



COUNCIL REPORT

Report Date: January 28, 2025
Contact: Karen Levitt
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RTS No.: 17682
VanRIMS No.: 08-2000-20
Meeting Date: February 4, 2025
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: City Manager
SUBJECT: Mayor's Budget Task Force Implementation Oversight Committee Transmittal Report

Recommendation

THAT Council approve the recommendation from the January 28, 2025, Mayor's Budget Task Force Implementation Oversight Committee meeting, as follows:

THAT Council receive the report entitled "Progress Update on the Mayor's Budget Task Force Recommendations," for information.

Purpose and Executive Summary

This report transmits the recommendation made by the Budget Task Force Implementation Oversight Committee at its meeting on January 28, 2025, for Council consideration. The Committee report presents an overview of the City's progress against the seventeen recommendations contained in the 2024 Mayor's Budget Task Force Report.

Council Authority/Previous Decisions

On January 23, 2024, Council received the Mayor's Budget Task Force Report for information, and convened the Budget Task Force Implementation Oversight Committee ... *"to explore the recommendations outlined in the Task Force Report ... and bring recommendations for implementation back to Council..."*

City Manager's Comments

The City Manager concurs with the foregoing recommendation.

Discussion

Appendix A of this report contains an overview of progress being made against each of the Mayor's Budget Task Force seventeen recommendations.

Financial Implications

There are no financial implications associated with the recommendations of this report.

Legal Implications

There are no legal implications associated with the recommendations of this report.

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Appendix A. Progress Update on the Mayor's Budget Task Force Recommendations

Presented to Vancouver City Council by the Budget Task Force Implementation Oversight Committee
February 4, 2025



RTS 17682



Purpose

To provide an update re: progress being made against the seventeen recommendations of the January 2024 Mayor's Budget Task Force Report.

Budget Task Force Implementation Oversight Committee (BTFIOC)

BTF Implementation Oversight Committee

- Committee of Council, established April 2024
- Convened nine times from May 2023 to November 2024
- Members, two-year term
 1. Councillor Lenny Zhou (Chair)
 2. Councillor Lisa Dominato
 3. Councillor Peter Meiszner
 4. Mellissa Morphy, Mayor's Office Director of Policy and Deputy Chief of Staff (non-voting)

Mandate

- Evaluate and oversee the implementation of some or all of the recommendations in the January 2024 City of Vancouver Mayor's Budget Task Force Report ("the Task Force")
- Make recommendations to City Council to support Council decisions concerning this work
- Work is generally in service of enhancing the City's fiscal health, and the effectiveness, transparency and accountability of the City's budgeting and financial management processes

Seventeen Task Force recommendations

- 1. Define core services.** Establish a policy articulating the City of Vancouver's core jurisdiction
- 2. Manage spending.** Managing spending beyond Vancouver's core jurisdiction
- 3. Collaboration protocols.** Build mandatory collaboration protocols with all levels of government
- 4. Funding model.** Use empirical evidence to ensure equity and modernize the funding model
- 5. Finance Committee.** Create a Finance Committee
- 6. Financial planning.** Adopt a long-term horizon and a shorter budget cycle
- 7. Performance indicators.** Reinforce Council priorities through performance indicators
- 8. Continuous improvement.** Implement a City-wide continuous improvement program
- 9. Centralized resources.** Achieve economies of scale through centralized functional leadership/resource sharing
- 10. Regional procurement.** Take a regional approach to procurement
- 11. Manager absenteeism.** Proactively manage absenteeism
- 12. Technology.** Leverage technology to optimize operations
- 13. Capital assets.** Implement a rigorous capital asset management framework
- 14. Capital Fund.** Evaluate and optimize the Capital Fund portfolio
- 15. PEF.** Create perpetual value from the Property Endowment Fund to help narrow the infrastructure funding deficit
- 16. Social housing.** Optimize land use and transform the operating model for social housing
- 17. Partnerships.** Create an Office of Strategic Partnerships



Recommendation 1

Establish a policy defining the City of Vancouver's core jurisdiction

“In the short term, develop and approve a policy that defines the City of Vancouver’s core jurisdiction. The policy should explain how decisions and investments may be made in respect to matters outside of the core jurisdiction to ensure that such approvals are made only after the City’s interests have been carefully considered.”

Key achievements/work underway, core jurisdiction definition

- 1. Evaluation report.** September 2024 BTFIOC report, "*Context for Defining Core Municipal Services*," key elements:
 - Jurisdictional analysis, of seven Canadian and one US city, none apply a definition of "core municipal services"
 - List of key services added to City budget over past two decades
 - November 2022 memo from CFO to Council discussing services downloaded from senior governments to the City
- **Underway.** Currently under review by the BTFIOC



Recommendation 2

Managing spending beyond Vancouver's core jurisdiction

"If Council is considering a decision in respect of a service or investment that is outside of the scope of Vancouver's core jurisdiction as set out in a Council policy, then it must undertake a rigorous evaluation and due diligence exercise in advance of approval. This could include sufficient analysis related to program alternatives, benefits and risks, cost implications, long-term funding strategies, and service capacity limits.

