



IN CAMERA COUNCIL REPORT

Report Date: March 26, 2024
Contact: Colin Knight
Contact No.: 604.873.7569
RTS No.: 16303
VanRIMS No.: 08-2000-20
Meeting Date: May 28, 2024

TO: Vancouver City Council
FROM: Director, Financial Planning & Analysis
SUBJECT: 2024 Budget Adjustment Related to Hemlock Looper Moth in Stanley Park Mitigation and Park

In Camera Rationale

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*:

(k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

Recommendations

THAT Council approve the one-time 2024 operating budget increase of \$11.1 million for the Vancouver Board of Parks and Recreation to fund the next phase of immediate work required to mitigate safety risks from dead trees caused by the Hemlock Looper Moth within Stanley Park, to be funded from the general revenue stabilization reserve.

Purpose and Executive Summary

This report outlines an additional proposed Operating Budget adjustment for the Vancouver Board of Parks and Recreation to enable the next phase of work required to mitigate 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 the next phase of work to begin in Q4 2024.

On January 24, 2024, Council approved \$4.9 million to support immediate work that was required in Q1 of 2024. This report is requesting a budget adjustment for the subsequent work that is required to be performed later in 2024 and into Q1 of 2026.

The normal practice is for departments to manage these 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 that Council approval for a budget amendment be requested. The Vancouver Board of Parks and Recreation was able to manage \$1.9 million from within the department's 2023 budget as it relates to the Hemlock Looper Moth in Stanley Park.

There is no contingency set aside in the operating budget to manage these pressures, and additional funding will need to be transferred from the general stabilization reserve. The impact of the one-time adjustment is that the available balance of the reserve will reduce, and the reserve will need to be replenished through future property tax increases.

Council Authority/Previous Decisions

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

On January 24, 2024, Council approved \$4.9 million of one-time operating budget increase for 2024 to fund the first phase of work in Q1 2024 required to mitigate immediate safety risks of trees damaged by the Hemlock Looper Moth in Stanley Park.

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 the budget transfer recommended in this report 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 pesticides such as *Bacillus Thuringiensis (Bt)* also 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 didn't crash after two years and significant tree mortality was observed, a professional forestry consultant was engaged in 2022 to develop a risk assessment and mitigation plan. Phases 1 and 2 were implemented in Q4 2023 and Q1 2024 to address immediate risks in 25% of the impacted forest areas including the Stanley Park Causeway and other high-use areas such as Prospect Point, the Train precinct, Pipeline Road and Stanley Park Drive. This involved removal of high-risk dead trees and culminated with the planting of 25,000 native trees to restore the forest ecosystem. Phase 3 work at Chickadee Trail, the Aquarium and Brockton Point will commence in September 2024 at the end of bird-nesting season.

Residual risks remain throughout the park and time is of the essence as dead trees decay and lose structural integrity. Failing trees pose a public safety risk and also result in increased fuel-loads leading to increased wildfire risk. Mitigation and restoration with extensive tree planting and vegetation management will need to continue in 2025, 2026 and beyond.

Discussion

Budget for looper moth mitigation work

In 2023, \$1.9 million of remediation work was performed and managed within the existing Park Board budget.

On January 24, 2024, Council approved \$4.9 million to support immediate work required in Q1 and Q4 of 2024.

The total forecast costs of the remediation work is expected to be \$17.9 million. The funding request of \$11.1 million will support the remaining work from Q1 2025 to Q4 2026. The work can only be done the last quarter and first quarter of each year to limit impacts on nesting birds and visitors between April and September. Although this work spans multiple years, the \$11.1 million budget adjustment is required in 2024 in order to advance procuring a contractor to plan and implement the remaining risk mitigation work.

Financial Implications

As a result of the recommended one-time budget adjustment, the 2024 Vancouver Board of Parks and Recreation budget will increase by \$11.1 million, with an offsetting decrease in the general revenue stabilization reserve balance. Staff will continue to look for revenue opportunities with Park Board that could offset a portion of the looper moth costs, and where available, revenue would be used to fund the looper moth mitigation work to minimize the draw on the general revenue stabilization reserve.

As part of the city's standard practice, one-time pressures are managed within existing budgets through operational decisions. There is no contingency set aside in the operating budget to manage these one-time pressures, and additional funding will need to be transferred from the general stabilization reserve. The impact of the one-time adjustment is that the available balance of the reserve will reduce, and the reserve will need to be replenished through future property tax increases.

Legal Implications

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

* * * * *