

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"
"Impey, Patrice" <Patrice.Impey@vancouver.ca>

Date: 12/12/2018 10:02:57 PM

Subject: Response to Councillor Questions on 2019 Budget (Part 1 - Dec 12, 2018)

Attachments: Memo to Mayor and Council - Response to Councillor Questions on 2019 Budget (Dec 12 2018).pdf
ATT00001.htm

Good Evening Mayor and Council,

The attached memo includes answers to a number of questions from Councillors. We will continue to send updates as we have completed them.

Should you have any questions please feel free to contact me or Patrice Impey.

Sadhu

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

MEMORANDUM

December 12, 2018

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
John Miles, Director of FP&A
Paul Mochrie, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Civic Engagement and Communications Director
Katrina Leckovic, City Clerk
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Anita Zaenker, Chief of Staff, Mayor's Office

FROM: Patrice Impey
General Manager, Finance, Risk & Supply Chain Management

SUBJECT: 2019 Capital and Operating Budget and 5 Year Plan - follow-up answers

Dear Mayor and Council,

On Tuesday, December 11, 2018 a Special Council Meeting was held at which the 2019 Capital and Operating Budget was presented to Council. Following the Council presentation, a number of questions and requests relating to the budget were submitted by Councillors.

The purpose of this memo is to document the questions and requests, and to provide responses.

I. Questions – General

- 1. The operating budget, unlike the capital budget, is impossible to comprehend. There is lack of detail (e.g., affordable housing is lumped in with Planning, Urban Design and Sustainability and doesn't even have it's own budget line. It's the number one public priority, yet no-one in the public can see a line item in the Operating Budget (pp. 83-91) for affordable housing! The only related budget line is non-market housing rentals p. 86: "Rental, lease and other". In future can we have line-item budgets for each sub-unit of each department, including staffing levels and changes over previous years (e.g., sub-units within Corporate Support Services—City Clerk's Dept, City Manager's Office, Finance Risk & Supply Chain Management, Human Resources Technology Services, Legal**

Services, REFM, AND within sub-units if appropriate – e.g., Internal Audit, Business Planning and Project Support, Civic Engagement and Communications, Intergov Relations, Sport Hosting).

- a. The current budget is by department and follows the department staffing structure. This could be changed to a service based budget (ie. housing in one line instead of across ACCS, DBL, PDS.; all permit related costs in one line instead of imbedded within Engineering, PDS, DBL). This is a significant change to the financial structure and would take significant time and IT resources. Staff would need to work with IT to develop an estimate.
- b. Detail budget by sub units - The current format was based on the review of 2012 in line with best practice, and if council wishes to direct a new review of the budget format that can be done for future budgets. The additional line items provides council with data, however it would require additional analysis of underlying organizational changes or service delivery changes and results to be of value for decision making. It would be best to evaluate the trade-off of the value vs time and resources.

2. Can the budget be modified to reflect priorities of the new council within the time frame of December meeting dates – e.g., to add climate action/reducing GhGs as a key city priority?

Climate action and GhG reduction is currently a City priority and a number of initiatives are in place. Staff can outline all the activities that are taking place in the current budget. Council can then review and any proposed changes can be brought forward in an amendment to the budget.

3. How much of the 2019 new capital project budget requests of \$371M are linked to the plebiscite capital borrowing questions on the 2018 election ballot vs. coming from taxes (operating revenue) or developer contributions?

The 2019 new Capital project budget requests of \$371 M are funded through multiple funding sources such as Plebiscite approved debenture, Operating revenues, Developer Contributions, City reserves, etc. Following is the breakdown of the 2019 new capital budget by funding sources:

- Developer Contribution: \$101.1 M
- Operating Revenue: \$75.5 M
- Utility Debenture: \$69.8 M
- Plebiscite approved borrowing authority: \$60.5 M
- Special Purpose Reserves: \$34.3 M
- Other/External: \$22.5 M
- User Fees and Levies: \$7.5 M

\$60.5 of funding for the 2019 capital budget is from the plebiscite borrowing authority. Note that the plebiscite borrowing is funded by taxes over time as the debt service charges are paid each year from the operating budget.

\$75.5m comes from operating revenue which can be tax or fee based revenue.

4. Is there anything to prevent us from uploading more of the capital borrowing approved by voters into this budget – e.g., for energy conservation upgrades to community and civic facilities? If we do that, will it affect property taxes?

The borrowing authority that was approved by the electorate is already reserved for renewal & upgrades of community & civic facilities, to be supplemented by some developer contribution & pay as you go (taxes) depending on the projects. These budgeted renewals/upgrades will include energy conservation upgrades in the new facilities. Facility renewals planned will include energy conservation upgrades (as an example facilities built to LEED standards).

