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To: "Direct to Mayor and Council - DL"
CC: "City Manager's Correspondence Group - DL"
Date: 12/16/2019 5:35:56 PM
Subject: FW: Additional Responses to Budget Questions - Dec 16 2019
Attachments: Tax scenarios - Impact on Res and Bus property.xlsx
Corporate support year over year change details.xlsx

Dear Mayor and Council,

Following are the final group of questions relate to the 2020 Draft budget for Council consideration. Should you have any questions, please contact me or Patrice Impey.

Best,
Sadhu

1. What is included in the budget for fixed costs?

As directed by Council, the budget document includes details of what is including in the existing based budget for fixed costs to further Council's priorities (Pages 24 - 45). Appendix H (page 631) also contains an additional detailed list of over 380 initiatives which have been reprioritized within the existing budget to align to Council priorities. Note that the items in Appendix H are not individually costed as the City does not track costs in that way, however, as requested by Council, the base budget costs associated with each priority have been costed and noted in the summary pages 24 - 45.

These initiatives are all included within the fixed cost property tax increase of 3.5%.

Address affordability and the housing Crisis (Page 30) - \$29 million including initiatives listed on advancing new affordable housing projects, expediting affordable housing and lower-income rental projects, as well as initiatives to improve affordability and diversity in housing, conditions in SROs, rental incentives, and the land use regulatory framework.

Protect and build the economy (Page 34) - \$46 million including optimizing economic development, business licence transformation, adapting to the introduction of ride-hailing, licensing and enforcement to support evolving cannabis legislation, developing proposed policy directions for the future of Vancouver's employment lands, accelerate actions on industrial affordability, and continue regulation re-design for city building.

Increased focus on diversity and critical social issues (Page 38) - \$71 million including creating new childcare spaces, supporting the Mayor's Overdose Emergency Task Force, and collaborate with front-line police officers and officials throughout Metro Vancouver to share best practices and improve services for clients living with severe mental health and substance use issues.

Accelerated action on climate change (Page 42) - \$42 million including developing a report back to Council in fall 2020, partnering to secure federal and provincial funding for the Broadway subway extension to UBC, launch the initial phase of a strategy to reduce reliance on generator use, pursuing opportunities for electric vehicle use, integrating e-bikes and charging stations into the bike share system, and long-term transportation planning.

2. The Cllrs office budget was reduced by \$40K, which would make it less than this year. Can we still stay at 7% but add that \$40K back in, to make it the same as this year?

The \$40K difference in the 6A and 7% scenario is due to adjustment of funding to begin March 1st instead of January 1st. This can be added in and stay within the 6A or 7% scenario should Council request.

3. In “New Council Priorities” the “Focus on Social Issues” budget is reduced by \$1M - just want to clarify that this Oppenheimer?

Yes.

4. I had thought the Chinatown Transformation Team work was still fully funded under 7%, but it looks like it was reduced by \$18K? Is that true? And any sense of what the impact/reaction to that would be?

The Chinatown investment requests are fully funded in the 7% scenarios. The \$18K difference is due to rounding.

5. It looks like there is a bit more than \$100K less in the ACCS budget related to “Investments to address risk” - just to clarify - that cut means not being able to implement the Community Benefit Agreement policy this year?

The reduction to ACCS’s Investments to Address Risk in the 6A and 7% scenario were related to the delay of hiring of positions to address Risk and Operating gaps (i.e., start hiring in March).

The CBA policy implementation funding was identified as a need in the strategic Protect and Build the Economy group of requests. The CBA Policy implementation funding was removed to achieve the 7% scenario and is excluded to achieve all of the lower scenarios.

6. Is it true that we are already doubling the Streetscape program from last year, even under the 7% scenario?

There is no additional streetscape funding in any scenarios except the original 8.2%. Recent developments with the province have resulted in there being new opportunities for them to expand their recycling program, so we can rely on the province for this expansion opportunity in the following year.

7. What would be the impact on the property tax amount for the median household of each of the scenarios presented?

Please see attached spreadsheet “Tax Scenarios - Impact Res and Bus property” that provides the median residential and business property tax impact for each of the scenarios.

8. What is driving the 2020 budget increase in the “Other Support services” area of the budget on page 86?

Please see the attached spreadsheet, “Corporate Support breakdown” for the year over year budget change explanations.

9. How does the capital budget impact the operating?

The capital budget impacts the operating budget in 4 key aspects. These costs are included within the draft 2020 budget as provided on pages 78-86 of the document.

- I. Operating costs and operating savings resulting from capita projects that are completed and that will have an impact in the budget year:
 - a. The infrastructure and amenities constructed, renewed or maintained through the capital budget have operating budget implications. As an example, completion of a new library introduces ongoing operating costs such as staffing, janitorial, and utilities, all funded through the operating budget. Completion of a new park brings with it ongoing operating costs to maintain the park land and trees, as well as new park amenities like playgrounds or field houses. Completion of energy efficient building retrofits results in energy cost savings.
- II. Capital projects that are funded from revenue
 - a. The operating budget contributes funding toward the capital budget each year for capital-related activities like facility planning and research, capital grants to support community organizations, and investments in technology equipment and digital services or applications.
 - b. Utilities capital projects are funded from utility fees.
- III. Debt servicing costs for the debt-funded capital projects
 - a. A significant portion of the capital budget is funded from debt and interest costs on this debt are funded through the operating budget.
 - b. Utility debt servicing costs are funded from utilities.
- IV. Transfers from the operating budget to reserves to fund future capital projects. As an example, a portion of the operating budget for fleet costs include transfers to reserves to provide funding for the future replacement of the vehicle when it reaches end of life.

