



Presentation to Council
Scenarios for Property Tax funded services

December 11, 2019



AGENDA

- Council referral direction
- Overview of Tax funded services
- Fixed costs review
- Scenarios for Council's review
 - 5%
 - 6%
 - 7%
- Pay as you go tax funding
- Questions

THAT Council refer the proposed draft 2020 Operating Budget and the 2020 Capital Budget until receive for information at the City Finance and Services Standing Committee meeting of December 11th, and debate and decision the following week so that staff can present, as soon as practically possible, preferably before the end of December, detailed line-item options including potential risks or impacts of each proposed cost-saving option, to provide Council with **options to reduce the budget in order to result in an overall property tax increase of less than 8.2% but no less than 5% with scenarios of 5%, or 6% or 7% tax increases.**

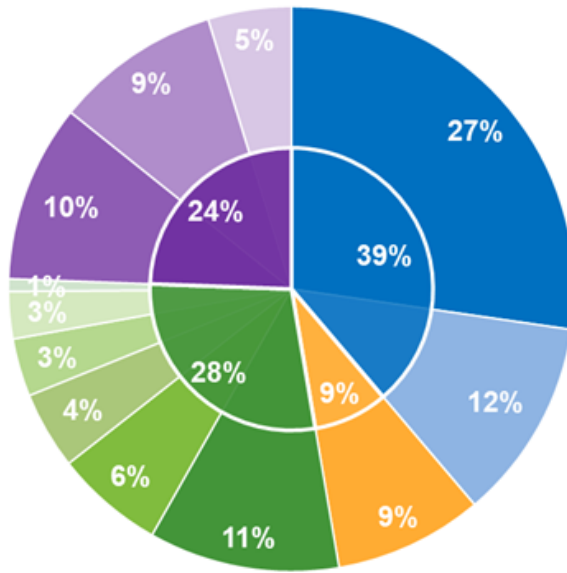
FURTHER THAT Council direct staff to consider where **cost savings, efficiencies and offsets can be achieved** across all departments in the three areas of fixed costs, service gaps and proposed new investments.

FURTHER THAT staff's review include consideration of **savings opportunities in areas such as administrative expenses, general government and shared support services**, while maintaining **priority investment in basic services**, as well as in the Capital Budget through potentially **amending the timing and pacing of projects**, while maintaining **priority investments in basic services, public safety and first responder services, affordable housing, city-wide plan and climate emergency** Council priorities.

FURTHER THAT Council direct staff to report back in the amended budget presentation on the impact of **shifting from pay-as-you-go capital financing of sewer, water and solid waste projects to long term borrowing** and how this might achieve savings within the 2020 operating budget and reduce the proposed property tax increase.

Tax and User fee funded services:

DRAFT 2020 OPERATING EXPENDITURES EXCLUDING UTILITIES (\$1,248 MILLION)



- PUBLIC SAFETY
 - 27% | Police
 - 12% | Fire
- ENGINEERING & UTILITIES
 - 9% | Engineering Public Works
- COMMUNITY-RELATED SERVICES
 - 11% | Parks & Recreation
 - 6% | Arts, Culture & Community Services
 - 4% | Library
 - 3% | Development, Buildings & Licensing
 - 3% | Planning, Urban Design & Sustainability
 - 1% | Other
- CORPORATE SUPPORT
 - 10% | Debt and Capital (Non-Utility)
 - 9% | Corporate Support
 - 5% | Contingencies & Transfers

- 40% of tax and user fee budget is public safety – with no user fee revenue
- Library is primarily funded by property tax
- ACCS is primarily funded by property tax with some senior gov funding and EHT
- Parks is funded by both taxes and user fees
- Engineering and Planning are partially funded by user fees; EHT for some Housing costs in PDS
- Development, Buildings and Licensing are primarily funded by user fees



Fixed Cost Review



2020 Fixed Cost Tax-funded Increase

Fixed Cost Breakdown (\$ in 000's)	2020 Increase	Tax Impact
Salaries & benefits (includes wages, overtime, pension, CPP, EI, Worksafe)	\$23.0	2.9%
Tax Funded sewer portion (primarily Metro charges and debt service)	\$0.9	0.1%
Other Fixed Costs Increases	\$4.5	0.5%
Insurance	1.3	0.15%
Workspace + Rent/Lease	1.4	0.15%
Hydro and Gas	0.4	0.05%
Election Transfer	0.5	0.05%
Technology (non-discretionary software license costs)	0.4	0.05%
Grants (including Cultural, Social, and Childcare)	0.5	0.05%
Total Fixed Cost Increase	\$28.4M	3.5%