As well, there is \$1.2m of funding in the capital budget specifically for the 2019 energy optimization program (Appendix A page 6 and Appendix B page 21).

Staff have prioritized items in the 1st year of the 4 years based on capacity and readiness of the planning and design of the renewal/upgrade, and would need to revisit the capacity to do more in year one of the plan vs spread over the 4 years.

5. The \$30M for Affordable Housing noted in the 2019 New Capital Project Budget Requests is all coming from developer contributions (p. 2 of Appendix A). The Budget document notes that funds from 2019 Empty Homes Tax have not been allocated as revenue won't be known until February 2018. However, an estimated \$30M in revenues has been received in 2018. Where is the allocation of these revenues? Are the line items noted on p 76 Operating Budget funded by these revenues: \$545,000 for Housing policy team to review applications for housing projects, \$300,000 for 2 fire prevention inspectors focused on SROS, \$175K for training for peer support in Vancouver Rent Bank, and \$150K to support vulnerable renters facing eviction.

\$30 M EHT Revenue has not been fully received as yet. \$20 M is collected as at Nov 1, 2018. \$10 M was directed to fund the project and the 1st year operating costs. \$8 M has been allocated earlier in 2018. Additional funds noted above on page 76 are proposed in the 2019 budget. There will be remaining funds which can be spent in 2019 and can be added to the budget during the year as projects are identified. EHT funds are also planned to be added to VAHEF for new units.

Yes, the items noted on p 76 will also come from the EHT funds. Remaining funds generated in 2018 can be allocated to affordable housing initiatives. \$8 M was identified earlier in 2018; Staff recommended additional items noted on p. 76; the remainder will be available for new initiatives – per the Housing Vancouver strategy, remaining funds can be directed to VAHEF to support new units.

6. Why are projections for capital expenditures for affordable housing GOING DOWN over the 5-year financial plan (p. 120): from \$78.2M in 2019 to 33.7M in 2020, \$35.6M in 2021, \$37.5M in 2022 and \$39.4M in 2023?

Major capital investments for affordable housing that were approved in 2018 will be delivered or significantly advanced in 2019, including construction of Roddan Lodge social housing and housing land acquisitions, contributing to a substantially higher level of expenditures planned for 2019 relative to those of the remaining four years of the five year financial plan. Expenditures for 2020-2023 are expected to continue to represent a significant portion of the City's annual capital expenditures, reflecting progress on

several major social and affordable housing projects and the implementation of new affordable housing initiatives and programs. The total funding included in the 2019-22 Capital Plan for affordable housing includes \$140.1 M for city delivered projects. In addition, over the four years of the 2019 2022 Capital Plan, approximately 1,200 to 1,600 housing units are anticipated to be secured through voluntary in kind CACs and inclusionary zoning at an estimated value of \$400 million which is not reflected in the 5 year financial plan.

- 7. The net debt per capita (p. 369) is projected to go up considerably in 2019 (to \$915/capita). The table reads that the numbers are in millions. Is that correct? Please explain this increase and our plans for net debt per capita in future.**

Net debt per capita (which is \$, not \$ million, budget table is being corrected) is only one of the metrics we track, other metrics include those that are used by rating agencies such as net debt % of operating revenue or interest cost % of operating revenue. We try to make sure our debt servicing (interest & principle) do not exceed 10% of operating revenue.

- 8. Why have the total investments and cash balance declined from over \$2 B in 2017 to \$1.65 B in 2019 (est.)? (p. 369)**

It is a high level forecast for the year-end point-in-time which is impacted by the timing of capital expenditures and the 2019 debenture repayment.

- 9. It appears that growth of city's bureaucracy has outpaced delivery of services (e.g., dept. increases of staffing (c. %) vs. grants increased by 1.5%?**

The growth in staffing is directly related to the delivery of services and growth of the city (eg. additional permitting staff to improve permit wait times, additional police officers and firefighters to support public safety).

Grants to external organizations are one approach the City uses to achieve service outcomes but there are other approaches that are reflected in the 2019 budget, including in-kind community amenities. The city looks to various means available to provide the value for money to provide services to residents and business.

- 10. When properties are redeveloped to include more units of housing, these new units/parcels represent new property tax bills/taxpayers. Do we calculate how much new tax revenue is generated by these new taxpayers and do their taxes (cumulatively) cover the cost of growth?**

Our new tax revenue ranges from \$5 to \$8M a year on average. These new tax dollars are used to fund the ongoing operating & maintenance of new amenities that are secured through new development (developer contribution – which is capital in nature).

