

LATE DISTRIBUTION

Supports Item No. 5
CS&B Committee Agenda
December 18, 2008



ADMINISTRATIVE REPORT

Report Date: December 15, 2008
Contact: Annette Klein
Contact No.: 604.873.7789
RTS No.: 07823
VanRIMS No.: 08-2000-20
Meeting Date: December 18, 2008

TO: Standing Committee on City Services and Budgets
FROM: General Manager of Financial Services
SUBJECT: 2009 Operating Budget Update

RECOMMENDATION

THAT Council receive this report for INFORMATION.

CITY MANAGER'S COMMENTS

The 2009 Budget offers a series of challenges: the removal of the one-time 2007 work stoppage savings that was carried over to the 2008 budget, revenue decreases associated with the declining economy, increased funding for 96 officers and 22 civilians for the Vancouver Police Department approved in 2008, and inflationary increases associated with collective agreements. If no adjustments are made to the budget estimates, the potential property tax increase, prior to considering any new funding requests or the impact of property tax redistribution between commercial and residential property taxes, is estimated at 11%.

The Corporate Management Team tasked a Budget Working Committee made up of the Deputy City Manager, Director of Budget Services, and Director of Business Planning to embark on a comprehensive review of each service group's budget. This review is intended to drive savings in the budget without impacting services and staffing. The main strategy utilized by the Working Committee was to identify savings using trend analysis. This review will be completed on December 17, 2008, and it is anticipated that the budget to be presented to Council on February 3, 2009, will result in property tax increases in the range of 6% to 7%, of which 2% to 3% would represent the cost of maintaining existing services.

The overall objective is to present a budget on February 3, 2009 that reflects the maximum savings opportunities that will not impact services and staffing. If the associated tax increase with this budget is deemed too high, Council could direct staff to proceed with further adjustment options, however, these would entail a reduction to services and/or staffing. As soon as the budget is reported on February 3rd, the public consultation process (as outlined in

the report) will be initiated with an anticipated report back on March 24, 2009. Council will then be asked to provide direction on the budget process for final approval on April 7, 2009.

Should Council wish to modify aspects of the process and strategies outlined in the report it would be advisable to provide such direction as soon as possible to ensure Staff have the capacity to address the desired changes.

COUNCIL POLICY

The Vancouver Charter requires that the Director of Finance presents the estimates of revenues and expenditures to Council no later than April 30 each year and that Council adopt a resolution approving the budget and a rating bylaw establishing general purpose tax rates as soon thereafter as possible.

In approving the annual Operating Budget, Council has also adopted a practice of passing on to taxpayers the tax increases related to requisitions from outside agencies, including the Greater Vancouver Sewerage and Drainage District and E-Comm over which Council has no control, rather than providing offsetting reductions in City services/programs to meet Council's target tax increase. As well, Council in the past has passed on tax increases related to major funding initiatives, in particular for significant increase in police staffing.

Council approvals are required for changes in service levels, either expansions or reductions; creation and deletion of regular full time and regular part time positions; and allocation of funding from general revenues or taxation.

PURPOSE

The purpose of this report is to update Council on the 2009 Operating Budget and address the November 25, 2008, motion of Council requesting information on the strategy to reduce 2009 residential property taxes.

BACKGROUND

On November 25, 2008, Council passed the following motion related to the 2009 Operating Budget:

THAT Council ask the City's Chief Financial Officer to prepare an option report on capital and operational expenditure reductions that could be acted upon at City Council's first meetings on December 16 and 18 to reduce an anticipated 10.5 percent residential property tax in 2009.

DISCUSSION

1) Budget Process To Date

The 2009 Operating Budget process has made provision for:

- *Civic Election* - As has been the experience over the last three Civic Elections, Councillors require an orientation process in November, December and early January of the budget year. This results in deferral of the budget reporting and public

consultation to the new-year. Consequently, Council endorsed a modified schedule in June 2006 that would occur every three years that anticipates the impact of the Civic Election.

