



## ADMINISTRATIVE REPORT

Report Date: July 3, 2014  
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Meeting Date: July 9, 2014

TO: Standing Committee on City Finance and Services  
FROM: Director of Finance  
SUBJECT: Draft 2015-2018 Capital Plan

### *RECOMMENDATION*

- A. THAT Council receive the draft 2015-2018 Capital Plan for information, and direct staff to seek public input as outlined in the Public Engagement Plan section of this report.
- B. THAT Council approve in principle the following financial limits on sources of funding that are supported by property tax and utility fees in the 2015-2018 Capital Plan:
- General Borrowing Authority - \$235 million
  - Utility Borrowing Authority - \$165 million
  - Capital from Revenue - \$90 million

These financial limits will guide the next phase of capital planning work and are subject to approval by Council as part of the final Capital Plan in September 2014.

- C. THAT the Director of Finance be instructed to report back with the final 2015-2018 Capital Plan incorporating results of the public engagement and plebiscite borrowing questions for Council's consideration in September 2014.

### *REPORT SUMMARY*

The purpose of this report is two-fold:

- To seek Council approval in principal of the financial limits on tax & utility fee-supported funding sources to guide further work on the final 2015-2018 Capital Plan; and
- to seek Council authority to proceed with public engagement on the draft 2015-2018 Capital Plan, and report back with the final Capital Plan and associated plebiscite questions in September 2014.

The draft 2015-2018 Capital Plan, as outlined in this report, identifies \$1.08 billion of capital investment priorities for the City for the next four years. Guided by the City's long-term financial and service planning framework, the main goal of the capital planning process is to develop a capital investment plan which balances the needs to 1) maintain our infrastructure and facilities in an appropriate state of good repair; 2) optimize our network of public amenities to best serve our residents and businesses; and 3) advance Council and community priorities within the City's long-term financial capacity.

Based on the City's capital spending rate of \$250 million to \$270 million per year, the draft Capital Plan proposes approximately \$1.08 billion of capital investments over the next four years across the following service categories:

- Affordable Housing: \$125 million
- Childcare: \$30 million
- Parks, Open Spaces and Recreation: \$125 million
- Libraries, Social and Cultural Facilities: \$40 million
- Transportation: \$150 million
- Utilities and Public Works: \$325 million
- Facility renewals, renovations and maintenance: \$80 million
- Equipment and Technology: \$115 million
- Emerging priorities and inflation contingency: \$95 million

Considering the City's debt capacity and ongoing impact on property tax and fees, the following funding sources are proposed:

- General debt: \$235 million
- Utility debt: \$165 million
- 'Pay-as-you-go' capital funding (incl. \$90 million Capital from Revenue): \$155 million
- Capital reserves: \$130 million
- Development Cost Levies and Community Amenity Contributions: \$300 million
- User fees for water and sewer connections: \$60 million
- Contributions from other governments and partners: \$40 million

Subject to Council approval, staff will seek public input on the draft Capital Plan and bring forward the final Capital Plan in September for Council consideration, as well as the plebiscite borrowing questions to be put to the electorate in the November civic election.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

Since 1990, Capital Plans have been developed in 3-year terms to match the term of Council and allow for a borrowing plebiscite to be held in conjunction with the civic election. On May 29, 2014, the Province enacted legislation to extend the term of Council from 3 years to 4

years effective 2014. Going forward, Capital Plans will be developed in 4-year terms, starting with the 2015-2018 Capital Plan.

Capital Plans are funded from a variety of sources, guided by a number of long-standing Council policies and/or practices. It has been Council practice to fund capital expenditures for waterworks<sup>1</sup>, sewerage & drainage, and energy utility systems from debenture borrowing, and to fund the balance of capital expenditures from a combination of debenture borrowing, pay-as-you-go, Development Cost Levies (DCL), Community Amenity Contributions (CAC), special-purpose reserves, internal financing, fees and levies collected from property owners, contributions from senior governments and external funding partners.

***Debenture Borrowing*** - Under the *Vancouver Charter*, Section 242 gives Council the authority to borrow funds for the construction, installation, maintenance, replacement, repair and regulation of waterworks, sewerage & drainage, and energy utility systems without the assent of the electorate. Section 245 requires that the borrowing authority for all other purposes be established through the electorate's approval of a borrowing plebiscite.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the annual capital budget. Borrowed funds are generally paid back over 10 years to ensure that a systematic borrowing program can be administered, that outstanding debt does not accumulate to unacceptable levels, and that annual debt servicing charges (principal and interest) are maintained at a level that does not put undue pressure on the operating budget.

Section 247 A of the *Vancouver Charter* requires that full provision of annual debt servicing charges (principal and interest) be made in the annual operating budget. This ensures that debenture holders are paid the interest component at the prescribed rate and time and that sufficient funding is available to retire the obligation at maturity.

***Pay-as-you-go*** - As part of the City's long-term debt strategy, the Capital Plan incorporates a pay-as-you-go component funded from current property taxes and fees to maintain a balance between borrowed and current funding, to manage the City's long-term debt profile, and to limit future debt repayment obligations.

***Developer Contributions*** - In 2004, Council adopted the *Financing Growth Policy* that sets the framework for the collection and allocation of DCLs and CACs to contribute towards capital amenities needed for growth.

Pursuant to the *Vancouver Charter* and applicable DCL By-laws, DCLs may be applied towards parks, housing, engineering infrastructure, and childcare. For capital planning purposes, the proposed DCL allocation for the 2015-2018 Capital Plan is estimated to not exceed 100% of the DCL available at the beginning of the Capital Plan and what may reasonably be expected to collect in future years, leaving a balance of uncommitted DCLs for emerging priorities that may arise.

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<sup>1</sup> As part of the City's debt management strategy, commencing in the 2012-2014 Capital Plan, the water utility is in the process of transitioning from debt financing to pay as you go over two Capital Plans. The transition should be completed in the 2015-2018 Capital Plan.

CACs typically come in two forms: in-kind onsite amenity and cash contributions. CACs may be applied to a wider range of amenities including those that are not DCL eligible such as recreational, cultural and social facilities, libraries, and firehalls.