2020 Tax funded fixed costs in the base

Fixed Cost	Options
Salaries & benefits	<ul style="list-style-type: none"> • Hold vacancies (for a defined period) • Hold vacancies indefinitely • Staff reduction through layoffs
Tax Funded sewer portion	<ul style="list-style-type: none"> • Rates driven by Metro so short-term options are limited. Longer term – investments in sewer separation and green infrastructure
Capital infrastructure and debt service	<ul style="list-style-type: none"> • Defer tax-funded capital renewal projects (future cost implication if renewal is deferred).
Other Fixed Costs	
<p style="padding-left: 40px;">Vehicle costs (insurance, fuel, maintenance)</p>	<ul style="list-style-type: none"> • vehicles are reviewed each year for operational requirements. Limited options to reduce without reducing service levels / staffing.
<p style="padding-left: 40px;">Building Costs (Workspace, Rent, Hydro, Electricity)</p>	<ul style="list-style-type: none"> • Short-term: leases are contractually fixed and required to accommodate staffing. Longer term options include energy savings, mobile work force and a new City Hall campus
<p style="padding-left: 40px;">Travel and Training</p>	<ul style="list-style-type: none"> • Represents less than 0.02% of the City budget, of which over half is mandatory/operational; limited options to reduce tax-funded travel
<p style="padding-left: 40px;">Technology costs (equipment and non-discretionary software license costs)</p>	<ul style="list-style-type: none"> • required to enable efficiencies and improved customer service
<p style="padding-left: 40px;">Consulting and contracted services</p>	<ul style="list-style-type: none"> • Primarily capital funded, or contracted services related to service delivery. Limited options to reduce discretionary tax-funded consulting.
<p style="padding-left: 40px;">Grants (including Cultural, Social, and Childcare)</p>	<ul style="list-style-type: none"> • Grants can be reduced; impact to community groups

Reduce Innovation Fund from \$1 million to \$0 (\$0.75M in 2019 available to be carried forward).

Impact: The innovation fund is a funding source to encourage partner matching funds to address city needs. Without the fund it may be difficult to attract other funds

Reduce storm/snow reserve by \$1 million

Impact: Snow costs to date exceed the council contingency for 2019 significantly, and did in prior years. Properly funding storm and snow events is appropriate to avoid unforeseen deficits.

Oppenheimer Park: \$1 million investment

Impact: If changes are not forthcoming, this cost will continue in future years and will require redeploying existing resources.

Opportunities for savings in fixed costs (base budget)

- Public Safety:
 - 40% of the tax/fee budget is public safety
- Citywide:
 - The City has a Continuous Process Improvement program which has implemented a number of improvement projects that have increased capacity in the organization – with \$1,500,000 in savings targeted for 2020 projects.
 - As well technology investments provide opportunities to automate and systemize work to improve service levels, reduce costs and build capacity. These change are factored into department service plans. Eg. Electronic plan submission reduces paper costs of \$1-2m for public and reduces staff time and facility space and storage requirements
 - Our strategy procurement function identifies savings through public procurement and strategic sourcing of 3rd party goods and services.
 - Facility cost savings from energy retrofits
 - Work from home pilot to reduce space requirements for staff – footprint per staff reduced by 20% (\$1500 per person)

Opportunities for savings in fixed costs (base budget)

- In the short term, savings in areas such as discretionary spending, though small, can be used to reduce the budget
- As the majority of costs are staffing, holding vacancies open for longer than average is another short term option, where staff will prioritize work with fewer resources and adjust accordingly. These savings through vacancies are temporary measures as additional work is done to identify longer term savings and will impact service in some areas (eg. Library opening hours reduced if front line staff are not available)
- For the longer term, beginning in 2020, staff plan to explore opportunities to implement transformation and increased revenue in order to address the on-going financial pressures expected in the 5 year financial outlook, including the recommendations forthcoming in the Financial Review Phase B – Building Capacity for the Future Report being completed by EY at the request of Council.



