

Council Approved 2017 Budget and Five-Year Financial Plan

At the December 13, 2016 Council Meeting, Vancouver City Council approved an amended 2017 Operating Budget which includes \$3.5M additional contingency to address the fentanyl overdose crisis. This has resulted in a change to the original proposed property tax increase from 3.4% to 3.9%, raising the 2017 Operating Budget to \$1,322 million.

Updated 2017 Budget Summary

Balanced Operating Budget: \$1,322 million (amended for \$3.5 million increase)

\$ millions	2016 Restated Budget	2017 Approved Budget	Net Change (\$)	Net Change (%)
Revenues	\$ 1,261	\$ 1,322	\$ 61	4.8%
Expenditures & Transfers	\$ 1,261	\$ 1,322	\$ 61	4.8%
Net Operating Budget	-	-	-	-

Consolidated Budget ⁽¹⁾ on financial statement basis:

\$ millions	2016 Budget on Financial Statement Basis ⁽²⁾	2017 Budget on Financial Statement Basis ⁽²⁾	Net Change (\$)	Net Change (%)
Revenues	\$ 1,481	\$ 1,652	\$ 171	11.5%
Expenditures & Transfers	\$ 1,400	\$ 1,501	\$ 102	7.3%
Net Consolidated Budget	\$ 81	\$ 150	\$ 69	85.3%

Note:

(1) In order to present financial information on a consolidated basis, financial transactions between funds or entities have been removed.

(2) Public Sector Accounting Board adjustments have been made, including amortization of tangible capital assets, net of debt payments/issues and reserve transfers

Capital Budget: \$485.5 million (no change)

2017 Increases - City Property Tax, Fees and Charges

Property Tax	3.9%
Utility Fees (combined)	6.1%
Water	4.0%
Sewer	11.3%
Solid Waste	3.8%
Median single-family home combined municipal property tax and utility fees	4.7%

2017 Increases - All other Fees

Recreation user fees	2.5%
Most other user fees	2.0%
Permit fees	2.0%

Indicative City Property Tax Impact

2016 Assessed Value of Property (without Land Assessment Averaging)	Estimated 2017 Tax Bill (CoV Portion)	Change over 2016	Impact of additional 0.5%
Median strata unit assessed at \$478,000	\$761	\$28	+ \$4
Median residential unit assessed at \$936,000	\$1,490	\$56	+ \$7
Median single-family unit assessed at \$1,386,000	\$2,207	\$83	+ \$11
Median commercial property assessed at \$618,000	\$4,049	\$152	+ \$19

Indicative City Property Tax and Utility Fee Impact

	Median Single-Family Property \$1,386,000		Median Business Property \$618,000	
	ESTIMATED 2017 TAX BILL (CoV PORTION)	CHANGE OVER 2016	ESTIMATED 2017 TAX BILL (CoV PORTION)	CHANGE OVER 2016
Property Taxes (3.9% increase)	\$2,207	\$83	\$4,049	\$152
Utility Fees				
Water	\$616	\$24	\$571	\$22
Sewer	\$384	\$39	\$392	\$40
Solid Waste	\$271	\$10	\$217	\$8
Total Utility Fees	\$1,271	\$73	\$1,180	\$70
Total City Taxes and Fees	\$3,478	\$156	\$5,229	\$222