**Internal Financing** - Internal financing of capital expenditures through the Capital Financing Fund (CFF) is appropriate in situations where the capital expenditure can be justified on the basis of a business case, providing a source for repayment without impacting property taxes.

**External Funding** - The City actively pursues senior government funding contributions (e.g. Build Canada Fund, Gas Tax) and private and community partnership opportunities to optimize the value for every tax dollar in advancing Council and community priorities.

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The City Manager RECOMMENDS approval of A, B and C.

The City owns over \$20 billion of capital assets (replacement value excluding land) encompassing community facilities, affordable housing, public safety, parks, roadways, walkways and bikeways, and underground water and sewer infrastructure. The need for renewing and upgrading our infrastructure and facilities to support our residents and businesses is significant and growing.

The capital planning process is an important part of the City's long-term financial and service planning. The main goal of the 2015-2018 Capital Plan is to strike a strategic balance among the following needs:

- maintaining our infrastructure and facilities in an appropriate state of good repair;
- optimizing our network of public amenities to best serve our residents and businesses; and
- advancing Council and community priorities within the City's long-term financial capacity.

Over the past decade, the City has leveraged significant federal and provincial infrastructure funding and strategic partnership contributions leading up to the Vancouver 2010 Winter Games. These investments have significantly enhanced our network of public amenities to better serve our residents and businesses; however, the associated financial impact has also put increasing pressure on the City's budget in the form of debt servicing costs, ongoing operating costs, and asset lifecycle costs. Within the City's financial planning framework, understanding the long-term implications arising from our capital investments is a key consideration in developing the 2015-2018 Capital Plan. Identifying the City's funding capacity upfront ensures that the Capital Plan is developed in a fiscally prudent manner which considers the City's long-term financial health, credit ratings, and future impacts on our tax and fee payers.

Building on the Capital Program Review work completed in 2011 (as part of the Vancouver Service Review), staff continue to align the City's capital investments with its fiscal and operational capacity, and drive long-term planning and strategic prioritization across the organization. Guided by key Council policies and regional policies, the 2015-2018 Capital Plan will continue to target our capital investments on i) affordable housing and childcare to attract and retain a strong workforce as part of the Economic Action Strategy; ii) infrastructure and facility rehabilitation and renewal; iii) sewer separation and renewal to meet the regulatory target by 2050; iv) climate change adaptation and seismic upgrades; and

v) various initiatives and commitments relating to the Greenest City Action Plan. In partnership with Translink and the Province, the City will aggressively pursue funding from the Federal government to advance the Broadway Millennium Line Subway Extension to realize the economic potential of the second-most important economic corridor in British Columbia and to enable efficient movement of people and access to jobs. These strategic investments will enable Council to achieve important public policy objectives while ensuring economic, environmental and social sustainability over the long term.

In developing the 2015-2018 Capital Plan, a key financial consideration is to manage the growing operating budget pressure arising from our capital investments. Based on the City's capital spending rate of \$250 million - \$270 million per year, the financial target proposed for the 2015-2018 Capital Plan is \$1.08 billion, funded from \$400 million debenture borrowing, \$155 million pay-as-you-go (incl. \$90 million capital from revenue), and \$530 million of other funding from the City (e.g. reserves), other orders of government and community partners. At this level, the tax-supported debt servicing costs will increase by 17% from the 2012-2014 Capital Plan, equivalent to a cumulative property tax impact of 2.2% over the next four years. In addition to debt servicing costs, new public amenities will give rise to ongoing operating costs and asset lifecycle costs, which will put further pressure on the City's capital and operating budgets in future years. For reference, on an annual basis, it costs approximately \$0.5 million (net of user fees) to operate a community centre (including facility costs), \$50,000 to maintain an acre of park, and \$20,000 on lifecycle replacement of 1,000 sq. ft. of floor space.

Subject to Council approval, staff will consult the public prior to bringing forward the final Capital Plan for Council's consideration in September. Staff will continue to pursue senior government contributions (e.g. Build Canada Fund, Gas Tax) and strategic partnerships with external agencies, and bring forward such opportunities as they arise for Council's consideration over the term of the Capital Plan.

## ***REPORT***

### ***Background/Context***

#### **I. CITY PUBLIC AMENITIES & INFRASTRUCTURE OVERVIEW**

The City owns over \$20 billion of capital assets (replacement value excluding land) encompassing:

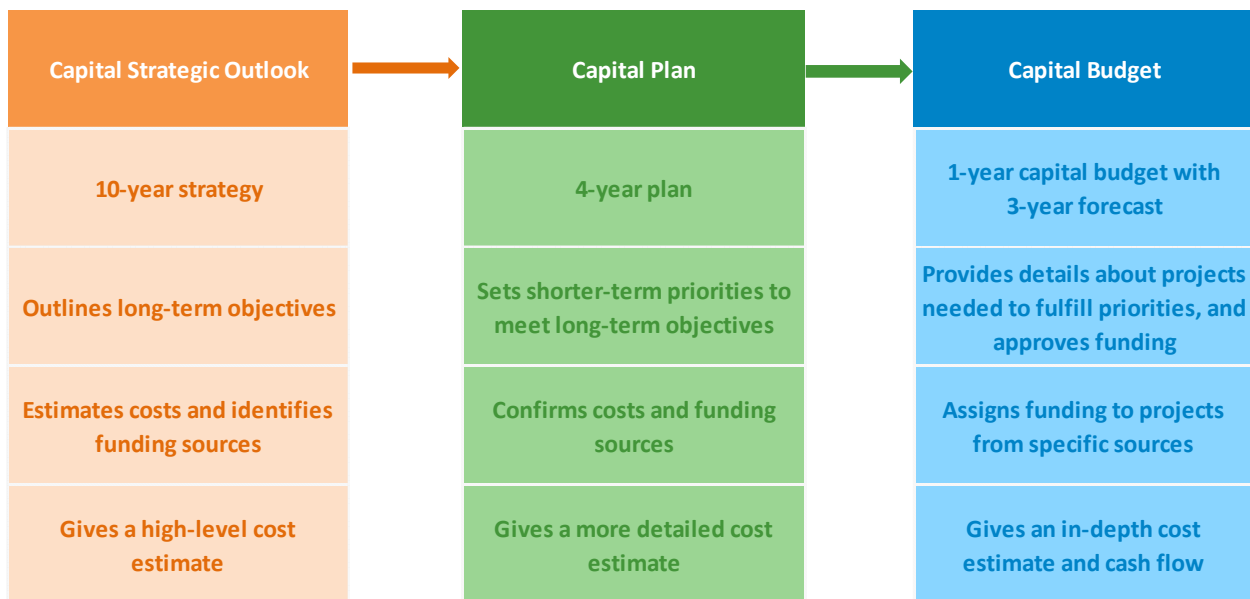
- 8 million square feet of facilities providing a broad range of recreational, community, social and cultural programs and services, affordable housing, public safety, and civic administration
- 1,360 hectares of parks and open spaces
- 4,260 km of sidewalks, streets and lanes
- 3,600 km of underground water and sewer mains

