



## ADMINISTRATIVE REPORT

Report Date: November 19, 2019  
Contact: Colin Knight  
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Meeting Date: December 3, 2019

TO: Vancouver City Council  
FROM: Director of Finance  
SUBJECT: 2020 Capital and Operating Budget

The following resolutions are set out below for Council's consideration in approving the City's Operating and Capital Budget for 2020. The following resolutions for consideration may be moved or amended as Council determines is in the public interest.

### ***CONSIDERATIONS: the operating budget portion of the Draft 2020 Budget***

- A. THAT Council approve fixed costs of \$53.6 million outlined in the operating budget section of Appendix 1 of this report, including reprioritization of existing resources to align with Council priorities as outlined in Appendix H of Appendix 1.
- B. THAT Council approve investments of \$40 million to address risk and service gaps outlined in the operating budget section of Appendix 1 of this report and in Appendix F of Appendix 1.
- C. THAT Council approve new investments of \$23.8 million to enhance core services and advance Council Priorities as follows and as outlined in the operating budget section of Appendix 1 of this report and in Appendix G of Appendix 1:
  - i. \$2.5 million to enhance quality core services that meet residents' needs;
  - ii. \$7.9 million to protect and build our economy;
  - iii. \$4.1 million to address affordability and the housing crisis;
  - iv. \$2.5 million to increase focus on diversity and critical social issues;
  - v. \$6.8 million to accelerate action on climate change;

FURTHER THAT, subject to approval of considerations A to C, or as amended:

- D. THAT Council approve the following related to the Vancouver Police Board (VPB) included in the Draft 2020 Operating Budget, as outlined in the operating budget section of Appendix 1 of this report and Appendix F and H of Appendix 1 relating to the Vancouver Police Board:
  - i. Fixed costs of \$11.6 million including reprioritization of existing resources to align with Council priorities;

- ii. New investments of \$0.6 million for DNA under address risk and service gaps and a budget of \$4.5 million to continue implementation of recommendations in the Vancouver Police Department Operational Review, for Vancouver Police Department (VPD);
  - iii. New investments of \$0.15 million to enhance core services and advance Council Priorities.
- E. THAT Council approve the Vancouver Police Board 2020 Operating Budget of \$340,442,203 in expenditures and \$25,163,922 in revenues as outlined in the operating budget section of Appendix 1 of this report.
- F. THAT Council approve the Vancouver Board of Parks & Recreation 2020 Operating Budget of \$135,927,116 in expenditures and \$41,888,892 in fee and program revenues as outlined in the operating budget section of Appendix 1 of this report.
- G. THAT Council approve the Vancouver Public Library Board 2020 Operating Budget of \$55,310,017 in expenditures and \$1,245,700 in fee and program revenues as outlined in the operating budget section of the operating budget section of Appendix 1 of this report.
- H. That Council approve the 2020 Property Endowment Fund (PEF) Operating Budget of \$60.7 million revenue and \$60.7 million expenses (including transfers) as outlined in Appendix 1 of this report.
- I. THAT, subject to approval of considerations A to H, or as amended, Council approve the budget resolution attached as Appendix 2 of this report, thereby adopting the 2020 Operating Budget of \$1,623,958,402 outlined in Appendix 1, resulting in an overall property tax increase of 8.2%, comprised of 3.5% to cover fixed cost increase in existing services, 2.4% increase to support investments required to fill service gaps and address risk including investment to support operations of new facilities, setup of storm/snow reserve and infrastructure renewal approved in the 2019-2022 Capital Plan, and 2.3% increase to support investments to improve service level and advance on Council priorities.

***CONSIDERATIONS: the capital budget portion of the Draft 2020 Budget, subject to approval of considerations A to C and I, or as amended***

- J. THAT Council approve an increase of \$70.4 million to the 2019-2022 Capital Plan outlined in the capital budget section of Appendix 1 of this report with details in Appendix A of Appendix 1.