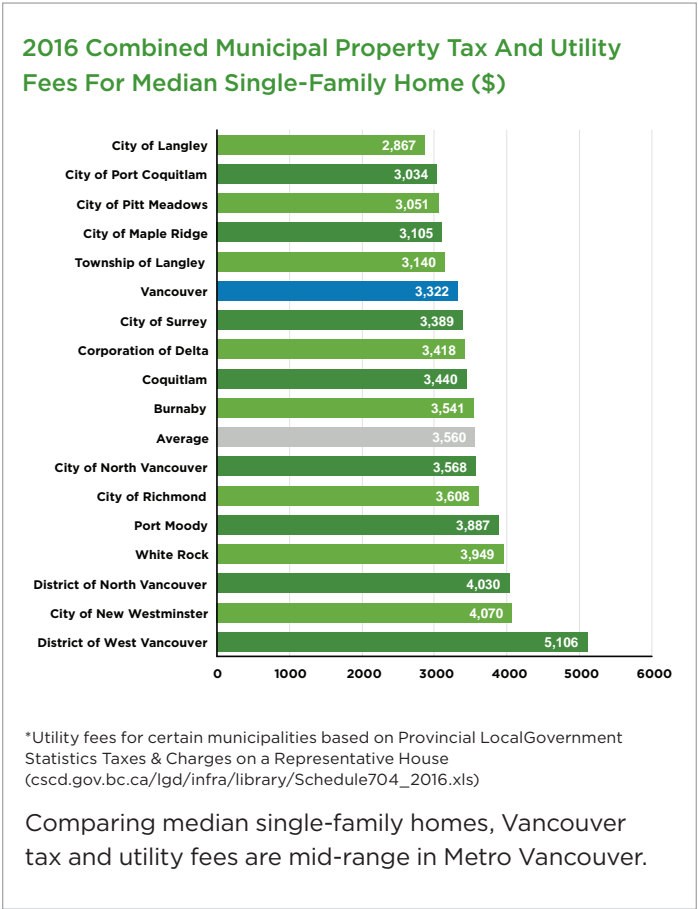
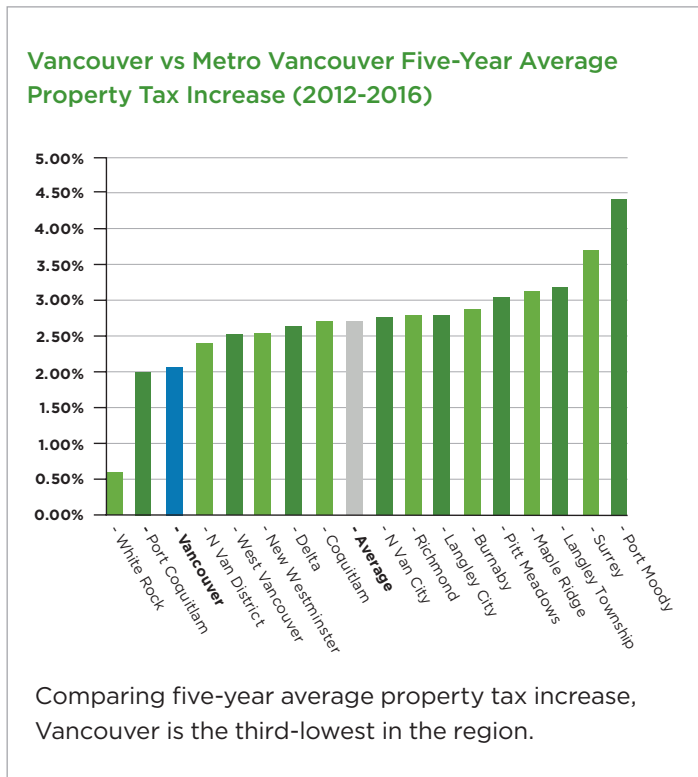
2017 Budget and Five-Year Financial Plan Highlights

Facing the Opportunities and Challenges of a Growing City

The proposed \$1.32 billion operating budget and \$485 million capital budget for 2017 have been developed with the goal of continuing to support Vancouver's residents and businesses and to build a vibrant, livable and sustainable city.

Vancouver is a great place to live, work, visit and thrive. As the City continues to grow and prosper, it becomes more challenging to manage the increased demand for services and to address transportation and health and safety issues. Housing affordability is impacting everyone, including middle income earners, and especially our most vulnerable population.

Over the past several years, Vancouver has consistently had one of the lowest average property tax increases among Lower Mainland communities.



This year's proposed property tax increase of 3.4% reflects the need for added investment to address the challenges of a growing city. This includes funding requirements for cost increases in existing services and initiatives to further the City's financial health and operational effectiveness in the amount of 2.0% (which is in-line with forecasted inflation). The remaining 1.4% increase provides funding for new investments in key priority areas such as equity, safety and livability; housing needs and affordability; and arts and culture. These investments will help the City respond to issues related to mental health and addiction, and the need to continue to build on the City's livability and vibrant culture.

Operating Budget

Some key initiatives the City is focusing on which are funded through the operating budget include:

- Housing affordability initiatives and the Empty Homes tax to increase the supply of rental housing
- Downtown Eastside Community Economic Development Strategy
- Public realm cleanliness
- Adding new fire trucks to the City's fleet
- Becoming a Living Wage Employer

Capital Budget

The 2017 capital budget builds from last year, as a number of major capital projects move from planning or early construction phases to implementation or final construction phases. It also addresses significant capital investments in Council priorities, including affordable and social housing, active transportation and childcare.