- *Budget Consultation Process* - As was implemented in 2008, to provide the public with more up-to-date and complete information, the budget consultation process will begin after the completion of the administrative review of the budget and will include the proposed adjustments necessary to balance the budget. This will allow the public to provide input on the base budget, initiatives, and adjustments.

Staff have focused over the last few months on the internal budget development process to be prepared for detailed briefings, reports, and public consultations in the coming new year. The components of the operating budget process that have been performed to date are:

- Budget development based on inflationary guidelines and Council approved service levels.
- Detailed budget reviews that involve both a program overview of each service group as well as a line by line review of the budget. These administrative reviews of the revenue and expenditure estimates are intended to ensure that: departmental budgets have sufficient funding to maintain programs, services and staffing at approved levels; opportunities for savings are identified; and requests for additional funding beyond inflationary targets can be justified on the basis of Council approvals, health and safety concerns or short-term workload issues.
- A review of the budget by the Corporate Management Team in preparation for reporting to Council and the associated public consultation process.

These processes will just have been completed at the same time that this report is to be presented to Council. Given that some of the reviews are outstanding, a full reporting of the budget is not yet available but enough information is known to give a sense to Council as to the budget challenge and the proposed budget strategy. A comprehensive report on the 2009 budget will be provided to Council on February 3, 2009, as outlined in the Section 4 Next Steps of this report.

2) Budget Challenge

Prior to the detailed administrative review of the budget, the estimates for the 2009 Operating Budget indicated a potential tax rate increase at approximately 11% (please refer to Table 1). Major factors contributing to this increase are:

- Salary increases due to collective agreements
- Operating costs of new facilities
- Capital program related to debt and capital from revenue
- Costs associated with new and expanded services approved in 2008 of which the most significant increase is related to the Police staffing increases of 96 officers and 22 civilians
- Removal of the one-time 2007 work stoppage savings that was carried over to the 2008 budget per Council direction
- Revenue decreases due to the downturn in the economy
- Cost of outside agencies

Table 1: Property Tax Impact of Budget Drivers¹

Budget Driver	Tax Impact	Cumulative Tax Impact
Salaries Increases (Collective Agreements)	4.4%	4.4%
Fuel & Utility Rate Increases	1.1%	5.5%
New Facilities <ul style="list-style-type: none"> • #1 Kingsway • Force Options Training Centre • Vancouver Olympic Centre (Hillcrest) • Park Board Added Basic 	1.0%	6.5%
New Construction Property Tax Revenues	(1.0%)	5.5%
Inflationary (4%) Revenue Increases	(0.6%)	4.9%
Reversal of 2008 Onetime Corporate Adjustments <ul style="list-style-type: none"> • New & Non Recurring Budgets • Strategic Initiative Fund • Contingency Reserve 	0.7%	5.6%
Capital Program <ul style="list-style-type: none"> • Capital from Revenue & Debt 	1.2%	6.8%
Revenues Decreases - Economic Downturn <ul style="list-style-type: none"> • Short Term Interest • Service & Inspection Fees 	1.0%	7.8%
Miscellaneous Expenditure Changes	(0.6%)	7.2%
New Programs Approved in 2008 <ul style="list-style-type: none"> • Police staffing represents 0.8% of the increase 	1.2%	8.4%
Outside Agency Impact <ul style="list-style-type: none"> • E-Comm • GVS&DD Levy 	0.3%	8.7%
Removal of One Time 2007 Work Stoppage Savings	2.3%	11.0%

¹A 1% property tax increase is equivalent to a \$5.2 million increase to the budget

Along with the potential property tax increase outlined above, there are three other issues that need to be considered as part of the 2009 Operating Budget:

- a) **Property Tax Redistribution:** In March 2008, Council approved the redistribution of 1% percent of the property tax levy from the non-residential property classes to the residential property class every year for five years. 1% redistribution has the effect of increasing residential property taxes by 2% and decreasing non-residential property taxes by 2%.
- b) **Council Directed Efficiency Offsets:** Council requested that three initiatives (totaling \$2.0 million) are to be funded through operational efficiencies. These initiatives include the first phase of the implementation of a consolidated citizen service centre and 311 Service for the City of Vancouver planned for January 2009, a Financial Analyst position for the Financial Services Group, and an Employee Mobility Program

Coordinator. Details on these efficiencies will be outlined in the Interim Estimates to be reported on February 3, 2009.

