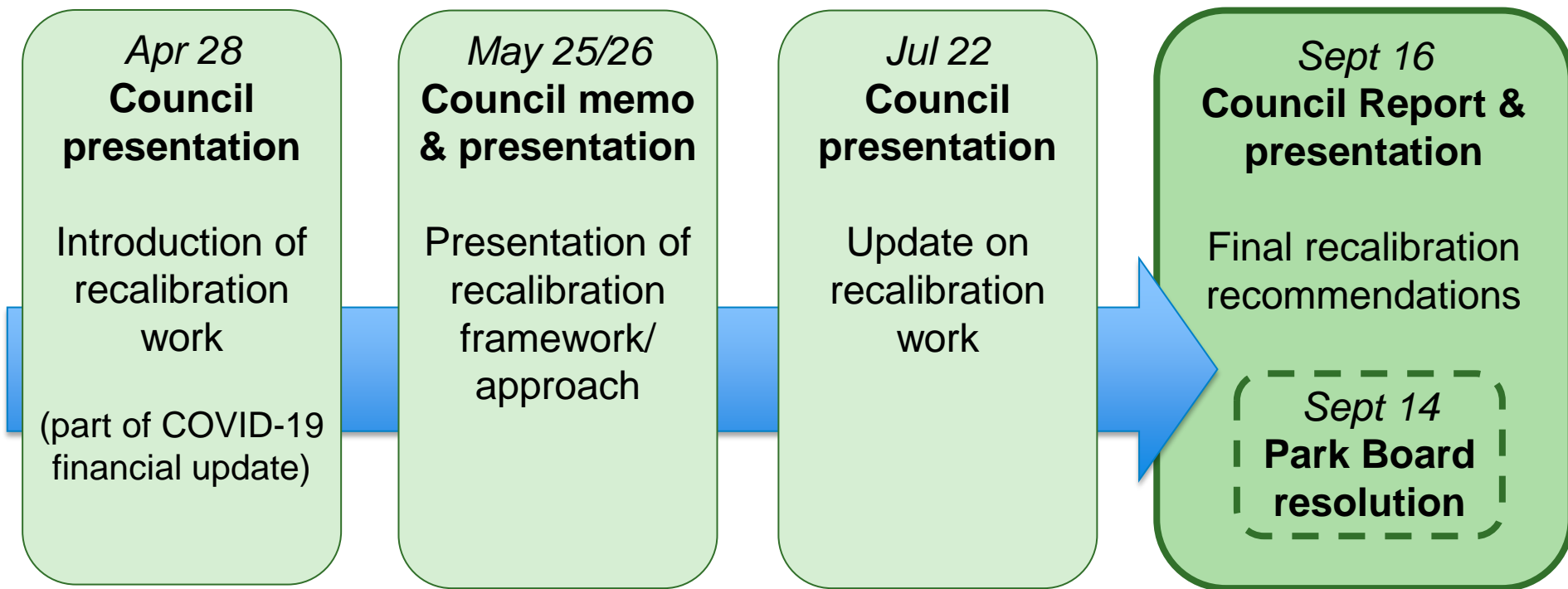


2019-2022 Capital Plan Recalibration

Standing Committee on City Finance & Services – September 16, 2020



Seek Council approval of \$254M adjustment to the 2019-22 Capital Plan as part of COVID-19 Response & Recovery



COVID-19 has posed **significant financial strain** on the City, residents, businesses & NPOs; need to recalibrate Capital Plan to reflect fiscal reality

Maintain fiscal prudence

- Scale back / defer \$288M City-led capital programs/projects
- Reduce \$19-29M pay-as-you-go \$ to address 2021/22 budget pressure
- Reduce \$17M borrowing & invest \$16M to drive future savings

Advance Council priorities

- Allocate \$65M Emerging Priorities \$\$ to support resilience, climate emergency response & equity
- Add \$15M to Affordable Housing; maintain Childcare funding