The lifespan of capital assets varies considerably across asset categories from water and sewer pipes (60-120 years), to buildings, sidewalks, trees (40-60 years), road pavement, traffic signals (20-40 years), playgrounds/playfields (10-20 years) and vehicles, information technology and other equipment (less than 10 years).

## II. STRATEGIC CAPITAL PLANNING: 10-YEAR OUTLOOK → 4-YEAR PLAN → ANNUAL BUDGET

Figure 1 below outlines the City’s capital planning framework. The 10-year Capital Strategic Outlook presents the City’s long-term vision with regard to capital investments in public amenities and infrastructure. The 4-year Capital Plan defines the financial capacity and debt financing strategy for advancing specific capital projects within the capital plan timeframe. The annual Capital Budget (with a 3-year forecast) sets out the capital projects and spending for the year.

Figure 1: Capital Planning Framework



Since 2011, the City has adopted a service-based capital planning framework to drive accountability, enhance transparency, and enable a more holistic city-wide approach to long-term capital investment decision-making. Service plans inform the output metrics for the 10-year Capital Strategic Outlook and 4-year Capital Plan for each service categories. Table 1 below summarizes the service categories and sub-categories used for the 2015-2018 Capital Plan.

Table 1: Capital Planning Service Categories & Sub-Categories

Categories	Sub-Categories
Affordable Housing	<ul style="list-style-type: none"> <li>• Non-market rental housing</li> <li>• Market rental housing</li> </ul>
Childcare	<ul style="list-style-type: none"> <li>• Childcare for 0-4 years old</li> <li>• Childcare for 5-12 years old</li> </ul>

Categories	Sub-Categories
Parks, Open Spaces and Recreation	<ul style="list-style-type: none"> <li>• Urban Forest and Natural Features</li> <li>• Seawall and Waterfront</li> <li>• Activity Features</li> <li>• Park Buildings</li> <li>• Park Infrastructure</li> <li>• Public Art</li> <li>• Recreation Facilities</li> <li>• Entertainment and Exhibition Facilities</li> </ul>
Community Facilities	<ul style="list-style-type: none"> <li>• Libraries &amp; Archives</li> <li>• Social Facilities</li> <li>• Cultural Facilities</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• Walking and Cycling</li> <li>• Transit</li> <li>• Major Roads</li> <li>• Local Roads</li> <li>• Parking</li> </ul>
Utilities and Public Works	<ul style="list-style-type: none"> <li>• Waterworks</li> <li>• Sewers</li> <li>• Solid Waste</li> <li>• Neighbourhood Energy</li> </ul>
City Facilities	<ul style="list-style-type: none"> <li>• Police Facilities</li> <li>• Fire and Rescue Facilities</li> <li>• Animal Control Facility</li> <li>• Administration Buildings</li> <li>• Service Yards</li> </ul>
Equipment and Technology	<ul style="list-style-type: none"> <li>• Vehicles and Equipment</li> <li>• Information Technology</li> </ul>

### III. LONG-TERM GOALS & STRATEGIC PRIORITIES

The City of Vancouver's mission is "to create a great city of communities that cares about its people, its environment, and the opportunities to live, work and prosper". It does this by ensuring that all its resources and capital investments support the three long-term priorities identified in its Corporate Strategic Plan.



**People** - *Cultivate and sustain vibrant, creative, safe and caring communities for the wide diversity of individuals and families who live in, work in and visit Vancouver.*

Vancouver is the eighth largest city in Canada. Our city is remarkable for its diverse population, with half of our residents speaking English as a second language. The health and vitality of Vancouver's communities and the celebration of their diversity make the city a magnet for people from around the world. With 5,250 people per square kilometre, Vancouver is one of the most densely populated cities in the country. Our limited land base and growing population have given rise to unique issues related to affordability and the availability of land for housing and a full range of economic activity.

**Prosperity** - *Provide and enhance the services, infrastructure and conditions that sustain a healthy, diverse and resilient local economy.*

Vancouver has one of the most diverse and resilient economies in North America. Building on the foundation of our robust natural resource sector, our growing digital media and clean technology sectors as well as our strong tourism and international education sectors also contribute to the City's continued economic growth, prosperity, and livability. Vancouver is North America's gateway to Asia and a major regional transportation hub. The city is home to Port Metro Vancouver—the busiest and largest port in Canada—and is in close proximity to the Vancouver International Airport, often rated as one of the world's best. Our well-educated, highly skilled, and culturally diverse workforce further reinforces our competitive position in the global market.

Council has prioritized economic development by promoting and strengthening local businesses while also making the city an attractive destination for businesses from around the world. In 2011, Vancouver Economic Commission (VEC) launched the Vancouver Economic Action Strategy, which focuses on changes that will most improve Vancouver's business climate, support existing local businesses, facilitate new investment, and attract the people essential to our future economic success. It places particular emphasis on our global



leadership in creative industries and clean technology and on opportunities for greening our local businesses.

