good’. Among residents, this includes 34% saying ‘very good’ and 55% saying ‘good’. The distribution of responses among businesses is similar, with 38% saying ‘very good’ and 54% saying ‘good’.

This year’s results are not statistically different from 2018, when 91% of residents and 88% of businesses rated Vancouver’s quality of life as ‘very good’ or ‘good’.

In comparison, the normative resident score is 95% total good, including 42% ‘very good’ and 53% ‘good’.

QUALITY OF LIFE

Overall Quality of Life



+The norm is the average rating from Canadian municipalities surveyed by Ipsos in the past five years.

Q2. How would you rate the overall quality of life in the City of Vancouver today?
Base: All residents (n=602); All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Younger residents are more likely to rate the quality of life in Vancouver as ‘very good’ or ‘good’ (94% of 18-34 years vs. 87% of 35+ years).

1.2.4.2 Change in quality of life

The majority of residents and businesses continue to think the quality of life has ‘stayed the same’ or ‘improved’ in the past three years. However, among those noticing a change, more say the quality of life has ‘worsened’ than ‘improved’.

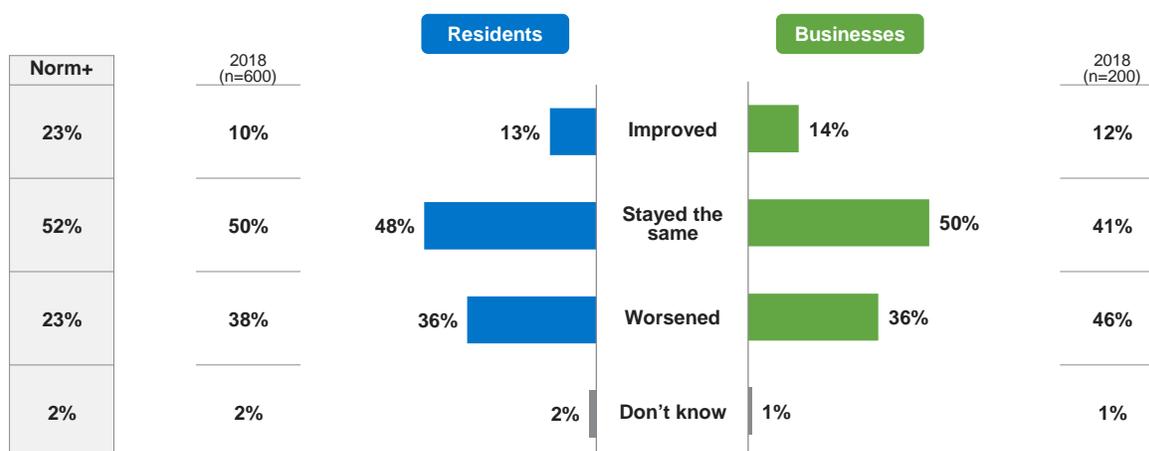
When asked how Vancouver’s quality of life has changed in the past three years, 48% of residents say ‘stayed the same’, 13% say ‘improved’, and 36% say ‘worsened’. Among businesses, 50% say ‘stayed the same’, 14% say ‘improved’, and 36% say ‘worsened’.

This year’s results are statistically consistent with 2018. While not statistically significant, the percentage of businesses saying the quality of life has ‘worsened’ is 10 down points this year (36% in 2019 vs. 46% in 2018).

In comparison, the normative resident score demonstrates a more balanced view towards the direction quality of life is taking, with 52% saying ‘stayed the same’, 23% saying ‘improved’, and 23% saying ‘worsened.’

QUALITY OF LIFE

Change in Quality of Life



+The norm is the average rating from Canadian municipalities surveyed by Ipsos in the past five years.

Q3. And, do you feel that the quality of life in the City of Vancouver in the past three years has improved, stayed the same, or worsened?
Base: All residents (n=602); All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Perceptions of an ‘improved’ quality of life are higher among residents who are:

- 18-34 years of age (22% vs. 8% of 55+ years, 10% of 35-54 years)
- Renters (18% vs. 9% of homeowners)

Conversely, perceptions of a ‘worsened’ quality of life are higher among residents who are 35+ years of age (includes 44% of 55+ years and 40% of 35-54 years vs. 24% of 18-34 years).

Homeowners are more likely than renters to say the quality of life has ‘stayed the same’ (52% vs. 43%).

1.2.4.3 Reasons quality of life has improved

Transportation and infrastructure are the leading open-ended reasons behind perceptions of an improved quality of life.

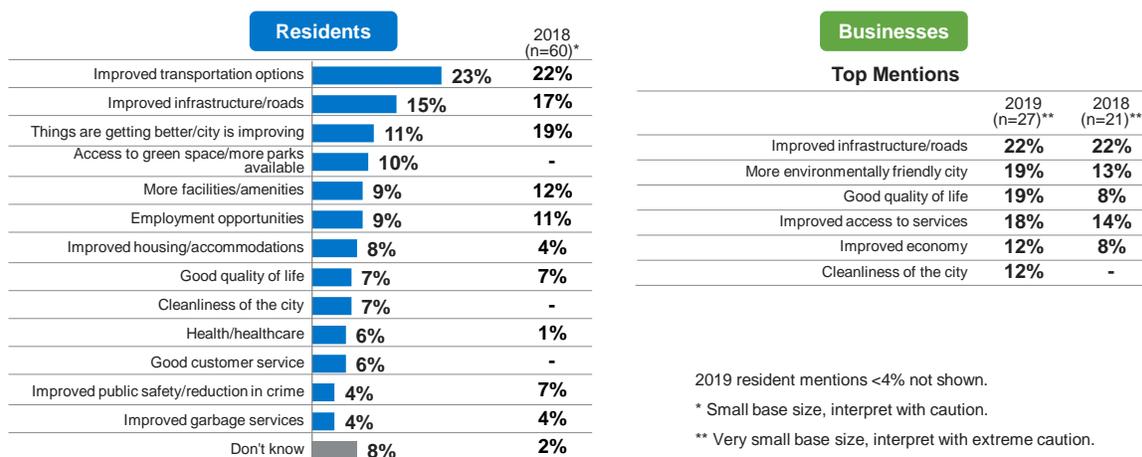
Nearly one-quarter (23%) of residents saying the quality of life has improved attribute this to “improved transportation options” (coded open-ends). Another 15% mention “improved infrastructure/roads.” Other frequently mentioned responses include “things are getting better/city is improving” (11%) and “access to green space/more parks available” (10%). Mentions of green space/parks are new this year.

Among the few businesses saying the quality of life has improved, the leading open-ended reason is “improved infrastructure/roads” (22%, consistent with last year). However, with only 27 businesses answering this question, these results should be interpreted with caution.

QUALITY OF LIFE

Reasons Quality of Life has Improved

(among those saying the quality of life has improved) (coded open-ends, multiple responses allowed)



Q4. Why do you think the quality of life has improved?
Base: Those saying the quality of life has improved; Residents (n=67); Businesses (n=27)**

▲ / ▼ Significantly higher/lower than previous year.

1.2.4.4 Reasons quality of life has worsened

The cost of living and housing are driving perceptions of a worsened quality of life.

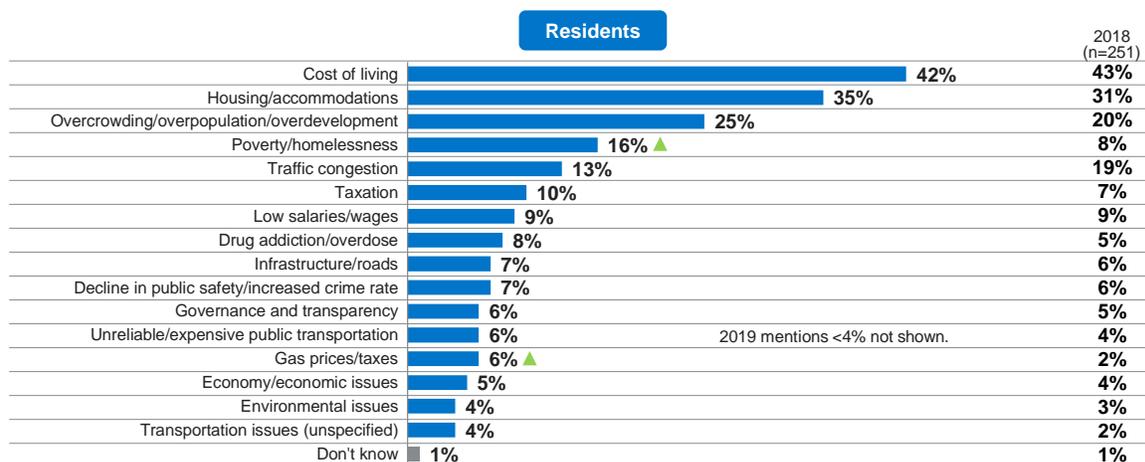
Among residents saying the quality of life has worsened, the two most commonly mentioned open-ended reasons are “cost of living” (42%) and “housing/accommodations” (35%). Other factors include “overcrowding/overpopulation/overdevelopment” (25%), “poverty/homelessness” (16%, up 8 points from 8% in 2018), “traffic congestion” (13%), and “taxation” (10%).

Among businesses saying the quality of life has worsened, 58% point to “cost of living” and 29% mention “housing/accommodations”. Other reasons include “poverty/homelessness” (17%), “overcrowding/overpopulation/overdevelopment” (12%), “economy/economic issues” (12%, up 10 points from 2% in 2018), and “traffic congestion” (11%, down 15 points from 26% in 2018).