\$ millions	2019-2022 Capital Plan			
	Original Plan	Approved Changes to Date	Draft Changes	Updated Plan
Affordable housing	540.1	2.8	20.2	563.1
Childcare	123.4	4.7	28.0	156.2
Parks & open spaces	264.5	4.3	-	268.7
Arts & culture	185.0	0.8	4.3	190.1
Community facilities	234.1	0.1	3.4	237.6
Public safety	47.6	0.3	-	47.8
Civic facilities & equipment	108.4	2.3	1.3	112.0
Transportation & Street use	310.7	9.1	5.9	325.7
One water	615.8	0.6	-	616.3
Solid waste	92.2	-	2.5	94.7
Renewable energy	41.5	1.5	4.6	47.5
Technology	100.0	0.1	0.3	100.4
Overhead	20.0	-	-	20.0
Emerging priorities	88.0	-	-	88.0
<b>Total</b>	<b>2,771.2</b>	<b>26.5</b>	<b>70.4</b>	<b>2,868.1</b>

Funding sources as follows:

- Operating revenue that funds capital projects \$9.1 million
- Special purpose reserves totalling \$24.3 million:
  - Empty Homes Tax Reserve \$17 million
  - Vancouver Civic Theatres Reserve \$4.3 million
  - LED Reserve \$3 million
- Developer contributions totalling \$5.4 million:
  - Development Cost Levies \$0.4 million
  - Community Amenity Contributions (Cash) \$3.6 million
  - In-Kind Developer Contributions \$1.4 million
- Other/External \$31.6 million

- K. THAT, subject to approval of consideration J, or as amended, Council approve the Capital Projects Budget related to the Vancouver Police Board included in the Draft 2020 Capital Budget and outlined in the capital budget section of Appendix 1 of this report with details in Appendix B and C of Appendix 1:
- i. 2020 new Capital Projects Budget funding requests totalling \$6.7 million, with details in Appendix C of Appendix 1 of this report;
  - ii. 2020 Annual Capital Expenditure Budget of \$8.9 million, with details in Appendix B of Appendix 1 of this report.
- L. THAT, subject to approval of consideration J, or as amended, Council approve funding requests totalling \$507.3 million for new Capital Projects Budget to begin in 2020, as outlined in the capital budget section of Appendix 1 of this report with details in Appendix B and C of Appendix 1:

(\$ millions)	2020 New Funding Requests	2020 Expenditures (New portion)	Future Year Expenditures
Affordable Housing	\$72.3	\$7.8	\$64.5
Childcare	8.2	6.6	1.7
Parks and Open Spaces	40.9	18.1	22.9
Arts & Culture	13.4	10.1	3.3
Community Facilities	41.3	16.9	24.4
Public Safety	14.8	1.5	13.3
Civic Facilities and Equipment	29.8	16.4	13.5
Transportation	77.0	68.7	8.3
One Water	142.0	110.9	31.1
Solid Waste	25.6	9.4	16.2
Renewable Energy	8.4	7.0	1.4
Technology	25.9	25.2	0.7
Overhead	7.6	7.6	0.0
<b>Total</b>	<b>\$507.3</b>	<b>\$306.1</b>	<b>\$201.2</b>

*NOTE: Totals may not add due to rounding.*

Funding sources as follows:

- Operating revenue that funds capital projects \$100.1 million
- Debenture borrowing \$117.9 million
- Special purpose reserves totalling \$63.2 million:
  - Plant and Equipment Reserve \$37.4 million
  - Empty Homes Tax Reserve \$17 million
  - LED Reserve \$3.5 million
  - Vancouver Civic Theatres Reserve \$2.4 million
  - Hastings Park Reserve \$2.2 million
  - Solid Waste Capital Reserve \$0.4 million
  - Public Art Reserve \$0.3 million
  - Public Art Maintenance Reserve \$0.1 million
- Developer contributions totalling \$180.0 million:
  - Development Cost Levies \$150.8 million
  - Community Amenity Contributions \$29.2 million
- User fees and levies \$5.6 million
- Other/External \$40.4 million

M. THAT Council, subject to approval of considerations J and L, or as amended, approve the 2020 Annual Capital Expenditure Budget in the amount of \$702.2 million outlined in the capital budget section of Appendix 1 of this report with details in Appendix B of Appendix 1:

(\$ millions)	Previously Approved		Total 2020 Expenditures
	Projects	New Projects	
Affordable Housing	\$73.1	\$7.8	\$81.0
Childcare	36.2	6.6	42.8
Parks and Open Spaces	40.4	18.1	58.5
Arts & Culture	23.6	10.1	33.8
Community Facilities	22.8	16.9	39.7
Public Safety	17.1	1.5	18.6
Civic Facilities and Equipment	38.3	16.4	54.6
Transportation	49.2	68.7	117.9
One Water	24.7	110.9	135.6
Solid Waste	42.2	9.4	51.6
Renewable Energy	21.8	7.0	28.7
Technology	6.7	25.2	31.9
Overhead	0.0	7.6	7.6
<b>Total</b>	<b>\$396.1</b>	<b>\$306.1</b>	<b>\$702.2</b>

*NOTE: Totals may not add due to rounding.*

## REPORT SUMMARY

The purpose of this document is to present, for Council's consideration and for the public's review, the City's Draft 2020 Budget, five-year financial plan and service plans. This comprehensive budget document includes the 2020 Operating Budget, the Property Endowment Fund operating budget, the Capital Budget, and the Consolidated Budget.

The Draft 2020 Budget and Five-Year Financial Plan has been prepared to provide City Council with context for the opportunities and challenges in our city, and the option to provide further direction to align City activities and spending with Council's priorities.

As the regional centre of a growing metropolitan area, Vancouver is fortunate to have a strong economy and employment, but has also become a nucleus for issues such as housing affordability and homelessness and the opioid crisis. With limited revenue sources, this puts pressure on the City's budget and its ability to respond to all the needs and desires of the public. Current funding tools for operating costs are limited primarily to property taxes, user fees and utility fees. To address the pressure on operating budgets, staff are working to manage costs prudently, reprioritizing initiatives within existing budgets, and exploring new revenue tools similar to those already available in other Canadian cities.

Once Council has deliberated on the budget and a final budget is approved, City staff have the authority to proceed with operating and capital expenditures to manage the timely delivery of quality, core services to the public. The Draft 2020 Budget is important in fostering and maintaining public accountability and transparency, by providing detailed information on draft budgets by revenue and cost category, funding sources, and services. The City's budget process has been developed to ensure revenue and expenditures are managed comprehensively, with fiscal responsibility and transparency, in a manner that ensures the City is achieving value for money and using staff resources efficiently.

## COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Vancouver Charter governs the requirements for the City 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 practices, and following the recommended criteria for transparency of municipal budgets outlined by the C.D. Howe Institute, it has been Council practice to approve the City's Operating and Capital Budget before the beginning of the fiscal year, in order to have a budget in place to guide operational decisions and spending in the fiscal year. A Draft 2020 Budget is presented for Council's consideration and for the public's review.

### ***COMMENTS OF THE CITY MANAGER AND DIRECTOR OF FINANCE***

The Draft 2020 Budget and Financial Plan as outlined in Appendix 1 has been prepared to provide Council with background to frame the budget opportunities and challenges for the City, and provide Council with a menu of budget changes for 2020 for their consideration. As the regional centre of a growing city, Vancouver is fortunate to have a strong economy and employment, while being considered one of the world's most liveable cities. With this growth, Vancouver is also a centre for the impacts on housing affordability and homelessness as well as social issues such as the opioid crisis. Prior Councils, as well as the current Council, have brought forward ambitious agendas to ensure Vancouver remains a leading City in Canada and the world. With limited revenue sources, this puts pressure on the City's budget and its ability to respond to all the needs and desires of the public. The 2020 Draft budget has been developed to provide Council with options to consider in their deliberation of the 2020 Budget, while focusing existing resources toward Council's priorities. This report is a comprehensive summary which includes the draft 2020 Operating Budget, Property Endowment Fund operating budget, Capital Budget, and Consolidated Budget. Appendix 1 provides the Draft 2020 Budget, and appendix 2 provides the Budget Resolution.

### ***REPORT***

#### ***Background/Context***

The Draft 2020 Budget and Five-Year Financial Plan (Appendix 1) contains information regarding progress on Council Priorities, the 2020 capital and operating budgets, departmental service plans and metrics, public engagement process and findings, while additional budget details and metrics are included in Appendixes A to H.

The draft 2020 PEF Operating Budget is also included in this Draft 2020 Budget, to be approved in conjunction with the City's Operating and Capital budgets.