The City continues to work with Translink to help advance Regional Transportation Strategy, including the Broadway Millennium Line Subway Extension, which will be fundamental to reaching the economic potential of the second-most important economic corridor in the Province. A Broadway subway will ensure the efficient movement of people and the ability to accommodate access to jobs.

**Environment** - *Protect and enhance Vancouver's climate, ecology, natural resources and connections to the City's remarkable natural settings for future generations.*

Vancouver is home to world-class parks and green spaces and the wealth that stems from our abundant natural setting.

The Greenest City 2020 Action Plan was launched in 2011 with measurable and ambitious targets for reducing carbon and waste and improving ecosystems. This key plan addresses goals and issues across diverse areas and has put Vancouver on the path to sustainability in most aspects of life and work in the city.

Since the plan was approved, city-wide carbon emissions, waste production, and water consumption are down 4%, 11% and 16% respectively. In addition, the number of amenities to support local food has increased by 24%.

#### IV. ECONOMIC OUTLOOK

In developing the 2015-2018 Capital Plan, one of the key considerations is the City's long-term fiscal capacity as determined within the context of the global, national, provincial and local economic outlook that is in a constant state of change. This provides us with the necessary context to plan for known risks and focus on long-term financial sustainability.

Despite the improvement observed in recent months, the global economy remains uncertain which could have an impact on Vancouver's economy. The **United States'** economy continues to improve in 2014 with modest employment growth, a slow but gradual recovering housing market, and accelerated business capital investments and consumer spending. Emerging from recession in the second half of 2013, the **European Union's** economy continues to stabilize. While Germany and the United Kingdom have consistently been leading in growth, economic recovery for the rest of the Eurozone has not been encouraging as unemployment remains historically high and the risk of disinflation has elevated in recent months. After slowing for two years, **China's** economy began to stabilize in 2013; however, growth has since stalled in early 2014. Annual GDP growth is expected to range from 7% to 7.5%, which is far lower than the double-digit growth China experienced over the last decade as its government continues to focus on economic and social reform.

Following a subpar performance in 2012 and 2013 with real GDP growth having gained only 1.7%, **Canada's** economy is expected to improve over the next two years boosted by continuing low interest rates, improving business and consumer confidence, and a recovering U.S. economy which will help stimulate business capital investment and boost exports. However, a continued environment of fiscal restraints across all levels of government and continuing elevated household debt will have a dampening effect on the economy. Overall,

real GDP growth is forecasted to reach 2.3% in 2014, peak at 2.6 % in 2016, and come down to 1.9% in 2018.

**British Columbia's** economy is expected to grow from 1.9% in 2013 to 2.4% in 2014, peak at 3% in 2016, and lower to 2.3% in 2018. Fuelled by a weaker Canadian dollar, recovering U.S. market and emerging economies in Asia, and higher demand for natural gas and wood products, the strengthening economy will encourage business investments and hiring. Unemployment is expected to fall from 6.6% in 2013 to 5% in 2018, and higher household income will further support the retail and housing markets over the next few years. New home construction is expected to surpass 2012 to reach 28,600 units in 2015 and gradually increase to 31,900 units by 2017 & 2018. However, continued fiscal restraint by the provincial government will have a dampening effect on the economy.

**Vancouver's** (Census Metropolitan Area) economic growth is forecast to accelerate from 2.5% in 2013 to 2.7% in 2014, peak at 3.4% in 2016, and come down to 3% in 2018. The job market is also expected to improve, lowering the unemployment rate from 6.7% in 2013 to 6.2% in 2014 and further down to 5% by 2018. Supported by immigrants, it's expected that Vancouver's population will grow at 1.5% in 2014 and increase to 1.7% in 2015-2018.

Metro Vancouver housing starts fell 2% in 2013 to 18,700, and are expected to lower further in 2014 to 17,900 before picking up to reach 18,000 in 2015 and 18,800 in 2018. There is no sign of overbuilding, as the ratio of housing starts to population growth has been broadly in line with its 25-year average. Consistently strong office and other job space construction activity will compensate for the pull back in housing starts. Office vacancies in the city of Vancouver are among the lowest in the region, and the number of new businesses is growing. Even with the recent slowdown in the housing market, affordability remains a concern for the foreseeable future. As well, household after-tax income has not kept pace with inflation during the past five years, and discretionary household income will continue to be under pressure. Furthermore, continued fiscal constraints at senior levels of government will add pressure on local governments to provide additional services to taxpayers.

## **V. FISCAL CAPACITY; FOCUS ON THE LONG-TERM**

Vancouver, like other Canadian cities, offers a broad range of services but has a limited revenue stream. The City adheres to prudent fiscal stewardship with careful financial planning that balances short-term operating needs with long-term public amenity and infrastructure requirements. To ensure that appropriate capital investments are made to advance Council and community priorities in a fiscally prudent and financially sustainable manner while considering external economic conditions that could have an impact on residents and businesses, the City's capital planning process is guided by a set of financial sustainability guiding principles and financial health targets.

### **Financial Sustainability Guiding Principles**

#### **Fiscal Prudence**

- live within our means
- consider long-term implications in all decisions
- maintain a stable and predictable revenue stream
- keep debt at a manageable level
- build in flexibility and contingencies for emerging priorities and opportunities

### **Affordability & Cost Effectiveness**

- deliver services that are relevant and result in desired public outcomes
- ensure value for money through productivity and innovation
- keep property tax and fees affordable (in line with inflation)

### **Asset Management**

- maintain assets in an appropriate state of good repair
- optimize capital investments to meet public and economic needs while achieving value for the investment

***Keep Debt at a Manageable Level*** - The City determines its long-term borrowing capacity for regular, non-utility related capital programs by limiting the ratio of annual tax-supported debt servicing to operating expenditures at a maximum of 10%. This is to ensure that the City does not accumulate debt at unacceptable levels, and that annual debt servicing does not put undue pressure on the annual budget. This ratio was 7.2% in 2010 and has increased to 7.8% in 2013, reflecting the increased debt borrowing over the past three Capital Plans (2006-2008, 2009-2011, 2012-2014).