Once Council decides, it must implement special monitoring and controls to ensure full accountability and transparency. If Council does adopt a policy that outlines its core jurisdiction, complete with appropriate controls to ensure full information and monitoring, we expect a reduced number of decisions that extend beyond the City's core jurisdiction. In cases where decisions do extend beyond the City's core jurisdiction, we expect that they will be accompanied with enough discipline to ensure an offsetting source of funding or managed spending."

Key achievements/work underway, spending within core jurisdiction

- To be initiated if/when Council opts to define the City of Vancouver's core jurisdiction, per the Task Force's Recommendation no. 1



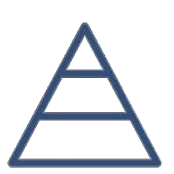
Recommendation 3

**Build mandatory
collaboration
protocols with all
levels of
government**

“Establish a set of clear protocols for collaboration between the City of Vancouver and regional, provincial, and federal governments, as well as First Nations. These protocols should be specific to Vancouver, recognizing its economic importance and unique needs as Canada’s largest port and Western Canada’s metro-centre. The protocols should set consultation expectations, provide an ongoing and standardized discussion forum for decisionmakers, and address approval processes for decisions that could affect other jurisdictions and Nations.”

Key achievements/work underway, inter-government collaboration

- 1. IGR protocol.** The City of Vancouver Intergovernmental Relations Protocol guides City interactions with other governments
- 2. Multiple channels.** The City regularly interacts with senior governments/First Nations through bilateral conversations and project-specific work, as well as through forums such as the Union of BC Municipalities, the Lower Mainland Local Governance Association, the Federation of Canadian Municipalities and the Big City Mayors' Caucus ... examples of include:
 - **FWC26.** Unique multi-party collaboration model established for planning and delivering the FIFA World Cup 2026 event (FWC26), working with the Province of BC, PavCo, YVR and a number of other third-party agencies
 - **Senakw Services Agreement.** Staff working to deliver on the 2022 Senakw Services Agreement between the City of Vancouver and the Squamish Nation, that articulates how the City will deliver services and amenities to the new Senakw development, and each parties' respective rights and obligations



Recommendation 4

Use empirical evidence to ensure equity/modernize the funding model

“Use empirical evidence to demonstrate the critical importance of modernizing the municipal funding model. This effort should advocate for practical redistribution of taxes based on principles of equity. The City should create formal controls and reporting structures that isolate and track the following data to support its advocacy efforts:

- Disproportionate contributions to provincial revenue by City of Vancouver taxpayers*
- Services absorbed by the City of Vancouver that could be the jurisdiction of other levels of government*
- Lack of revenue contribution from senior levels of government compared to other urban metropolitan municipalities in Canada*
- Economic contributions to the wider economy stemming from the City of Vancouver*

... Over the long-term, and using evidence-based advocacy, the City and other levels of government have an opportunity to modernize the tax system and ensure the effective delivery and funding of public services for the taxpayers of Vancouver.”

Key achievements/work underway, modernize municipal funding model

- 1. Non-tax revenues.** City is pursuing new non-tax revenues through various sources, including a new sponsorship and naming rights program, and delivering market rental housing on City land through the Vancouver Housing Delivery Office
 - Revenues from non-tax sources increased by \$15 million 2024 vs 2023, and are expected to increase by another \$10 million in 2025
 - PEF dividend to City's operating budget increased from \$9 million in 2022 to \$18 million in 2024
- 2. Municipal funding model (federal).** City participating in the Federation of Canadian Municipalities [Municipal Growth Framework](#) initiative, which seeks to secure sources for funding cities' growth other than charges associated with new construction
- 3. Regional infrastructure plan.** City staff contributing to advocacy for Metro Vancouver to lead development of a regional infrastructure plan to support housing delivery, supported by a viable financial strategy



Recommendation 5

Create a finance committee

“Appoint a Finance Committee composed of Council members with financial expertise and a strong interest in budgetary matters. This committee would report to Council and engage fully with staff in all aspects of the budget process to ensure that Council’s priorities and directions are appropriately reflected. The Committee and staff would be jointly responsible for briefing Council in advance of the budget approval process to ensure that all Council members are confident about the budgetary decisions that had been made, along with the financial and service implications of those decisions. In upholding the Vancouver Charter’s requirements that the Council provide budgetary directive in public forums, the Committee would act as a consistent intermediary between Council and City staff, where all decisions related to budgetary matters would remain reserved for Council Chambers in public.”

Key achievements/work underway, create a finance committee

→ **Underway.** Currently under review by the BTFIIOC



Recommendation 6

Adopt a long-term horizon and a shorter budget cycle

“Adopt a four-year rolling budgetary plan to ensure that Council, staff, and budget outcomes are aligned to the City’s long-term priorities. This plan should integrate with existing budgetary processes and require the same level of Council engagement and diligence as is necessary for the development of the annual operating budget.”