The Consolidated Budget, which summarizes the City's full financial budget including all funds and entities, is also included in this report for information. The Consolidated Budget is aligned to the City's consolidated financial statements which are reported annually. This Best Practice has been incorporated into the City's budget process since the 2015 Budget.

## ***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, details of which are referenced in the Financial Capacity section in Appendix A. When developing our financial plans, the City considers national, 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 on 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.

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.

## ***Council Priorities***

As a result of the 2018 municipal election, there was a significant change to the makeup of Vancouver City Council, with just two of the 10 incumbent Councillors re-elected and the election of a new Mayor. In July 2019, this new Council approved a set of priorities to help guide City staff in the development of the 2020 Budget and Five-year Financial Plan: Deliver Quality Core Services that Meet Residents' Needs, Address Affordability and the Housing Crisis, Project and Build our Economy, Increase Focus on Diversity and Critical Social Issues, Accelerate Action on Climate Change.

The City also conducted public engagement between August and early October to get feedback from residents and businesses on how the City is managing its finances on their behalf, including their opinions on the relative importance of each of Council's priorities (see full engagement report in Part III of Appendix 1).

In developing departmental service plans and budgets for the coming year, staff worked to align their efforts to these priorities—both in terms of existing projects and ongoing work, and for new projects and initiatives in response to Council motions and direction. The primary priority for Council and City staff is to maintain and improve the core services that meet the needs of residents every day—a goal that Vancouver has in common with other municipalities.

The four additional priorities adopted by Council have helped staff make decisions about which projects, initiatives and service improvements will most advance our work to address our city's key issues. Many of these issues—such as housing affordability and homelessness—are not new; however, Council has reinforced their importance and the need to re-focus our resources to make more progress in these key areas.

## ***Draft 2020 Operating Budget***

The operating budget is developed to cover day-to-day spending for services required to run the City's operations, such as parks, public safety, libraries, and community services. The City develops a detailed one-year plan that incorporates increases in revenues and expenses,

including fixed costs such as wages, rent, and insurance, and funding required to support maintenance of ongoing operations and services. The City also prepares a five-year operating plan to provide long-term projections on revenues and expenses, as well as insights for future year property tax rate decisions.

The Draft 2020 Budget projects an increase in revenue and expenses in the balanced operating budget of \$110.6 million or 7.3% over the 2019 operating budget. Revenues reflect potential changes to existing tax and user fee rates, changes in volumes, as well as new revenues. Expenses reflect the costs to deliver services, including increases in fixed costs, investments to fill service gaps and risks, as well as potential investments to address these Council priorities.

### ***Impact of Draft Operating Investments***

The Draft 2020 Budget reflects increased fixed costs to maintain existing services levels such as estimated compensation costs, rent, insurance, etc. Staff have reprioritized existing budgets to align with Council's priorities, as outlined in Appendix H. The Draft 2020 budget includes investments of \$40 million to fill service gaps in existing services and address risk, as outlined in Appendix F. These investments would address service gaps in public safety and other areas of the City and address potential risks, to ensure the City continues to meet safety and changing regulations, as well as compliance standards.

In developing the Draft 2020 Budget, staff considered a number of potential investments to enhance the delivery of quality core services and advance Council priorities, and prioritized investments of \$23.8 million for Council's consideration as outlined in Appendix G. These investments: (1) address affordability and the housing crisis, including the continuation of on-going work with the Province on homelessness and affordable housing; (2) build and protect the local economy, including the development of Vancouver Plan and Culture|Shift plan; (3) increase our focus on diversity and critical social issues, including investments to support people adversely affected by the Oppenheimer Park encampment and development of the City's equity framework; and (4) accelerate action on climate change. Potential investments considered by staff but not prioritized for the 2020 budget, and may be considered in future years are noted in the below tables:



**Investments considered to advance Council Priorities but not brought forward in the Draft 2020 budget:**

Council		Description	Ongoing/		2020	RFT	TFT	AUX
Priority	Department		Onetime	Tax impact				
SOCIAL	VPD	Additional resources/overtime required to ensure public safety in DTES, street vending, oppenheimer and other dense areas.	Ongoing	600,000		600,000		
SOCIAL	VPL	Improve safety and mental health supports and seek new community partnerships for potential related service delivery in library spaces, beginning with pilot weekly coffee/snacks/connection program for homeless in Atrium before 10am opening	Ongoing	20,000		20,000		
SOCIAL	VPL	Consult and collaborate with First Nations on new Marpole library design and service development	Onetime	50,000		50,000		
SOCIAL	VPL	Consult and collaborate with First Nations on new Central Library space renewal	Onetime	50,000		50,000		
	Park_Board	Funding is required to expand communications and marketing functions to keep pace with growing demands	Ongoing	300,000		300,000		
	Park_Board	Following planned report back in 2020, expedite transition of small maintenance equipment to battery operated	ongoing	TBD		TBD		
SOCIAL	VPD	Further actions to address opioid crisis by continuing to disrupt organized crime groups and assisting those with addiction (2018 Mayor's Opioid task force funded in 2019, not 2020)	Ongoing	200,000		200,000		
ECON	VEC	Brand Vancouver	Onetime		200,000	200,000		
ECON	VEC	5G Business Readiness Strategy	Onetime		100,000	100,000		
ECON	PDS	Station Area Planning - Potential 2 new stations	Onetime	500,000		500,000	3	
ECON	VEC	Nighttime economy motion - COUNCIL MOTION	Onetime		100,000	100,000		
ECON	PDS	Economic Action Plan Resources	Onetime	350,000		350,000	2.5	
ECON	VEC	Equitable Economy	Ongoing		50,000	50,000		
AFFORD	VPL	Pilot in-branch laptop lending	Onetime	60,000		60,000		
	Park_Board	A service review of Rangers program to address changing program requirements is underway and it is anticipated that a significant increase in resources will be required. Report back planned for 2020	Ongoing	1-4M		1-4M		
HOUSING	ACCS	Shelter Strategy	Onetime	100,000		100,000		
HOUSING	PDS	Support MVAEC in the Indigenous Housing Strategy development of targets	Ongoing	200,000		200,000	1.5	
HOUSING	DBL	Council Motion: Exploring Amendments to Short-Term Rental Policy and an Affordable Rental Housing Fund at the City of Vancouver	Onetime	100,000		100,000		1
SOCIAL	ACCS	Program costs related to street vending and other low barrier employment costs results/proposal from MIT street vending study will have \$ implications. A new space for the DTES Market needs to be secured, etc.	Ongoing	100,000		100,000		
SOCIAL	VPL	Public Programming related to equity and diversity	Ongoing	50,000		50,000		
SOCIAL	VPL	Equity, Diversity and Inclusion Strategy	Onetime	75,000		75,000		
SOCIAL	VPL	Expand Truth & Reconciliation Strategy	Ongoing	195,000		195,000	1	
SOCIAL	VPD	Increased mandatory training re: standards from Province and Police Services	Ongoing	700,000		700,000		
SOCIAL	ACCS	Indigenous languages revitalization - MOTION: Year of Indigenous languages	Onetime	300,000		300,000	1	
SOCIAL	FRS	Equity Based Budgeting - Financial Analyst to support E&Y outcomes	Onetime	120,000		120,000		1
ECON	PDS	Employment Lands Policy - extension of current work (policy review) into implementation phase	Ongoing	250,000		250,000		4