- **Background**
 - Original capital plan
 - Updated funding envelope
 - Recalibration framework & considerations
- **Recalibration**
 - Strategic directions & funding principles
 - Proposed adjustments
 - Emerging priorities \$\$ allocation
 - Candidate projects for senior gov't infrastructure \$\$
 - Impact on property tax / fee payers
- **Municipal finance reform**
- **Q & A**

Recalibration: Inputs & Outputs

Current project
statuses

Updated funding
envelope

Changing context
& considerations

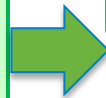
COVID-19
constraints &
opportunities



Capital Plan Recalibration



Capital Plan
Recalibration



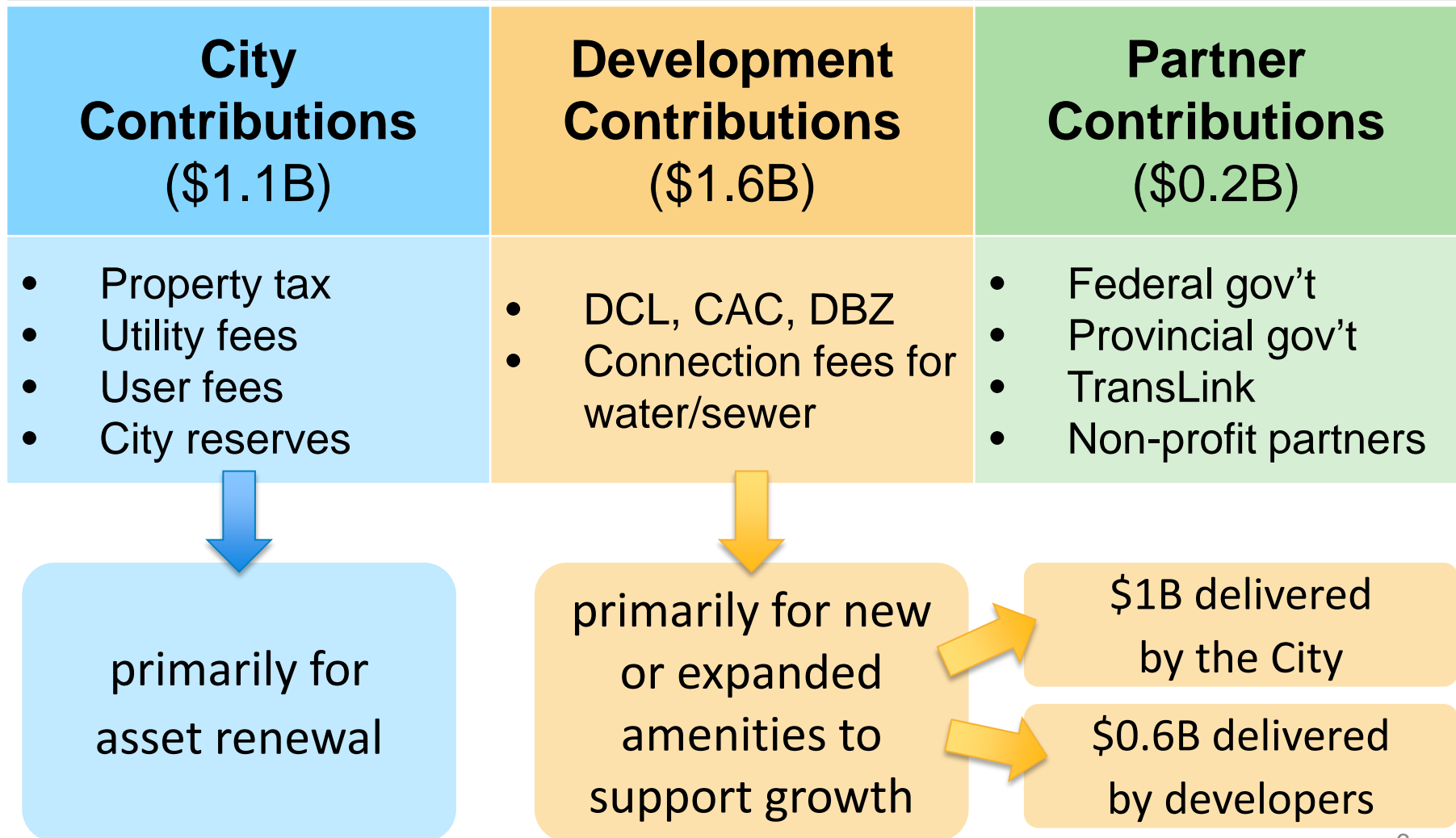
2020 Capital Budget Adjustments

2021 & 2022 Capital Budgets

Federal/Provincial
infrastructure
funding submissions

Capital Plan \$\$ Envelope *before* Recalibration

Total: \$2.9B with \$2.3B in City-led projects



ANTICIPATED REDUCTION:
Development & Partner Contributions \$219M
(10% of City-led Programs/Projects)