Looking ahead, the ratio is forecast to further increase to 8.6% by end of 2018. This higher Debt Servicing ratio means the City's operating budget will need to absorb an additional \$1 million per year over the 4 year plan than if the ratio was maintained at 7.8%. Limiting debenture borrowing for the 2015-2018 Capital Plan to \$400 million with a modest increase projected in future Capital Plans, the ratio is expected to increase to 8.8% in 2019, stabilize through 2023 due to better alignment of new debt issuance and maturities, and increase again reflecting anticipated capital plan growth to reach 9.2% in 2027. (See Figure 2 under the Financial Health Indicators section for details). This would mean additional pressure on the operating budget through this period.

As part of our long-term debt management strategy, the Waterworks Utility is transitioning from debt financing to pay-as-you-go, which is expected to complete during the 2015-2018 Capital Plan. This will help lower the City's overall debt and save interest costs over the long-term. Looking ahead, we will continue to explore opportunities where appropriate to transition our general capital program to a higher proportion of pay-as-you-go to improve the City's long-term debt profile and enhance our credit ratings. This will likely be achievable around 2020 as our tax-supported debt servicing ratio starts to stabilize.

***Maintain Strong Credit Ratings and Access to Low Borrowing Costs*** - The City's strong credit ratings (AAA/AA) are among the best for Canadian cities, and are supported by a diverse economy and a strong and stable tax base. Continued management of debt within target levels is critical to maintaining and enhancing the City's credit ratings. Most world class cities are managed in a fiscally prudent and financially sustainable manner and enjoy high credit ratings. Maintaining current credit ratings among the top tier cities is critical to Vancouver's long-term competitive advantage. It is estimated that the long-term borrowing costs would increase by 5-10 basis points for each level of downgrade, or approximately \$1 million in additional interest over the term of each \$100 million debenture issue.

***Keep Property Tax and Fees Affordable*** - Property taxes in the recent years have seen a modest increase, ranging from 1.4% to 2.8%, generally aligned with inflation (0.4% to 2.3%). During this period, the City has enhanced our network of public amenities in the areas of

housing, community services and public safety, and has invested in core infrastructure, such as sewer separation and renewal and upgrading transportation infrastructure for pedestrians, bikes, and vehicles. All these were accomplished through continuous innovation, business transformation and productivity enhancement, while absorbing above-inflation wage increases.

Looking ahead, the growth in public amenities and infrastructure will put increasing pressure on the City’s budget. Understanding the long-term impacts on our tax and fee payers arising from our capital investment decisions, including debt servicing, ongoing operating costs and asset lifecycle costs, is a key consideration in developing the 2015-2018 Capital Plan.

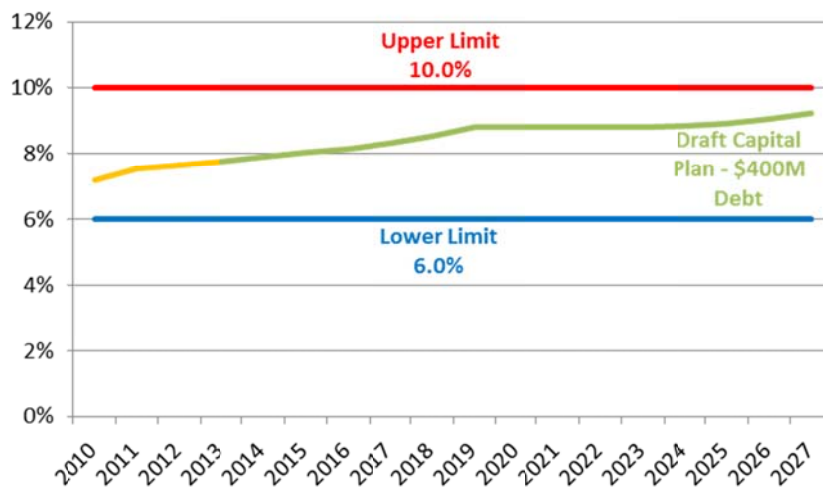
**Maintain Assets in an Appropriate State of Good Repair** - Maintaining core infrastructure and public amenities in an appropriate state of good repair is critical to the City’s long-term financial health and resilience, and helps ensure asset management obligations are not deferred and infrastructure deficits do not accumulate to unacceptable levels. The City’s target is to ensure at least 2/3 of City assets are in good and fair conditions.

**Optimize Capital Investments** - Before adding new facilities, the City will consider repurposing and right-sizing existing facilities, and continue to advance on colocation and functional integration of services to enhance operational efficiency. All new facilities will be designed with flexible, adaptable and expandable spaces to accommodate changing demographics and future growth.

**Financial Health Indicators**

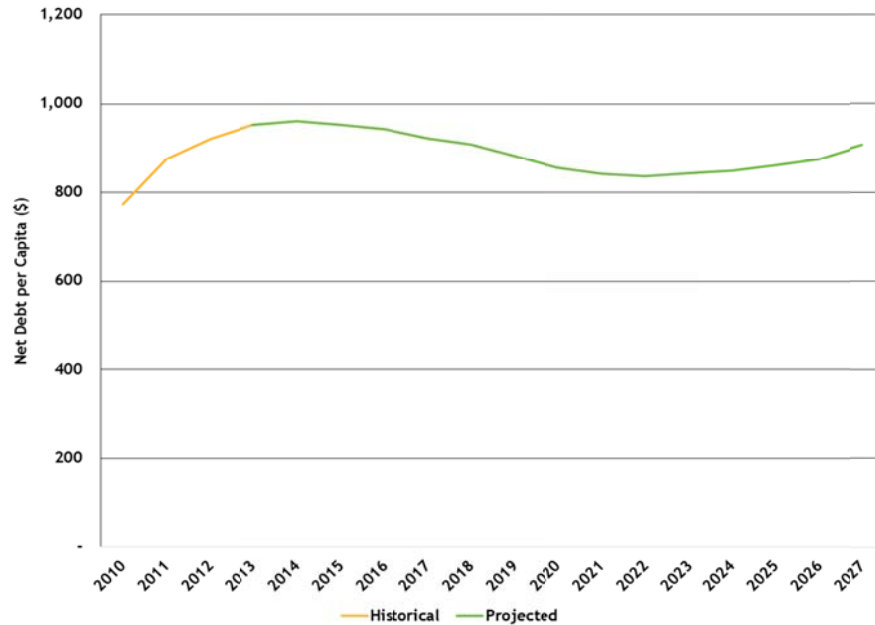
For long-term financial planning purposes, the City tracks a number of metrics to provide an indication of its financial health and long-term borrowing capacity, which inform the capital planning process. Below are two key financial health metrics and trends over the next decade: Tax-supported Debt Servicing as a % of Operating Expenditures (Figure 2) and Net Debt per Capita (Figure 3).