QUALITY OF LIFE

Reasons Quality of Life has Worsened (Residents)

(among those saying the quality of life has worsened) (coded open-ends, multiple responses allowed)



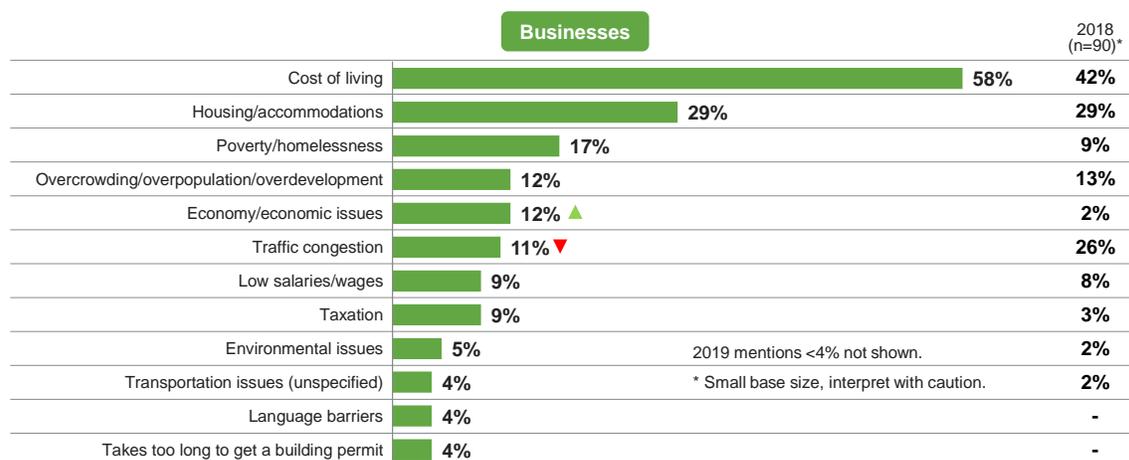
Q5. Why do you think the quality of life has worsened?
Base: Residents saying the quality of life has worsened (n=235)

▲ / ▼ Significantly higher/lower than previous year.

QUALITY OF LIFE

Reasons Quality of Life has Worsened (Businesses)

(among those saying the quality of life has worsened) (coded open-ends, multiple responses allowed)



Q5. Why do you think the quality of life has worsened?
Base: Businesses saying the quality of life has worsened (n=74)*

▲ / ▼ Significantly higher/lower than previous year.

Mentions of “cost of living” are higher among residents who:

- Are 35-54 years of age (59% vs. 28% of 55+ years, 41% of 18-34 years)
- Live in households with children under the age of 18 at home (53% vs. 38% of those without children at home)

Renters are more likely than homeowners to mention “housing/accommodations” (51% vs. 24%).

1.2.5 Important local issues

Housing and infrastructure continue to dominate the issue agenda.

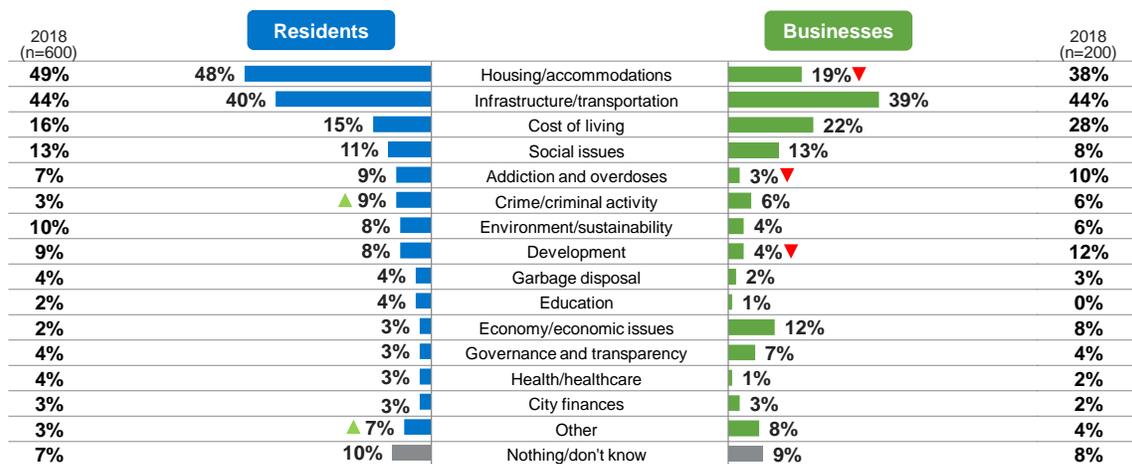
When asked to identify the most important local issues facing the City at the present time, the two most frequently mentioned open-ended responses among residents are “housing/accommodations” (48%) and “infrastructure/transportation” (40%), similar to last year. All other issues are a distant second in priority. Mentions of “crime/criminal activity” are up 6 percentage points this year (9% in 2019 vs. 3% in 2018).

The leading top-of-mind issue among businesses this year is “infrastructure/transportation” (39%), statistically consistent with 2018. This is followed by “cost of living” (22%) and “housing/accommodations” (19%). Housing mentions are down 19 percentage points this year (19% in 2019 vs. 38% in 2018). Businesses this year are also less likely to mention “development” (down 8 points, moving from 12% in 2018 to 4% in 2019) and “addiction and overdoses” (down 7 points, moving from 10% in 2018 to 3% in 2019).

IMPORTANT LOCAL ISSUES

Important Local Issues

(coded open-ends, multiple responses allowed)



Q1. From your perspective as a [RESIDENT: resident of] [BUSINESS: business owner, manager, or operator in] the City of Vancouver, what are the most important local issues facing the City at the present time? Anything else?
Base: All residents (n=602); All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Mentions of “housing/accommodations” are higher among residents who are 35-54 years of age (53% vs. 39% of 18-34 years, 50% of 55+ years).

Mentions of “infrastructure/transportation” are higher among residents who are 35-54 years of age (48% vs. 31% of 18-34 years, 40% of 55+ years), those living in the Southeast (45% vs. 28% in Downtown/West End, 37% in the Northeast, 42% in the Northwest, 42% in the Southwest), and homeowners (45% vs. 33% of renters).

1.2.6 City services

1.2.6.1 Overall satisfaction with City services

Similar to last year, overall satisfaction with City services is high.

Overall, 86% of residents and 80% of businesses say they are satisfied (combined ‘very/somewhat satisfied’ ratings) with the overall level and quality of services provided by the City of Vancouver. Most of those who are satisfied describe their satisfaction as

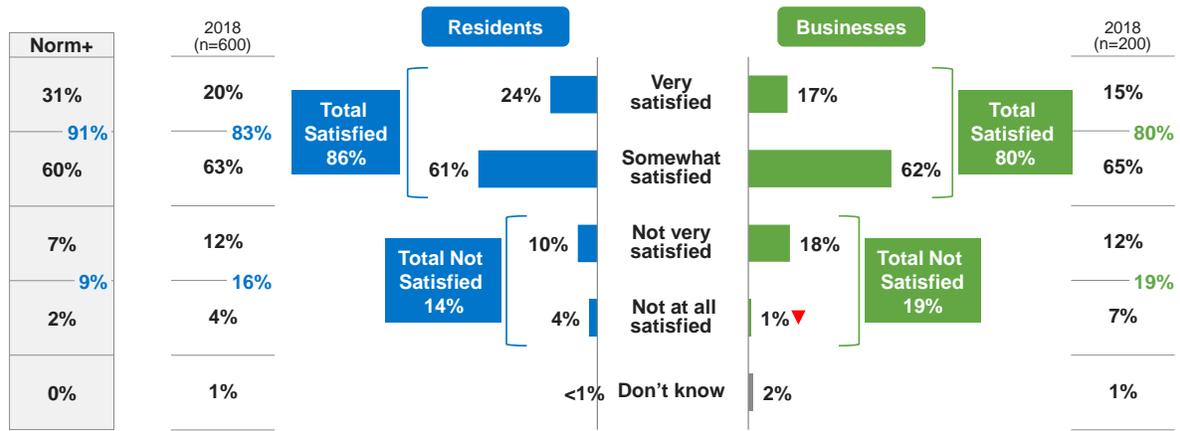
'somewhat' rather than 'very'. Among residents, this includes 24% saying 'very satisfied' and 61% saying 'somewhat satisfied'. Among businesses, 17% say 'very satisfied' and 62% say 'somewhat satisfied'.

This year's results are not statistically different from 2018, when 83% of residents and 80% of businesses said they were satisfied with the City's overall services.

In comparison, the normative resident score is 91% total satisfied, including 31% 'very satisfied' and 60% 'somewhat satisfied'.

CITY SERVICES

Overall Satisfaction with City Services



+The norm is the average rating from Canadian municipalities surveyed by Ipsos in the past five years.

Q6. How satisfied are you with the overall level and quality of services provided by the City of Vancouver?
Base: All residents (n=602); All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Overall satisfaction (combined 'very/somewhat satisfied' ratings) with services is higher among residents who are:

- 18-34 years of age (93% vs. 81% of 55+ years, 83% of 35-54 years)
- Renters (91% vs. 81% of homeowners)

1.2.6.2 Change in City services

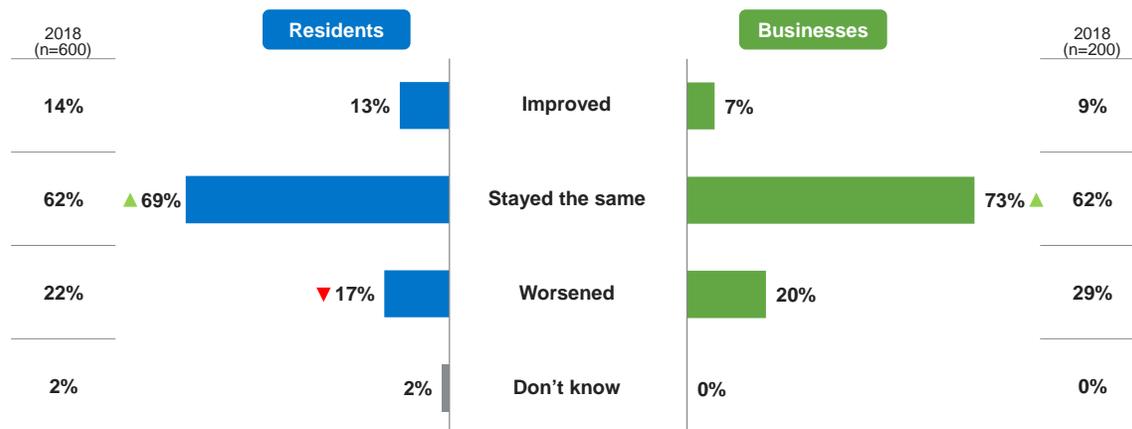
The majority of residents and businesses continue to think services have ‘stayed the same’ or ‘improved’ in the past three years. Among those noticing a change, more say services have ‘worsened’ than ‘improved’ although the gap has shrunk this year.