The operating cost of new capital assets has historically been in the \$4-6 million range each year, and the tax revenue from new construction has helped provide funding for these aspect but has not been sufficient to cover all the costs of new growth.

11. Can metrics, such as for Greenest City, report on gains as well as losses and focus on net changes?

Many of the metrics in the budget have been there for a number of years. We report out on these metrics regardless of whether the result is good or bad. Some metrics (including some GCAP metrics are reported on a cumulative base as they are working towards achieving a 2020 goal). Others can be reported as an annual total, percent, or change depending on what the metric is meant to portray.

12. Why are event permits and other revenues going down by 21.2% (down \$266,000)? Are we reducing fees or expecting fewer events or what?

In 2019 the corporate sponsorship agreement with Coca Cola is no longer in place. These revenues used to be transferred straight into a reserve and used for one-off initiatives where operating budgets were not in place. The net impact on the bottom line or tax payer is nil given the revenue and transfers line offsetting.

13. Re: Treasury (p. 372) – why do we need to refresh the bank account, debt management and cash management policies? Have there been problems? How much is in the treasury?

These are reviews to align our policies to current best practices, and are not drive by any problem. The current bank account policy was last refreshed in 1979 and does not encompass new banking technology and practices. Debt and Cash Management policies are updated to align with the City's long-term financial health objective.

14. Will VAHA be managing the property/housing development associated with the new VAHEF, including new properties we are purchasing for housing? If so, why is the budget for VAHA being reduced?

This will be determined as part of the report back on VAHEF mandate, business model etc. mid-2019. VAHA budget is based on the current staffing level in line with actuals over the last several years.

15. Appendix A p. 25 Active Transportation Design – is this line item intentionally doubled up?

There are 2 separate project budget requests for staffing related costs for Active Transportation. The first project is related to the Staffing costs for planning related work for Active Transportation. The second project is related to the staffing cost for design related work for Active Transportation. The planning group is more strategic, long term vision such as City Plan whereas Transportation Design implements the specific projects in the shorter term time frame.

16. Appendix A p. 31 – Green Infrastructure Assets – what are these assets?

There are approx. 235 green infrastructure assets in our streets. They vary in type, including:

- Larger assets such as the Ontario bio-swale, which manages 1/3 of all of the street run-off in the Olympic village
- Smaller, localized assets e.g. infiltration bulges and curbside bio-retention raingardens (most common type)
- Infiltration trenches and permeable pavements

The assets capture rainwater run-off, clean it and allow the water to infiltrate back in to the ground, while removing pollutants from road run-off (sediment, copper, zinc and hydrocarbons) and diverting rainwater from our pipe system. Our field assessment in 2017 determined that a number of assets were in need of rehabilitation to restore or improve their function, hence the budget to bring the performance of all assets to acceptable levels of service.

17. Appendix A p. 32 - \$51,000 to install 2 to 3 drinking water fountains?

The project description for the project 2019 Access to Water is “As part of the regional goal and Greenest City Action Plan (GCAP) goal of promoting the quality of filtered tap water, more access to water was identified as a goal.” This program will increase the number of fountains and water access locations within the City. In 2019, funding will cover staff for the strategy and installation of two to three new drinking water fountains. These outdoor all-season fountains are designed to be accessible by everyone using multiple dribblers with self-draining piping to prevent freezing. These fountains need a connection to the water main distribution pipes that require excavation and street works. Whenever possible, installation of fountains are combined with other construction projects to reduce costs.

18. VSB – Hamber secondary (serves Cambie Corridor) – BC Ministry is replacing school but will not fund an auditorium and only 2 gyms (current school has 3 gyms). Victoria school district has received funds from city for this. Can we use Cambie CACs, DCLS for this?

The allocation of Cambie developer contribution is in accordance with the public benefit strategy that Council approved in mid-2018. These projects were not identified in the Cambie Corridor Plan.

II. Questions – Budget Public Consultation

1. Over what time period was the public opinion phone survey conducted by 3-1-1 staff? Did this coincide with particular issues prompting public calls to 3-1-1? Was there any randomization to who was surveyed?

- Between November 2 - 9, 2018, the 3-1-1 contact centre staff asked all residents calling in to inquire about other civic matters whether they would be willing to participate in a short survey. There was no randomization. This survey has been standard over the last five years. There was some incentivizing of participation – respondents were entered into a draw to win recreation passes. We worked to avoid the electoral period, and the subjects of the calls coming in to 3-1-1 during this timeframe were fairly typical, although this week marked the launch of the e-billing period for the Empty Homes Tax (bills were sent in a staggered mailing pattern starting November 6).
- The questions, of which there were two, were intended to learn about prioritization of five emerging priorities, with respondents asked to choose their top three. Respondents were also asked to provide an overall rating of the way the City allocates and uses City funds.