Property tax scenarios



Tax Summary at 8.2%

TAX SUMMARY

@ 8.2%

	Tax \$	Tax %
Fixed Cost	27,719,056	3.5%
Total Fixed costs	\$ 27,719,056	3.5%
Revenue offsets	-9,904,147	(1.2%)
a) Investment for i) Infrastructure, ii) operating impacts & iii) Storm/snow	16,986,306	2.1%
b) Investments to address risks	2,341,347	0.3%
c) Fill Service gaps: VPD Ops Review and DNA Funding	5,108,985	0.6%
d) Fills Service gaps: VFRS Ops Review,	3,506,501	0.4%
e) Investment to fill Service Gaps in ACCS & Support Dept.	1,708,253	0.2%
f) Investment to fill Service Gaps in Other Dept	831,000	0.1%
Reprioritization+GG	-1,909,365	(0.2%)
Total Service Gaps/Risks	\$ 18,668,880	2.4%
Council Priorities:		
Protect and Build the Economy	7,950,000	1.0%
Address Affordability and the Housing Crisis	320,000	0.0%
Increase focus on Diversity and Social Issues	2,500,000	0.3%
Accelerate Action on Climate Change	6,000,000	0.8%
Deliver quality core services that meet residents needs	1,265,000	0.2%
Total Council Priorities	\$ 18,035,000	2.3%
Total Service Gaps/Risks and Council Priorities	\$ 36,703,880	4.7%
TOTAL	\$ 64,422,936	8.2%

7% Tax Increase Scenario

Scenario at 7% tax increase

- Reduction of \$9 million of tax funded services
- Fixed Costs:
 - Reduced by \$500k in leasing cost estimates, \$100k discretionary spend
- Addressing Risks and service gaps
 - addressing risk items
 - Fund other new hiring for 10 mos (eg. start date March 1); impacts 2021
 - Capital:
 - Delay procurement for Firehall #12 from late 2020 to early 2021. Impact of \$5m debt funded project is \$.5 million
 - Reduce Operating impacts of capital for IT \$.5m
 - Reduce the innovation fund and increase parking revenue
- Council Priorities:
 - Fund City plan at reduced levels with carry forward funding from 2019;
 - Reprioritized some items in enhance cores services
 - Removed funding for Oppenheimer Park

Scenario at 7% tax increase

- Prioritized Council priorities with some targeted reductions
- Risk items funded with other services gaps funded 9 months (eg. delay hiring to March 1) - will require the gap in annual cost to be funded in 2021
- Increased parking revenue, eliminated innovation fund
- Deferring some capital projects and operating impact of capital
- Reduced fixed costs
- Removed funding for Oppenheimer Park

Scenario at 7% tax increase

@ 7%

Possible Changes

Description	Reduction \$000	Tax % change	Adjusted Tax %
Reduced Discretionary spending \$.1m; 2020 lease estimate \$.5m	-600,000	-0.1%	
Total Fixed costs	\$ (600,000)	(0.1%)	3.4%
parking	-1,600,000	-0.2%	
innovation fund	-1,000,000	-0.1%	
delay capital procurement to Jan 2021; IT operating impact of capital	-1,000,000	-0.1%	
		0.0%	
10 month funding (eg. Hiring begins in March)	-751,498	-0.1%	
10 month funding (eg. Hiring begins in March)	-584,417	-0.1%	
10 month funding (eg. Hiring begins in March)	-284,709	0.0%	
10 month funding (eg. Hiring begins in March)	-138,500	0.0%	
		0.0%	
Total Service Gaps/Risks	\$ (5,359,123)		
CityPlan (4m) CultureShift (\$.9m); Chinatown (.7); Special events (.5m)	-1,850,000	-0.2%	
		0.0%	
Remove oppenheimer	-1,000,000	-0.1%	
		0.0%	
defer streetscape to next year	-250,000	0.0%	
Total Council Priorities	\$ (3,100,000)		
Total Service Gaps/Risks and Council Priorities	\$ (8,459,123)	(1.1%)	3.6%
TOTAL	\$ (9,059,123)	(1.1%)	7.0%

