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To: "Direct to Mayor and Council - DL"
CC: "City Manager's Correspondence Group - DL"
Date: 12/16/2019 11:23:25 AM
Subject: Budget Questions - Dec 16, 2019

Dear Mayor and Council,

Following are an additional group of questions relate to the 2020 Draft budget for Council consideration.

Should you have any questions, please contact me or Patrice Impey. There are a few additional questions that will be sent out later today, but we wanted to get these to you asap.

Best,
Sadhu

A. Fixed Costs

1. Is the only difference between 7% and 6%B scenarios in the Fixed Costs reductions a \$.5m reduction by "holding vacancies" in the 6%A budget?

Yes, in the fixed cost category to reach 6% tax there is a \$.5M reduction achieved by holding vacancies. Note that these are only across tax funded vacancies, with Fire and Police having the largest staffing in the tax funded category. It would require holding vacancies for a short period in addition to the delayed hiring.

2. What would it mean to hold vacancies to achieve a reduction of \$.5M?

This would generally result in positions being held vacant for additional time before hiring. As an example, approximately 50-75 positions would be held vacant for an additional month to achieve these savings, or a smaller number of positions for longer. Where possible, the positions would be in administrative and not in front line positions to minimize impact on service delivery, which limits the number of vacancies that can be considered. Note that these savings would be in addition to vacancy savings that are already assumed as part of the existing budget fixed costs.

3. What does the savings in Fixed Costs of \$.5m in "2020 lease estimate" entail?

The draft 2020 budget included funding for a new lease that was expected to begin mid-year in 2020. Due to delays in the building construction, the lease start date has been deferred until the last quarter of 2020, resulting in some savings in the 2020 lease budget.

B. Service Gaps/Risks

4. In 7% and 6%A scenarios re: 10 month funding for VFRS – do we get a new class starting in January and firefighters actually hired and on-the-ground for the DTES by March 1?

With the 7% or 6%A scenarios we can start deploying additional resources which benefit the DTES in early March and fully staff the DTES resources specified in the Darkhorse Report in June.

The other scenarios- with delayed staffing or reduced staffing -will not allow the DTES resources to be added until very late in the year (or not at all).

The 7% and 6%A scenarios also allow us to hire 2 fire prevention staff for high risk buildings, SRO's, and

encampments early in the year. These positions are critical to safety in the DTES.

The 7% and 6%A scenarios also allow us to hire a mental health professional early in the year, supporting our mental health program for VFRS staff (and sometimes other city staff).

5. We do not like the planned cut to fund equity-seeking groups' participation in CityPlan. If we keep reduction of City Plan by amount in 7% Option – to \$4M – can there be feasible reallocations within the \$4M to include more equity-seeking group support, especially First Nations, or do we need to find other money?

At \$4m for CityPlan, we also have carry forward funds from 2019 that can be used to fully fund the engagement program for 2020.

C. Council Priorities

6. Re: the delay in procuring seismic work on Firehall #12 (d. VFRS Ops Review) - Although Patrice verbally mentioned that the delay in seismic work on Firehall #12 would be a 3 month delay, we are interested in a more fulsome discussion of ideas posed to us such as possible co-location/renting space to ambulance service which currently has precarious leases, and possible additional of housing given its location near future rapid transit. Is this possible?

Every City-owned site with the new redevelopment explores co-location opportunities maximizing site development potential as a good value for the tax payer. Particular focus over the last decade has been addition of housing and childcare spaces. We have completed many successful projects such as Firehall 5 with affordable housing, Strathcona Library with affordable housing, Mount Pleasant community centre with housing and childcare, Roddan lodge housing with Evelyn Saller social purpose space, childcares on schools, childcares on a parkade and many others.

Firehall 12 seismic project is an existing building seismic upgrade where we will be strengthening the existing building structurally. No additional or renovations are contemplated. The reason that this Firehall was selected through our seismic program as a good candidate for upgrade, instead of replacement, is that this building is projected to last another 30 to 40 years. Redevelopment of this building would be premature at this time and would not represent good value. But certainly once this building comes up for redevelopment, it would be an excellent candidate for collocation with housing.