When asked how the overall level and quality of City services has changed in the past three years, 69% of residents say ‘stayed the same’, 13% say ‘improved’, and 17% say ‘worsened’. Among businesses, 73% say ‘stayed the same’, 7% say ‘improved’, and 20% say ‘worsened’.

Compared to 2018, there has been an increase in the percentage of respondents saying City services have ‘stayed the same’ (residents up 7 points, businesses up 11 points) and a decrease in the percentage saying City services have ‘worsened’ (residents down 5 points, businesses down 9 points).

CITY SERVICES

Change in City Services



Q7. And, do you feel that the overall level and quality of services provided by the City of Vancouver in the past three years has improved, stayed the same, or worsened? ▲ / ▼ Significantly higher/lower than previous year.
Base: All residents (n=602); All businesses (n=201)

Residents who are more likely to say City services have ‘improved’ include:

- Those who are 18-34 years of age (18% vs. 9% of 55+ years, 10% of 35-54 years)
- Those living in the Northeast (19% vs. 9% in Downtown/West End, 9% in the Southwest, 13% in the Northwest, 13% in the Southeast)
- Renters (17% vs. 9% of homeowners)
- Those with household incomes of <\$60K (17% vs. 10% of \$60K+)

Perceptions of ‘worsened’ City services are higher among residents who are:

- 55+ years of age (27% vs. 5% of 18-34 years, 18% of 35-54 years)
- Homeowners (21% vs. 12% of renters)

1.2.6.3 Reasons City services have improved

Residents and businesses offer different explanations for saying City services have improved.

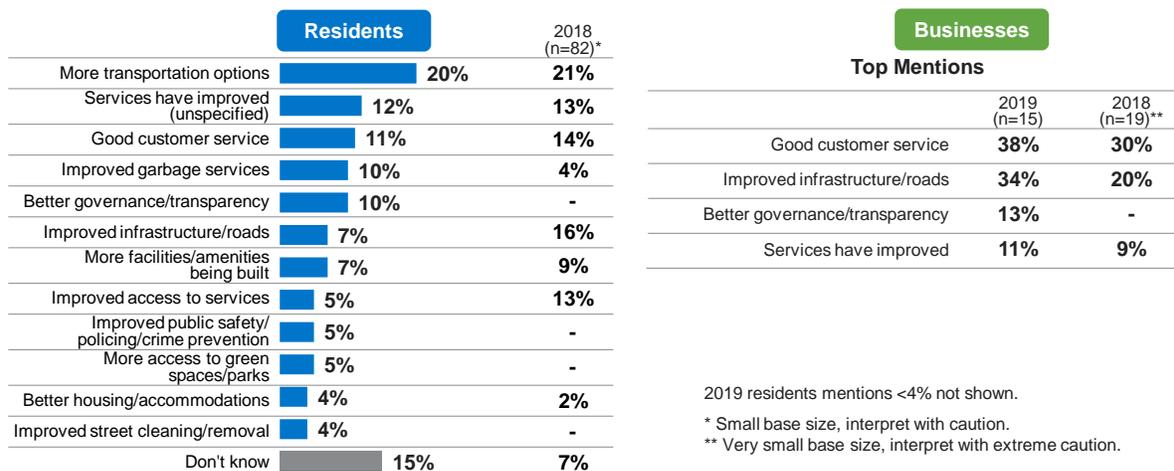
Among residents saying City services have improved, the most frequently mentioned open-ended reason is “more transportation options” (20%). Other explanations include “services have improved (unspecified)” (12%), “good customer service” (11%), “improved garbage services” (10%), and “better governance/transparency” (10%). Mentions of improved governance are new this year.

Conversely, among the few businesses saying City services have improved, the leading open-ended reasons are “good customer service” (38%) and “improved infrastructure/roads” (34%). However, with only 15 businesses answering this question, these results should be interpreted with caution.

CITY SERVICES

Reasons City Services have Improved

(among those saying City services have improved) (coded open-ends, multiple responses allowed)



2019 residents mentions <4% not shown.

* Small base size, interpret with caution.

** Very small base size, interpret with extreme caution.

▲ / ▼ Significantly higher/lower than previous year.

Q8. Why do you think the overall level and quality of services provided by the City of Vancouver has improved?
Base: Those saying City services have improved; Residents (n=69)*; Businesses (n=15)**

1.2.6.4 Reasons City services have worsened

Residents and businesses offer a variety of explanations for saying City services have worsened.

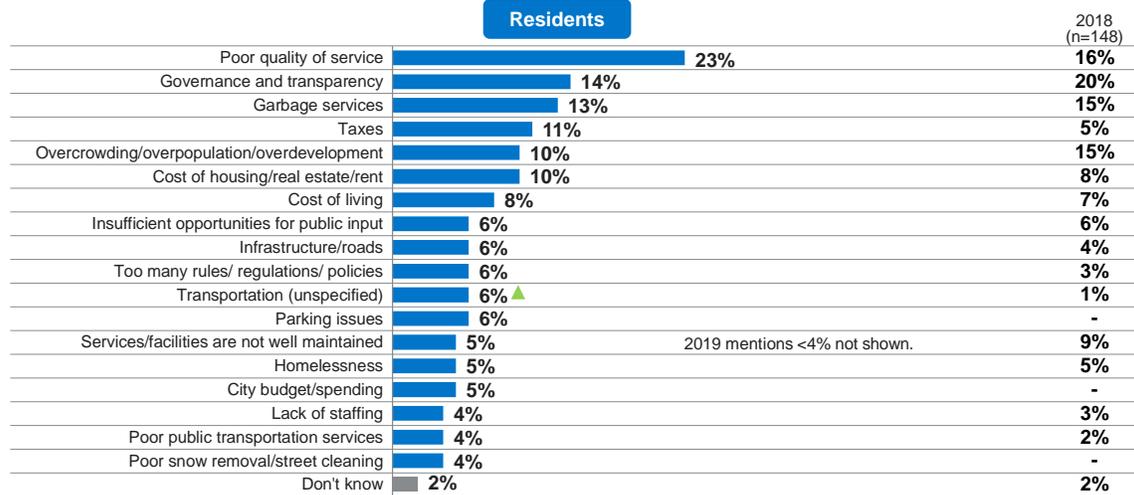
Among residents saying City services have worsened, the leading open-ended reason is “poor quality of service” (23%), followed by “governance and transparency” (14%), “garbage services” (13%), “taxes” (11%), “overcrowding/overpopulation/overdevelopment” (10%), and “cost of housing/real estate/rent” (10%). This year’s results are statistically consistent with 2018.

Businesses saying City services have worsened offer an even greater variety of responses, with no single reason mentioned by more than 16% of respondents. Overall, the two leading open-ended responses are “governance and transparency” (16%) and “City budget/spending” (16%). Budget mentions are new this year.

CITY SERVICES

Reasons City Services have Worsened (Residents)

(among those saying City services have worsened) (coded open-ends, multiple responses allowed)



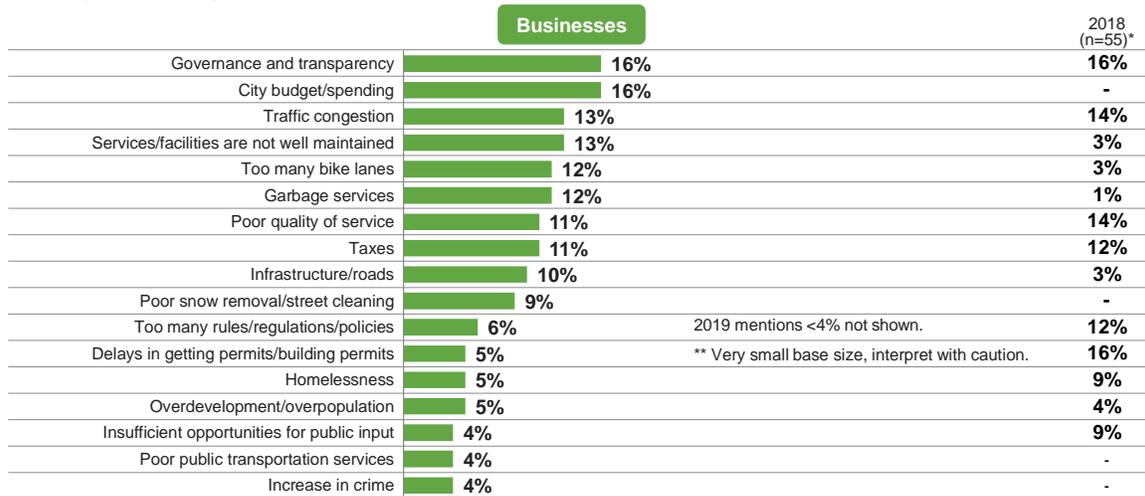
Q9. Why do you think the overall level and quality of services provided by the City of Vancouver has worsened?
Base: Residents saying City services have worsened (n=116)

▲ / ▼ Significantly higher/lower than previous year.