2. Who were the “stakeholders” specifically surveyed by staff about the budget?

Stakeholders were invited to participate in a webinar, and in a follow up survey via email. Invited stakeholders included members of resident associations, community centre associations, neighbourhood houses, YWCA, BIAs, community serving organizations, Board of Trade, CFIB, UDI, Coalition of Neighbourhoods, Immigrant serving organizations, among others. We usually involve members of the City’s advisory committees deeply, however due to the timing of the election they were not active during this time. In previous years, stakeholders were invited to a face-to-face meeting with staff, however stakeholders have complained to staff about “over-consultation” from various City staff areas, therefore this year we provided online engagement opportunities for these stakeholders.

III. Questions – Housing (note pp 120-121)

1. There’s \$30M allocated for new affordable housing initiatives in 2019 new capital project budget requests on page 6 but Appendix A p. 2 says that’s from CACs. Is \$30M still available from the Empty Homes Tax to spend in 2019 on housing?

\$30 M EHT Revenue has not been fully received as yet. \$20 M is collected as at Nov 1, 2018. \$10 M will be to fund the project and the 1st year operating costs. \$8 M has been allocated by the prior council; Additional funds are proposed in the 2019 budget. There will be remaining funds which can be available in 2019 and can be added to the budget during the year as projects are identified. EHT funds are also planned to be added to VAHEF for new units.

2. Re: Empty Homes Tax: did monies raised in 2018 match our expectations? Why or why not?

We did not have a specific goal for revenue – the goal was to reduce the number of vacant homes. At \$30 M, there is funding to cover all expenses which was the minimum desired, and it has also contributed funds to housing initiatives.

IV. Questions: VPD

1. 2nd year of 5 year plan (this yr: 25 officers, 12 civilian members) = \$2.58M. What are consequences if we didn’t approve this?

Since 2008, the authorized strength of the VPD has remained unchanged at 1,327 officers. Following the Olympics, in recognition of fiscal pressures on all levels of government, the VPD agreed to begin phasing in vacancies. As a result, the VPD publically remained at an authorized strength of 1,327 sworn officers, but the funding that was received was for a lesser amount of officers. These vacancies grew until they reached a height of 59 sworn officer positions in 2015. As a result of these 59 vacancies, the VPD was only funded for 1,268 sworn officers each year from 2015 through 2017 – a staffing level that was 4.4% below 2008 levels.

As a result of growing demands – increased calls for service from the public, rising legal requirements placed on the police by the courts and government, more complex social issues faced by officers, and the resulting strain placed on staff – the VPD launched a comprehensive Operational Review in June 2016. This project lasted 18 months and was led by independent criminologists.

On December 12, 2017 the previous City Council approved the addition of 120 sworn officers and 52 civilian staff members based on the findings of the Operational Review. In recognition of the funding required to implement this staffing increase, these additional positions were scheduled to be gradually phased in over a five-year period from 2018 through 2022. The VPD is confident that the comprehensive Operational Review, and its recommended staffing changes, will ensure that the VPD is well positioned to maintain public safety in Vancouver and will enable the VPD to make significant progress towards its goal of making Vancouver the safest major city in Canada.

These additional sworn and civilian staff positions are required to: address rising calls for service from the public and business, provide neighborhood policing services, respond to emergency calls for service, and ensure the health and wellness of VPD staff. Every day the VPD responds to 740 calls on average, with one new call being received every minute. In addition, the recommended staff will ensure that the VPD has sufficient capacity to investigate key areas of public safety including: sexual offences, homicides, missing persons, domestic violence cases and incidents of child abuse. Ensuring that the VPD is adequately staffed is key to ensuring that Vancouver continues to be a safe place to live, work, and visit.

2. Can some of the new officers be assigned to enforce traffic bylaws – e.g., speeding; running red lights (pedestrians and cars); bikes on sidewalks; Key = public safety, especially seniors + reduce traffic fatalities to zero deaths? CAN WE HAVE A LINE ITEM ON THIS?

Improving road safety for everyone is a major component of the VPD's Strategic Plan. The VPD is dedicated to increasing road safety through the targeted enforcement of unsafe driving behavior, including distracted driving campaigns and traffic enforcement at high-collision locations. The VPD strives to maximize road safety and reduce injuries as well as property damage on our roadways through intelligence-led enforcement, public education campaigns, joint efforts with ICBC including the Counterattack program, and by working collaboratively with City of Vancouver to find long-term solutions to high crash locations. Additionally, in 2018 the VPD implemented e-Ticketing – a new electronic system that will make the issuance of violation tickets more efficient.