- c) ***New Funding Requests:*** Not included in the budget position above are new funding requests. There are a number of funding requests that will come forward in the budget process that Council requested to be reported back on, such as the Ambassador Program, Project Civil City, and Enforcement for the Granville Entertainment District. As well funding will be sought for critical workload issues and new Council priorities.

As noted in the Policy Section of this report, Council has adopted a practice of passing on to taxpayers the tax increases related to requisitions from outside agencies, over which Council has no control, rather than providing offsetting reductions in City services/programs to meet Council's target tax increase. In addition, Council in the past has passed on tax increases related to major funding initiatives, in particular for significant increase in police staffing.

Along with these two drivers, the impact of reversing the work stoppage savings needs to be excluded when considering the budget challenge. Council was able to use the financial savings of \$11.8 million from the 12-week work stoppage by the City's major unions in 2007. These savings reduced the 2008 property taxes to 2.3 per cent. However, since this is a one-time savings, property owners will now see a rise in their 2009 taxes that was avoided in 2008 because of the strike savings. This will mean that beyond the regular budgetary increases in 2009, property taxes will need to increase by 2.3 per cent to bring the budget back to normal levels.

Therefore, Staff have focused their efforts on reducing property taxes below 7.2% (prior to considering any new funding requests) given these fixed components of the budget.

	Tax Impact
Potential Tax Increase	11.0%
Less Outside Agency Impact	(0.3%)
Less Programs Approved in 2008	(1.2%)
Less 2007 Work Stoppage Savings	(2.3%)
Property Tax Challenge	7.2%

3) Budget Strategy

There are five elements to the 2009 Budget Strategy to reduce property taxes below 7.2%:

a) *Administrative Budget Reviews:*

City staff have just completed (as of December 17, 2008) an intensive review of the budget. This review was coordinated by Corporate Budget Services and included participation by the Deputy City Manager, Director of Business Planning, each General Manager and lead operational managers for each service group. The objective of these administrative reviews was to look for ways to reduce the budget without impacting services and staff.

Specifically, the reviews focused on the following:

- Overview of programs, workload issues, and overall priorities
- Vacancy analysis by position as well as a salary based multi-year trend analysis to determine appropriate turnover rates
- Review of all non-salary accounts including a multi-year trend analysis of budget to actuals
- Review of under-utilized vehicles to determine if there are opportunities to reduce the City's fleet or to merge vehicles into the City's fleet pool for car sharing opportunities
- Determine appropriate timing of initiatives and projects
- Review appropriate opportunities to utilize prior year surplus for one time expenditures
- Assess appeals to the base budget submitted by departments
- Assess adjustments and initiatives submitted by Departments to the budget process

To date, the amount of adjustments that have resulted from these reviews are approximately: \$8.0 million of savings that do not impact services or staffing, offset by \$3.3 million of appeals related to cost pressures that cannot be addressed in departments' target budgets. Given that the administrative review process is not yet complete, the adjustments noted above have not been finalized and are provided to indicate the relative scope of the potential adjustments that will be detailed to Council on February 3, 2009.

b) Capital Program

The Council Motion of November 25, 2008, requested staff to report on capital expenditure reduction options. The 2009 - 2011 Capital Plan approved by Council is over \$100 million more than the previous plan and, as reported in the Capital Planning process, will increase property taxes by approximately 4.0% to 4.5% in 2009-2012.