2017 Budget Summary

2017 Increases – City Property Tax, Fees and Charges

Property Tax	3.4%
Utility Fees (combined)	6.1%
Water	4.0%
Sewer	11.3%
Solid Waste	3.8%
Median single-family home combined municipal property tax and utility fees	4.4%

2017 Increases - All other Fees

Recreation user fees	2.5%
Most other user fees	2.0%
Permit fees	2.0%

Indicative City Property Tax Impact

2016 Assessed Value of Property (without Land Assessment Averaging)	Estimated 2017 Tax Bill (CoV Portion)	Change over 2016
Median strata unit assessed at \$478,000	\$757	\$25
Median residential unit assessed at \$936,000	\$1,483	\$49
Median single-family unit assessed at \$1,386,000	\$2,196	\$72
Median commercial property assessed at \$618,000	\$4,030	\$133

The City must balance the need to provide targeted services, infrastructure and programs, with the need to keep property-tax increases manageable for businesses and homeowners.

Indicative City Property Tax and Utility Fee Impact

	Median Single-Family \$1,386,000		Median Business Property \$618,000	
	ESTIMATED 2017 TAX BILL (CoV PORTION)	CHANGE OVER 2016	ESTIMATED 2017 TAX BILL (CoV PORTION)	CHANGE OVER 2016
Property Taxes (3.4% increase)	\$2,196	\$72	\$4,030	\$133
Utility Fees				
Water	\$616	\$24	\$571	\$22
Sewer	\$384	\$39	\$392	\$40
Solid Waste	\$271	\$10	\$217	\$8
Total Utility Fees	\$1,271	\$73	\$1,180	\$70
Total City Taxes and Fees	\$3,467	\$145	\$5,210	\$203

Balanced Operating Budget: \$1,319 million

OPERATING REVENUES

4.6% increase in total revenue

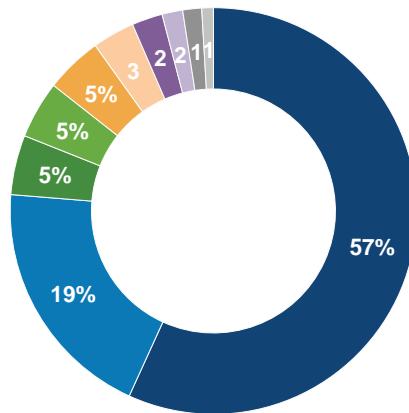
- **\$32.3 million** increase in property tax revenue
- **\$16.8 million** increase in fees and other revenues
- **\$8.5 million** increase in utility revenue

OPERATING EXPENDITURES

4.6% increase in total expenditures

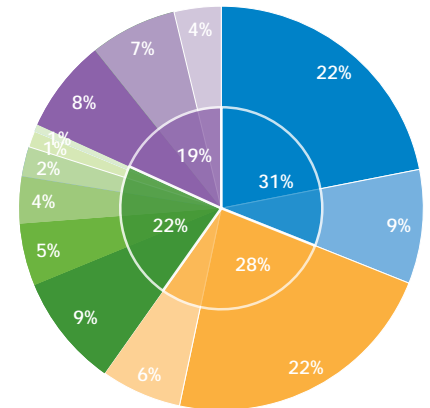
- **\$10.0 million** increase in utility program expenditures:
 - **\$7.4 million** increase for renewal of critical City utility infrastructure (including sewer separation; reserve contributions to ensure financial health of the utilities)
 - **\$6.4 million** increase for Metro utility charges (including site preparation for sewer secondary treatment)
 - **(\$3.8 million)** decrease due to transition of recycling services to MMBC partially offset by increased costs to support public realm cleanliness
- **\$25.3 million** increase in costs to maintain existing services (excluding utilities) including building occupancy costs, non-utility debt charges, salaries and benefits
- **\$22.3 million** investment in new and enhanced services:
 - **\$3.8 million** to support improved public realm cleanliness, including increased street cleaning and abandoned waste pickup
 - **\$3.1 million** to fund operating impacts of new fire trucks
 - **\$2.5 million** investment in interim housing
 - **\$2.1 million** for implementing the empty homes tax

2017 Operating Revenues
\$1,319 Million



- 57% | Property Tax
- 19% | Utility Fees
- 5% | Program Fees
- 5% | Licence & Development Fees
- 5% | Parking
- 3% | Cost Recoveries, Grants & Donations
- 2% | Rental, Lease & Other
- 2% | Revenue Sharing
- 1% | Bylaw Fines
- 1% | Investment Income