**Footnote:**

RFT: Regular Full Time

TFT: Temporary Full Time

AUX: Auxiliary

### Investments considered to advance Council Priorities but not brought forward in the Draft 2020 budget: (continued)

Council Priority	Department	Description	Ongoing/ Onetime	Tax impact	Other	2020	RFT	TFT	AUX
ECON	PDS	Accelerating Action on Industrial Affordability - Council Motion	Onetime	304,800		304,800			3
ECON	PDS	Small Business Policy, data tracking and monitoring - extension of current working in 2020, ongoing resource to link Small Business Initiatives across the organization	Ongoing	250,000		250,000			2
CORE SERVICES	ACCS	Partner Agreements Negotiator: Co-op lease and non market lease negotiation	Ongoing	109,440		109,440	1		
CORE SERVICES	ACCS	Partner Agreements Coordinator: Agreement management and monitoring	Ongoing	109,440		109,440	1		
CORE SERVICES	ACCS	Permanent Planning Analyst of data team Create Permanent Position to retain skillful candidate. Social data is a significant resource to many City departments including to inform work in ACCS.	Ongoing	38,000		38,000			
CORE SERVICES	ACCS	Permanent PI Position for Social Grants Social grants coordination, assessment, adjudication and monitoring. Also, there is a large number of grant recipients to manage.	Ongoing	68,600		68,600	0.6		
CORE SERVICES	ACCS	Good night Out Grant (\$40k)	Ongoing	40,000		40,000			
CORE SERVICES	ACCS	Homelessness Services Grant: Increase Homelessness Action Week grants (currently \$40k). Additional funding available through annual call for proposals, adjuration and report recommendation to Council.	Ongoing	55,000		55,000			
CORE SERVICES	ACCS	Consulting Services Budget Discretionary funding to support the engagement of consultants on various departmental priorities, internal and external. Allows us to be more agile and responsive.	Ongoing	100,000		100,000			
CORE SERVICES	ACCS	Issues Manager for ACCS: Manages complex business relationship matters and be responsible for facilitating cross-functional teams to achieve outcome based results in collaboration with internal and external bodies.	Ongoing	145,200		145,200	1		
CORE SERVICES	ACCS	Cultural Services Policy Analyst to provide support to planners.	Ongoing	92,455		92,455	1		
CORE SERVICES	ACCS	Cultural Spaces & infrastructure Planning Assistant: See above.	Ongoing	78,316		78,316	1		
CORE SERVICES	VPD	Deterring and Preventing Money Laundering and the Business of Organized Crime in the City of Vancouver	Ongoing	200,000		200,000			

Footnote:

RFT: Regular Full Time

TFT: Temporary Full Time

AUX: Auxiliary

### **Draft 2020 Capital Budget**

The Draft 2020 Capital Budget represents one of the key steps in delivering the 2019-2022 Capital Plan as part of the City's capital planning framework. The 2019-2022 Capital Plan presents a comprehensive overview of planned City capital investments in infrastructure and amenities across all service categories, along with the associated funding strategy. The Draft 2020 Capital Budget sets out Council authorized funding and spending to advance the Capital Plan as well as detailed project information and outcomes. It also defines both the multi-year Capital Project Budget and the Annual Capital Expenditure Budget for all approved work.

### **2019-2022 Capital Plan**

On July 25, 2018, Council approved the 2019-2022 Capital Plan as a guiding document for capital investments for 2019 through 2022. The Capital Plan will evolve over the course of the four-year period to address emerging priorities, such as the climate emergency response, and incorporate additional funding secured, such as partnership contributions or Empty Homes Tax revenues. The original Capital Plan contemplated \$2.771 billion of capital investments, comprised of \$2.203 billion City-led capital programs and \$0.569 billion in-kind development contributions. Since the original plan was approved, \$26.5 million of funding has been added to date, primarily from partnership funding and development contributions. This report

contemplates \$70.4 million of funding to be added to the capital plan, bringing the total 2019-2022 Capital Plan to \$2.9 billion, as outlined in Appendix A of Appendix 1.

### **2020 Capital Budget**

The Draft 2020 Multi-Year Capital Budget represents new capital projects and increases to previously approved capital projects that have been prioritized through the capital budget process based on various factors, including funding availability, readiness to proceed and the City's capacity to deliver. The Draft 2020 Capital Budget includes \$507.3 million to be added to the aggregate Multi-Year Capital Budget as noted in Appendix B of Appendix 1, of which \$306.1 million is anticipated to be spent in 2020.

While the Multi-Year Capital Budget represents the aggregate of all approved multi-year capital projects budgets, the Annual Capital Expenditure Budget represents the portion of the Multi-Year Capital Budget that is planned to be spent in the budget year. The Draft 2020 Capital Expenditure Budget is \$702.2 million, as outlined in Appendix B of Appendix 1. This includes \$396.1 million for previously approved multi-year capital projects budgets continuing into 2020 and \$306.1 million for new 2020 multi-year capital project budgets. The Five-Year Financial Plan provides capital expenditure forecasts for the next five years. It includes expenditure forecasts for previously approved multi-year capital project budgets continuing into 2020, expenditure forecasts for new multi-year capital project budgets in the Draft 2020 Capital Budget, and estimated expenditures for new capital projects anticipated to be approved during the remaining years of the 2019-2022 Capital Plan and the first two years of the yet-to-be-developed 2023-2026 Capital Plan.