Figure 2: Tax-supported Debt Servicing as % of Operating Expenditures



(Note: Tax-supported Debt = General Debt + 50% Sewer Debt)

Figure 3: Net Debt per Capita



(Note: Net Debt = General Debt + Utility Debt - Sinking Fund)

With the proposed debt level in the draft Capital Plan, it is expected that net debt per capita will gradually come down through to 2022 as the water utility transitions to pay as you go, before increasing thereafter with the anticipated increase in future capital plans.

In developing the 2015-2018 Capital Plan, the key constraining factor is the impact on the operating budget and property tax increase arising from debt servicing and future operating costs and asset lifecycle costs. Our goal is to stabilize the debt level over the long term and minimize the year-over-year increase in debt servicing so that our capital program does not drive significant operating budget increase, thereby maintaining our property tax and fees at affordable level.

### *Strategic Analysis*

The City strives to balance between managing our capital assets in state of good repair, and optimizing our network of public amenities to address growth and support the economy.

The health of our infrastructure and public amenities directly contributes to the success of our economy. The growing need for rapid transit, affordable housing and childcare represents significant capital investments, while the costs of infrastructure renewal are growing. As the owner of an expansive portfolio of capital assets, the City is in the process of completing citywide asset condition assessments to inform our long-term asset management strategies and ensure that major infrastructure such as bridges, roads, water and sewer pipes are functioning and resilient; and that City facilities are well maintained to deliver the necessary services to residents and businesses. As asset lifecycle costs continue to grow, the City's ability to maintain the state of its assets will be more challenging in the years to come.

Besides asset renewal, the City continues to proactively prepare for the threats posed by climate change and natural disasters, especially earthquakes. The flooding and severe storms witnessed in recent years in Canada and other parts of the world demonstrates the importance for the City to be as prepared as possible to respond to such events as they

happen and to quickly resume business across the city. Learning from these events helps inform our infrastructure investments and our focus on preparedness.

Since 2011, the Corporate Management Team (CMT) provides regular oversight on citywide capital investments to ensure strategic alignment with key Council policies (e.g. Greenest City Action Strategy, Housing & Homelessness Strategy, Transportation 2040, Economic Action Strategy, Climate Change Adaptation Plan, Healthy City Strategy) and regional policies (e.g. sewer separation, waste diversion). Strategic review of all capital expenditures following approval by Council includes the following direction to staff across the organization:

- Rationalize the cross-agency amenity network to enhance collaboration and synergies
- Consider repurposing, right-sizing, re-/co-location, and decommissioning of assets as part of renewal strategy
- Build flexible, adaptable and expandable spaces to accommodate changing demographics and future growth
- Phase in large-scale capital projects to ease the financial impact
- Where appropriate bundle projects to maximize efficiencies and economies of scale

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### Capital Plan Priorities: Public Engagement - Phase 1

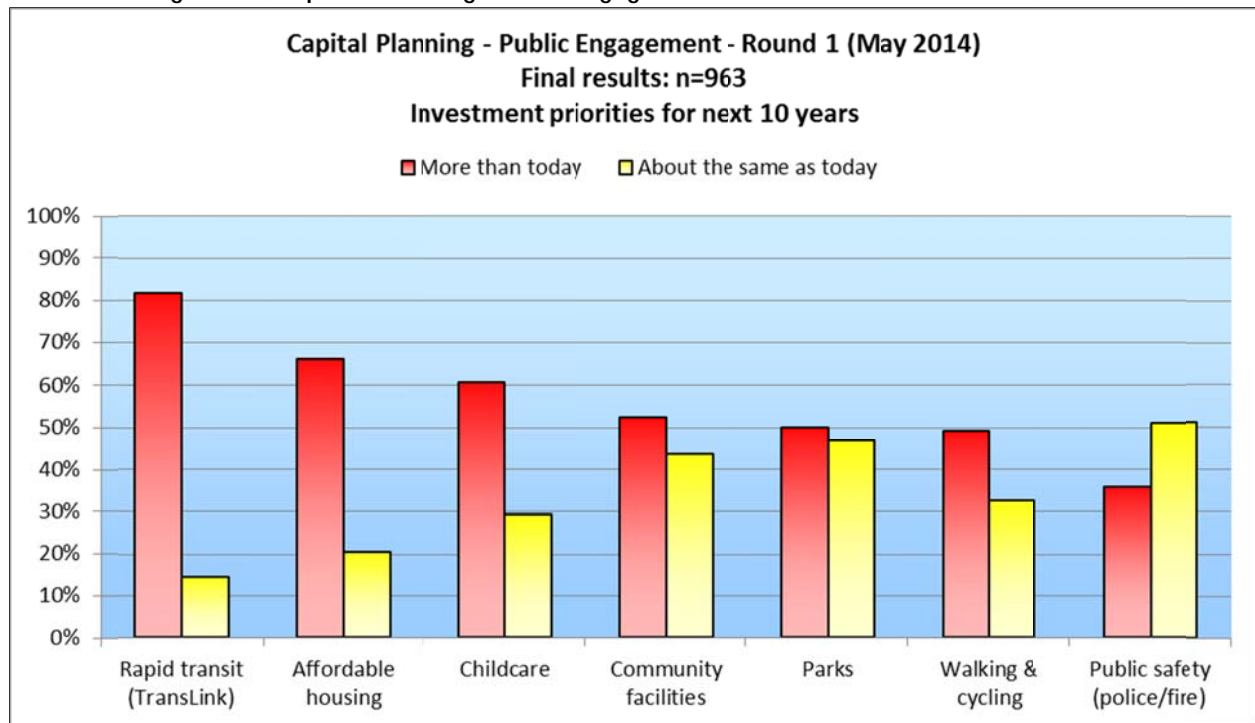
In May 2014, the City organized a round of public engagement to discuss and get citizen input on long-term capital planning choices and priorities. This is a new step in the capital planning process and involved both face-to-face meetings (three in total) and an online questionnaire. The theme was “Building the City of Today and Tomorrow”, with the City of Today focused on ‘infrastructure renewal’ and the City of Tomorrow on ‘new and expanded infrastructure’. While attendance at the public events was light (about 30 participants), close to one thousand individuals filled in the online questionnaire. A complete summary is provided in Appendix A.