**Citywide &
Utilities DCLs:**

from \$672M to \$515M

↓\$157M

**Cash CACs for
heritage:**

from \$72M to \$25M

↓\$47M

**TransLink
contributions:**

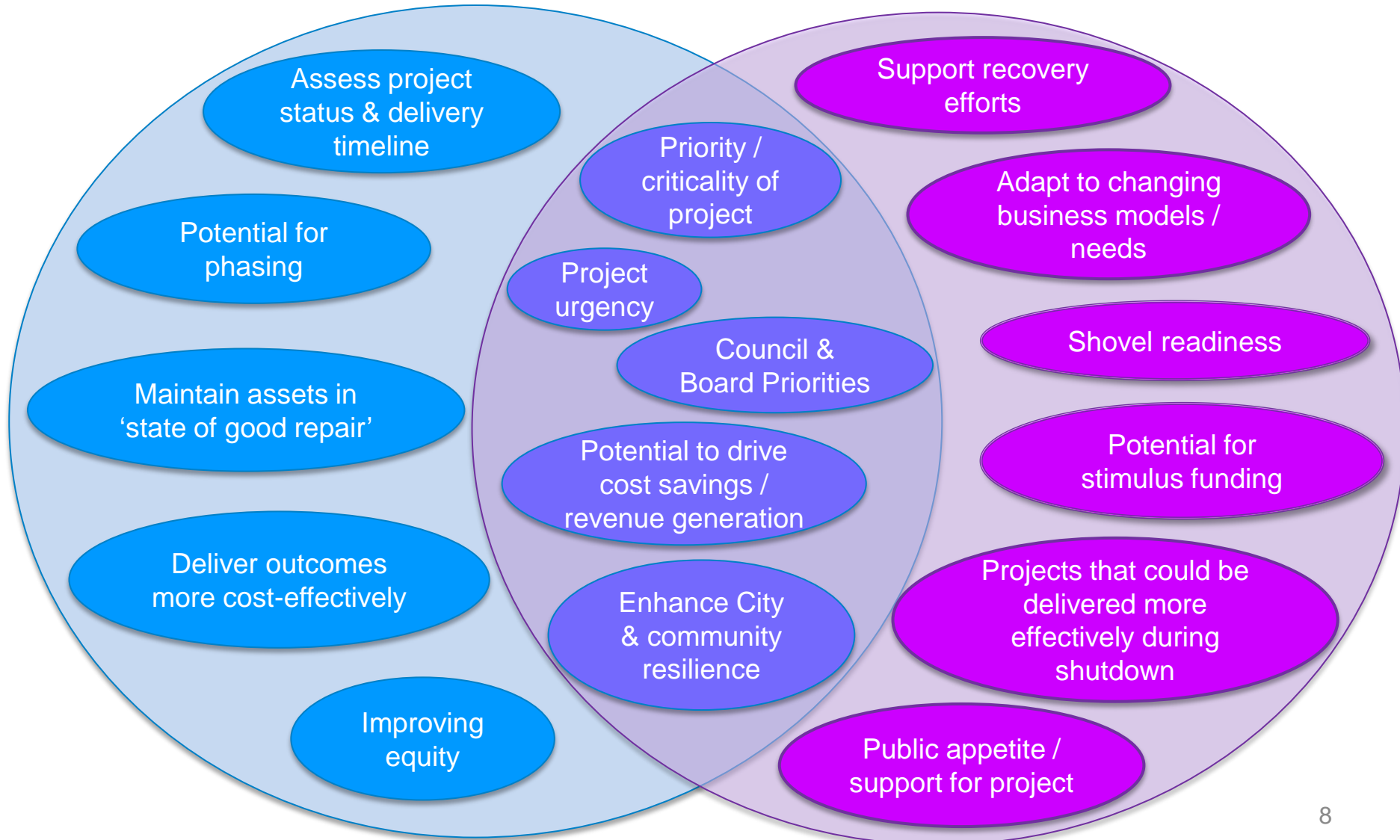
from \$68M to \$53M

↓\$15M

Recalibration: Considerations

Business as Usual

COVID-19 Recovery



Recalibration: Framework

2019

2020

2021

2022

2023

future

Proceed with prioritized items, including:

- Shovel worthy projects for Fed/Prov infrastructure \$
- Projects to receive City's Emerging Priorities \$



Pause selected items

Activate in 2021/22 if \$ becomes available



Reduce / remove items
from Capital Plan**

Footnotes:

1 – permanent savings

2 – temporary savings

Construct project
with reduced scope¹



Defer some scope
to next cap plan²



Finish plan/design, construct
in next cap plan²



Cancel project¹

** rationale could be either reduced funding or project-specific factors
(e.g. public engagement delays due to COVID-19 pandemic)

Recalibration: Strategic Directions

Scale back / defer capital work (City-led programs/projects) to reflect fiscal reality



PRIORITIES

- 1.
- 2.
- 3.



Allocate Emerging Priorities \$\$ to support Resilience, Climate Emergency & Equity

Prioritize shovel worthy projects to **leverage Federal & Provincial infrastructure funding**



Preserve flexibility to address fiscal uncertainty over 2021/22

Recalibration: Funding Principles

- Preserve limited tax & fee \$\$ to **maintain infrastructure & amenities in a state of good repair**; explore cost savings opportunities (target 5%) through transformation, value engineering & scope reduction