2017 Operating Expenditures
by service area \$1,319 Million



- PUBLIC SAFETY**
 - 22% | Police
 - 9% | Fire
- ENGINEERING AND UTILITIES**
 - 22% | Utilities
 - 6% | Engineering Public Works
- COMMUNITY-RELATED SERVICES**
 - 9% | Parks & Recreation
 - 5% | Community Services
 - 4% | Library
 - 2% | Development, Buildings & Licensing
 - 1% | Planning, Urban Design & Sustainability
 - 1% | Other
- CORPORATE SUPPORT**
 - 8% | Debt & Capital (Non-Utility)
 - 7% | Corporate Support
 - 4% | Contingencies & Transfers

Key Capital Expenditures in 2017: \$485.5 million

\$80.1 MILLION IN AFFORDABLE HOUSING

- Capital to support Vancouver Affordable Housing Agency (VAHA) projects **\$25.8 million**
- Social Housing in the Southeast False Creek Area 3B **\$19.0 million**
- Acquiring land for affordable housing **\$16.3 million**
- Capital grants for non-City owned social housing units **\$4.4 million** and single room occupancy units **\$3.0 million**

\$233.9 MILLION IN UTILITIES, PUBLIC WORKS AND TRANSPORTATION

- Sewer main replacement **\$31.5 million**
- Burrard Bridge upgrades **\$17.7 million**
- Bikeways and greenways **\$17.4 million**
- Phase 3 closure of southeast portion of Vancouver Landfill **\$15.2 million**
- Georgia/Dunsmuir Viaduct Removal Phase 1 Planning **\$15.3 million**

\$47.1 MILLION IN PARKS, OPEN SPACES AND RECREATION

- Killarney Seniors Centre **\$5.5 million**
- Stanley Park waterfront and seawall **\$4.9 million**
- Burrard Civic Marina upgrades **\$2.4 million**
- Playgrounds, water parks and skate parks **\$2.2 million**
- Vancouver Art Gallery North Plaza **\$2.0 million**

\$61.3 MILLION IN CIVIC AND COMMUNITY FACILITIES

- Replacement of Fire Hall No. 5 (including social housing) **\$11.5 million**
- Central Library expansion to Level 8 and 9 **\$8.9 million**
- n  ca?mat ct Strathcona Branch Library **\$4.9 million**
- City Hall West Annex seismic upgrades **\$2.4 million**

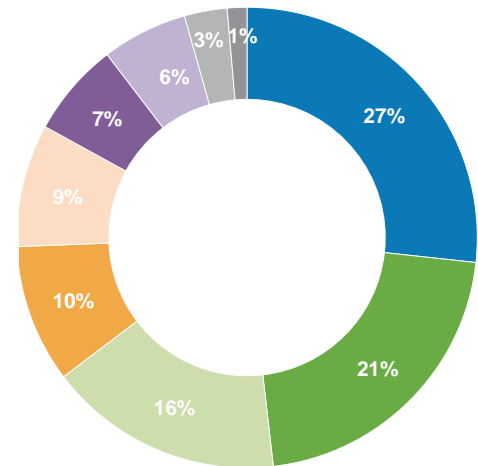
\$41.9 MILLION IN EQUIPMENT AND TECHNOLOGY

- Vehicles and equipment replacement program **\$18.8 million**
- IT infrastructure maintenance, upgrade & expansion **\$6.5 million**
- Hardware Refresh Program (desktops/laptops, monitors) **\$2.8 million**
- Equipment Services Fleet Management software replacement **\$2.2 million**

\$14.6 MILLION IN CHILDCARE

- Lord Nelson Elementary School Childcare (VSB partnership project) **\$3.3 million**
- Sir Sandford Fleming Elementary School Childcare (VSB partnership project) **\$3.1 million**
- Other Childcare facilities for pre-school (age 0 to 4) **\$2.8 million**
- Kitsilano Montessori Daycare (City funding contribution) **\$2.5 million**

2017 Capital Budget Expenditures
\$485.5 Million



- 27% | Utilities and Public Works (\$130 M)
- 21% | Transportation (\$104 M)
- 16% | Housing (\$80 M)
- 10% | Parks, Open Spaces and Recreation (\$47 M)
- 9% | Equipment and Technology (\$42 M)
- 7% | Community Facilities (\$32 M)
- 6% | Civic Facilities (\$29 M)
- 3% | Childcare (\$15 M)
- 1% | Citywide (\$7 M)