The first set of questions related to the City of Today: “Thinking about the larger community, how would you rate the importance of the following facilities/infrastructure?” Of the 19 choices available, the top five were: water pipes, sewer pipes, sidewalks, seawall and trails, and natural areas.

The second set of questions also related to the City of Today: “Thinking about their current physical condition and function, what is your overall assessment of the facilities/infrastructure that you know?” Of the 19 choices available, the top 5 rated poor or fair condition were: local roads, bus stops and shelters, cultural facilities, pools and rinks, and major roads.

The third set of questions related to the City of Tomorrow (see Figure 4 below): “Thinking about Vancouver’s needs in 10 years, would you invest more, less or about the same when compared to today?” Of the 7 choices available, the top three were: rapid transit, affordable housing and childcare.

Figure 4: Capital Planning Public Engagement Phase 1 - Investment Priorities



A second round of public engagement will be undertaken in July to get citizen input on the Draft Capital Plan. Details are found under section VII - Public Engagement Strategy - Phase 2.

**VI. DRAFT 2015-2018 CAPITAL PLAN - SERVICE CATEGORY PERSPECTIVE**

**A. Affordable Housing**

Affordable housing offers a range of choice to low and middle income residents, including shelters to address street homelessness, social and supportive housing, and purpose-built rental apartments and suites. The goal is to provide more affordable housing choices for residents across communities. All levels of government (Federal, Provincial, Metro Vancouver and the City of Vancouver) are involved, along with non-profit agencies and the private sector.

**City of Today: Infrastructure Renewal**

There are currently more than 25,000 non-market rental housing units across Vancouver in nearly 500 buildings, as well as 184 market rental units in 33 City-owned buildings, as follows:

	Quantity	Approx. Unit Cost	Approx. Replacement Value (City-owned Assets)
<b>Non-Market Rental Housing (Social &amp; supportive housing)</b>	<ul style="list-style-type: none"> <li>• 22 City-owned buildings with 1,361 units (965,000 sq.ft.)</li> <li>• 191 non-City-owned buildings on City-owned land with 9,397 units (approx. 8.6 M sq.ft.)</li> <li>• 283 non-City-owned buildings on non-City-owned land with 14,581 units (approx. 10.9 M sq.ft.)</li> </ul> <p>Total: 496 buildings with 25,339 units (approx. 20.5 M sq.ft.)</p>	\$290/sq.ft.	\$270M
<b>Market Rental Housing</b>	<ul style="list-style-type: none"> <li>• 33 City-owned buildings with 184 units (155,000 sq.ft.)</li> </ul>	\$290/sq.ft.	\$45M
<b>TOTAL</b>			<b>\$0.3B</b>

About 30% of the City-owned housing portfolio is currently assessed as being in poor condition. **Three non-market buildings (total of 251 units) need to be renewed** and are located in the Downtown Eastside: **Roddan Lodge** (Alexander & Dunlevy), **Central Residence** (Cordova near Carrall) and **Alexander Residence** (Alexander near Carrall). As they are renewed, the units will be made more liveable by rebuilding them as self-contained units (with kitchens and washrooms). Staff will identify and develop opportunities to provide additional housing units as part of each project to ensure the renewal projects are financially sustainable. The estimated cost to renew the 251 units is about **\$38 million** (\$150,000 per unit).

As part of the Downtown Eastside Local Area Plan approved in March 2014, Council endorsed the creation of a grant program to assist with the upgrading of existing Single Room Occupancy hotels (SROs) owned or managed by non-profit agencies. SROs play an important role in housing among the lowest income residents in Vancouver. The grants - up to \$5,000 per room - will provide funding to **improve the safety, livability and health conditions of SROs**. The target is to improve 1,500 rooms over the next 10 years. Over the next 4 years, funding of **\$2 million** will be set aside to assist with the upgrade **400 rooms**.

### City of Tomorrow: New & Expanded Infrastructure

A top priority for the City has been and continues to be the creation of **additional affordable housing**. A total of 1,167 new non-market housing units have been or will be completed in the 2012-2014 period, with an additional 1,592 units currently approved and funded to be completed in 2015 or 2016.

The following target is proposed for the **2015-2018 Capital Plan**, based on the 10-year targets set in the City's Housing and Homelessness Strategy: **2,550 new non-market (social and supportive) housing units over the 4-year period**. The target is based on achieving



about 640 units per year. The total investment required to deliver 2,550 units is approximately \$560 million (~\$220,000 per unit).

The following assumptions have been made in order to establish an allocation in the 2015-2018 Capital Plan:

- 30% of units (765 units) will be City-owned buildings on City-owned land; the City will build about 100 units and it is anticipated that the remaining 665 units will be delivered as in-kind Community Amenity Contributions, mainly in the West End and the Downtown Eastside;
- 45% of units (1,150 units) will be non-City-owned buildings on City-owned land; the City will provide land (through long-term leases at below market rates) for these projects;
- 25% of units (635 units) will be non-City-owned buildings on non-City-owned land; the City will provide capital grants toward these projects; and
- For projects on City-owned land, it is anticipated that housing operators will make financial contributions via prepaid lease payments to the City and/or bringing investment equity to fund projects.