- **Defer/phase in growth-related projects** to reflect slowing pace of development & anticipated decline in DCLs & CACs
- Continue to **pursue senior government infrastructure funding** and other partnership opportunities



Scale back / defer \$288M of City-led projects

to future capital plans

(80% of adjustments in One Water, Heritage, Parks & Open Spaces)



Invest \$16M to generate future budget savings

Contribute \$11M to augment developer-led Affordable Housing projects that are ready to proceed

While deferring work to future years would help address short-term funding challenges, this will put further pressure onto future Capital Plans. **Transformation** is needed to lower upfront & ongoing costs and deliver long-term savings.

Recalibrated Capital Plan

<i>\$ millions</i>	Original capital plan (July 2018)	Changes approved to date	Capital plan BEFORE recalibration	Proposed recalibration changes	Capital plan AFTER recalibration
Affordable housing	540	29	569	15	584
Childcare	123	34	158	-	158
Parks & open spaces	264	4	269	(43)	225
Arts & culture	184	5	189	(58)	131
Community facilities	235	8	243	(13)	230
Public safety	48	0	48	40	88
Civic facilities & equipment	108	3	112	(5)	106
Transportation & street use	311	15	326	(10)	315
One water	616	1	617	(114)	503
Solid waste	92	3	95	(3)	92
Renewable energy	41	14	56	(2)	53
Technology	100	0	100	4	105
Overhead	20	-	20	-	20
Emerging priorities	88	-	88	(65)	23
Total	2,771	118	2,889	(254)	2,635
Subtotal city-led	2,203	116	2,319	(261)	2,058
Subtotal developer-led	569	1	570	6	576

