

From: "Mochrie, Paul" <Paul.Mochrie@vancouver.ca>

To: "[Direct to Mayor and Council - DL](#)"

Date: 12/9/2024 2:23:31 PM

Subject: Memo #3: 2025 Draft Budget – Response to Councillor questions

Attachments: Memo #3 - FSC - Memo to Mayor & Council.pdf

Dear Mayor and Council,

The attached memo includes a response to questions raised at the December 3rd Budget presentation, as well as additional information on the savings opportunities not yet reflected in the budget and suggested amendment wording.

If you have any questions or need further clarification, please don't hesitate to reach out to me or Colin Knight.

Best,
Paul

Paul Mochrie (he/him)
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City of Vancouver
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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations.



MEMORANDUM

December 9, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Colin Knight
General Manager, Finance and Supply Chain Management

SUBJECT: Memo #3: 2025 Draft Budget – Response to Councillor questions

RTS # 16180

Dear Mayor and Council,

The purpose of this memo is to provide responses to the questions posed by Councillors.

1. What is the increase to the Vancouver Police Board budget?

The 2025 Budget for the Vancouver Police Board, as set out in the COV 2025 Draft Budget (included in the City Budget on page 62 and in the Vancouver Police Department Service Plan on page 260) is \$980,000, an increase of \$290,000 from the \$690,000 Police Board budget that was approved by Council on April 24th, 2024.

Note that the restated 2024 budget shown in the 2025 Draft budget is \$798,000, which includes a reallocation of \$108,000 from the City to cover collective agreement settlements related to benefit improvements for VPOA. That \$108,000 adjustment was incorrectly reflected in the budget line for the Board budget; the expenditure is not related to the Board and is properly attributed to the department's operations. To confirm, the Police Board budget as approved by Council for 2024 was \$690,000.

The 2025 Budget for the Vancouver Police Board, as approved by the Board, is \$1,055,100. This would be an increase of \$365,100 from the \$690,000 budget approved by Council in April 2024. This increase of \$365,100 comprises the following amounts:

1. \$70,000 for 1 additional FTE that was transferred from the department to support the Board during 2024. As this position was already funded within the department's operating budget, the cost does not represent a net increase to the overall budget.
2. \$110,000 for salary increases for 3 existing Board employees. This represents an increase to the Board budget which is already incorporated into the Draft 2025 budget recommendations.
3. \$184,000 to reflect increases in Board stipends and other operating costs including a \$55,000 one-time cost related to an executive search, meeting and office supplies. This allocation would represent a net increase to the overall VPD budget.

The Police Board budget report identified a requested \$793,000 increase for the Police Board, described as "Increased budget to match actual spends" which are not included in the Draft budget as recommended by City staff.

This requested increase of \$793,000 comprises the following amounts:

1. \$184,000 increase to the Police Board budget line (as described above) to reflect increases in Board stipends and other operating costs including a \$55,000 one-time cost related to an executive search, meeting and office supplies.

2. \$216,000 increase to department operations (i.e. not reflected in the Police Board budget line) to reinstate the reduction to the Police Board budget that was approved by Council in December 2023.
3. \$393,000 in increase to the department operations (i.e. not reflected in the Police Board budget line) to reinstate funding that was transferred from the department operations to the Police Board budget as per Council's April 24, 2024 decision to increase the budget for the Police Board (April 24, 2024 resolution copied below for reference).

Should Council wish to approve only the adjustments that would impact the Board's budget line for 2025, staff propose the following amendment for consideration.

THAT Council amend the Draft 2025 Operating Budget recommendations to increase the budget for the Vancouver Police Board to \$1,055,100 to reflect increased operating expenses and the transfer of a funded position from the department to support the Police Board in 2024.

Should Council wish to approve the full amount of funding requested in the VPD budget report, staff propose the following two separate amendments to reflect the adjustment to the Board budget as well as the requested increase of \$609,000 to the department budget to offset past reductions/transfers approved by Council.