The City should also look to execute a more concise budget schedule to improve budget quality, including improved financial analysis, training, decision-making support, and the efficient use of staff resources. When built upon solid principles of cost and risk management and asset allocation, a shorter budget development process can yield a budget produced more quickly, yet without compromising quality.

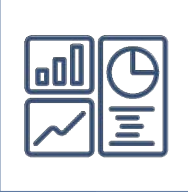
The above recommendations should be incorporated into the Budget Policy document which Council uses to govern and guide the budget process.”

Key achievements/work underway, budget planning

- 1. Financial planning transformation.** The CFO is currently leading an initiative to implement comprehensive budgeting, forecasting and reporting functionality in SAP to improve financial planning, monitoring, reporting, and control as well as reduce manual data manipulation
 - Enables staff self-serve, and significantly reduces manual work
 - In the first phase of implementation, substantial efficiencies were realized in the 2025 budget process through elimination of manual tasks
 - After transformation is completed, the budget development process will be shortened from 7 weeks to 3 weeks
 - Operating budget forecasting implemented January 2025, target full implementation April 2025
 - Related work is underway to improve the City's human resources data and reporting, including position control processes

Key achievements/work underway, budget planning, continued

- 2. Capital planning and delivery processes.** Staff significantly refined the process to identify mid-term updates for the 2023-2026 Capital Plan, reducing the staff effort required and resulting in stronger recommendations to Council. City Manager's Office and the CFO are now focused on the process for development of the 2027-2030 Capital Plan, aiming for improved efficiency, better-informed allocation decisions, and enhanced oversight of capital delivery
- 3. Four-year rolling budget planning.** The CFO has initiated the move toward a rolling four-year budget planning process
- 4. Driver-based budgeting.** The CFO has initiated the move toward more cost- and revenue-driver based budgeting, starting with parks and recreation and permitting services
- 5. Budget Policy update.** The Budget Policy will be updated to reflect the changes being made to the operating and capital budget processes, described above



Recommendation 7

Reinforce Council priorities through performance indicators

“Council and staff must agree on a set of performance measures that will be used directly for service planning, budgeting, and performance monitoring. The chosen performance measures must include cost-of-service metrics to ensure that resources are used efficiently, and departments are accountable for controlling spending. These performance measures should be agreed upon as part of the budget process to form an executive-level ‘dashboard’ for decision-making and monitoring.”

The performance measures should be regularly reviewed and updated by both Council and staff. As the annual budget is adjusted quarterly, the performance measures should be reviewed and evaluated on a similar timeline to ensure the goals and measures they set out are integrated into the City budgetary and planning processes.”

Key achievements/work underway, performance indicators

- 1. Managing with metrics.** City management and staff currently use a wide array of metrics to manage operations, and the new Chief Strategy Officer is currently leading an update the City's approach to metrics and data-driven decision making
 - *Executive-level performance metrics.* The City Leadership team and their respective leadership teams use a dashboard of executive-level operational, financial and human resource metrics is updated quarterly
 - *Service performance metrics.* A comprehensive set of service performance metrics are included in the City's budget book, published annually
 - *VanDashboard.* Substantial set of performance metrics reported publicly on [VanDashboard](#), in the categories of core service delivery, affordability and housing, climate change, economy and finances, equity and social issues, and vibrant culture
- 2. Cost of service metrics.** Work is currently underway to develop cost-of-service metrics related to parks and recreation and to permitting



“Formalize the Six-Sigma Lean Process program and implement it City-wide. This program should be championed by senior City and Council leaders (i.e., the City Manager and Mayor), and include a broad-based team including labour leaders (i.e., union representatives). The program should follow a rigorous application of the CIP methodology, and include considerations for the following:

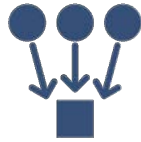
- Development of performance targets, monitoring, and rewards consistent with the aforementioned performance measure recommendations.*
- Reward and recognition of staff who embrace and promote practical change, through a non-financial incentive program that may include various forms of recognition, as deemed appropriate.*
- Regular integration and reporting to Council, enabling consistent monitoring and oversight of progress and priorities.*
- Leveraging evidence-based decision-making through the use of process optimization models for delivery of City services, such as refuse collection.”*

Recommendation 8

Implement a City-wide continuous improvement program

Key achievements/work underway, continuous improvement program

- 1. Enhanced continuous improvement expertise.** Consolidated the City's continuous process improvement and other previously disparate functions into a single department under the City's Chief Strategy Officer, creating the new Strategy and Project Support Office – resulting in an enhanced strategic focus on efficiency and operational/ customer service effectiveness
- 2. Refined continuous improvement program.** Chief Strategy Officer currently designing an enhanced continuous improvement program that will reflect much of what is recommended by the Mayor's Budget Task Force, targeted to launch in 2025
- 3. Staff training.** Six Sigma Yellow Belt training delivered to 70 City staff members in 2024



Recommendation 9

Achieve economies of scale through centralized functional leadership and resource sharing

“Continue to promote efficiencies across departments, with a renewed focus on centralizing functional leadership and interdepartmental resource sharing and collaboration. For example, centralizing lease management leadership could give the City stronger negotiating power across all departments, significantly reduce costs, and create efficiencies in the use of space across City departments.”