In 2015, a new Bike and Pedestrian safety initiative was implemented that focused on pedestrian and bicycle safety issues. However, the capacity of the VPD to undertake important public safety work, including the enforcement of traffic safety, that has been hampered by rising numbers of higher priority demands. The Operational Review's staffing recommendations will restore the required staffing levels. The addition of frontline officers last year, as well as the recommended addition of frontline officers in the proposed 2019 Operating Budget, will greatly enhance the VPD's ability to carry out traffic enforcement and ensure the safety of all road users.

3. 38% of budget increase is new BC employer health tax. No choice?

The BC Employer Health Tax is a new cost of business. The VPD's budget is predominately comprised of salaries and benefits – making up approximately 82% of the VPD's operating budget. As such, the new Employer Health Tax has a large impact on the VPD.

Note that VPD 2019 budget does NOT include collective agreement wage increases as the agreement ends in 2018. This will be an added cost to the budget once an agreement is reached. Then the EHT will be a lower % of the budget increase.

4. What is the increase of \$927,543 for “city cost allocations” (p. 2 of VPD letter in additional documents)

City Allocations are items that are externally driven contractual increases managed by various City of Vancouver departments on behalf of the VPD. The items are included in the VPD budget to reflect the true cost of policing, such as costs for 9-1-1 dispatched call services and the radio network from Emergency Communications for British Columbia (E-Comm), records management costs related to the Police Records Information Management Environment (PRIME - BC), VPD buildings, radio maintenance, 311, and City Information Technology support. The majority of the increase in allocations for 2019 are related to rent for police buildings and E-Comm levies.

5. Note the decrease of \$71,777 for “recoveries”. Can we increase recoveries?

The VPD provides services to the public on a cost recovery basis, as the VPD is not in the business of generating profits.

The Police Board provides financial oversight of the VPD and, as a result, approves the annual fee schedule for services, which are comparable to other policing agencies.

The 2019 decrease in recoveries reflects budget adjustments to match more closely with the 2018 actual recoveries, as well as a decrease in the number of secondments working on specific joint force operations. Secondments are VPD members that work with other joint policing agencies and their related wages are fully recovered from the seconding agency. The net decrease is fully offset by a corresponding decrease in the total expenditure budget, resulting in a net zero impact on the budget.

6. \$996,240 is for equipment, fleet, building maintenance: can we go with EVs? Reducing GhGs in buildings?

The increase is primarily due to increased fuel costs and rental rates; these two factors combine for approximately \$900,000. Sustainability is one of the VPD's operating goals. To help achieve the City of Vancouver's goal of being “the greenest city” by reducing gas emissions, the VPD is expanding its fleet of electric vehicles, which are being used to replace older gas powered unmarked vehicles. This cost increase also includes an inflationary increase for equipment related items (\$92k) along with other minor cost adjustments.

V. Questions: Engineering – Transportation

1. **Are the full costs of MOBI to the city included, including loss of street parking revenues and the costs to redistribute the bikes? How much is the city subsidizing MOBI?**

The City contributed towards the costs for initial implementation of the public bike share system but does not contribute towards ongoing operations. Costs of maintenance and operations including rebalancing the system are covered by Mobi. They are also required to compensate the city for lost meter revenue, as negotiated at the time the initial agreement between Mobi and City was established.

VI. Questions: Engineering – Solid Waste

1. **Is funding in place to collect and monitor the collection of soft plastics? – do we need a pilot program on this? NOTE: Motion to UBCM passed Sept/18 calling on province to expand in this area.**

Soft plastic collection will be done by RecycleBC and there is therefore no cost impact to the City. At the depots it only means RecycleBC puts an extra bin at the transfer station and landfill.

VII. Questions: Engineering – NEU

1. **Re: NEU – Is there no alternative to building an NEU backup/peak performance system that uses conventional and renewable natural gas? How can the use of gas help “achieve GhG performance targets” (Appendix A p. 33)**

Conventional and renewable natural gas (RNG) are convenient and cost effective options for addressing peak loads and as a backup for the primary low carbon source. RNG is also a convenient fuel to achieve GHG performance targets for the NEU during periods between large capital investments in renewable generation capacity. We are currently using it for the NEU until we complete the next phase of sewage heat recovery expansion (target 2020). Other options for addressing peak loads to conventional and RNG exist, but are currently more expensive including:

- Electric boilers: low capital cost, but expensive to operate under current BC Hydro commercial customer rate regime, which penalizes “peaky” electrical demand. We are currently speaking with BC Hydro staff and we are hopeful that they will be addressing this rate structure barrier as they get more serious about electrifying businesses and industrial thermal energy use.
- Heat pumps (sewage, geo and air-sourced): high capital cost for intermittent peak demands, but cheap to operate. Over long term there may be opportunities to combine with thermal storage (large hot water tanks) to make more effective use of heat pump capital investments.