BUDGET @ 5% SCENARIO	Tax \$	Tax %
Fixed Cost	27,119,056	3.4%
Total Fixed costs	\$ 27,119,056	3.4%
Revenue offsets - plus innovation fund and parking changes	-12,504,147	(1.5%)
a) Investment for i) Infrastructure, ii) operating impacts & iii) Storm/snow	15,986,306	2.0%
b) Investments to address risks	2,341,347	0.3%
c) Fill Service gaps: VPD Ops Review and DNA Funding	4,357,488	0.5%
d) Fills Service gaps: VFRS Ops Review,	2,922,084	0.4%
e) Investment to fill Service Gaps in ACCS & Support Dept.	1,423,544	0.2%
f) Investment to fill Service Gaps in Other Dept	692,500	0.1%
Reprioritization+GG	-1,909,365	(0.2%)
Total Service Gaps/Risks	\$ 13,309,757	
Council Priorities:		
Protect and Build the Economy	6,100,000	0.8%
Address Affordability and the Housing Crisis	320,000	0.0%
Increase focus on Diversity and Social Issues	1,500,000	0.2%
Accelerate Action on Climate Change	6,000,000	0.8%
Deliver quality core services that meet residents needs	1,015,000	0.1%
Total Council Priorities	\$ 14,935,000	
Total Service Gaps/Risks and Council Priorities	\$ 28,244,757	3.6%
TOTAL	\$ 55,363,813	7.0%

Impacts of Scenario at 7% increase

IMPACTS:

Overall: Delay in hiring positions /partial funding impacting services levels

Engineering:

- additional street cleaning at ½

PDS:

- City Plan reduced from 5.5m to 4.0m - some tasks pushed into 2021 and 2022; Carryforward some 2019 funding

ACCS:

- some programs delayed due to delayed funding/hiring

PARKS:

- the Park Board would need to evaluate the impact of the reduced funding in enhancing core services and determine the actions and service impacts for the Park Board.

FIRE:

- Delay in improving Service levels - focus of additional resources is on DTES, Mental Health and SRO/ Oppenheimer and overtime reduction

POLICE:

- Delay in addressing service levels and metrics; 25 officers and 10 civilian staff added during the year

6% Tax Increase Scenario

Scenario at 6% tax increase

2 scenarios provided - \$17 million tax funded reduction;

Scenario A funds more of service gaps and risk while Scenario B funds more Council priorities for comparison of trade-offs

1) Scenario A –

- Filling service gaps/risks – Funding for 10 months (\$11.8m)
- Fewer council priorities funded (\$8.5m)
- Requires vacancy savings as well

2) Scenario B:

- Filling service gaps/risks – Half the funding (\$8.8m)
- More Council priorities funded (\$11m)

In both scenarios:

- Increased parking, eliminating innovation fund,
- Removed funding for Oppenheimer Park
- Deferring some capital projects, reducing the storm/snow reserve.
- Reduced \$.1m in discretionary spending and \$.5m in lease cost estimates.

Scenario A at 6%

@ 6%

Possible Changes

Description	Reduction \$000	Tax % change	Adjusted Tax %
Reduced Discretionary spending \$.1m; 2020 lease estimate \$.5m; Hold vacancies \$.5m	-1,100,000	-0.1%	
Total Fixed costs	\$ (1,100,000)	(0.1%)	3.3%
parking	-1,600,000	-0.2%	
innovation fund	-1,000,000	-0.1%	
delay Firehall seismic to Jan 2021 (\$5m debt funded =.5m); IT cap .5m; IT operating impact of cap (.5); Reduce snow reserve to \$1m	-2,500,000	-0.3%	
10 month funding (eg. Hiring begins in March)	-751,498	-0.1%	
10 month funding (eg. Hiring begins in March)	-584,417	-0.1%	
10 month funding (eg. Hiring begins in March)	-284,709	0.0%	
10 month funding (eg. Hiring begins in March)	-138,500	0.0%	
Total Service Gaps/Risks	\$ (6,859,123)		
Remove all except CityPlan (3.3m) CultureShift \$.7m Chinatown \$.5m; Remove analysis on affordability and library hours	-3,450,000	-0.4%	
	-320,000	0.0%	
Remove Oppenheimer and 500k of rest	-200,000	-0.3%	
Reduce climate from \$6m to \$3.5m	-2,500,000	-0.3%	
Remove quality cores services enhancements	-1,265,000	-0.2%	
Total Council Priorities	\$ (9,535,000)		
Total Service Gaps/Risks and Council Priorities	\$ (16,394,123)	(2.0%)	2.6%
TOTAL	\$ (17,494,123)	(2.2%)	6.0%