	\$ million		
Funding Source	2009 - 2011 Capital Plan	2006 - 2008 Capital Plan	Change
Plebiscite Borrowing Authority	199.00	135.57	63.43
Sewer Borrowing Authority	95.80	74.43	21.37
Water Borrowing Authority	61.60	54.87	6.73
Capital from Revenue	75.00	55.60	19.40
City-Wide DCLs	63.40	33.57	29.83
Total Base Plan	494.80	354.04	140.76
Additional Plebiscite Borrowing Authority	-	35.00	- 35.00
Total	494.80	389.05	105.75

The annual funding distribution for the Capital from Revenue is planned so as minimize year over year increases as shown in Table 2.

Table 2: Capital from Revenue

Year	Capital From Revenue	Annual Increase
2008	19.7	
2009	22.0	2.3
2010	25.0	3.0
2011	28.0	3.0

Council has long standing policy related to the limits on the capital expenditure program which were documented in the financial limits report considered on April 29, 2008 (RTS07338) and further updated on September 8, 2008 (RTS 07340). These policies relate to maintaining an appropriate level of funding for infrastructure and facility maintenance and replacement while being sensitive to the impacts that increases in capital expenditures can have on property taxes. One of the key findings from the Financial Limit report was that "funding in the operating budget had fallen to the lower end of the range of funding provided for in Council policy." Therefore it would not be Staff's recommendation to reduce capital funding and, in particular, Capital from Revenue.

Deferring Capital from Revenue is an option should Council desire such an adjustment. At this time it is not known if specific projects would be impacted and, therefore, deferred to subsequent years. However, such a deferral would entail further increases to the future operating budgets beyond those already envisioned. This may cause some difficulty with regards to the Financial Limits' requirement that the Capital Plan not unduly increase property taxes.

The amount of debt costs included in the operating budget is determined by a) cash requirements for capital work and b) the favourable borrowing conditions in the market place. Given these two variables, annual debt budgets can vary and is a reasonable area to look for savings opportunities based on actual anticipated borrowing patterns. Given the unstable market conditions, Finance Staff have deferred the anticipated debt issuance to later in 2009 and as a result, there will be a \$7 million reduction to debt costs.

c) Sewer Utility

The accompanying report, *2009 Sewer Rates and Changes to the Sanitary Sewer Utility* (RTS 07661), recommends that the infrastructure costs related to the sanitary system be transferred from the property tax levy to be funded from user fees. This transfer would be a revenue-neutral change for the utility overall in that the reduction in property taxes would exactly offset the increase in user fees.

The impact of these changes on individual property owners will depend on the assessed value of the property and, for metered users, their use of the sewer system. To mitigate the impacts for those users who experience an overall increase in cost, a two-year phased implementation strategy has been recommended.

The phased implementation recommended in the report would result in a \$5.2 million reduction to the property tax portion of the utility in 2009 and 2010.

d) Corporate Adjustments

The Corporate Management Team has been reviewing corporate adjustments that do not have service and staffing implications. Some considerations being contemplated are: a percentage reduction to consulting and non-salary budgets, a reduction to the new and non-recurring budget, and along with a reduction to fuel prices, changes to some of the budgeting assumptions for the City's fleet to provide the incentive to improve overall fleet usage.

e) Funding Requests and New Council Priorities

As noted previously there are a number of funding requests that will come forward as part of the budget process. The Corporate Management Team has prioritized only the most critical funding requests and has attempted as much as possible to provide funding offsets for most initiatives. Initiatives without offsets are related to the Ambassador Program, Project Civil City, and the temporary opening of the Vancouver Olympic Centre Pool (Hillcrest). These funding requests (at \$1.2 million) are to be put forth to Council for CONSIDERATION rather than RECOMMENDATION.

One of the key unknowns at this time is the level of funding for new Council priorities. Given the timing of this report, the financial implications of new Council priorities are not yet known. A one time increase to the Contingency Reserve out of prior year surplus is being considered as a means to ensure that sufficient funding is available for key emergent priorities. However, staff will work closely with the Finance Chair and Council prior to February 3, 2009, to identify these priorities.