- a) THAT Council amend the Draft 2025 Operating Budget recommendations to increase the budget for the Vancouver Police Board to \$1,055,100 to reflect increased operating expenses and the transfer of a funded position from the department to support the Police Board in 2024.
- b) THAT Council amend the Draft 2025 Operating Budget recommendation to include an additional \$609,000 for the Vancouver Police Department offset reductions and transfers directed by Council in 2024, including funding for 2 positions previously transferred from the department to support the Board.

Should Council approve (b) the VPD FTE total would increase by 2.

For reference, please find the April 24th, 2024 final motion on the Vancouver Police board 2024 Budget as approved:

THAT the Committee recommend to Council THAT pursuant to the submission from the Vancouver Police Board dated February 29, 2024, Council approve an adjustment to the 2024 operating budget previously approved for the Vancouver Police Department to increase the funds allocated for Vancouver Police Board administration and operations by \$393,000. With this increase, the total approved allocation for Vancouver Police Board administration and

operations will be \$690,000; FURTHER THAT Council confirm the overall 2024 net operating budget for the Vancouver Police Board as previously approved by Council on December 12, 2023, and authorize the Vancouver Police Board to reallocate funding within that approved 2024 operating budget to accommodate the proposed increase of \$393,000 for Vancouver Police Board administration and operations.

2. Are there any additional revenue or savings opportunities that could allow some of the unfunded initiatives to be added to the budget while still allowing a 3.9% property tax increase?

Staff have identified several additional opportunities that could be used to fund initiatives or further reduce property tax. Council could incorporate these reductions in the final budget through an amendment as outlined below:

- a) On December 6th, eComm shared the final Board approved budget with the City, and the final amount is lower than currently reflected in the City's 2025 draft budget. The eComm budget line item in VPD can be reduced by \$0.6 million. The eComm budget line item in VFRS can be reduced by \$0.7 million. The following amendment is suggested:

THAT Council decrease the 2025 operating budget line item for VFRS eComm and Prime levies by \$717,367 and decrease the 2025 operating budget line item for eComm and Prime levies for VPD by \$611,954, to align to the final budget approved by the Board of eComm.

- b) Staff have reviewed the estimated ongoing funding required to support the implementation of the additional mental health nurses approved by Council as part of the 2024 budget. Based on this estimate, the current Social Policy Grants budget could be reduced by \$0.6 million and would still provide the funding required for the full implementation. The following amendment is suggested:

THAT Council decrease the 2025 operating budget line item for social policy grants by \$0.6 million to align to the updated estimate of the ongoing funding requirement for the full implementation of funding for mental health nurses, as previously added to the 2024 Budget.

- c) Staff have identified \$1.4 million in additional efficiencies that can be incorporated into the 2025 draft budget. The following amendment is suggested:

THAT Council decrease the 2025 operating budget line item for general government by \$1.4 million to in additional expense reductions.

3. **Explain the rationale behind the Park Board's 7.2% budget increase, which appears to be the highest among departments other than Utilities and Public Works. As noted on page 16 of the budget book, is the Park Board receiving a larger increase compared to other departments (excluding Utilities)?**

The 2025 Draft Operating Budget of Park Board includes compensation and benefits expenses arising from negotiated collective bargaining settlements for existing staff and increases in fixed costs driven mainly by cost escalations in maintenance and water and energy consumption, increases for operating impacts of previously approved capital projects and one-time funding from General Stabilization Reserve (not impacting 2025 tax rate) to address significant safety, liability and policy compliance risk related to the management of Street and Park trees and increased services of Park Rangers to address homelessness and encampments within the Park system.

Hence, the total 7.2% year over year increase in Park Board for 2025 Draft Operating Budget can be summarised as:

1. 4.2% YoY increase for the ongoing tax funding for fixed costs increases
 2. 1.0% YoY increase for the ongoing tax funding for operating impacts of previously approved capital projects
 3. 2.0% YoY increase for one-time funding from General Stabilization Reserve for Urban Forestry and Park Rangers
4. **Why is there a 43% increase in park use permit costs for the Park Board, while other permitting costs across the city remain relatively flat?**

The fee increase for park use permits was 6%, consistent with other fee increases and to cover cost increases, as well as a 3% amenity improvement fee approved by Park Board. The budget for expenses related to park use permits is increasing by \$362k or 43% as a result of reallocation of resources to invest in long standing events such as Polar Bear Swim and Symphony at Sunset, which were previously unfunded. This reallocation of resources does not result in an additional fee increase for park use permits.