REVISED NUMBERS	Tax \$	Tax %
Fixed Cost	26,619,056	3.3%
Total Fixed costs	\$ 26,619,056	3.3%
Revenue offsets - plus innovation fund and parking changes	-12,504,147	(1.5%)
a) Investment for i) Infrastructure, ii) operating impacts & iii) Storm/snow	14,486,306	1.8%
b) Investments to address risks	2,341,347	0.3%
c) Fill Service gaps: VPD Ops Review and DNA Funding	4,357,488	0.5%
d) Fill Service gaps: VFRS Ops Review,	2,922,084	0.4%
e) Investment to fill Service Gaps in ACCS & Support Dept.	1,423,544	0.2%
f) Investment to fill Service Gaps in Other Dept	692,500	0.1%
Reprioritization+GG	-1,909,365	(0.2%)
Total Service Gaps/Risks	\$ 11,809,757	
Council Priorities:		
Protect and Build the Economy - CityPlan (3.3m) CultureShift \$.7m		
Chinatown \$.5	4,500,000	0.6%
Address Affordability and the Housing Crisis	0	0.0%
Increase focus on Diversity and Social Issues - Anti-black racism; Heritage/colonialism; Equity Framework implementation; CBA		
implementation or Indigenous Healing and Wellness	500,000	0.1%
Accelerate Action on Climate Change - \$3.5m	3,500,000	0.4%
Deliver quality core services that meet residents needs	0	0.0%
Total Council Priorities	\$ 8,500,000	
Total Service Gaps/Risks and Council Priorities	\$ 20,309,757	2.6%
TOTAL	\$ 46,928,813	6.0%

Scenario A at 6% tax increase

IMPACTS: Scenario A:

Engineering:

- No funding for additional street cleaning
- Reduce the Special Events funding to \$200k funded from prior year;
- Holding vacancies will impact service levels across the organization

PDS:

- City plan would need to be rescoped - Cityplan engagement would be compromised – some activities would need to be deferred into 2021
- Climate funding retrofits reduced by \$1M (commitments to province can be phased); reduce \$.5 for electrification; Fewer resources to inform the Fall 2020 report back that would outline implementation of the 6 big moves and provide metrics for decision making
- impact to Chinatown community – scope would be reduced (ACCS/PDS shared initiative)

ACCS:

- Culture|Shift de-scoped to account for 200K reduction in allocation
- Significant existing workload pressures in base operations unaddressed, requiring further descope of existing work and community commitments.
- Most actions in Social and Diversity priorities setion removed to reach 500K allocation. Remaining would be:
200K Equity Framework implementation; 130K Heritage and reconciliation; 100K Anti-Black racism; 70K Community Benefit Agreement implementation

Library:

- No extra hours in this scenario
- Vacancies would require reduction to branch hours

Park Board:

- the Park Board Commissioners would need to evaluate the impact of the reduced funding and determine the actions and service impacts for the Park Board. Some impacts may include:
 - Unable to improve washroom and building maintenance services including more frequent cleanings
 - Free swim lesson program would be deferred to future years.
 - Not implement administrative support for Commissioners
 - Vacancy savings already built into budget – additional delays would further impact service delivery across the organization

FIRE:

- Delay in improving Service levels - focus of additional resources is on DTES, Mental Health and SRO/ Oppenheimer and overtime reduction

POLICE:

- Delay in addressing service levels and metrics; 25 officers and 10 civilian staff added during the year.
- the Community Policing Centres may not get increased funding, impacting their ability to maintain programs to address neighbourhood safety.