4) Anticipated Interim Budget Position

All of the elements of the 2009 Budget Strategy outlined in the previous section will be reported in detail to Council on February 3, 2009 as part of the Interim Budget Estimates. At this time a final tally of all the adjustments is not available. However, Staff are confident that these strategies will result in a property tax increase between 6% to 7% representing a growth in base City costs of approximately 2% to 3%:

	Tax Impact
Total Potential Tax Increase	6.0% - 7.0%
Less Outside Agency Impact	(0.3%)
Less Programs Approved in 2008	(1.2%)
Less 2009 Funding requests for CONSIDERATION	(0.2%)
Less 2007 Work Stoppage Savings	(2.3%)
Base City Costs	2.0% - 3.0%

The budget to be presented on February 3, 2009, will reflect the maximum savings opportunities that will not impact services and staffing. If the associated tax increase

with this budget is deemed too high, Council could direct staff to proceed with further adjustment options, however, these would entail a reduction to services and/or staffing.

5) Next Steps

The following outlines the next steps in the budget process

Staff Briefing - Council/Boards - Base Budget, Initiatives, Adjustments	Week of Jan 19/09
Staff Briefing - Union - Base Budget, Initiatives, Adjustments	Week of Jan 19/09
Council Report(s) - Major Initiatives (if required)	January 20/09
Report Reference: Interim Budget Estimates - Base Budget, Initiatives, Adjustments	February 3/09
Public Consultation	Feb 3 - March 24/09
Staff Briefing - Union - Base Budget, Initiatives, Adjustments	Feb 3 - March 24/09
Report Reference: Public Consultation Results	March 24/09
Council Deliberations	March 24/09
Public Meeting Feedback on Council Deliberations	March 30-April 3/09
Final Budget Estimates	April 7/09
Tax Reports	April - May/09

For 2009, the first public presentation of the Operating Budget has been planned for February 3, 2009. This timeframe allows for the completion of the administrative budget review and the development of the budget strategy by the Corporate Management Team. Once the report is published, budget consultation will be held and in mid March, a report will be presented to Council with the results of the budget consultation. It is at this point that Council will make decisions on initiatives and adjustments and set the overall property tax increase. An evening public meeting will be subsequently held to provide the public the opportunity to comment on Council's decisions on balancing the 2009 budget. The final budget will then be approved on April 7, 2009, unless a further change is requested by Council based on the evening public meeting.

6) Public Consultation Program

In 2007, a review of the City's public consultation process was completed. This review included a current state assessment, external research and a comparison of this research to the current consultation process.

(<http://vancouver.ca/ctyclerk/cclerk/20071016/documents/rr1.pdf>)

The conclusion from this review were:

- The City of Vancouver's budget consultation process uses multiple methods for soliciting input and educating the public, and that citizens have a variety of different ways they can provide input. Comparing the City of Vancouver to other Cities interviewed indicates the City uses more consultation methods than most cities.

- External and internal research suggests some areas that should be looked at further:
 - Provide more information on budget adjustments
 - Improve budget consultation notification
 - Focus on having a balance between general public and stakeholder group input
 - Focus on having a consistent budget consultation program year over year
 - Improve the external website (e.g. navigation, information posted, add a budget simulation tool or game, and budget consultation contact database etc)
 - Assess the trade off between advertising and the investment required

- That the City endorse the following principles when developing its public consultation process:
 - The city will undertake an accountable and transparent budget process
 - Citizens will have the opportunity to understand key budget issues
 - Consultations will be demographically representative
 - The city will see balanced input from special interest/stakeholder groups and the general public
 - The budget consultation process will be conducted in a timely and cost-effective manner

A series of improvements phased over two years were presented to Council including staff driven improvements and those for Council to choose from that had funding implications. The improvements/initiatives implemented in 2008 are detailed in Appendix 1. Even with these improvements overall participation in both the public meetings and the CityChoices (newspaper flyer and web) survey did not improve relative to previous years' processes.

As part of the 2008 budget consultation process, input was solicited on preferred methods of consultation from participants. As well, the public consultation consultant, Kirk and Company, presented their views on the 2008 public consultation process.