VIII. Questions – Green Operations (p. 282)

1. **Why the heavy emphasis on fleet and equipment?**

Engineering Green Operations’ capital budget is only for fleet and equipment. Building operations are included in Real Estate and Facility Management’s (REFM) budget. Other

operational dollars for improving green operations in engineering services are captured in the Engineering Public Works budget.

If fleet and equipment assets are not replaced within scheduled capital replacement lifecycle, there are operational impacts. Examples include deferring replacement of sanitation fleet, which increased operating costs to sanitation and caused undue service delivery impacts.

Overall the condition of the fleet is at 30% in good condition. We are transitioning over the next 4 year capital plan towards 70% in good to fair condition with an incremental investment of \$10m on the replacement fleet compared to the last four year capital program to meet industry standard.

Specific information regarding our investment in green fleet includes 17% of the 2019 annual spend of \$30m on Electric Vehicle (EV) plus Hybrid.

We have used the transition to electric vehicles as part of our Green Fleet strategic plan to optimize the replacement of end of life assets with electric or hybrid where feasible, reducing fuel costs and thus operating costs over the lifecycle of the assets. We plan to add approximately 200 new electric vehicle through replacements by 2023, or 10% of our fleet where the cost of replacement to electric is roughly comparable to the cost of conventional. This also pairs with provincial targets of all electric vehicle sales by 2040. As a result of our fleet maintenance, operations and EV transition leadership, we have achieved a Top Fifty Fleets of North America award from industry.

2. Why aren't we including zero waste programs in city-used buildings and water conservation initiatives in city-owned buildings?

The City's zero waste programs are located in all City-used facilities (leased and/owned) where the service is warranted. For example, zero waste stations are located strategically within the City's service yards and are not located in every building. Zero waste stations are also not located in other City-used facilities such as field houses, caretaker suites and parkades.

3. Explain how fleet GhG emissions are estimated to go down by 5,500 metric tonnes in 2019 yet fuel consumption is projected to be the same (p. 283)

We have secured a new renewable fuels contract that went to market in 2018 and was approved by council. Use of renewable fuels significantly reduces our greenhouse gas emissions and helps us achieve our targets well ahead of our 2023 time horizon. We have also used measures to reduce fuel consumption as part of our Green Fleet plan so although we project increased levels of service, we are offsetting GHGs with: transition to electric vehicles (EV's) where feasible; reducing idling and fuel consumption through GPS and telematics to optimize the fleet and the new use of renewable fuels starting in 2019. In reference to the Green Fleet Strategy for renewable fuel, the reduction is 97% reduction compared to conventional diesel for "on road" fleet and 89% reduction compared to conventional for "off road fleet and equipment" as an example.

4. What are “centres of excellence for sustainable construction materials”? (See the 2020-2023 goal p. 284)

The City of Vancouver is considered a global leader in using renewable materials for construction. By having a municipal materials and construction branch and asphalt and concrete plant in Engineering Services, we are able to lead the construction industry in the Lower Mainland in providing a significant proportion of materials recycled from our own assets for paving and permeable asphalt material. We are consulted annually by other municipalities such as Ottawa, Victoria, Edmonton etc for advice on using construction and demolition waste for this purpose, supporting our Zero Waste 2040 strategy. This reduces the need for natural resource extraction and does so cost effectively as we essentially recycle over 200k tonnes of asphalt annually and extend the useful life of our landfill where this material would otherwise go. Becoming a Centre of Excellence (potentially ISO certified) means we want to maintain, increase and invest in our infrastructure and capabilities to recycle even more tonnage of materials in the future.

IX. Questions – Planning, Urban Design and Sustainability (p. 285)

1. The city-wide plan is noted as a priority (p. 291) but over 3 years, with completion in 2022 (p. 292). Is this an estimated timeline that could be adjusted?

Yes. Staff will bring a report with a proposed scope, process, timing and resource needs for the City-Wide Plan for the consideration of Council in Q1. We will seek Council’s input, including on timeline and process, prior to preparing the scoping report. We recognize Council’s motion is to expedite the preparation of a City-Wide Plan and are exploring options to deliver a high-level, strategic framework of “big moves” in approximately the first 24 months. We will also look at an early deliverable on Community Values and Principles to guide planning in the first 6-8 months. Each step would involve significant engagement and technical work as well as check-ins with Council. This approach would enable incremental elements of a City Plan to be delivered in a timely way. More detailed policies would be prepared in the 3rd year. This suggested timeline is aggressive and may need to be adjusted depending on public engagement and other factors.