Scenario B at 6%

@ 6%

Possible Changes

Description	Reduction \$000	Tax % change	Adjusted Tax %
Reduced Discretionary spending \$.1m; 2020 lease estimate \$	(600,000)	-0.1%	
Total Fixed costs	\$ (600,000)	(0.1%)	3.4%
parking	(1,600,000)	-0.2%	
innovation fund	(1,000,000)	-0.1%	
delay Firehall seismic to Jan 2021 (\$5m debt funded =.5m); IT operating impact of capital (.5); Reduce snow reserve to \$1m	(2,000,000)	-0.3%	
fund half the requirement	(2,254,493)	-0.3%	
fund half the requirement	(1,753,251)	-0.2%	
fund half the requirement	(854,127)	-0.1%	
fund half the requirement	(415,500)	-0.1%	
Total Service Gaps/Risks	\$ (9,877,370)		
Remove all except CityPlan 3.5m CultureShift \$.9m; Chinatown \$.7; Special events \$.4	(2,450,000)	-0.3%	
Remove affordability analysis - leave library hours	(100,000)	0.0%	
Remove Oppenheimer and 1/2 of rest	-1750000	-0.2%	
Reduce climate from \$6m to \$4m	(2,000,000)	-0.3%	
Defer streetscape to next year; fund 1/2 of the remaining items	(757,500)	-0.1%	
Total Council Priorities	\$ (7,057,500)		
Total Service Gaps/Risks and Council Priorities	\$ (16,934,870)	(2.1%)	2.6%
TOTAL	\$ (17,534,870)	(2.2%)	6.0%

REVISIED NUMBERS	Tax \$	Tax %
Fixed Cost	27,119,056	3.4%
Total Fixed costs	\$ 27,119,056	3.4%
Revenue offsets - plus innovation fund and parking changes	(12,504,147)	(1.5%)
a) Investment for i) Infrastructure, ii) operating impacts & iii) Storm/snow	14,986,306	1.9%
b) Investments to address risks	2,341,347	0.3%
c) Fill Service gaps: VPD Ops Review and DNA Funding	2,854,493	0.4%
d) Fills Service gaps: VFRS Ops Review,	1,753,251	0.2%
e) Investment to fill Service Gaps in ACCS & Support Dept.	854,127	0.1%
f) Investment to fill Service Gaps in Other Dept	415,500	0.1%
Reprioritization+GG	(1,909,365)	(0.2%)
Total Service Gaps/Risks	\$ 8,791,511	
Council Priorities:		
Protect and Build the Economy - CityPlan 3.5m CultureShift \$.9m; Chinatown \$.7; Special events \$.4	5,500,000	0.7%
Address Affordability and the Housing Crisis - Library hours	220,000	0.0%
Increase focus on Diversity and Social Issues - excl. Oppenheimer; reduce other areas	750,000	0.1%
Accelerate Action on Climate Change - \$4m	4,000,000	0.5%
Deliver quality core services that meet residents needs (excl textile; doggie; streetscape; 1/2 of remaining)	507,500	0.1%
Total Council Priorities	\$ 10,977,500	
Total Service Gaps/Risks and Council Priorities	\$ 19,769,011	2.6%
TOTAL	\$ 46,888,067	6.0%

Scenario B at 6% tax increase

Scenario B: Service needs only funded at ½;

Engineering:

- No funding for additional street cleaning
- Parking revenue of \$1.1m being planned; additional .5m requires additional review of parking stats to execute.

PDS:

- City plan would need to be rescoped - likely defer engagement or decrease community grants for indigenous community
- Climate: funding retrofits reduced by \$1M (commitments to province can be phased); Fewer resources to inform the Fall 2020 report back that would outline implementation of the 6 big moves and provide metrics for decision making

ACCS:

- Significant existing workload pressures in base operations unaddressed, requiring descoping of further existing work and community commitments.
- Removal and/or descoping of proposed work related to poverty reduction, diversity and equity, and some Council motions planned for 2020 (still TBC) to achieve 750K reduction. Remaining would be:
200K Equity Framework implementation; 130K Heritage and reconciliation; 100K Anti-Black racism; 100K South Asian apology; 150K Community Benefit Agreement implementation and low barrier employment; 70K Urban Indigenous Healing and Wellness (MVAEC grant)

FIRE:

- Significant impact on improved response to the Opioid crisis, fire response and prevention to SRO, Oppenheimer and high risk buildings
- Major delay in further developing Mental Health program

POLICE:

- Service levels will decline and public safety will deteriorate. Citizen complaints regarding public safety will increase and officer physical/mental-wellness will decline. Year 3 of the VPD Operational Review cannot be fully implemented as only 13 police officers and 5 civilians would be hired.
- The Community Policing Centres funding would be reduced, impacting their ability to maintain programs to address neighbourhood safety.
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5% Tax Increase Scenario

Scenario at 5% tax increase

- Prioritized Cityplan, Culture and Climate change at reduced levels, including a substantial reduction to City Plan
- Core services focused on only partial funding of requests.
- Increased parking, eliminating innovation fund,
- Deferring some capital projects, reducing the storm/snow reserve.
- Will require reductions in base costs - \$500k in discretionary spending. Would need to hold vacancies/defer hiring/reduce staffing to meet 5%.