This approach would enable departments to better coordinate people in other departments for certain tasks, where appropriate and when they are performing similar functions, to save costs.

Similarly, the City may promote interdepartmental collaboration by creating a centralized resourcing program that identifies specialized resources across departments, and matches needs with existing resources within the City. For example, other departments should use engineering expertise inherent in the Engineering Department to fulfill their respective mandates. This approach promotes knowledge sharing, cost-effectiveness, and efficient project execution.”

Key achievements/work underway, centralized resource sharing

- 1. Parks and recreation.** Advancing preparatory work to bring parks and recreation services under the governance of City Council and to merge Board of Parks and Recreation staff and City staff into a single organisation
 - Combined savings from early integration opportunities to achieve operational efficiencies, reduced contracting, increased operational effectiveness and cost avoidance estimated to be in the range of \$7 million per year, with an expectation of additional savings associated with further opportunities to be realized over the medium/longer term
- 2. Strategy and Project Support Office.** Created the Strategy and Project Support Office in 2024, consolidating a number of previously-disparate corporate functions – including strategic business advisory, performance measurement, continuous improvement, and change management – under the Chief Strategy Officer, resulting to date in savings of approximately \$1 million pa

Key achievements/work underway, centralized resource sharing, cont'd

- 3. Project management.** Work currently underway to leverage the expertise of the Engineering Strategy and Standards Branch to enhance capital delivery project management capacity within the Board of Parks and Recreation and Real Estate, Environment, and Facilities Management departments



Recommendation 10

Take a regionalized approach to procurement

“Investigate the opportunity to collaborate with neighbouring municipalities on the procurement of significant items and services. The development of a centralized regional procurement office would leverage economies of scale, streamline contracts, and align prices across the region for the benefit of all municipalities and ultimately their residents. The City should take a leadership role in developing such an office and ensuring that targeted efficiencies be set, measured, and objectively reported to Council.”

This office may also explore opportunities to coordinate collective bargaining and develop a standardized compensation framework for municipal staff across various union agreements. This initiative should look to create consistency across the region, enhance equity and fairness for employees, and realize the potential for greater efficiencies in the delivery of services.”

Key achievements/work underway, regionalized procurement

- 1. Fuel and lubricant purchasing group.** City is a member of the BC Petroleum Product Buying Group, comprised of Lower Mainland and Vancouver Island municipalities and other government agencies (in 2024, approximately \$10 million of purchases through this channel, resulting in \$2.2 million cost savings)
- 2. Provincial contracts.** Regularly use Province of BC's Goods and Services Catalogue, allowing the City to streamline purchasing timelines by leveraging existing Province contracts, e.g., office supplies, Oracle technical support, Microsoft Enterprise Agreement (in 2024, approximately \$6.7 million of purchases through this channel, resulting in \$35,000 cost savings plus substantial procurement time efficiencies)
- 3. Canoe Procurement Group.** City is a member of Canoe Procurement Group of Canada, one of the largest public sector buying groups in the country, comprised of over 5,000 public and not-for-profit organizations (in 2024, approximately \$300,000 of purchases through this channel)

Key achievements/work underway, regionalized procurement, cont'd

- 4. Purchasing forums.** City is a member of the Metro Vancouver Municipal Purchasing Group, and the BC Procurement Services Branch Procurement Community of Practice – regular meetings of procurement professionals to exchange best practices/ benchmarks, and share opportunities



Recommendation 11

Proactively manage absenteeism

“Implement a strategic initiative to proactively manage absenteeism. This should include a number of interrelated activities (for example, ensuring holistic employee supports are in place, updating safety and health programs, and implementing time-tracking, etc.), and should include labour leadership working with department leaders in developing and implementing the necessary changes.”

Key achievements/work underway, proactively manage absenteeism

- 1. Program in place.** The Chief Human Resources Officer stewards a robust process to ensure that the City's senior executive are using consistent, reliable data to manage absenteeism within their respective departments
- 2. Decrease in workplace injuries.** Workplace injuries have decreased by 4% from 2022 to 2024
- 3. Focused efforts.** Current absenteeism focus is on the Vancouver Fire and Rescue Service (VFRS) and the Board of Parks and Recreation (Park Board), via combined efforts of departmental leadership, the Human Resources department, and the Office of the Chief Safety Officer
 - VFRS absenteeism rates (average days per employee) have decreased from 27.8 days in 2022 to 20.9 in 2024, a 25% reduction
 - Park Board absenteeism rates (average days per employee) increased from 23.7 in 2022 to 24.8 in 2024, a 5% increase ... the Park Board has hired a dedicated Attendance Management Advisor to help address this issue



Recommendation 12

Leverage technology to optimize operations

“The City should investigate the benefits of significantly increasing the speed of adoption of advanced technology to improve its business processes, building on existing initiatives. A comprehensive approach to unlocking this opportunity would include assessment and training for workforce readiness, upskilling initiatives, documenting processes, undertaking cost benefit analyses, and benchmarking against global best practices.”

