



COUNCIL REPORT

Report Date: November 28, 2023
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TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager Financial Services, Finance Risk & Supply Chain Management
SUBJECT: 2024 Budget Adjustment Related to Risk Mitigation of the Hemlock Looper Moth in Stanley Park

Recommendations

THAT Council approve a one-time 2024 operating budget increase of \$4.9 million for the Vancouver Board of Parks and Recreation to fund immediate work required to mitigate immediate safety risk of trees damaged by the Hemlock Looper Moth within Stanley Park, to be temporarily funded from the general revenue stabilization reserve to allow procurement to proceed, while a multi-year funding strategy is developed.

Purpose and Executive Summary

This report outlines a proposed Operating Budget adjustment for the Vancouver Board of Parks and Recreation to enable urgent work required to mitigate the immediate safety risk of trees damaged by the Hemlock Looper Moth within Stanley Park.

The risk was identified as part of the 2024 Budget, however, a line item was not included in the 2024 Budget pending the development of an action plan and identification of funding sources. Now that the action plan has been developed, Council approval for an adjustment to the budget is needed to allow for procurement of contracts to occur and for work to begin in 2024.

The normal practice is for departments to manage these one-time budget pressures from within their budget through operational decisions and increased revenues, but in situations where the pressure is significant enough that it can not be fully managed within the existing budget and would result in a deficit for the budget year that is greater than \$750,000, the City's Operating Budget Policy requires Council approval for a budget amendment. In 2023, the Vancouver Board of Parks and Recreation was able to manage \$1.9 million for the initial work from within the department's budget through above budget revenues and under budget expenditures in 2023.

While there may be opportunities in 2024 to identify funding through increased revenues or lower expenditures, at this point additional funding will need to be transferred from the general

stabilization reserve. The purpose of the stabilization reserve is to provide for contingencies for unforeseen emergencies, unfunded liabilities, and variability of revenue and expense. The impact of the one-time adjustment is that the available balance of the general stabilization reserve will reduce and will need to be replenished in the future through future property tax increases and/or operating surpluses.

Council Authority/Previous Decisions

Council approved the 2024 Operating budget on December 12th, 2023.

Section 4.1 of the Operating Budget Policy specifies the Director of Finance and the City Manager may approve (a) Budget Transfers, or (b) Budget increases to a Departmental Budget if they are not in excess of \$750,000 in aggregate for any given year for any given Department, such that the Annual Operating Budget remains balanced.

Since this budget transfer exceeds \$750,000, it requires Council to approve this budget transfer and increase to departmental budgets such that the Annual Operating budget remains balanced.

City Manager's Comments:

The City Manager concurs with the foregoing recommendations.

Context and Background

Looper Moth mitigation work

The looper moth is an endemic insect that experiences outbreaks on a 15-year cycle – these last for up to two years before collapsing from cold winters and natural predators. The current outbreak started on the North Shore in 2019 and due to warmer winter and spring conditions, the current outbreak has now impacted Stanley Park for its fourth year. There is no feasible treatment for the insect, and the use of pesticides would impact all other moths, butterflies, and other non-target insect species.

Urban Forestry identified the looper moth infestation in Stanley Park in 2020 and monitored tree and forest conditions for risks associated with public safety and wildfire occurrence. When the looper population did not naturally decrease after two years, significant tree mortality was observed, and a professional forestry consultant was engaged in 2022 to develop a risk assessment and mitigation plan. Phase 1 was implemented in Q4 2023 to address immediate risks along the Stanley Park Causeway and other high-use areas such as Prospect Point, the Train precinct and Stanley Park Drive.

Residual risks remain throughout the park and time is of the essence as risk will increase as dead trees begin to decay and lose structural integrity. Failing trees pose a public safety risk and will result in increased fuel-loads leading to increased wildfire risk. Mitigation and restoration with extensive tree planting and vegetation management will need to take place from 2024 until 2026 and beyond.

Discussion

Budget for looper moth mitigation work

The funding proposed in this report will support work to the end of Q1 2024. This work will continue to focus on reducing fuel load and dead trees in high traffic areas.

Mitigation of dead trees will take place in the following areas in 2024: Stanley Park Causeway (20ha); Prospect Point (7ha); Pipeline Road (24ha); Chickadee Trail (7ha); Aquarium (21ha); and Brockton Point (7ha). Restoration in these areas will also commence in 2024, which will involve significant replacement tree planting and management of competing vegetation. Funding will also support ongoing collaboration and consultation with MST for support of restoration efforts and preservation of archaeological resources.

Financial Implications

As a result of the recommended one-time budget adjustment, the 2024 Vancouver Board of Parks and Recreation budget will increase by \$4.9 million, with an offsetting decrease in the general revenue stabilization reserve balance to allow for procurement of contractors to complete urgent mitigation work in 2024. This adjustment provides funding only for immediate work, and additional amounts will be required in the near future to address the full scope of required mitigations in Stanley Park as it relates to the Hemlock Looper moth. A multi-year funding strategy will need to be developed that will consider potential Park Board revenue opportunities that can offset future costs and replenish draws from the revenue stabilization reserve.

The general revenue stabilization reserve uncommitted balance is approximately \$80 million. Although this is an increase from prior year, it is below the upper end of the target range of \$250 million (16% of non-utility revenue).

Legal Implications

There are no legal implications associated with this report's recommendations.

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