Proposed adjustments reflect reduced \$\$ envelope; Council approval required to activate projects through budget processes

Recalibration by Service Area: Appendix A



Housing



Childcare



Parks



Arts & Culture



Community Facilities



Public Safety



Civic Facilities



Transportation



One Water



Solid Waste



Energy



Technology

Purpose:

- Accommodate **emerging priorities & cost escalations** over course of capital plan
- Set aside for **facility renewal projects** in planning/design stage that can proceed to construction

Candidate projects include:

Community facilities

Britannia (phase 1)

Ray-Cam

West End Civic Centre

Civic facilities

City Hall Campus (phase 1)

A firehall (location tbd)

Manitoba Yard (phase 1)

Resilience Strategy (approved Apr 2019)



- **Grandview Firehall renewal & expansion (\$40M):**
 - replacement firehall (current hall built 1959)
 - relocation of F&RS offices from Strathcona firehall
 - relocation of 311 call centre
 - co-location opportunity for affordable housing
- **Data Centre relocation** out of Lower Mainland seismic zone (\$8M)

Emerging Priorities:

Support Climate Emergency Response (\$12M)



Climate Emergency Framework (approved Apr 2019)



- Advance Big Moves 2 & 3: **mode share targets & electric vehicles** (\$8M)
- Advance Big Moves 4 & 5: **zero emission buildings & reduced embodied carbon** (\$4M)

These game-changer actions would achieve highest potential GHG reductions over time

Emerging Priorities: Support Equity (\$5M)



- Support **planning & delivery of equity-based projects** with community partners (\$4.5M); candidate projects include:
 - Women's Legacy Project engagement
 - space for Black communities
 - Indigenous Healing & Wellness Centre in DTES
 - Kingsway Drop-in Centre for Sex Workers
- Improve **accessibility at community facilities** (\$0.5M, 25% \$\$ increase)

Recalibration: Emerging Priorities \$\$ Allocation

	Description	\$
Council Priorities	Resilience (Public Safety / Business Continuity) Initiatives	\$48M
	Climate Emergency Response	\$12M
	Equity-based Initiatives	\$5M
Fiscal Prudence	Reserve \$\$ to cover cost escalation on renewal projects	\$8M
	Reserve \$\$ to address budget pressure in 2021/22	\$10M
	Reserve \$\$ to leverage senior government infrastructure \$\$	\$5M
TOTAL		\$88M

Recalibration: Candidate Projects for Senior Gov't Infrastructure \$\$



Housing

- Modular Supportive Housing
- Partner housing on City land
- Partner-owned housing

Childcare

- Continued advocacy with Fed. gov't

Parks

- Track & Field facility

Arts & Culture

- Chinatown Cultural Partnership

Community Facilities

- Sunset Seniors' Centre
- Marpole-Oakridge Centre
- *Longer-term: Britannia & RayCam*

Civic Facilities

- Grandview Firehall
- Sunset Service Yard

Transportation

- Active transportation projects
- Prior-Venables Underpass
- *Longer-term: Subway to UBC*