Scenario at 5% tax increase

@ 5%

Possible Changes

Description	Reduction	Tax % change	Adjusted Tax %
fixed cost decisions - hold vacancies; reduce 2020 lease cost estimate; discretionary spending	-2,100,000	-0.3%	
Total Fixed costs	\$ (2,100,000)	(0.3%)	3.2%
parking	-1,600,000	-0.2%	
innovation fund	-1,000,000	-0.1%	
delay Firehall seismic to Jan 2021 (\$5m debt funded =.5m); IT cap .5m; IT operating impact of capital (.5); Reduce snow reserve to \$1m	-2,500,000	-0.3%	
delay hiring to 2nd half (2021 impact)	-1,170,674	-0.1%	
fund half the requirement	-2,254,493	-0.3%	
fund half the requirement	-1,753,251	-0.2%	
fund half the requirement	-854,127	-0.1%	
fund half the requirement	-415,500	-0.1%	
Total Service Gaps/Risks	\$ (11,548,043)		
Remove all except CityPlan \$2.5m CultureShift \$.45m, Chinatown .3m	-4,700,000	-0.6%	
Remove affordability analysis - leave library hours	-320,000	0.0%	
Remove Diversity and Social issues enhancements	-2500000	-0.3%	
Reduce climate from \$6m to \$3m	-3,000,000	-0.4%	
Remove quality cores services enhancements	-1,265,000	-0.2%	
Total Council Priorities	\$ (11,785,000)		
Total Service Gaps/Risks and Council Priorities	\$ (23,333,043)	(2.9%)	1.8%
TOTAL	\$ (25,433,043)	(3.2%)	5.0%

BUDGET @ 5% SCENARIO	Tax \$	Tax %
Fixed Cost	25,619,056	3.2%
Total Fixed costs	\$ 25,619,056	3.2%
Revenue offsets - plus innovation fund and parking changes	-12,504,147	(1.5%)
a) Investment for i) Infrastructure, ii) operating impacts & iii) Storm	14,486,306	1.8%
b) Investments to address risks	1,170,674	0.1%
c) Fill Service gaps: VPD Ops Review and DNA Funding	2,854,493	0.4%
d) Fills Service gaps: VFRS Ops Review,	1,753,251	0.2%
e) Investment to fill Service Gaps in ACCS & Support Dept.	854,127	0.1%
f) Investment to fill Service Gaps in Other Dept	415,500	0.1%
Reprioritization	-1,909,365	(0.2%)
Total Service Gaps/Risks	\$ 7,120,837	
Council Priorities:		
Protect and Build the Economy - City Plan \$2.5m; Culture .45m		
Chinatown \$.3	3,250,000	0.4%
Address Affordability and the Housing Crisis	0	0.0%
Increase focus on Diversity and Social Issues	0	0.0%
Accelerate Action on Climate Change \$3m	3,000,000	0.4%
Deliver quality core services that meet residents needs	0	0.0%
Total Council Priorities	\$ 6,250,000	
Total Service Gaps/Risks and Council Priorities	\$ 13,370,837	1.8%
TOTAL	\$ 38,989,893	5.0%

Scenario at 5% tax increase

- Reduction of \$25 million
- Fixed Costs:
 - Hold vacancies; reduce discretionary spend & lease estimate for 2020
- Addressing Risks and service gaps
 - Delay addressing risk items by 6 months
 - Fund other new hiring at ½ the level.
 - Capital:
 - Delay procurement for Firehall #12 from late 2020 to early 2021. Impact of \$5m debt funded project - \$.5 million
 - Delay IT Capital & Reduce Operating impacts of capital for IT
- Reduce the storm/snow reserve funding for 2020
- Reduce the innovation fund and increase parking revenue
- Council Priorities:
 - Fund City plan and Culture shift at reduced levels
 - Fund Climate change at reduced levels (tax funded portion; plus reserve funding portion)

Impact: Scenario at 5% tax increase

IMPACTS:

Overall: Significant impacts on delivery of services with holding vacancies as well as inability to fill all service gaps.