Key achievements/work underway, leveraging technology

- 1. Licensing digitisation.** The digital transformation of permitting and licensing services put in place to date have substantially enhanced customer experience and staff efficiency, resulting in reduced work backlogs, shorter processing timelines, and higher customer satisfaction ... this digital transformation work in the area of permitting and licensing is ongoing
 - 86% of all business license renewals now online
 - Cut average processing times for new business licenses by 90%, from over 10 days to within one day, even in the face of an increased number of issued licenses – from 52,000 to 57,000
 - Eliminated 20-week backlog, now assigning applications for processing the same week they are submitted
 - Customers now have the ability to provide direct feedback and recommend future improvements

Key achievements/work underway, leveraging technology, continued

2. **Permitting digitisation.** New digital tools in place (and more under development) to simplify application preparation and support applications
 - *Project Requirements Exploration Tool (PRET).* Allows applicants to explore and understand regulations and requirements for their building permit, estimate permitting costs, map out timelines, and determine project feasibility (currently in place for laneway houses in R1-1 zones, to be expanded to more project types)
 - *eComply.* An online design compliance check tool, that allows applicants to upload their designs and drawings to check if they meet City of Vancouver regulations, and receive feedback on items that are incomplete, missing, or not permitted so that issues can be resolved before application submission

3. **Financial planning and HR systems.** Work underway to leverage the City's enterprise resource planning system (SAP) to substantially transform the City's operating and capital budget development, management and reporting processes, the City's human resource management system (operating budget component has been completed)

Key achievements/work underway, leveraging technology, continued

- 4. License plate recognition.** New vehicle camera and AI-supported solution to digitally recognize license plates of parked vehicles, optimising enforcement practices for all on-street parking – resulting in efficiencies and increased revenue (implemented in 2022, expansion completed in 2024)
- 5. Garbage cart management.** New customer portal that enables self-serve for property owners to manage garbage and green bins – resulting in increased revenues and decreased delivery costs, streamlined service delivery, enhanced customer experience, and reduction in 311 calls (implemented February 2024)
- 6. Accounting work intake.** Have automated accounts receivable and accounts payable email intake workflow using the ServiceNow platform – resulting in enhanced data/metrics and optimised workflows (accounts receivable implemented August 2024, accounts payable implemented December 2024)

Key achievements/work underway, leveraging technology, continued

- 7. Customer service chatbot.** Leveraging Microsoft Copilot to implement a proof-of-concept AI chatbot to enhance customer service for the 311 contact centre, on vancouver.ca, and for the internal technology support service desk – resulting in improved accessibility and customer service (target implementation March 2025)
- 8. FOI case management.** Automating the Freedom of Information (FOI) case management system – resulting in increased transparency and efficiency, enhanced timeliness of FOI responses (target implementation June 2025)
- 9. AI support for knowledge workers.** Implementing AI-powered features within the Microsoft suite (M365 Copilot and TEAMS Premium) to enhance knowledge worker efficiency, e.g., generate documents and presentations, create meeting summaries and action items, summarise emails requiring action, and, analyse financial trends and forecasts (target implementation June 2025)

Key achievements/work underway, leveraging technology, continued

- 10. Connecting off-network workers.** Providing off-network City employees with a M365 account to enable access to City e-mail, newsletters and cloud-based applications ... will connect approximately 2,200 City employees to the City's core information systems – resulting in better team coordination and communication, improved efficiencies (target implementation July 2025)
- 11. Account payable invoice processing.** Implementing a sophisticated AI-supported invoice-processing system – resulting in increased efficiency due to reduced manual processing, enhanced user experience, reduced cycle times, and cost-savings associated with a reduction in the accounts payable staff complement by 2027 (target implementation August 2025)
- 12. Tree management.** New Park Board tree management system – VanTree – to proactively and digitally track and manage tree assets to reduce risk to the City and to citizens, and increase efficiencies (target implementation September 2025)

Key achievements/work underway, leveraging technology, continued

- 13. Fire records management.** Implementing a new Vancouver Fire and Rescue Services record management system to better track dispatch integration, assets, incident reporting, inspections, compliance and other fire related records – resulting in enhanced integration with E-Comm and other municipalities, more robust data, enhanced decision-making, and more streamlined service delivery (target implementation December 2025)
- 14. Route optimization.** Implement a suite of technology tools to perform vehicle route generation, analysis and optimization for garbage/green bin collections, public realm litter container collections, street sweeping, and snow and ice clearing services – will result in higher efficiencies and cost savings associated with fuel and drive times (target phased implementation 2022 to 2025)

Key achievements/work underway, leveraging technology, continued

15. Various AI-supported workstreams. Apply AI to a variety of workstreams to improve service delivery, operational efficiency, and decision-making.