7. We want to find another \$100,000 to avoid the suggested cut and fully fund Culture Shift. Your suggestions?

The cost to fully fund Culture Shift is \$0.9M (rounded). Culture shift is fully funded in the 7% and 6%B scenarios.

8. If we need to find other money is there still \$750K “leftover” in the Innovation Fund from 2019 that we could allocate?

The 2019 Innovation fund has \$0.75M remaining, and this could be allocated in 2019 or carried forward to be used in 2020. The innovation fund looks for projects that would leverage other funding at least 2-1. Council could choose to close the innovation fund and redeploy the existing balance, though that would preclude any further matching opportunities.

9. What is entailed in “streetscape” (being delayed to 2021) - \$250,000 savings?

The City would defer expansion of the Streetscape recycling program in anticipation of a new Recycle BC plan to be completed in 2020 that would look at options to deliver these services in partnership with the City.

10. Can we keep the \$1Million for Oppenheimer and rename it Homeless Response?

The \$1m included in the draft budget was specifically related to the costs of response to the Oppenheimer encampment. These are Police, Fire, Parks and ACCS costs. As this item was specific to this situation, it would not

be appropriate to rename to another initiative.

The City Manager recently sent a confidential memo to Mayor and Council regarding the response to a separate motion "A Collaborative and New Approach to Oppenheimer Park and Other Public Spaces." Should Council wish to add additional funds to the 2020 budget related to this motion that would be a separate investment initiative, as the memo refers to actions to provide additional supports to homelessness in parks and on streets.

11. What doesn't get done if we cut "accelerate action on climate change" by 0.8%?

The focus on Council Priorities section of the budget document on Page 41 outlines \$93 million within existing operating and capital budgets that would be aligned to Council's priority of Accelerated action on climate change. These initiatives would continue in the scenarios where new investment funding for climate is reduced.

Removing the items funded by 0.8% tax would equate to \$6 million and would include:

Incentives for zero emissions private buildings (Phase 2), analysis of new options to accelerate transition to active transportation & transit, analysis of urban freight/fleets, curbside management zones, and ZEV zones, Climate emergency policy development and oversight to inform the Fall 2020 report back. Items funded from other sources that would continue include Improving forest canopy in urban heat islands, Sea level rise design challenge, assessing carbon sequestration options, and strategy to reduce embodied emissions from materials in new City-owned buildings. Some reprioritization could be explored to enable partial funding of some of the above initiatives.

This 0.8% includes projects previously approved by council not fully funded, specifically the \$5m approved for building retrofits in Dec 2018. As well any cuts in the 2020 climate budget would mean significantly more than \$6 million would have to be spent in in 2021 and future years to make up for lost time if the City intends to stay on track for our targets.

12. What is the breakdown of expenditures in the \$31.3 M of General Government Expenses p. 86 of budget? There are significant increases in Human Resources. Are these critically needed?

The increases in HR are due to: Additional resources to increase responsiveness to organizational demands for consultation, advice & support, and to improve & maintain organizational safety. Cost savings are anticipated from the organizational safety work as a result of Worksafe BC premium reductions for improved organizational safety.

The General Government expenses line includes items which are city-wide in nature which are budgeted centrally in General Government or the allocation to specific departments has not yet been determined – once these allocations are made, the amount in general government will be decreased. This line item includes: benefit cost increases (pension, Canada Pension Plan), workspace and equipment costs for new staff, provision for future risks (including collective agreements, unanticipated costs, one time events, etc), Business Planning and Project Support department, the Oppenheimer Park \$1M investment (to be allocated to departments once allocations have been determined), Climate Emergency \$0.8 million to be allocated as initiatives are identified as part of the Fall 2020 report back, Great Beginnings (offset by revenues), the Celebration of Lights, and funding for Ray-Cam, Vancouver Heritage, and Collingwood Neighborhood house.