CITY SERVICES

Reasons City Services have Worsened (Businesses)

(among those saying City services have worsened) (coded open-ends, multiple responses allowed)



Q9. Why do you think the overall level and quality of services provided by the City of Vancouver has worsened?
Base: Businesses saying City services have worsened (n=39)**

▲ / ▼ Significantly higher/lower than previous year.

1.2.6.5 Satisfaction with specific services

Residents and businesses were asked to rate their satisfaction with a variety of specific City services.

A total of 26 services were asked to residents; due to the number of services requiring feedback, each resident was randomly asked about 20 different services, resulting in an average base size of 456 respondents per service (actual base sizes range from 478 to 414).

The number of services asked to businesses was smaller (19), allowing all businesses to provide feedback on all the tested services. Last year businesses were asked about 20 different services but 'providing garbage and green bin collection' was removed in 2019 because the City is not responsible for providing this service to businesses.

The wording of these services has been abbreviated for reporting purposes. Please see the Appendix for the complete service wording presented to respondents.

Residents

Similar to last year, resident satisfaction extends to the delivery of specific services with a few notable exceptions. Enabling affordable housing continues to be the least satisfactory of all the tested services.

Residents are highly satisfied with many of the tested services, with 14 of the 26 services receiving a satisfaction score of 80% or higher (combined 'very/somewhat satisfied' ratings). Moreover, five services receive a satisfaction score of 90% or higher - these include **library services (92%), parks/green spaces (91%), recreation (91%), fire rescue & medical response (90%), and services to enhance parks (90%)**.

In comparison to the 14 highest rated services, slightly lower satisfaction scores are seen for **emergency preparedness (79%), availability of online services (78%), bylaw enforcement (78%), transportation infrastructure (76%), street infrastructure (72%), multi-channel service access (70%), and economic development (66%)**. However, even these are rated satisfactory by at least two-thirds of residents.

Of the remaining five services, opinion is mixed on **parking (59% satisfied), development & building permits (55%), social policies & projects (52%), and homelessness services (51%)**. The single least satisfactory service is **enabling affordable housing**, with only 30% of residents saying they are satisfied with the City's performance in this area. Nearly seven-in-ten (68%) say they are dissatisfied, including 28% saying 'not at all satisfied'.

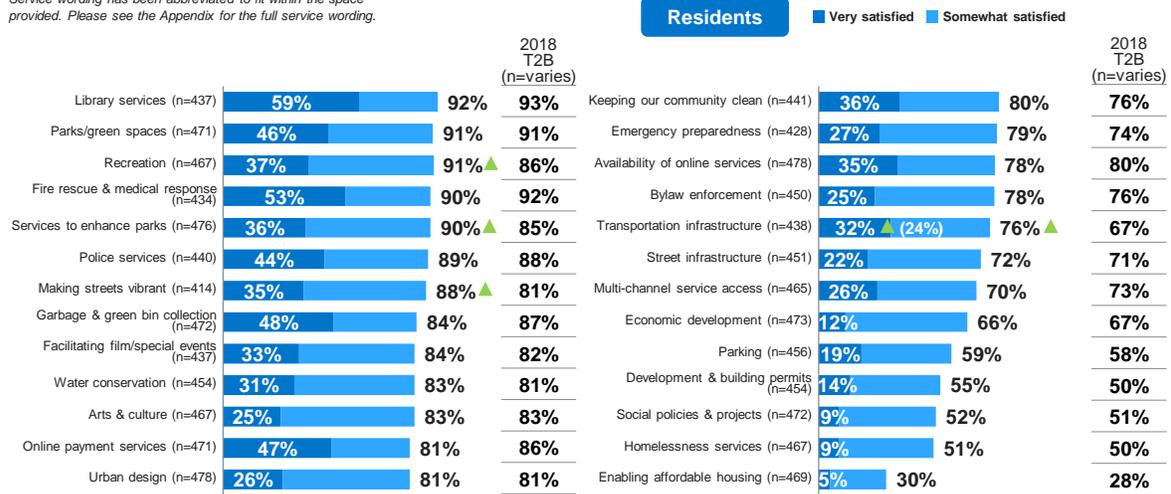
While this year's results are largely similar to 2018, statistically significant increases in satisfaction are seen for the following four services (two in Parks and two in ENG-PW).

- Recreation (up 5 points, moving from 86% in 2018 to 91% in 2019)
- Services to enhance parks (up 5 points, moving from 85% in 2018 to 90% in 2019)
- Making streets vibrant (up 7 points, moving from 81% in 2018 to 88% in 2019)
- Transportation infrastructure (up 9 points, moving from 67% in 2018 to 76% in 2019)

CITY SERVICES

Satisfaction with Specific Services (Residents)

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services? ▲ / ▼ Significantly higher/lower than previous year.

Base: Residents asked about a particular service (n varies, with each resident being randomly asked about 20 services)

Satisfaction (combined 'very/somewhat satisfied' ratings) with enabling affordable housing is lowest among those who are 18-34 years of age (23% vs. 37% of 55+ years, 29% of 35-54 years), living Downtown/West End (22% vs. 38% in the Southwest, 32% in the Northeast, 29% in the Southeast, 25% in the Northwest), and renters (21% vs. 37% of homeowners).

A summary of other significant demographic differences can be found in the following four tables. The first two tables show how satisfaction varies by gender, age, and neighbourhood. The third and fourth tables show how satisfaction varies by household composition (with/without children under the age of 18 living at home), own/rent, and income.

CITY SERVICES

Satisfaction with Specific Services (Residents)

(by Gender, Age, and Neighbourhood) (table 1 of 2)

Total Satisfied	RESIDENTS										
	Total	Gender		Age			Neighbourhood				
		[B]	[C]	18-34 [D]	35-54 [E]	55+ [F]	DT [G]	NW [H]	NE [I]	SW [J]	SE [K]
Library services	92%	92%	94%	93%	95%	90%	92%	94%	93%	89%	94%
Parks/green spaces	91%	90%	93%	95%	89%	90%	93%	95% ^K	94%	91%	87%
Recreation	91%	91%	92%	93%	90%	89%	94%	91%	90%	90%	90%
Fire rescue & medical response	90%	91%	89%	90%	91%	88%	89%	88%	99% ^{GHJK}	85%	90%
Services to enhance parks	90%	89%	92%	94% ^F	91%	87%	96% ^H	85%	94%	90%	88%
Police services	89%	87%	91%	86%	89%	93%	90%	86%	89%	87%	90%
Making streets vibrant	88%	85%	90%	90%	90%	83%	86%	92%	89%	87%	86%
Garbage & green bin collection	84%	86%	83%	89%	81%	82%	82%	82%	88%	85%	83%
Facilitating film/special events	84%	78%	89% ^B	85%	87% ^F	78%	82%	82%	83%	84%	86%
Water conservation	83%	85%	83%	81%	84%	84%	87%	83%	80%	82%	84%
Arts & culture	83%	82%	85%	82%	83%	85%	84%	79%	84%	86%	83%
Online payment services	81%	82%	82%	79%	88% ^F	78%	80%	83%	80%	82%	81%
Urban design	81%	80%	83%	82%	82%	79%	79%	86%	83%	80%	80%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: Residents asked about a particular service (n=varies)

BCDEFGHIJK Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Satisfaction with Specific Services (Residents)

(by Gender, Age, and Neighbourhood) (table 2 of 2)

Total Satisfied	RESIDENTS										
	Total	Gender		Age			Neighbourhood				
		Male [B]	Female [C]	18-34 [D]	35-54 [E]	55+ [F]	DT [G]	NW [H]	NE [I]	SW [J]	SE [K]
Keeping our community clean	80%	80%	80%	87% ^{EF}	77%	76%	79%	86%	74%	87%	76%
Emergency preparedness	79%	77%	81%	78%	78%	79%	82%	73%	78%	89% ^{HK}	74%
Availability of online services	78%	77%	80%	83% ^F	81% ^F	72%	83%	72%	85% ^{HK}	82%	73%
Bylaw enforcement	78%	80%	78%	82%	76%	75%	80%	77%	83%	73%	79%
Transportation infrastructure	76%	73%	79%	82% ^E	71%	76%	76%	78%	79%	79%	71%
Street infrastructure	72%	71%	73%	81% ^{EF}	66%	68%	76%	70%	79%	74%	66%
Multi-channel service access	70%	67%	73%	69%	76%	67%	73%	59%	70%	72%	74% ^H
Economic development	66%	68%	66%	68%	65%	65%	67%	65%	74%	62%	65%
Parking	59%	57%	62%	64%	59%	53%	61%	56%	67%	59%	56%
Development & building permits	55%	54%	56%	78% ^{EF}	51% ^F	34%	52%	49%	58%	49%	61%
Social policies & projects	52%	55%	50%	60% ^E	44%	53%	55%	52%	53%	56%	48%
Homelessness services	51%	50%	53%	57%	49%	48%	40%	55%	59% ^G	60% ^G	47%
Enabling affordable housing	30%	26%	34%	23%	29%	37% ^D	22%	25%	32%	38% ^G	29%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: Residents asked about a particular service (n=varies)

BCDEFGHIJK Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Satisfaction with Specific Services (Residents)

(by Household Composition, Own/Rent, and Household Income) (table 1 of 2)