- *Job analysis and description engine.* Leverages generative AI to support the development of job descriptions – resulting in the elimination of one full-time staff person (implemented December 2024)
- *Empty Homes Tax audit automation.* Will streamline compliance verification through document intelligence, reducing manual verification (target implementation in 2025)
- *Emergency Operations Centre situational awareness.* Leverage AI tools to automate emergency operations centre information distribution – reducing the need for manual monitoring of data streams and improving operational efficiency (target implementation in 2025)

Key achievements/work underway, leveraging technology, continued

- *Bylaw digitalisation*. Leverage AI to streamline management and accessibility of municipal regulations – improving public transparency, governance, and ease of compliance for residents, businesses, and City officials (target implementation in 2025)
- *3331 dashboard*. Use AI to organise/analyse permitting data in order to track the City's progress toward Council's 3331 permitting targets – eliminating substantial manual data processing (implemented November 2024)



Recommendation 13

Implement a rigorous capital asset management framework

“Establish a tailored version of a Capital Asset Management Framework to streamline decision-making and enhance financial oversight of the City’s capital plans. This framework should include a particular focus on determining appropriate service levels or standards and optimizing lifecycle costs when evaluating capital projects. In addition to providing guiding investment principles, the CAMF could also encompass the following elements:

- *Criteria for Prioritizing Capital Projects would be designed to align with the City’s strategic priorities, ensuring a cohesive approach.*
- *Standardized Service Levels established within each area would provide a uniform baseline for decision-making. If deviations occur, a comprehensive costing analysis of alternative service levels should be developed.*
- *Business Case Analysis includes integrating the full lifecycle cost of assets and analyzing the long-term financial implications.*



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Recommendation 13

Implement a rigorous capital asset management framework, continued

- *Project Execution and Governance Plans includes elements such as risk assessment and mitigation, procurement options, resource planning, and project reporting and oversight.*
- *Funding Strategy should also consider the potential need for supplemental external funding, such as from donors and sponsors, to cover costs exceeding standardized service levels.*
- *Post-Delivery Operating Strategy addresses the strategic plan for operations following project delivery.*

As part of CAMF, any capital projects exceeding a specified dollar amount should undergo a rigorous review by the newly proposed finance committee (discussed earlier in this report) before being presented to City Council. This will ensure that high-value capital projects are scrutinized and meticulously evaluated.”

Key achievements/work underway, capital asset management

- 1. Capital planning framework and process improvements.** Development of a refined capital planning process currently underway, will result in greater reliance on data-based decision-making, and result in a more efficient process – taking into account both new and renewal capital projects
- 2. Standard service levels.** In adherence to the new, provincially-mandated requirements, development of the City of Vancouver Public Infrastructure Investment Framework (PIIF) currently underway, which will establish service levels that are achievable within the City's financial capacity, and inform rating-setting for Amenity Cost Charges (ACCs) and Development Cost Levies (DCLs)
- 3. Capital renewal needs.** As part of the PIIF development, also developing a ten-year capital renewal plan, which will inform the next four-year Capital Plan
- 4. Capital delivery improvements.** In 2024, implemented an enhanced internal capital delivery oversight process, intended to drive efficiencies, cost-effectiveness and higher delivery rates

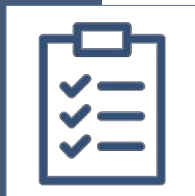


Recommendation 14

Evaluate and optimize the capital fund's portfolio

“Conduct a formal and comprehensive review of the Capital Fund’s asset portfolio, categorizing assets based on their strategic importance and alignment with the City’s core mandate. Then it would treat the assets in the following way:

- **Core Assets:** *The City should retain ownership of those assets that are critical to the City’s core mandate and long-term strategies, including essential infrastructure such as roads, water and sewer systems, parks, and emergency services facilities.*
- **Non-Core Assets:** *Consider private sector ownership of non-core assets, and/or private management or public-private partnerships for them, enabling the City to better prioritize resources and focus on operational excellence within core areas.*



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Recommendation 14

Evaluate and optimize the capital fund's portfolio, continued

- ***Underutilized Assets:*** Identify underutilized assets, whether core or non-core, then sell, redevelop, or modify them, ensuring they bring the City maximum benefit.

With over \$20 billion in assets in the Capital Fund, even a small improvement in asset use or capital efficiency could provide the City with a meaningful benefit. Moreover, the City should further explore ways to generate additional revenue from civic assets through expanding sponsorships and naming rights as will be discussed later in the Enhancing Strategic Partnerships for Greater Impact section of this report.”