Consultation Feedback:

In both the City Choices flyer/website and the telephone survey, feedback was solicited on the budget consultation. From the telephone survey, it was determined that the preferred methods of providing input to the City's annual budget were the random telephone, website, and direct mail surveys. The least popular methods were attendance at public meetings, and response to newspaper flyer survey. From the CityChoices flyer, 58% liked the existing process noting that it was readily accessible. A minority indicated they would like more information and more choices with each question suggested other distribution methods, such as dedicated e-mail lists, direct mail, neighbourhood associations, etc.

Consultant Feedback (Kirk and Company):

In 2008, the City engaged Kirk and Company to oversee the consultation process for the 2008 Operating Budget and the consultations related to the recommendations of the Property Tax Policy Review Commission. Kirk and Company presented to Council on April 1, 2008, feedback on the City's consultation process. Some of the key challenges in the budget consultation noted were:

- Low participation levels

- Unfocused media relations strategy
- Lack of interest in public meetings

To address these challenges, Kirk and Company recommended a series of enhancements that built on the existing process. These included:

- Establish a media relations and opinion leader programs
- Create an E-mail system for alerting participants of up-coming events
- Establish an on-line bulletin board
- Establish broad public meeting program that includes one large public meeting, a series of randomly selected focus groups, Mayor's Forums, and multi-stakeholder meetings
- Continue with the attitude survey and reporting out of the consultation results
- Increased communication resources

2009 Communication/Consultation Recommendations

With the experience, research and feedback noted above, the public consultation process needs to improve in the following ways:

- Less emphasis on public meetings and greater focus on providing awareness and alternative vehicles for participation
- Greater reliance on electronic media rather than print media
- Improved media strategy

Public Consultation Content and Timing:

As in 2008, to make the content for the consultation more complete, information on the budget strategies to balance the budget (i.e. information on the budget adjustments that are needed to achieve a target property tax increase) will be included as part of the consultation process. To achieve this, the proposed public consultation process will take place after the administrative budget review is complete and proposed adjustments have been developed. This gives citizens the opportunity to provide budget input on a more detailed and informative budget.

Contact Database



One of the key strategies for achieving adequate participation levels in the process is having an extensive and up to date contact database. In December 2008, the City launched the "Let's Do This Together" website to register individuals interested in participating in the public consultation process. Advertised using card inserts in the December 2008 property tax insert, the website has registered 425 individuals representing 25 organizations as of December 15, 2008. This contact list will be integral to this and future years' public processes.

Participants can register by going to the vancouver.ca (<http://vancouver.ca/>) homepage where they can click on the "TOGETHER" icon

Balance Between Stakeholder Input and General Public Input

One of the key guiding principles adopted in 2007 was that the “city will see balanced input from special interest/stakeholder groups and the general public”. This principle is in response to the dominance of stakeholder participation in the past processes rather than participation by members of the general public.

A two pronged strategy is being utilized in 2009 to achieve this balance. The first is to hold a mixed stakeholder meeting on February 18, 2009 at the Wosk Centre. The objective is to have participation from different stakeholder groups at one meeting to provide the opportunity for participants to engage each other in a dialogue over the 2009 budget. Moreover, the Wosk Centre provides a unique meeting space that facilitates interactive discussion, provides live web streaming, and electronic voting capabilities.

The second part to the strategy is to randomly select individuals to participate in public meetings. Part of the challenge in the past has been to attract residents and businesses that are not associated with special interest groups or associations. Therefore, in 2009 five randomly selected groups (each with 12 participants) will be chosen by a survey company to participate. Four of the groups will be residents and one group will be individuals representing businesses. The meetings will be run in exactly the same manner as the Mixed Stakeholder Groups meeting at the Wosk Centre.

If there is sufficient demand from those that sign up to the City’s contact database, a public meeting may be planned. However, given the findings from previous research, such a meeting may not be required.

Table 3 provides a summary of the proposed 2009 public consultation process.