Total Satisfied	RESIDENTS							
	Total	HH Composition		Own/Rent		HH Income		
		Children [B]	No Children [C]	Own [D]	Rent [E]	<\$60K [F]	\$60K-\$100K [G]	\$100K+ [H]
Library services	92%	98% ^C	90%	91%	93%	91%	99% ^{FH}	90%
Parks/green spaces	91%	87%	92%	92%	90%	91%	91%	93%
Recreation	91%	91%	91%	91%	91%	91%	90%	91%
Fire rescue & medical response	90%	87%	91%	87%	95% ^D	90%	95% ^H	86%
Services to enhance parks	90%	93%	90%	88%	94% ^D	88%	91%	94%
Police services	89%	91%	88%	87%	91%	86%	91%	92%
Making streets vibrant	88%	87%	88%	86%	91%	89%	89%	86%
Garbage & green bin collection	84%	80%	85%	79%	89% ^D	84%	86%	87%
Facilitating film/special events	84%	87%	82%	84%	84%	86%	86%	82%
Water conservation	83%	87%	82%	85%	82%	84%	86%	87%
Arts & culture	83%	78%	85%	81%	88% ^D	83%	89%	81%
Online payment services	81%	85%	80%	84%	78%	77%	80%	88% ^F
Urban design	81%	82%	81%	81%	82%	84%	83%	81%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: Residents asked about a particular service (n=varies)

BCDEFGH Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Satisfaction with Specific Services (Residents)

(by Household Composition, Own/Rent, and Household Income) (table 2 of 2)

Total Satisfied	Total	RESIDENTS						
		HH Composition		Own/Rent		HH Income		
		Children	No Children	Own	Rent	<\$60K	\$60K-~\$100K	\$100K+
	[B]	[C]	[D]	[E]	[F]	[G]	[H]	
Keeping our community clean	80%	78%	81%	73%	88% ^D	85%	80%	76%
Emergency preparedness	79%	80%	78%	77%	80%	75%	85%	78%
Availability of online services	78%	77%	79%	78%	80%	76%	81%	80%
Bylaw enforcement	78%	75%	79%	77%	78%	77%	81%	80%
Transportation infrastructure	76%	72%	78%	67%	86% ^D	80%	74%	75%
Street infrastructure	72%	64%	74%	67%	76% ^D	72%	75%	71%
Multi-channel service access	70%	71%	70%	73%	65%	68%	69%	73%
Economic development	66%	65%	66%	62%	70%	66%	67%	66%
Parking	59%	62%	58%	59%	60%	54%	61%	69% ^F
Development & building permits	55%	50%	56%	49%	60% ^D	57%	64% ^H	46%
Social policies & projects	52%	46%	54%	50%	53%	55%	58% ^H	44%
Homelessness services	51%	48%	52%	49%	51%	48%	60% ^F	50%
Enabling affordable housing	30%	27%	30%	37% ^E	21%	29%	28%	31%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: Residents asked about a particular service (n=varies)

BCDEFGH Significantly higher than subgroup indicated by letter (at 95% confidence level).

Businesses

Businesses' service satisfaction remains high. Opinion is mixed on development & building permits.

Of the 19 services evaluated by businesses, 10 receive a satisfaction score of 80% or higher (combined 'very/somewhat satisfied' ratings), with the highest ratings going to fire rescue & medical response (95%), police services (94%), online payment services (91%), and library services (91%).

In comparison to the 10 highest rated services, slightly lower satisfaction scores are seen for keeping our community clean (79%), emergency preparedness (78%), multi-channel service access (76%), transportation infrastructure (74%), street infrastructure (70%), economic development (68%), long-range planning (65%), and parking (62%). However, even these are rated satisfactory by more than six-in-ten businesses.

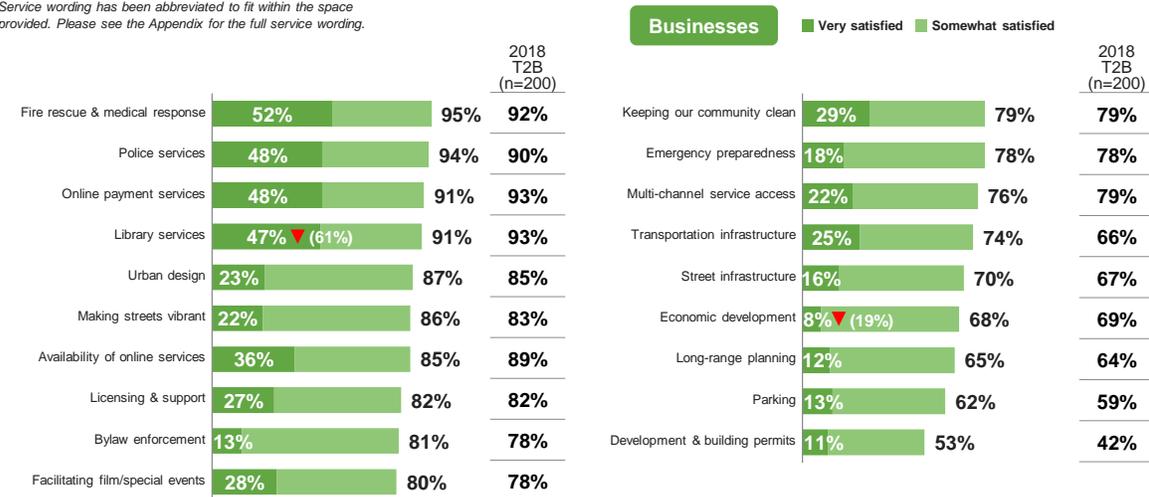
Opinion is mixed on the one remaining service, development & building permits. While just over one-half (53%) of businesses say they are satisfied with this service, four-in-ten (40%) are dissatisfied, including 20% saying 'not at all satisfied'.

Overall satisfaction (combined 'very/somewhat satisfied' ratings) is statistically consistent with last year for all tested services. While not statistically significant, directional increases in satisfaction are seen for transportation infrastructure (up 8 points, moving from 66% in 2018 to 74% in 2019) and development & building permits (up 11 points, moving from 42% in 2018 to 53% in 2019).

CITY SERVICES

Satisfaction with Specific Services (Businesses)

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Comparing resident and business satisfaction

While resident and business satisfaction are similar for most services, there are five areas where businesses are notably more satisfied.

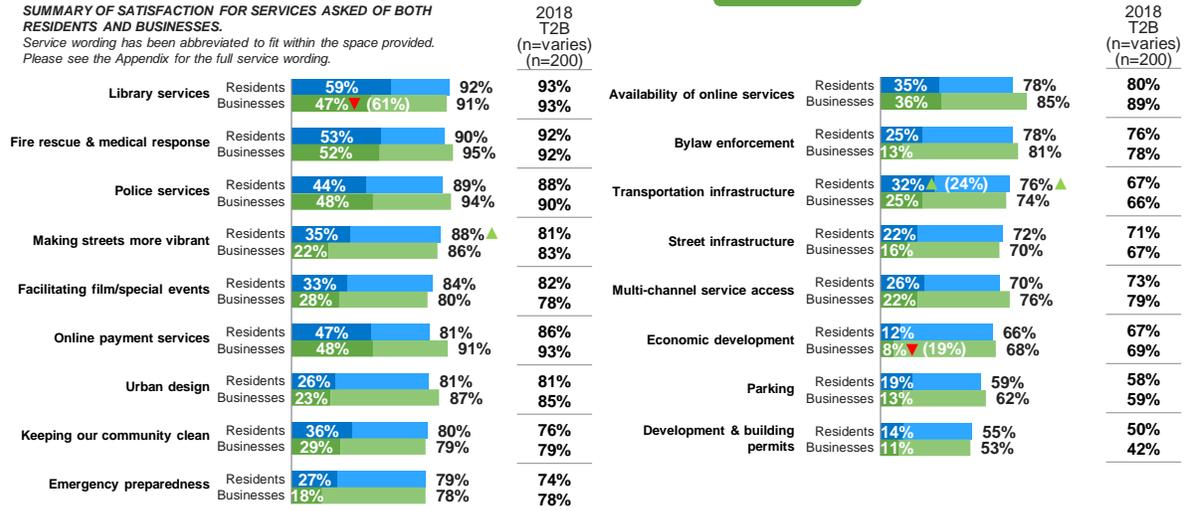
Looking specifically at the services asked to both residents and businesses shows largely similar satisfaction scores (combined 'very/somewhat satisfied') for most services. However, there are five services where businesses report statistically higher satisfaction scores. These include:

- Fire rescue & medical response (95% businesses vs. 90% residents)
- Police services (94% businesses vs. 89% residents)
- Online payment services (91% businesses vs. 81% residents)
- Urban design (87% businesses vs. 81% residents)
- Availability of online services (85% businesses vs. 78% residents)

CITY SERVICES

Satisfaction with Specific Services

SUMMARY OF SATISFACTION FOR SERVICES ASKED OF BOTH RESIDENTS AND BUSINESSES.
Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



Q10. Would you say you are very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the job the City is doing in providing each of the following services?
Base: Residents asked about a particular service (n=varies); All businesses (n=201) ▲ / ▼ Significantly higher/lower than previous year.

1.2.6.6 Investment in specific services

Residents and businesses were also asked their opinions on how much the City should invest (more, same, less) in each specific service to better understand spending priorities.

Broadly speaking, respondents continue to think the City should invest more or the same in all the evaluated services; there are no services where a majority of respondents think the City should reduce investment. However, there are clearly some services that are a greater spending priority.

While many of respondents' top investment priorities align with the services with which they are less satisfied, this is not always the case. In other words, satisfaction is not always a predictor of how much respondents would like the City to invest in a specific service, suggesting that other factors (such as the priority attached to a service) likely also play a role.

Residents

Once again, residents' top three investment priorities are enabling affordable housing, homelessness services, and social policies & projects.

