

**From:** "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>  
**To:** "Direct to Mayor and Council - DL"  
**CC:** "City Manager's Correspondence Group - DL"  
"Smith, Doug \ (Sustainability\)" <doug.smith@vancouver.ca>  
"Kelley, Gil" <Gil.Kelley@vancouver.ca>  
"Horne, Matt" <Matt.Horne@vancouver.ca>  
**Date:** 4/24/2019 8:19:41 AM  
**Subject:** questions from Council on Deep Carbon Reductions Report

Dear Mayor and Council,  
We received a few questions regarding today's meeting. I am circulating to all of Council.

1. Building Retrofits for Deep Carbon Reductions:

- a. **The December motion references directing up to \$5M from emerging priorities capital funding. Can you please provide me with a description and overview of this capital fund, and how much is budgeted in this fund?**

ANSWER:

*The 2019-2022 capital plan included \$88 million to address emerging priorities and cost escalations over the course of the plan. The Emerging Priorities funding in the Capital Plan is reserved for major community facility renewal projects that require senior government partnership and funding (e.g. Britannia, Ray Cam, or the West End Community Centre). None of this funding has been allocated as part of 2019 budget. This funding is available to be used in future budgets, and as part of a prudent financial management strategy it is important to retain financial capacity for use throughout the 4 year capital plan period.*

- b. **The way I read the motion – it was directing staff to find upwards of \$5M from our existing capital budget, as well as seek matching funds from other levels of government, in order to pursue building retrofits. However, the way I read the briefing note is that staff are proposing increasing the capital budgets to create a new multi-year program including additional FTE (page 12 for reference).**

ANSWER:

*A total of \$5.5 million was contemplated in the 2019-2022 Capital Plan for City facility sustainability and resilience programs, and \$1.2M was approved for Energy Optimization Program for City-owned buildings as part of 2019 budget.*

*As a result of the council motion, staff proposed to advance an additional \$2.2 million from the Capital Plan to increase the scope of this City facility sustainability & resilience work in 2019, for a total Energy Optimization Program budget in 2019 of \$3.4 million.*

*Emerging Priorities funding in the Capital Plan is reserved for major community facility renewal projects that require senior government partnership and funding (e.g. Britannia, Ray Cam, or the West End Community Centre). As such, staff recommended to allocate \$1.5 million in pay-as-you-go funding from the capital plan for City facility sustainability and resilience programs to start the new Deep Emission Building Retrofits Program in 2019, as opposed to reallocating Emerging Priorities funding from major Community facility renewal, and to report back on the multi-year funding strategy for the remaining \$3.5 million as part of 2020 budget process.*

*Through the proposed initiative, the City will leverage the extensive administrative capacity that is being built by the BC government, including BC Hydro and other EfficiencyBC contractors.*

- c. **I don't recall the motion specifying development of a multi-year program. I'm curious if staff could expand on the rationale for this approach.**

ANSWER:

*While the \$5m motion didn't specify a multi-year retrofit program as we explored the opportunity staff*

determined it made more sense to spread this work (and the budget) over multiple years. Retrofit projects take time to plan, organize and implement. Because heat pumps, the main focus of this work, are a new technology we expect the uptake to be initially slow – particularly in the residential market – and gain momentum in years two and three following the marketing efforts of EfficiencyBC and industry. In the multi-family and commercial sector, 12 months is the fastest that a building can be expected to plan and implement a new retrofit project, whereas 18 – 24 months is more typical. The Province will also be introducing new incentive offers on a rolling basis in 2019, with a number of new offers being planned for this Fall. Past experience of incentive programs run by the utility companies and the Province have shown that three years is an ideal time period to run a program, as it allows for sufficient marketing time for consumers to become aware of the offer and make the necessary plans, as well as lend urgency to the offer, given that it is time-limited. That said, given the significant role that heat pumps will play in meeting our GHG emission reduction targets and the significant market development that needs to take place, we also anticipate the need for a long-running incentive offer.

The multi-year funding proposal is also to give Council line-of-sight on future funding asks. As specified in the report, staff will come back to Council to confirm a funding request in 2020, which will be accompanied and supported by a Deep Emission Retrofit Strategy.

- d. **I'm curious why this proposed capital budget adjustment is coming now and not part of the 2020 budget development process.**

ANSWER:

*THIS report proposes to allocate funding in 2019 so work on these initiatives can commence as soon as possible. If we were to wait until the 2020 budget development process, funding and budget would not be allocated until January 2020 which would delay the initiative. Funding requirements for 2020 and beyond will be brought forward as part of future budget development processes.*

Sadhu Aufochs Johnston | City Manager  
Office of the City Manager | City of Vancouver  
[sadhu.johnston@vancouver.ca](mailto:sadhu.johnston@vancouver.ca)  
604.873.7627



*The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.*