Key achievements/work underway, optimize capital fund portfolio

- 1. Strategic asset development.** Focused efforts underway to optimize the City's Capital Fund assets, particularly through co-location and functional integration of public amenities, where feasible/appropriate
- 2. Monetisation of City's surplus land and airspace.** Exploring/advancing opportunities to generate revenues from commercial leases and market rental housing development
- 3. Alternative service delivery.** Enabling community partners to own and operate public amenities/services where appropriate, e.g., via MST Development Corp in the Heather and Jericho Lands



Recommendation 15

Create perpetual value from the PEF to help narrow the infrastructure funding deficit

“Establish robust governance and operating structures to optimize and safeguard the enduring value of the PEF. Key components should encompass:

- **Mandate:** Update and formalize the PEF’s mandate, outlining the fund’s vision, strategies, risk tolerance, asset mix, roles and responsibilities, target returns, and other pertinent elements.
- **Ownership Structure:** Consider transferring the PEF assets into a distinct entity earmarked for the City’s benefit. For individual assets or projects within the PEF, consider using special-purpose entities when involving external partners, employing varying ownership levels and financial leverage as needed.
- **Operating Structure:** Ensure the availability of adequate resources essential for effective PEF management. Explore collaboration or outsourcing options with external parties, leveraging their expertise and resources. This approach will not only expedite the PEF’s transformation but will ensure that the PEF’s assets are clearly segregated and safeguarded for the City’s benefit.

The acceleration of the transformation of the PEF should bolster cash flows, thereby helping to narrow the City’s infrastructure funding deficit while concurrently safeguarding and augmenting the PEF’s overall value.”

Key achievements/work underway, perpetual value from the PEF

- 1. Significantly increased PEF dividend.** Property Endowment Fund (PEF) dividend to City's operating budget has increased from \$9 million in 2022 to \$18 million in 2024
- 2. Middle income housing on City land.** Created the Vancouver Housing Development Office in 2024, to generate financial returns on PEF land assets through the development of market rental housing ... anticipating approximately 4,200 middle-income housing units to be delivered through first five VHDO projects
- 3. PEF portfolio optimization strategy.** Key several strategic directions for the PEF ...
 - *Industrial development.* e.g., Kaslo and Broadway, several key industrial acquisitions/assemblies
 - *Optimising PEF leases.* Lease revenues have increased by 22.5% from 2021 to 2024, inclusive
 - *Dispositions.* Sale of surplus properties and reinvestment of proceeds, e.g., sold 1004 West Broadway in 2024 for \$9.6 million, originally purchased for \$5.1 million in 2014

Key achievements/work underway, perpetual value from the PEF, cont'd

- *Market rental acquisitions.* PEF is acquiring purpose-built, newly completed market rental properties to generate financial returns, e.g., in January 2024, acquired a 47-unit market rental building at 41st Avenue and Main Street, anticipated to generated 4.2% yield
- *Synergies across real estate funds.* Creating efficiencies and opportunities across the PEF, the Vancouver Affordable Housing Endowment Fund (VAHEF), and the City's Capital Fund



Recommendation 16

Optimize land use and transform the operating model for social housing

“Optimize the land use for social housing sites to drive down per-unit costs. For example, redeveloping existing sites that are currently underdeveloped, particularly those nearing the end of their lifecycle, would be a more cost effective approach to providing more social housing units than would acquiring new land for housing projects. However, while optimizing land use is laudable, the City will also need to manage the delicate balance between cost considerations and the importance of fostering social integration within our communities when selecting the locations for social housing sites.”

Furthermore, the City should contemplate transforming its operating model by engaging professional property management firms to consolidate the building maintenance requirements of the City’s portfolio of housing assets. This would help streamline operations, realizing economies of scale and improving the overall efficiency of social housing initiatives. The not-for-profit housing societies would continue to oversee the non-building maintenance aspects of the housing sites, including interfacing with tenants.”

Optimizing our social housing dollars can ultimately deliver much more affordable housing to Vancouver residents.”

Key achievements/work underway, social housing

Optimize land use for social housing, Vancouver Affordable Housing Fund (VAHEF)

1. **VAHEF portfolio review.** Have evaluated City sites with leases expiring next five years for redevelopment potential, currently undertaking for ten-year horizon
2. **Redevelopment of six City sites.** Have initiated redevelopment planning for six sites currently leased to co-ops that could yield ~ 1,800 homes, exploring use of a community land trust as part of delivery approach
3. **Co-location projects.** Advancing several co-location projects combining specific civic use with housing, leveraging land outside of the VAHEF portfolio, e.g., childcare/housing at 960 East 7th Avenue, economic hub/housing at 525 Powell Street, firehall/childcare/housing at 990 Beatty Street
4. **Senior government funding.** Advancing development planning for all undeveloped VAHEF sites, to ensure they are ready for senior government funding once available