5. **Can we get a list of revenue/ cost saving opportunities from the Budget Mayor Task Force?**

Revenues/Cost Saving opportunities from the Mayor's Budget Task Force span across seven areas. The cumulative monetary impact of such revenue/cost saving opportunities is \$26.3 million for 2025 Draft Budget of which \$21 million is realized in PEF dividend related to the Mayor's budget Task Force recommendation 3B(14), \$4.6 million is realized in sponsorships, advertisements, naming rights and donations as per the recommendation 3C and \$0.7 million cost saving realized through efficiencies identified by creation of SPSO related to recommendation 2C(8).

Beside the monetary impact realized, the recommendations will enable future operational efficiencies that lead to multiyear cost savings/revenues as well as increased productivity. It is estimated that the central functional leadership through Park Board Transition under recommendation 2C(9) would translate into an annual savings of \$7 million with multiyear savings projections. Further, enhanced safety performance and safer and more supportive workplace environment for all as per recommendation 2C(11) has resulted into 38% decline in 12 months rolling injury rate in the last 2 years. The technology transformation under recommendation 2C(12) and budget process reform under recommendation 2A have potential to translate into future cost savings and increased productivity.

Through Council recommendations, City has added \$15 million in increased annual revenues from non tax sources in 2024 and projected to increase by incremental \$10 million in 2025.

6. We make significant investment and delivery in Childcare overall, how much is provincially supported as a percentage?

The Province funds approximately 31% towards City childcare projects (0-4 & school aged care) as outlined and negotiated in a most recent MOU between the City and the province. This amounts to approximately 20 projects, creating 1062 new spaces and a total \$47.8M provincial contribution. Examples of projects recently completed include: David Lloyd George Elem and Seksik Early Care and Learning Centre. Projects underway include: Firehall #8, East Fraser Lands, Henry Hudson elementary and Coal Harbor Community Center.

7. What is our budget for off-street EV charging?

The 2025 Draft Budget contains \$1.8M to fund off-street electric vehicle charging infrastructure, per Table 1 of the 2025 Climate Budget Memo to Council and the "Renewable Energy" section (page 148) of the 2025 Draft Budget.

8. Details about fleet replacement.

Replacing the City's fleet on a regular and timely basis is a critical component of maintaining many of the City's core services. Holding vehicles beyond when they need to be replaced results in significant impacts on the operating budgets from higher amounts of downtime, increased maintenance costs and negative impacts on service department's ability to provide services to the public. Furthermore, leases of heavy-duty vehicles frequently used by the City can be both costly and difficult to obtain.

Over the last 2-3 years, heavy duty vehicles have experienced significant cost escalation, mainly from reduced incentive provided for bulk purchases. This results in a need for increasing the 2023-2026 Capital Plan for fleet replacement, primarily for public safety and civil construction. Market data has shown that price escalation has slowed down in 2024 and staff will continue to pursue value-for-money procurement when replacing vehicles.

9. Park Board providing more clarification regarding Recreation Janitorial:

On Monday November 25th, Park Board made the following amendment to the 2025 Service Plan and Operating budget:

THAT the Vancouver Park Board request from Council an additional \$900,000 for the 2025 Operating Budget to improve recreational facilities janitorial services from an APPA Level 4 cleanliness standard (moderate dinginess) to Level 3 (casual inattention), with further consideration for additional funding to bring janitorial standards to the VanPlay target of an APPA Level 2 cleanliness standard (ordinary tidiness).