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Pronouns: he, him, his



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

Indicative City Property Tax Impact of Draft 2020
Budget for Council Consideration*

	8.2% Property Tax Increase		7.0% Property Tax Increase		6.0% Property Tax Increase		5.0% Property Tax Increase	
Assessed Value of Property (based on 2019 assessment without Land Assessment Averaging)	Estimated 2020 Taxes (CoV Portion)	Change over 2019	Estimated 2020 Taxes (CoV Portion)	Change over 2019	Estimated 2020 Taxes (CoV Portion)	Change over 2019	Estimated 2020 Taxes (CoV Portion)	Change over 2019
Median residential strata unit assessed at \$740,000	\$1,057	\$89	\$1,045	\$77	\$1,035	\$67	\$1,025	\$57
Median overall residential unit assessed at \$1,256,700	\$1,796	\$151	\$1,776	\$131	\$1,759	\$114	\$1,743	\$98
Median single-family home assessed at \$1,755,000	\$2,508	\$211	\$2,480	\$183	\$2,457	\$160	\$2,433	\$136
Median business property assessed at \$976,000	\$4,160	\$271	\$4,114	\$225	\$4,076	\$187	\$4,037	\$148

* Includes impact of Council-directed tax shift of 0.5% of property tax share from Non-Residential to Residential Classes

Corporate Support Year over year changes			YOY Change		Comments
Corporate Support Departments (\$ in 000's)	2019 Approved Budget	2020 Draft Budget	(\$)	(%)	
Real Estate & Facilities Management (Expenditures & Transfers)	58,445	62,225	3,780	6.5%	The Draft 2020 Operating Budget includes costs to ensure that the City's aging infrastructure is maintained to meet safety and compliance standards, and to satisfy the expanding needs of citizens and businesses. Additional investments are for new leased space for additional City staff, resources in the Carpentry Shop focused on non-market housing, and City protective services to proactively address the increasing number of threat management cases. Funding is provided for the operating impact of new facilities projects that have been completed and now need to be operated and maintained on an ongoing basis.
Shared support services	(27,468)	(28,974)	(1,505)	5.5%	The key driver in the year over year change is increase in facilities operations labour to more accurately reflect work performed.
Total Real Estate & Facilities Management	30,977	33,251	2,275	7.3%	
Finance, Risk and Supply Chain Management (Expenditures & Transfers)	28,411	30,155	1,744	6.1%	The Draft 2020 Operating Budget includes increases in compensation and benefit expenses arising from negotiated or arbitrated settlements, exempt wage increases and fringe benefit costs for existing staff positions. Resources in Supply Chain Management to continue the implementation of the Social Value Procurement Framework and to facilitate the delivery of the capital projects in the 2019-2022 Capital Plan, and additional resources in risk management to embed the ERM program across the City to ensure risk registers with mitigation plans are established and implemented. The increase for capital projects is offset by allocation to capital, categorized under shared support services.
Shared support services	(9,473)	(10,152)	(678)	7.2%	The key driver in the year over year change is an allocation to capital overhead as noted above as these resources are dedicated to and funded by capital projects.
Total Finance, Risk and Supply Chain Management	18,937	20,003	1,066	5.6%	
Technology Services	42,932	45,710	2,778	6.5%	Funding of \$1.4 million will address the operating impact of new IT projects that have been completed and now need to be operated and maintained on an ongoing basis. As well, costs for hardware, licensing and network maintenance are affected by above-inflationary fluctuations in pricing and by compensation and benefit expenses arising from negotiated or arbitrated settlements, exempt wage increases and fringe benefit costs for existing staff positions.
Shared support services	(9,310)	(9,243)	67	-0.7%	The key driver in the year over year change is a slight increase in IT operational costs (staffing related) that are charged out to other departments or utilities or capital projects.
Total Technology Services	33,622	36,467	2,845	8.5%	
Human Resources	12,229	13,285	1,056	8.6%	Additional resources to increase responsiveness to organizational demands for consultation, advice & support, and to improve & maintain organizational safety and reduce WorkSafeBC premiums. The increase is offset by allocation to capital, categorized under shared support services below.
City Manager's Office	3,458	3,736	278	8.0%	Increase in salaries due to regularization of 2 existing TFT positions in resilient cities
Legal Services	6,648	6,744	96	1.4%	Increase is driven by operating impact of capital for litigation support system replacement - license fee
City Clerk	4,752	5,187	435	9.2%	Increase in salaries is to support a 1 RFT position for a council committee clerk, 3 TFT positions for i) public policy coordinator role, ii) freedom of information clerk and iii) clerk to assist Meeting Coordinators. In addition investment to increase budget for the Board of Variance to ensure the city continues to comply with the Charter of Board of Variance-by-law.
Civic Engagement & Communications	2,720	2,900	181	6.6%	Increase in salaries due to new RFT Social Media Strategist Position. Increase in expenditure due to Operating impact of capital for licence fees for new digital engagement platform and web streaming.
Sport Hosting	982	988	5	0.5%	2% increase to sport hosting program grant and increase related to salaries and benefits increments.
Shared support services (HR & Communications)	(3,834)	(4,309)	(475)	12.4%	The key driver in the year over year change is an allocation to capital of Human resources staff to support the 2019-2022 capital plan.
Transfers to / (from) reserves & other funds	1	0	(0)	-50.0%	
Support Cost excl. Debt & Contingencies	113,137	121,468	8,331	7%	

Costs of shared support services that are directly attributable to an individual department (e.g. staff and resources in Corporate Support Services areas such as Facility building occupancy costs) is shown or allocated to department budgets to align to best practice and more accurately reflect cost of services.