Overall, 73% of residents say the City should 'invest more' in enabling affordable housing, 69% say the City should 'invest more' in homelessness services, and 69% say the City should 'invest more' in social policies & projects.

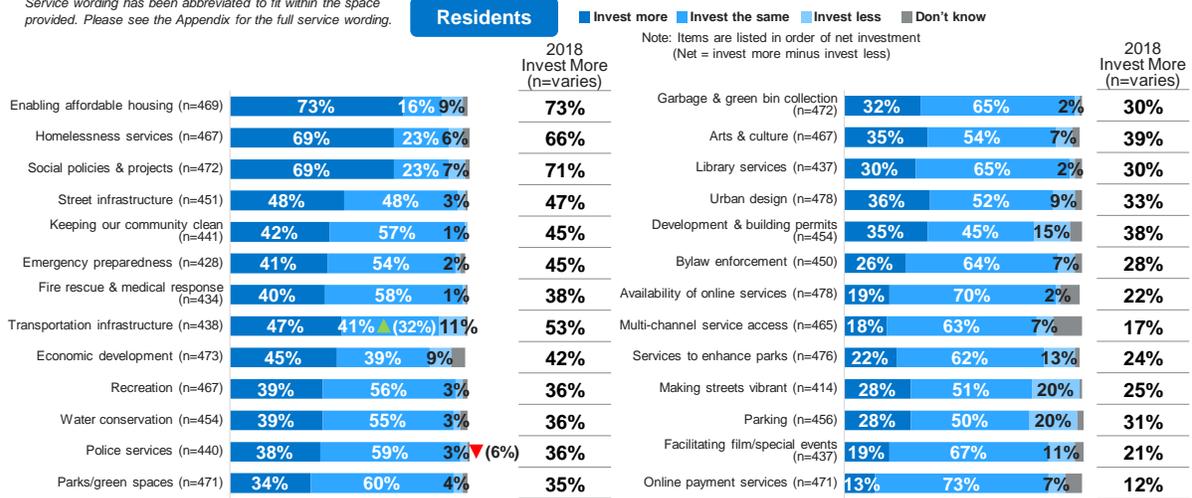
This year's results are largely similar to 2018, with no statistically significant changes in the percentage saying the City should 'invest more' in a specific service.

In the chart below, services have been listed in order of net investment (net = invest more minus invest less).

CITY SERVICES

Investment in Specific Services (Residents)

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



Q11. And, should the City invest more, the same amount, or less on this service?
Base: Residents asked about a particular service (n=varies with each resident being randomly asked about 20 services)

▲ / ▼ Significantly higher/lower than previous year.

Renters are more likely than homeowners to say the City should 'invest more' in enabling affordable housing, homelessness services, and social policies & projects. A summary of these and other significant demographic differences can be found in the following four tables.

CITY SERVICES

Investment in Specific Services (Residents)

(by Gender, Age, and Neighbourhood) (table 1 of 2)

Invest More	Total (n=varies)	RESIDENTS									
		Gender		Age			Neighbourhood				
		Male [B]	Female [C]	18-34 [D]	35-54 [E]	55+ [F]	DT [G]	NW [H]	NE [I]	SW [J]	SE [K]
Enabling affordable housing	73%	72%	73%	82% ^{EF}	69%	69%	87% ^{JK}	74%	78% ^J	63%	68%
Homelessness services	69%	63%	73% ^B	72%	71%	63%	76% ^J	70%	74% ^J	55%	70% ^J
Social policies & projects	69%	63%	74% ^B	68%	71%	66%	75%	69%	68%	61%	71%
Street infrastructure	48%	49%	48%	46%	46%	52%	44%	50%	38%	52%	52%
Transportation infrastructure	47%	43%	50%	54% ^F	47%	40%	45%	36%	52%	49%	49%
Economic development	45%	47%	43%	50%	44%	39%	42%	42%	39%	41%	54% ^I
Keeping our community clean	42%	42%	42%	42%	41%	44%	42%	38%	43%	32%	51% ^J
Emergency preparedness	41%	36%	45%	36%	46%	42%	39%	43%	46%	36%	43%
Fire rescue & medical response	40%	36%	42%	38%	41%	38%	36%	36%	27%	35%	54% ^{GHJ}
Recreation	39%	37%	39%	35%	43%	38%	43%	37%	34%	36%	41%
Water conservation	39%	30%	46% ^B	52% ^{EF}	33%	31%	42%	36%	42%	36%	38%
Police services	38%	35%	42%	30%	35%	49% ^{DE}	47% ^I	35%	30%	38%	38%
Urban design	36%	39%	34%	36%	34%	37%	46%	31%	37%	32%	35%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q11. And, should the City invest more, less, or the same amount on this service?
Base: Residents asked about a particular service (n=varies)

BCDEFGHIJK Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Investment in Specific Services (Residents)

(by Gender, Age, and Neighbourhood) (table 2 of 2)

Invest More	RESIDENTS										
	Total (n=varies)	Gender		Age			Neighbourhood				
		Male [B]	Female [C]	18-34 [D]	35-54 [E]	55+ [F]	DT [G]	NW [H]	NE [I]	SW [J]	SE [K]
Arts & culture	35%	31%	40%	33%	43% ^F	29%	35%	35%	40%	29%	38%
Development & building permits	35%	37%	34%	22%	35% ^D	49% ^{DE}	32%	42%	32%	36%	34%
Parks/green spaces	34%	33%	35%	36%	35%	33%	36%	25%	36%	31%	40% ^H
Garbage & green bin collection	32%	35%	28%	34%	37% ^F	24%	44% ^{HJ}	22%	33%	20%	37% ^{HJ}
Library services	30%	31%	28%	26%	35%	28%	28%	25%	29%	28%	35%
Making streets vibrant	28%	26%	30%	25%	32%	27%	29%	27%	33%	27%	27%
Parking	28%	29%	27%	33%	23%	28%	24%	23%	27%	29%	31%
Bylaw enforcement	26%	23%	29%	18%	33% ^D	28% ^D	23%	27%	20%	27%	29%
Services to enhance parks	22%	22%	21%	22%	20%	23%	19%	26%	18%	22%	25%
Availability of online services	19%	18%	19%	21%	18%	20%	21% ^I	19%	9%	21% ^I	23% ^I
Facilitating film/special events	19%	22%	16%	21%	17%	17%	18%	17%	24%	17%	18%
Multi-channel service access	18%	20%	17%	21%	17%	16%	18%	18%	25%	15%	17%
Online payment services	13%	14%	12%	14%	13%	12%	12%	10%	16%	11%	14%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q11. And, should the City invest more, less, or the same amount on this service?
Base: Residents asked about a particular service (n=varies)

BCDEFGHJK Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Investment in Specific Services (Residents)

(by Household Composition, Own/Rent, and Household Income) (table 1 of 2)

Invest More	RESIDENTS							
	Total (n=varies)	HH Composition		Own/Rent		HH Income		
		Children [B]	No Children [C]	Own [D]	Rent [E]	<\$60K [F]	\$60K-\$100K [G]	\$100K+ [H]
Enabling affordable housing	73%	60%	77% ^B	62%	87% ^D	80% ^H	74%	69%
Homelessness services	69%	63%	70%	64%	74% ^D	72%	68%	68%
Social policies & projects	69%	69%	68%	62%	76% ^D	72%	66%	74%
Street infrastructure	48%	47%	48%	50%	46%	51%	47%	47%
Transportation infrastructure	47%	46%	47%	43%	52%	54%	43%	47%
Economic development	45%	53%	43%	43%	46%	47%	48%	39%
Keeping our community clean	42%	44%	41%	43%	40%	42%	40%	43%
Emergency preparedness	41%	38%	42%	44%	40%	42%	42%	41%
Fire rescue & medical response	40%	34%	41%	38%	42%	45%	43%	33%
Recreation	39%	44%	37%	38%	41%	41%	40%	38%
Water conservation	39%	28%	42% ^B	32%	47% ^D	42%	46% ^H	32%
Police services	38%	37%	38%	38%	38%	46% ^H	34%	29%
Urban design	36%	33%	37%	34%	40%	38%	40%	35%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q11. And, should the City invest more, less, or the same amount on this service?
Base: Residents asked about a particular service (n varies)

BCDEFGH Significantly higher than subgroup indicated by letter (at 95% confidence level).

CITY SERVICES

Investment in Specific Services (Residents)

(by Household Composition, Own/Rent, and Household Income) (table 2 of 2)

Invest More	Total (n=varies)	RESIDENTS						
		HH Composition		Own/Rent		HH Income		
		Children [B]	No Children [C]	Own [D]	Rent [E]	<\$60K [F]	\$60K- \$100K [G]	\$100K+ [H]
Arts & culture	35%	38%	34%	34%	38%	40%	33%	36%
Development & building permits	35%	40%	34%	39%	30%	35%	32%	36%
Parks/green spaces	34%	36%	34%	28%	41% ^D	36%	36%	35%
Garbage & green bin collection	32%	38%	30%	28%	34%	38% ^H	30%	25%
Library services	30%	27%	30%	25%	33%	30%	36%	24%
Making streets vibrant	28%	30%	28%	29%	28%	31%	20%	32%
Parking	28%	29%	27%	21%	34% ^D	34% ^H	31% ^H	17%
Bylaw enforcement	26%	25%	26%	29%	24%	28%	25%	23%
Services to enhance parks	22%	20%	23%	22%	23%	26% ^G	16%	23%
Availability of online services	19%	15%	21%	19%	18%	24% ^H	19%	14%
Facilitating film/special events	19%	19%	19%	13%	24% ^D	25% ^G	13%	15%
Multi-channel service access	18%	17%	19%	17%	19%	20%	20%	16%
Online payment services	13%	10%	14%	8%	18% ^D	17% ^H	14%	7%

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.