PDS:

- City plan would need to be re-scoped
 - likely defer engagement to 2021 and decrease community grants (equity seeking groups) and the grants to first nations partners substantially.(\$1.1M for those two items);
 - CoV reputational risk as unlikely to deliver plan to Council in 2022
- Climate: funding retrofits reduced by \$1M (commitments to province can be phased); No additional resources to inform the Fall 2020 report back that would outline implementation of the 6 big moves and provide metrics for decision making.
- Impact to Chinatown community: Significant reputational risk – lots of investment into the Chinatown Program, and this would be seen as abandoning the community; Staff impact for those working on this project would need to be redeployed to other projects (ACCS/PDS shared initiative)
- No heritage planner would severely impact ability for Heritage to include reconciliation and intangible, cultural qualities as part of hoped for heritage work; finish Action plan, upgrade to Vancouver Heritage Register, limited ability to broaden definition of heritage for the city of Vancouver (to include tangible and intangible assets and indigenous history); or engagement with MST nations. CoV Reputational Risk

ACCS:

- All recommended programs/motions put forward in Social Issues and Diversity section removed:
 - Poverty reduction related initiatives: implementation of the Community Benefits Agreement policy remains unfunded and low-barrier employment initiatives remain at current levels of investment;
 - Defer all community-engaged discrimination and anti-racism work (e.g., South Asian community apology, anti-Black racism, etc.) until funding becomes available (or consider redirecting staff currently working on other initiatives to fund this work; e.g., Healthy City Strategy, sex worker safety, drug policy and overdose crisis, etc.)
 - Chinatown Transformation work de-scoped;
 - Equity framework and intersectional lens implementation delayed;
 - Urban Indigenous Healing and Wellness investments removed;
 - No grant increase for Community Policing Centres;
 - Holding vacancies would impact current work and services as well.
 - Culture|Shift| implementation significantly descoped for 2020
 - -Significant existing workload pressures in base operations unaddressed, requiring further descoping of existing work and community commitments.

Impact: Scenario at 5% tax increase

Engineering:

- No funding for additional street cleaning
- Reduce the Special Events funding; to \$200k funded from prior year; reputational risk as some groups have already planned for this
- Only 1/2 funding for service gaps impacts services regarding mattress pick-up, BIA pole painting and street use programs
- Delays in addressing risks are problematic
- Holding vacancies will impact service levels across the organization
- Parking revenue of \$1.1m being planned; additional .5m requires additional review of parking stats to execute.

Library:

- No extra hours in this scenario
- Vacancies would require reduction to branch hours

PARKS:

Park Board:

- the Park Board Commissioners would need to evaluate the impact of the reduced funding and determine the actions and service impacts for the Park Board. Some impacts may include:
 - Unable to improve washroom and building maintenance services including more frequent cleanings
 - Free swim lesson program would be deferred to future years.
 - Not implement administrative support for Commissioners
 - Vacancy savings already built into budget – additional delays would further impact service delivery across the organization

REFM:

- Delay addressing risk items (safety and security at work and compliance) may have impacts on other services to accommodate funding for risk items
- Vacancies would mean lower Service levels in maintenance of city facilities (community centers and library, etc)
-

FIRE:

- Significant impact on improved response to the Opioid crisis, fire response and prevention to SRO, Oppenheimer and high risk bldgs
- Major delay in further developing Mental Health program

POLICE:

- Service levels will decline and public safety will deteriorate. Citizen complaints regarding public safety will increase and officer physical/mental-wellness will decline. Year 3 of the VPD Operational Review cannot be fully implemented as only 13 officers and 5 civilians would be hired.
- the Community Policing Centres will not have additional funding, impacting their ability to maintain programs to address neighbourhood safety.

Pay as you go question

There is no impact on pay as you go from utilities.

Water and Solid Waste are funded by Utility fees and do not impact the Tax funded Operating Budget

Sewer is funded partly by Utility fees and partly by property taxes, however the property tax portion is debt funded.
Pay as you go does not impact property tax.

Questions?