The APPA Cleaning Standards are a widely used system for evaluating and benchmarking the cleanliness of facilities, primarily in educational and institutional settings. It assesses cleanliness based on five levels: Orderly Spotlessness, Ordinary Tidiness, Casual Inattention, Moderate Dinginess, and Unkempt Neglect. Each level has specific criteria for cleanliness, and facilities are scored accordingly. It's a helpful tool for maintaining and improving cleanliness standards in various environments. This cleaning standard review and recommendation does not just apply to washrooms, but to the entire facility (washrooms, change rooms, multipurpose rooms, shared hallways, gyms, etc. and includes all surfaces (windows, counters, floors, etc.), replacing lights, emptying garbage/recycling, etc.

Currently, Recreation Facilities are at a Moderate Dinginess Level, which translates into an average of 1 cleaning/ day and spaces are sanitized once in a 24-hour period.

According to APPA cleaning standards it means the following:

- Floors are swept or vacuumed clean, but are dull, dingy, and stained. There is noticeable build-up or dirt and/or floor finish in corners and along walls.
- There is a dull path and/or obviously matted carpet in walking lanes. Base molding is dull and dingy with streaks or splashes.

- All vertical and horizontal surfaces have conspicuous dust, dirt, smudges, fingerprints, and marks.
- Light fixtures are dirty.
- Waste containers have old trash. They are stained and marked. Waste containers smell sour.

In order to get to a level of Casual Inattention, an investment of \$900k would be required. This would translate into an average of 2-3 cleanings per day with spaces sanitized once in a 24 hour period, plus special cleaning for high dusting, floor waxing, power washing and duct cleaning, etc.

According to APPA cleaning standards it means the following:

- Floors are swept or vacuumed clean, but upon close observation there can be stains. A build-up of dirt and/or floor finish in corners and along walls can be seen.
- There are dull spots and/or matted carpet in walking lanes. There are streaks or splashes on baseboard molding.
- All vertical and horizontal surfaces have obvious dust, dirt, marks, smudges, and fingerprints.
- Waste containers hold only daily waste, are clean and odor-free.

10. Impacts for VPL of the current recommended budget and the changes if additional investment is provided at two increments. Staff have other scenarios at other levels.

Note: Additional clarification that while auxiliary staff are unionized, their Sundays are not restricted in the CA.

In 2024, 2 VPL branches have been closed most Sundays due to staffing instability. Since July this has been scheduled as Oakridge and Collingwood (-15h/week service loss). We have also reduced community outreach activities and programs for children, primarily in the southwest of the city. In addition to reducing hours/services, we've topped up staffing from one-time Provincial grants, with an annualized cost of \$400K. In 2025 we will redistribute hours and staffing to address gaps, with reductions as necessary, since the one-time grants will not continue and the temporary staffing approach is unsustainable.

- Existing recommended budget (\$100K included of the \$450K Board request): With this budget, we can reinstate all Sunday hours, however, we will have to close South Hill on Mondays (-7.5h), and reduce evenings at 8 small-medium branches (from 2 to 1 evenings per week, closing at 7pm rather than 8pm). This shifts staffing towards the most unstable branches and hours, mostly related to Sundays. As Sundays are 30-40% busier than Mondays, the Board has directed this shift on the basis of community need and activity.

- b) Additional investment of \$200K (\$300K of \$450K requested): We will restore Sundays at Oakridge and Collingwood and maintain South Hill hours. We would still have to reduce evenings at small to medium branches as in \$100K scenario. This will also help improve unstable staffing at Central Library, allowing for redeployment to branches when necessary, in turn reducing unexpected closures.
- c) If we receive an additional investment of \$350K (meeting the Board's full request of \$450K): We can restore Sundays, maintain existing Mondays and evenings, and restore outreach and programs to 2023 levels. Unstable service levels should be fully resolved.

As mentioned, this need has arisen as a consequence of changed expectations about working when sick, the Employment Standards Act changes to sick time for auxiliary and part time staff, as well as the reduced availability of staff for short notice coverage, as these staff are now more likely to be holding multiple part time and on call jobs, and living outside Vancouver.

Should you have any questions regarding the above, please feel free to contact me at colin.knight@vancouver.ca or (604) 873-7610.

Colin Knight

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