Q11. And, should the City invest more, less, or the same amount on this service?
Base: Residents asked about a particular service (n varies)

BCDEFGH Significantly higher than subgroup indicated by letter (at 95% confidence level).

Businesses

Businesses have more diverse investment priorities, led by street infrastructure and economic development.

Overall, 49% of businesses say the City should 'invest more' in street infrastructure and 46% say the City should 'invest more' in economic development. Other investment priorities include emergency preparedness (44%), long-range planning (43%), transportation infrastructure (43%), development & building permits (41%), and fire rescue & medical response (40%).

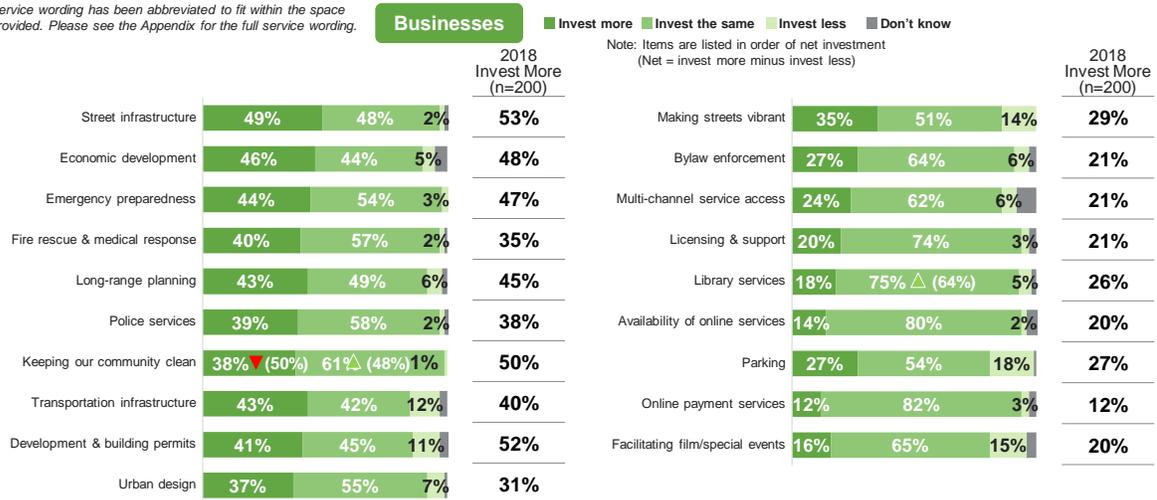
This year's results are largely similar to 2018. The only service where there has been a statistically significant change in the percentage saying 'invest more' is keeping our community clean (down 12 points, moving from 50% in 2018 to 38% in 2019).

Similar to residents, the services in the chart below have been listed in order of net investment (net = invest more minus invest less).

CITY SERVICES

Investment in Specific Services (Businesses)

Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



Q11. And, should the City invest more, the same amount, or less on this service?
Base: All businesses (n=201)

▲ / ▼ Significantly higher/lower than previous year.

Comparing resident and business investment priorities

Residents are more likely than businesses to say the City should 'invest more' in library services.

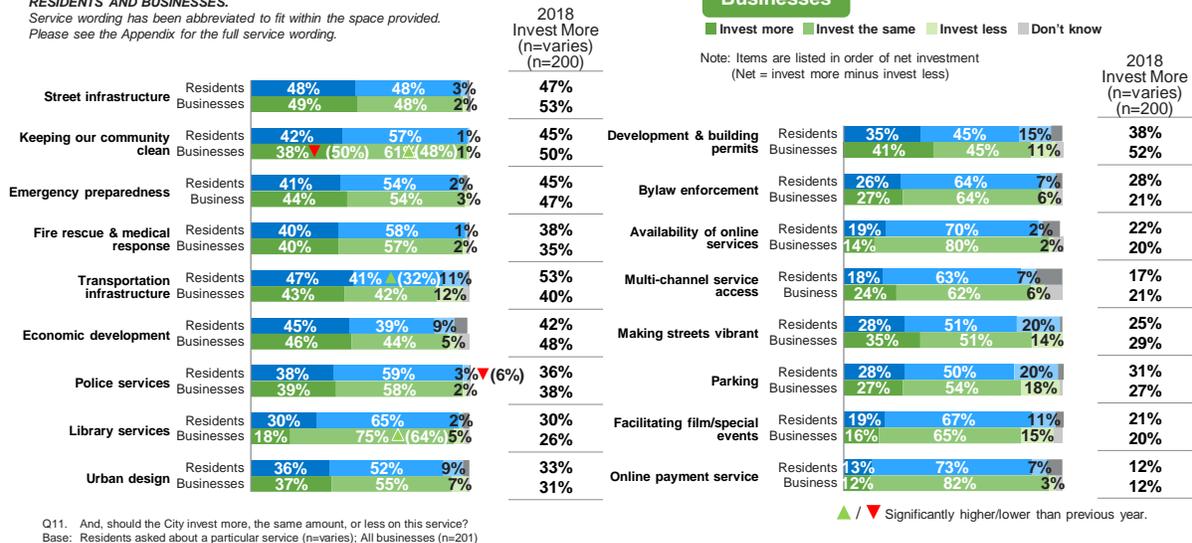
Overall, residents and businesses provide similar 'invest more' ratings for most tested services. The one exception is library services, which is more of an investment priority for residents than businesses (30% vs. 18%). However, this is not a top investment priority for either segment.

Again, the services in the chart below have been listed in order of net investment (net = invest more minus invest less).

CITY SERVICES

Investment in Specific Services

SUMMARY OF SATISFACTION FOR SERVICES ASKED OF BOTH RESIDENTS AND BUSINESSES.
Service wording has been abbreviated to fit within the space provided. Please see the Appendix for the full service wording.



1.2.7 Financial planning

1.2.7.1 Value for taxes

Similar to last year, the majority of residents and businesses say they receive good value for their municipal tax dollars.

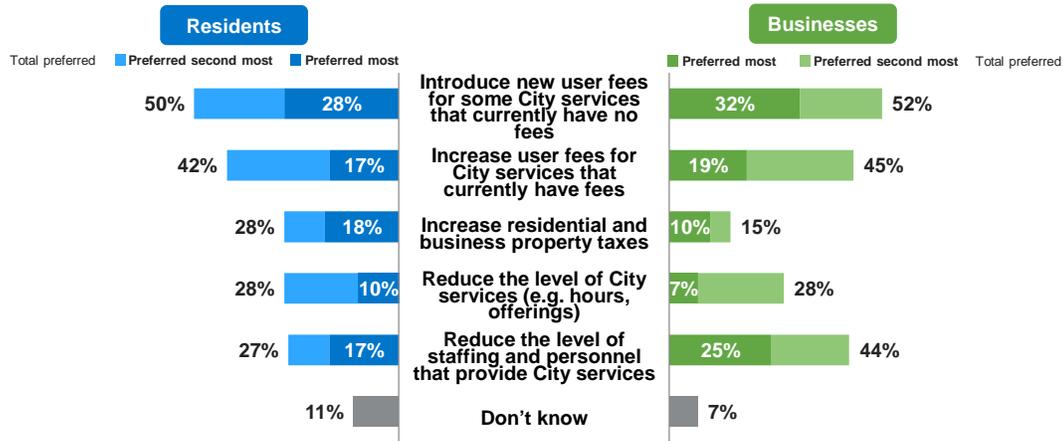
Overall, 81% of residents and 76% of businesses say they receive 'very' or 'fairly' good value for their municipal tax dollars. Among residents, this includes 21% saying 'very good value' and 60% saying 'fairly good value'. Among businesses, 13% say 'very good value' and 64% say 'fairly good value'.

This year's results are statistically consistent with 2018, when 79% of residents and 72% of businesses said they received good value (combined 'very/fairly' ratings) for their municipal tax dollars.

The normative resident score is 81% total good value, including 20% 'very good value' and 61% 'fairly good value'.

FINANCIAL PLANNING

Preferred Options to Balance Budget



Q13a. Now, to balance the 2019 budget as required by law, the City of Vancouver has a number of options to consider. Which of the following would you most prefer the City use to balance its budget?
Q13b. Which one would you second most prefer?
Base: All residents (n=602); All businesses (n=201)

Renters are twice as likely as homeowners to say the City should 'increase residential and business property taxes' (41% vs. 20%). Other significant demographic differences are summarized in the following two tables.

FINANCIAL PLANNING

Preferred Options to Balance Budget (Residents)

(by Gender, Age, and Neighbourhood)

Total Preferred	RESIDENTS										
	Total (n=602)	Gender		Age			Neighbourhood				
		Male (n=280) [B]	Female (n=307) [C]	18-34 (n=119) [D]	35-54 (n=226) [E]	55+ (n=256) [F]	DT (n=97) [G]	NW (n=104) [H]	NE (n=102) [I]	SW (n=107) [J]	SE (n=192) [K]
Introduce new user fees for some City services that currently have no fees	50%	47%	53%	55%	50%	44%	53%	40%	45%	48%	56% ^H
Increase user fees for City services that currently have fees	42%	42%	44%	41%	44%	40%	46%	45%	37%	42%	41%
Increase residential and business property taxes	28%	31%	26%	36% ^F	29% ^F	20%	26%	39% ^K	35% ^K	25%	23%
Reduce the level of City services (e.g. hours, offerings)	28%	30%	26%	31%	24%	28%	23%	35% ^J	26%	19%	32% ^J
Reduce the level of staffing and personnel that provide City services	27%	27%	26%	22%	26%	34% ^D	23%	24%	33%	29%	26%

Q13a. Now, to balance the 2019 budget as required by law, the City of Vancouver has a number of options to consider. Which of the following would you most prefer the City use to balance its budget?
Q13b. Which one would you second most prefer?
Base: All residents (n=602)

BCDEFGHIJK Significantly higher than subgroup indicated by letter (at 95% confidence level).