Key achievements/work underway, social housing, continued

- 5. Strategic site acquisition.** VAHEF has acquired properties adjacent to existing City sites to improve redevelopment potential of aging City buildings, e.g., the Balmoral, firehall/housing in Mount Pleasant, and childcare/housing in Railtown
- 6. CHIP modifications.** Recalibrated the City's Community Housing Incentive Program (CHIP) that allows the City to invest in non-profit projects to deliver social housing sited on third-party-owned land ... multiple grant applications currently under review

Drive down per-unit costs – Existing non-market housing assets

- 1. End-of-life analysis.** Have prioritized City-owned non-market housing to be replaced, and have initiated construction of first replacement site
- 2. Data-based analysis supporting lease renewal conditions.** As co-op and non-market housing leases are being renewed, City evaluating operating cost effectiveness of incumbent lessee, and where appropriate requiring lessee as a condition of lease renewal to form partnership with a scaled-up property management firm or to merge with another operator

Key achievements/work underway, social housing, continued

Drive down per-unit costs – New non-market housing assets

1. **Enhanced strategic approach to development**

- Incorporating third party construction management advice earlier in development projects, to ensure project budget is realistic and identify cost saving opportunities
- City handing project to non-profit delivery partner further down development process, thereby reducing overall development consultant fees/financing cost

2. **Professionals shortlist.** Have developed a shortlist of construction managers, architects and QS service providers to speed up project delivery, reduce costs, and enhance project quality

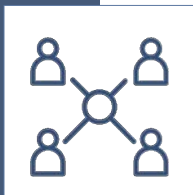
3. **Gated approval process.** Have instituted a stage-gate approval process to review project and development costs at set intervals, and adjust project if costs not aligned with benchmarks

Key achievements/work underway, social housing, continued

4. **Ensuring cost-efficient turnkey housing operations.** Have implemented new business model to ensure cost-efficient operations for turnkey/inclusionary housing assets
- Professional service organizations engaged to manage housing assets
 - Non-profit operators encouraged to form partnerships with scaled-up property management firms
 - Piloting third-party professional property manager for new City-owned assets, e.g., 1482 Robson and units in the Oakridge development (currently under construction)
 - Stipulations in new leases to housing operators that gives City right to require use of third-party services if non-profit not operating efficiently

Key achievements/work underway, social housing, continued

- 5. Enhanced non-profit operator reporting requirements.** Enhanced reporting requirements for non-profit housing operators on City land incorporated into new lease and operating agreements, providing the City better line of sight into non-profit-operated housing financial efficiency performance
- 6. Streamlined City requirements for turnkey housing.** Incrementally refreshing City's Housing Design and Technical Guidelines when partnering with non-profit delivery partners, with a lens on cost effectiveness and alignment with senior government funding requirements, e.g., sustainability requirements

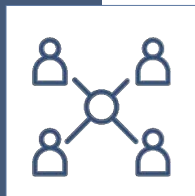


Recommendation 17

Create an office of strategic partnerships

“Centralize coordination with philanthropic, business, and non-profit communities through the creation of an Office of Strategic Partnerships. This office should focus on increasing the funding for essential services while also aligning with stakeholders on shared challenges and priorities, including:

- ***Naming Rights/Sponsorship Campaigns:*** *Generate revenues by selling naming rights and running sponsorship campaigns for various City assets.*
- ***Program Recognition:*** *Allow donors to fund specific programs or initiatives over a project’s duration.*
- ***Large-Scale Philanthropic Partnership Projects:*** *Collaborate on transformative initiatives involving government, community entities, and philanthropic organizations as was the case in a recent housing project in Burnaby that includes child care spaces for women and children leaving violent situations.*



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Recommendation 17

Create an office of strategic partnerships, continued

- **Website Online Portal:** Establish a portal to showcase partners, individuals, and initiatives, and to facilitate crowdfunding and provide an online system for matching residents, volunteers, partners, and funders with the programs they are interested in.
- **Ongoing Relationship Development:** Foster and cultivate relationships with strategic partners and bridge intergovernmental coordination.

The City has many opportunities to enhance its engagement with strategic partners through targeted campaigns and comprehensive strategies that are aligned with Council's strategic priorities. This strategy may also include investigating infrastructure delivery through private-public partnerships."

Key achievements/work underway

- 1. Sponsorships and naming rights.** Have established a sponsorship and naming rights function, with an updated Council-approved Sponsorship and Sponsorship Naming Rights Policy approved by Council in October 2024, and have engaged TTG Canada as the City's sponsorship agent, with the first tranche of revenues anticipated in 2025
- 2. Donations.** The updated Sponsorship and Sponsorship Naming Rights Policy allows for both commercial and philanthropic naming rights, and consideration of the latter is being incorporated into some large capital projects
- 3. Advertising.** For the first time in over two decades, the City is in the midst of a market call for a street furniture provider, it is anticipated that this new contract will include substantial advertising revenues for the City
- 4. Office of Strategic Partnerships.** As activity in the sponsorship, advertising, naming rights and donations space increases, the optimal staff structure and need for a standalone office will be evaluated

End