One Water

- Water & sewer main renewal
- Green Infrastructure projects

Solid Waste

- Zero waste initiatives
- Landfill gas projects

Renewable Energy

- Neighborhood energy expansion
- Energy retrofits & Electric vehicles

Recalibration: Financial Summary

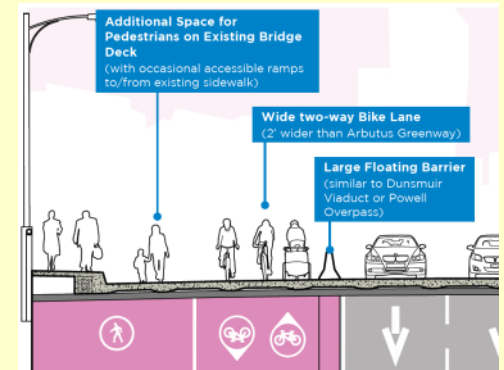
	Original capital plan (July 2018) <i>A</i>	Changes approved to date <i>B</i>	Capital plan BEFORE recalibration <i>C = A + B</i>	Proposed recalibration changes <i>D</i>	Capital plan AFTER recalibration <i>E = C + D</i>
<i>\$ millions</i>					
City contributions:					
Plebiscite authority	300	0	300	(1)	299
Council authority (Water, Sewer & NEU)	195	0	195	(15)	180
Debt financing	495	1	496	(17)	479
Capital financing fund	-	-	-	16	16
Tax funded capital	206	18	224	(11)	214
Utility fees	202	(4)	197	(8)	189
Pay-as-you-go capital	408	14	422	(19)	403
Tax & fee funded capital reserves	146	31	177	1	178
Subtotal	1,049	46	1,095	(19)	1,075
Development contributions:					
Cash CAC, DCLs & other reserves	937	16	953	(236)	717
Connection fees & services funding	110	1	110	3	113
In-kind developer contributions	569	1	570	6	576
Subtotal	1,615	18	1,633	(227)	1,406
Partner contributions:	107	54	161	(8)	153
Total	2,771	118	2,889	(254)	2,635

- Reducing pay-as-you-go funding (property tax & utility fees) by \$19M & setting aside \$10M “unallocated” in Emerging Priorities would help address 2021/2022 budget pressure
- Reducing borrowing by \$17M would lower debt servicing costs over time
- Investing \$16M from Capital Financing Fund would yield future budget savings (supported by project business cases)
- Actively pursue transformation opportunities to lower upfront & ongoing costs and deliver long-term savings

Recalibration: Advancing Major Projects



- Marpole-Oakridge Community Centre renewal & expansion
- Granville Bridge Connector with connections to the new Drake & Richards bikeways
- New track & field facility at Vancouver Technical School
- Grandview-Woodland firehall renewal
- SEFC low-carbon energy centre expansion



Most Canadian cities are facing **expanded mandates** that fall within the traditional mandate of senior governments (housing, childcare.), **emerging needs** (climate change adaptation, equity, resilience), **aging infrastructure**, population growth, and steadily increasing public expectations.

With **limited funding tools** – property tax & fees, development contributions to offset growth costs – the City can no longer address these broad issues without modernizing our finance structure, expanding our funding mechanisms, and realigning our partnership with senior governments to deliver the broad spectrum of critical infrastructure and amenities to address climate emergency response, and enhance the city's economic, environmental & social sustainability and resilience over the long term.

Council COVID Recovery Committee Report (Jul 31, 2020)

Key Findings (pg. 11): *“7. Municipal levers are limited to property taxes, regulatory reform and advocacy. The City must balance its budgets even during an economic crisis. The City must pursue new and increased funding sources and take advantage of senior government COVID- 19 stimulus funding.”*

As part of post-COVID-19 recovery, restart and rebuild, staff has begun working with FCM, UBCM & Metro Vancouver to advocate for **Municipal Finance Reform**, including **expanded funding tools** and **predictable senior government partnership & funding** arrangement.

COVID-19 has posed **significant financial strain** on the City, residents, businesses & NPOs; need to recalibrate Capital Plan to reflect fiscal reality

Fiscal Prudence

- Scale back / defer \$288M City-led capital programs/projects
- Reduce \$19-29M pay-as-you-go \$ to address 2021/22 budget pressure
- Reduce \$17M borrowing & invest \$16M to drive future savings

Council priorities advanced

- Allocate \$65M Emerging Priorities \$ to support resilience, climate emergency response & equity
- Add \$15M to Affordable Housing; maintain Childcare funding