FINANCIAL PLANNING

Preferred Options to Balance Budget (Residents)

(by Household Composition, Own/Rent, and Household Income)

Total Preferred	Total (n=602)	RESIDENTS						
		HH Composition		Own/Rent		HH Income		
		Children (n=147) [B]	No Children (n=454) [C]	Own (n=351) [D]	Rent (n=226) [E]	<\$60K (n=217) [F]	\$60K-<\$100K (n=151) [G]	\$100K+ (n=170) [H]
Introduce new user fees for some City services that currently have no fees	50%	47%	51%	49%	50%	49%	47%	56%
Increase user fees for City services that currently have fees	42%	44%	42%	42%	42%	37%	46%	51% ^F
Increase residential and business property taxes	28%	24%	30%	20%	41% ^D	27%	35%	31%
Reduce the level of City services (e.g. hours, offerings)	28%	30%	27%	31%	23%	24%	32%	24%
Reduce the level of staffing and personnel that provide City services	27%	28%	26%	32% ^E	23%	29%	24%	22%

Q13a. Now, to balance the 2019 budget as required by law, the City of Vancouver has a number of options to consider. Which of the following would you most prefer the City use to balance its budget?
Q13b. Which one would you second most prefer?
Base: All residents (n=602)

^{BCDEFGH} Significantly higher than subgroup indicated by letter (at 95% confidence level).

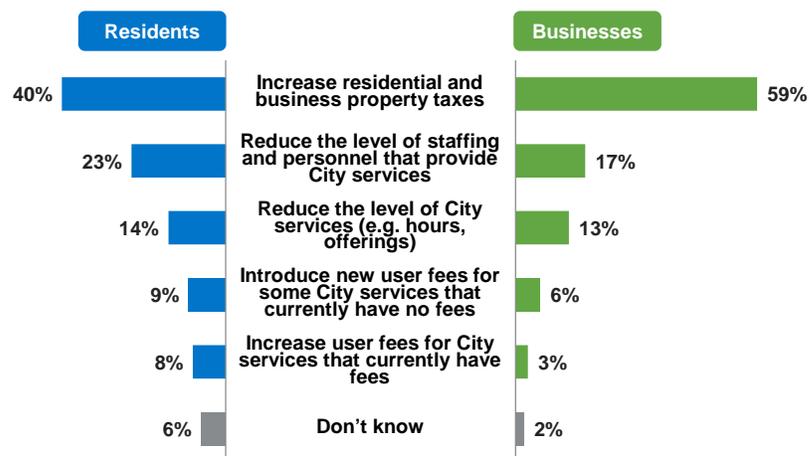
1.2.7.3 Least preferred option to balance budget

An increase in property taxes is the least preferred option for balancing the budget.

When asked which option they would least prefer the City use to balance the budget, 'increase residential and business property taxes' is selected the most often by both residents (40%) and businesses (59%). This is more than double what is mentioned for any other option.

FINANCIAL PLANNING

Least Preferred Option to Balance Budget



Q13c. And which one would you least prefer?
Base: All residents (n=602); All businesses (n=201)

Among residents, the greatest push back against an increase in property taxes comes from:

- Homeowners (49% select this as their least preferred option vs. 29% of renters)
- Those with household incomes of \$100K+ (49% select this as their least preferred option vs. 31% of \$60K-<\$100K, 36% of <\$60K)

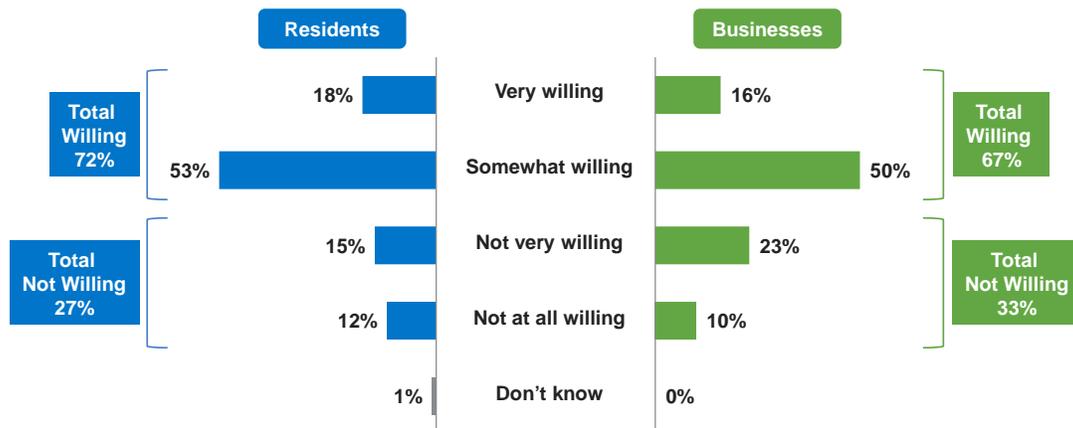
1.2.7.4 Willingness to pay more user fees for services

The majority of residents and businesses say they would be willing to pay more user fees for services.

Overall, 72% of residents and 67% of businesses say they would be willing to pay more in user fees for the services they use in order to maintain or improve them. Among residents, this includes 18% saying 'very willing' and 53% saying 'somewhat willing'. The distribution among businesses is similar (16% 'very willing', 50% 'somewhat willing').

FINANCIAL PLANNING

Willingness to Pay More User Fees For Services



Q13d. In the past, the public has indicated a preference for increasing user fees versus property tax as a mechanism to balance the budget. Now think about the City services that [RESIDENT: you use] [BUSINESS: your business uses]. How willing would you be to pay more in user fees for the services [RESIDENT: you use] [BUSINESS: your business uses] in order to maintain or improve them?
Base: All residents (n=602); All businesses (n=201)

Residents with household incomes of \$60K+ are the most likely to say they are willing to pay more user fees for services (79% vs. 64% of <\$60K).

1.2.8 Appendix: Weighted sample characteristics

Residents

WEIGHTED SAMPLE CHARACTERISTICS

Weighted Sample Characteristics (Residents)

(weighted by gender/age and neighbourhood)

	2019 (n=602)	2018 (n=600)
Neighbourhood		
Downtown/West End	17%	17%
Northwest	16%	16%
Northeast	17%	17%
Southwest	19%	19%
Southeast	31%	31%
Gender		
Male	46%	48%
Female	51%	50%
Other	1%	1%
Refused	1%	1%
Age		
18 to 34 years	33%	33%
35 to 54 years	34%	34%
55+ years	32%	32%
Children <18 in HH		
Yes	25%	22%
No	75%	78%

	2019 (n=602)	2018 (n=600)
Own/Rent		
Own	53%	54%
Rent	42%	41%
Other	5%	6%
Income		
<\$60K	37%	35%
\$60K to <\$100K	26%	21%
\$100K+	27%	33%
Refused	10%	11%
Ethnicity		
European (net)	42%	46%
Asian (net)	31%	31%
North American (net)	23%	22%
Latin American (net)	6% ▲	2%
African (net)	1%	1%
Other regions (net)	3%	5%
Don't know	5%	3%

▲ / ▼ Significantly higher/lower than previous year.

Businesses

WEIGHTED SAMPLE CHARACTERISTICS

Weighted Sample Characteristics (Businesses)

(weighted by business size)

	2019 (n=201)	2018 (n=200)
Neighbourhood		
Downtown/West End	34%	46%
Northwest	23% ▲	13%
Northeast	14%	18%
Southwest	19% ▲	9%
Southeast	6%	12%
Business Size		
<25 employees	88%	88%
25 to 99 employees	9%	9%
100+ employees	2%	2%
Own/Rent		
Own	23%	25%
Rent	76%	74%

▲ / ▼ Significantly higher/lower than previous year.

1.2.9 Appendix: Full service wording

Chart Wording	Full Service Wording
Parks/green spaces	Provision and maintenance of a diversity of parks and green spaces
Recreation	Provision and support of recreation facilities and programs
Services to enhance parks	Provision of services to enhance parks and recreational experiences, such as golf courses, marinas and concessions
Arts & culture	Support for arts and cultural services, programs, and organizations
Social policies & projects	Social policies and projects that address issues such as poverty, mental health and addictions, immigration, and childcare
Homelessness services	Homelessness services, such as shelters, warming centres, and housing support
Licensing & support	Business licensing and support
Development & building permits	Development and building permits
By-law enforcement	By-law enforcement for buildings, property use and animal services
Transportation infrastructure	Providing transportation infrastructure for walking, bikes, transit and vehicles
Parking	Parking and enforcement
Street infrastructure	Street infrastructure and maintenance
Making streets vibrant	Making streets vibrant through landscaping, art, furniture, patios and innovative temporary installations
Facilitating film/special events	Facilitating the production and permits for film and special events on city streets and spaces
Keeping our community clean	Keeping our community clean - i.e. litter pick up, roads and sidewalks sweeping, receptacles etc.
Water conservation	Water conservation and resource management
Garbage & green bin collection	Providing garbage and green bin collection
Online payment services	Online services for paying taxes, tickets, utility bills, etc.
Availability of online services	Availability of online services via Vancouver.ca
Multi-channel service access	Providing multi-channel access to City services through the VanConnect mobile app and the 3-1-1 contact centre
Enabling affordable housing	Enabling affordable housing

Chart Wording	Full Service Wording
Economic development	Promoting economic development
Urban design	Urban design that enhances public life and public spaces
Long-range planning	City-wide and community long-range planning
Fire rescue & medical response	Fire rescue and medical response
Emergency preparedness	Providing emergency preparedness information and support
Police services	Police services
Library services	Library services