Table 3: Consultation Program Recommendations

Target	Primary Communication Strategy	Purpose
Businesses (owners & renters)	<ul style="list-style-type: none"> • Telephone Survey • Mixed Stakeholder Meeting • Publications • Website 	<ul style="list-style-type: none"> • <i>Telephone Survey</i>: Gain statistically reliable input on priority services, acceptable tax increase, and any key budget issues • <i>Mixed Stakeholder Meeting</i>: provide opportunity for business community to provide input in conjunction with other stakeholders to the City's budget • <i>Random Focus Groups(one)</i>: a randomly selected focus group (with 12 participants) will be formed to participate in a public meeting • <i>Publications</i>: raise awareness of issues & opportunity to participate further via website: educate and solicit input • <i>Website</i>: educate and solicit input
Residents - (owners & renters)	<ul style="list-style-type: none"> • Telephone Survey • Publications • Website 	<ul style="list-style-type: none"> • <i>Telephone Survey</i>: Gain statistically reliable input on priority services, acceptable tax increase, and any key budget issues • <i>Publications</i>: as above raise awareness (direct to Website) • <i>Website</i>: educate and solicit input
General Public	<ul style="list-style-type: none"> • Publications • Paid Advertising • Website • Random Focus Groups for key budget issues (if needed) 	<ul style="list-style-type: none"> • <i>Paid Advertising/Publications</i>: raise awareness (direct reader to City's website) • <i>Website</i>: educate and solicit input • <i>Random Focus Groups (four)</i>: four randomly selected focus group (12 participants each) will be formed to participate in a public meeting • <i>Public Meeting</i>: If demand is warranted
Union Representatives	<ul style="list-style-type: none"> • Two Focus Group sessions: 1st Session: prior to February 3, 2009, Council presentation 2nd Session: after February 3, 2009, Council presentation 	<ul style="list-style-type: none"> • Educate on key budget issues, obtain input, and inform unions on any potential budget adjustments and staffing impact
Opinion Leaders (e.g. community organizations, business associations)	<ul style="list-style-type: none"> • Mixed Stakeholder Meeting 	<ul style="list-style-type: none"> • Provide opportunity for special interest groups to provide input in conjunction with other stakeholders to the City's budget.
City Staff	<ul style="list-style-type: none"> • City Wire 	<ul style="list-style-type: none"> • Educate and inform on key budget issues
Media	<ul style="list-style-type: none"> • backgrounders • technical briefing 	<ul style="list-style-type: none"> • Education • Information

FINANCIAL IMPLICATIONS

The consultation program is estimated at \$175,000, which will include two opinion polls (residents and businesses), print media, website development, stakeholder/focus group meetings, and paid advertisements. Funding has been provided in the 2009 Operating Budget.

CONCLUSION

This report provides an update to the 2009 Operating Budget and proposed strategies to balance the budget in response to a Motion of Council approved on November 25, 2008.

* * * * *

Appendix 1: Public Consultation Initiatives Implemented in 2008

The key improvements to the 2008 public consultation were:

General Improvements:

- Budget consultation included information on the budget strategies to meet Council directed target tax increase
- Included article on the 2008 Budget consultation program in the December City News edition distributed with the property tax bill
- As part of the May 2008 CityNews article on the 2008 Operating Budget, requested those interested in participating in the 2009 budget process to contact staff so as to be added to a contact data base. To date only three property owners have requested to be added to the contact list

Telephone Survey:

- Advance letter to potential participants included the City Choices flyer to improve the knowledge base of these participants.
- Included questions on how participants want to be consulted in the future

City Choices Flyer:

- Provided ample space for comments for each survey question which allowed for greater feedback on the different budget issues.
- Improved distribution and collection mechanisms
 - Expanded newspaper distribution: along with the Vancouver Courier and the Ming Pao, the flyer was distributed in the Georgia Straight, the Sing Tao, and the Indo-Canadian Voice
 - Improved drop boxes at City Hall, Community Centres, and BIAs
- Included questions on how participants want to be consulted in the future

City Choices Website:

- Improved linkages of relevant web pages and provided more timely update and consistency in budget information

Union Consultation

- Provided information to all union groups on positions impacted by the 2008 Operating Budget proposals in advance of Council deliberations