2. What is the budget line-item for the city-wide plan? (i.e., how much of the \$20,282,000 allocated for planning in the budget on p. 303?)

Staff will bring a scoping report for the City-Wide Plan to Council in Q1 which will include estimated resource and budget needs. The source of funding for this project will also be confirmed at that time.

There is \$200k allocated in the 2019 proposed operating budget for initial scoping for the City-Wide Plan process.

We are currently reprioritizing work plans in PDS Long-Range Planning to enable a core group of staff to focus on scoping the process. Staff from other departments are actively engaging in working sessions to help scope and ultimately deliver a City-Wide Plan. We are currently scoping the total staffing needs for the planning process, however, anticipate needing a cross-departmental core team in the order of 20 - 25 staff along

with senior management engagement. This will be specified in the upcoming City-Wide Plan scoping report coming to Council in Q1.

3. **Priority plans for 2019 include affordable housing through community plans and “Making Room Housing Program” that includes “comprehensive community engagement activities” (p. 294) and Housing Vancouver implementation (p. 295), Vancouver economy and employment lands review and local retain strategy (p. 295), community plans, urban design and public realm planning (p. 296). Will these be rolled into the new city-wide plan process?**

These programs will be closely coordinated with the City-Wide Plan process which will serve as an umbrella under which many major policy initiatives will be framed and will also inform the City-Wide Plan. The communications, engagement and “branding” strategies for these major policy initiatives will be coordinated under the umbrella and integrated into the City-Wide Plan.

4. **Sustainability: we are forecasting a reduction in GhGs by 50,000 metric tonnes in 2019 (which is 2% over the previous year). What would that make our overall GhG reductions over 2007 levels? Given that the Oct 8/18 IPCC report calls for 45% reductions by 2030, how much on average should Vancouver now be reducing our GhG emissions by per year?**

Vancouver’s 2030 target to reduce carbon pollution is 50% below 2007 levels. To achieve that, we’ll need to average 3.3% reductions per year. For context, 2007 to 2017 reductions averaged 0.7% per year. The priority actions identified in the Renewable City Action Plan (approved in November 2017) are intended to close the annual emissions reduction gap in order to achieve our 2030 target.

5. **Sustainability: are we still pursuing a type of Vancouver carbon trust by 2020? Is there a line item in the budget related to this?**

There is no line item in the budget related to the carbon trust. Staff are currently reviewing the viability of a local carbon trust and will be bring forward a more detailed response to Council shortly, potentially as part of a building retrofit strategy.

X. Questions – Corporate Support Services (p. 342)

1. **Why has Information Technology Services increased 14.4% (by \$4,587,000) in 2019 and what does Information Technology line item refer to? p. 343**

This increase comprises the combined sum of licencing cost increases, increases to rising computer maintenance costs, inflationary impacts, wage and step increases in line with union agreements and an investment in maintaining service delivery commensurate with the growth of connected devices such as laptops, phones as well as the increasing support demands for core services such as staff logon management, network access, storage, office and desktop applications such as Word, Excel, Outlook.

The breakdown represents \$1.29 million in licencing costs and \$1.9 million to support computer maintenance. Currently front line service delivery levels are well below industry standards, largely as a result of underinvestment when compared to the rise in

technology and tool adoption by staff. Restructuring efforts led to the repurposing of positions where viable, to limit the required funding impact to \$0.5M to ensure that there is adequate support Staff in Technology Services to support the number of devices and systems now deployed City wide. Inflation for the Technology Services operating budget was set at 6% based on benchmarking and research that indicated that the industry standard IT maintenance costs increases approx. 8% per year coupled with a historical analysis that revealed that CoV's IT maintenance costs in the past 10 years increased approx. 9.6% year over year. The City has managed some of these costs within and the remaining costs have been built into the Information technology budget to ensure City Technology assets are maintained. Additional funding is provided for fixed costs increased for staff merit and step increases.

2. Why is sport hosting's budget up 9.6%?

The total Sport Hosting year over year increase is \$83K.

The net change in the Sport Hosting budget is the addition of a \$75K salary expense line item for the position of Assistant Manager, Sport Hosting. This expense is offset by a corresponding \$75K recovery from the Venue Partners with Pavco, UBC and the PNE each contributing \$25K. So the overall net impact to the operating budget for this position is nil. The remaining \$8K expenditure increase is due to collective bargaining & fringe benefit rate increases.