### **Public Engagement**

The City's annual budget process offers multiple opportunities for public input on City-wide priorities and issues. This feedback on City service levels and resident preferences helps develop a picture of the public's preferences for where the City should focus its investments and resources.

Thousands of citizens participated in surveys, filled out comment cards, participated in online and in-person meetings and other face-to-face activities in neighbourhoods across the city. The full engagement report is provided in Part III of Appendix 1 of this report.

### **The Budget Resolution**

Following Council's approval of the 2020 Budget, the 2020 operating budget will be brought into balance and the 2020 operating budget cycle completed. Council approval of this final position requires adoption of the budget resolution attached as Appendix 2. The resolution identifies estimates of revenues and expenditures of the City for 2020. Based on the draft budget, prior to Council's amendments and approval of a final budget, total estimated gross expenditures are \$1,623,958,402, including a General Purpose Tax Levy of \$858,380,940 and other revenue sources of \$765,577,461. Should Council make changes to the Draft 2020 Budget, this budget resolution will be updated accordingly.

### **Final Steps**

Approval of the 2020 Operating Budget is occurring prior to the finalization of the 2020 Assessment roll. In April 2020, the Director of Finance will seek Council approval on the distribution of the general purpose tax levies among the property classes in 2020. After receiving Council direction, the Director of Finance will, in May 2020, bring forward a report summarizing the property taxes levied by the City and other taxing authorities for each property class, and seek Council adoption of the applicable rating by-laws and resolutions. Based on the

2020 Revised Assessment Roll, the final property tax increase will be adjusted in April to collect the general purpose tax levy as set out in the final, following Council's amendments and approvals 2020 Budget Resolution.

### **CONCLUSION**

This report provides an overview, for Council's consideration, of the Draft 2020 Operating Budget of \$1.624 billion; Draft 2020 Multi-Year Capital Budgets of \$507.3 million for new Capital Projects to be added to the aggregate Multi-Year Capital Projects Budget, including specific funding sources, a summary of the 2020 Capital Expenditure Budget of \$702.2 million, and capital expenditure forecasts for 2021, 2022, 2023, and 2024 for information. Draft 2020 Capital Budget detail is provided in Appendixes B and C in Appendix 1 of this report.

The 2020 PEF operating budget of \$60.7 million revenue and \$60.7 million expenses (including transfers) and the Consolidated Budget (Financial Statement basis) of \$2.017 billion in revenue and \$1.836 billion in expenses are also included in this public consolidated draft budget document.

The approval of the attached budget resolution will finalize the process of balancing the 2020 Operating Budget. If approved without amendments, the 2020 Operating budget will total \$1.624 billion with a property tax increase of 8.2%.

\* \* \* \* \*

**Draft 2020 Budget**

**BUDGET RESOLUTION**

THAT WHEREAS, the Vancouver Charter, Section 219 requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year;

AND WHEREAS the Vancouver Charter, Section 372 requires that Council adopt the estimates of revenues and expenditures for the City as soon thereafter as possible;

AND WHEREAS the total estimated gross expenditures of the City to pay all debts and obligations of the City falling due in the year 2020, exclusive of the amounts required for school, Greater Vancouver Regional District, Greater Vancouver Transportation Authority, British Columbia Assessment Authority and Municipal Finance Authority purposes and not otherwise provide for, as amended by Council, amount to \$1,623,958,402;

AND WHEREAS the total estimated expenditures as aforesaid is the sum of the appropriation requests of all departments and boards properly supported by detailed analysis of those expenditures and listings of the salaried staff;

AND WHEREAS the total estimated revenue of the City for 2020 from sources other than real property taxes, as amended by Council, amounts to \$765,577,461;

AND WHEREAS the amount of the General Purposes Tax Levy so required is \$858,380,940;

THEREFORE be it resolved that the said estimates, both as to totals and individual items pertaining thereto, of the Director of Finance as so amended by Council be and the same are hereby adopted by Council.

\* \* \* \* \*