3. Why are parking revenues increasing 92%? (from \$332M to \$639M) p. 343

\$100K of this increase is due to new parking sites and to increase historical budgets to align with actual revenue realized. \$200K of this increase is to establish a sustainable commuting budget to align with historical actuals. The \$200K in revenue is offset by expenses of \$200K that align with actual historical costs. Revenue & Expenses of the Sustainable Commuting program offset each other and net to zero. Sustainable commuting program provides resources you need on how to make your commute a greener one.

4. Why are rental, leases, other cost recoveries increasing by 122% and why is this amount only just over \$1M? How many spaces do we rent/lease out? How many are to non-profits?

The increase to rentals is primarily due to the addition of two new Non-Market housing sites at 1105 Seymour and 220 Terminal.

5. Technology Services budget is on page 343. Explanation for increases are on p. 345: "for corporate-wide support and facilitation of capital projects delivery in the 2019-2022 Capital Plan" and "for the operating impact of new projects that have been completed and now need to be operated and maintained on an ongoing basis". Aren't these technology projects replacing older technologies and can't the same staff simply switch into operating the new technologies?

These costs do not reflect staff costs but rather they relate to the incremental annual license or subscription costs incurred as a result of migrating from out of support technologies or deploying essential new systems. Often the replacement technologies are priced higher and new technology pricing.

Technology Infrastructure	\$ in '000s
GIS Strategic Roadmap Implementation	260
Other IT Applications	229
Enterprise Data and Analytics	199
Empty Homes Tax Program Software	142
Infrastr Mtce/Upgr/Expand - VPD	75
Major Case Management System	72
DEM-Digital Evidence Management System	59
Infrastr Mtce/Upgr/Expand	58
Parking Enforcement Ticket Mgr Platform	48
VanDocs Upgrade	40
Digital Strategy - Service Channel (NC)	29
SAP Enhancements & Upgrades	16
Total	1,229

XI. Questions – Civic Engagement and Communications

1. **What is the CityLab “to provide a dedicated, publicly accessible engagement space” to be launched in 2019? (p. 355). What is its cost and for what specific purposes is it intended?**

CityLab is a dedicated engagement space located near the corner of Broadway and Cambie in the lobby of the Crossroads building. CityLab was created to help advance innovative and critical ideas that contribute to Vancouver city building and public life. Its flexible set-up provides room for presentations, workshops, charrettes, open houses, speaker series, educational film screenings and other ongoing displays and interaction with the public.

In 2018 we hosted on average 19 events a month in this space including consultations, public workshops, charrettes and education programs. The space was used by all departments to enhance public outreach, as well as by the Elections team for training and as a hub of operations.

The CityLab operating budget for 2019 covers cleaning, staffing, materials, and programming; we have budgeted \$70,000 for the year. Real Estate and Facilities Management (REFM) covers the lease and utilities. We are reallocating existing budget within the civic engagement budget for the operations of CityLab. Staffing and scheduling will be covered by existing engagement staff.

XII. Questions – REFM (p. 384)

1. **How many city-used buildings are there that are not city-owned buildings?**
We have 21 leased buildings and an additional 11 buildings that the City operates (recreational facilities, Non Market Housing, Library & Cultural) for a total of 32.

2. **p. 386 estimates GhG emission reductions in city-used buildings of 7.7% from 2017. What are the emission reductions in city-owned buildings over 2007 levels?**
A 23% reduction was achieved between 2007 and 2018.

3. **How many city-owned buildings have water conservation initiatives be completed in? What has been the cost of those we've done? Which buildings are priorities for water conservation initiatives and what would be the cost? Are we continuing with water conservation initiatives? If so, how many buildings and what is the cost? What is the timeline for completing this initiative?**

We are prioritizing pool leaks and replacing once through cooling (OTC) systems because they have the greatest impact, and adding water meters to highest consuming facilities. In the last year we repaired leaks from the Kits pool, Maple grove pool & replaced 9 OTC systems in buildings with heat pumps, and added 13 water meters to buildings with high consumption rates. We are close to completing all the OTC retrofits. We will continue with these projects based on priority.

4. **What would be the cost to implement Zero Waste Programs in all City-used buildings?**

Zero waste is currently in all city-used buildings. Under the current program, the City's zero waste stations are not included at City-owned properties leased by third parties. Examples include housing operated by non-profits, and industrial and commercial buildings. All tenants are responsible for managing their waste and recyclables in accordance with regional solid waste and recycling regulations established by Metro Vancouver.

Should you have any questions, please feel free to contact me 604-873-7610 or patrice.impey@vancouver.ca.

Best regards,



Patrice Impey
General Manager, Finance, Risk & Supply Chain Management

604.873.7610 | patrice.impey@vancouver.ca