Based on these assumptions, it is estimated that the **City's contribution toward these 2,550 new units will be \$85 million** (an average of \$33,000 per unit). It is anticipated that partnership contributions and prepaid leases (supported by rental income) totalling over \$200 million will supplement the City's contribution.

Consistent with City policies, all social housing projects are expected to be self-sustaining and will not require operating subsidies, property tax exemptions, and/or financial guarantees from the City. The rental mix of individual projects would be established to ensure that rental income would be adequate to offset operating and capital maintenance costs over the life of the building. To achieve deeper affordability, the City would rely on partnership funding such as Provincial rent supplements, BC Housing, and/or non-profit partner equity contributions.

The City's approach to housing affordability and ending homelessness is to support a broad spectrum of solutions along the housing continuum, working closely with BC Housing and other partners to deliver options such as shelters and interim housing, including utilizing the City's Property Endowment Fund (PEF), which is not part of the Capital Plan, to explore opportunities for interim housing sites. As well, the City's Rental 100 Program as well as zoning policies relating to laneway housing and secondary suites are expected to continue to significantly increase the supply of affordable market rental units.

In the 2012-14 Capital Plan, the City approved housing above the Downtown Eastside-Strathcona Library (21 units) and the new Firehall at Kerr and 54<sup>th</sup> (31 Units), and the Land Trust partnership model. The City will continue to explore innovative solutions for achieving additional affordable housing across Vancouver.

**Total investment proposed for housing: \$40 M for renewal projects and \$85 M for new housing (leveraging over \$200 million of partner funding and prepaid leases).**

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## B. Childcare

Childcare includes services for children 0-4 years old (all-day childcare and part-time preschool programs) and children 5-12 years old (before and after school programs). The City, School Board, non-profit agencies and the private sector are involved in the delivery of childcare services.

### City of Today: Infrastructure Renewal

There are currently over 13,000 licensed childcare spaces available in Vancouver, as follows:

	Quantity	Approx. Unit Cost	Approx. Replacement Value (City-owned Assets)
Childcare for 0-4 years old (Daycare & preschool)	<ul style="list-style-type: none"> <li>1,715 spaces in 49 City-owned buildings (170,000 sq.ft.)</li> <li>880 spaces in 27 buildings on City-owned land (120,000 sq.ft.)</li> <li>5,500 spaces provided by School Board, non-profit agencies and private sector</li> </ul> Total: 8,100 spaces	\$800/sq.ft.	\$135M
Childcare for 5-12 years old (Before & after school care)	<ul style="list-style-type: none"> <li>535 spaces in 12 City-owned buildings (25,000 sq.ft.)</li> <li>195 spaces in 4 buildings on City-owned land (17,000 sq.ft.)</li> <li>4,260 spaces provided by School Board, non-profit agencies and private sector</li> </ul> Total: 4,990 spaces	n.a.	n.a. <sup>2</sup>
<b>TOTAL</b>			<b>\$0.15B</b>

<sup>2</sup> Replacement value of spaces used for before and after school care are included in Community Facilities, as these spaces are typically multi-purpose rooms in community facilities.

Most preschool spaces in City-owned buildings are located in community centres and date from the 1950s and 1960s. These spaces are gradually being renewed as the community centres are renewed. About a dozen daycares (mostly portables) were built between 1970 and the early 1990s and most of these facilities have been or are in the process of being renewed. Only three remain to be renewed. As a result, only about 5% of the City-owned childcare portfolio is currently assessed as being in poor condition.

Two renewal projects that were funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016, leading to the renewal of 45 spaces<sup>3</sup>.

There are several candidates for renewal for the **2015-2018 Capital Plan**. Staff are currently reviewing these candidate projects in greater detail and it is estimated that an allocation of **\$5 million** is needed to ensure that sufficient funding is available to support one or two of these candidate projects.

### City of Tomorrow: New & Expanded Infrastructure

A priority for the City has been and continues to be the creation of **additional childcare spaces**. A total of 299 new spaces for children 0-4 years old have been or will be completed in the 2012-2014 period, of which 217 spaces are in City-owned buildings<sup>4</sup> and 82 spaces in non-City-owned buildings (supported with City capital grants)<sup>5</sup>. In addition, the 3 City-owned daycare projects have started or been approved and will be completed during the course of the next capital plan, creating 98 additional spaces for children 0-4 years old<sup>6</sup>. There are additional spaces that have been committed but not completed in the 2012-2014 period.

The following childcare targets are proposed for the **2015-2018 Capital Plan**: **500 new spaces for children aged 0-4 years old and 500 new spaces for children aged 5-12 years old**. Staff is proposing to allocate **\$20 million toward the creation of 400 daycare/preschool spaces** (City contribution of \$50,000 per space), with the remaining 100 spaces anticipated to be provided as in-kind Community Amenity Contributions. In addition, **\$5 million is earmarked for the creation of 500 before & after school spaces** (City contribution of \$10,000 per space).

The City will work with Park Board, Vancouver School Board (VSB), non-profit agencies and other partners to deliver these childcare spaces, including exploring with the VSB the option

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<sup>3</sup> 25 spaces at the Kitsilano Montessori Daycare (Arbutus & 8<sup>th</sup>, to be relocated to Maple & 10<sup>th</sup>) and 20 spaces at Kensington Community Centre (Dumfries & 37<sup>th</sup>).

<sup>4</sup> 69 spaces at childcare #2 in Southeast False Creek (Manitoba & 2<sup>nd</sup>) and 37 spaces at each of the following locations: Woodward's (Hastings & Abbott), The Mark (Seymour & Pacific), The Junction (Main & National) and Terry Tayler (Nanaimo & Kingway).

<sup>5</sup> 25 spaces at each of the following locations: Japanese Hall (Alexander & Jackson), Kitsilano Neighbourhood House (Vine & 7<sup>th</sup>) and Lavina White Childcare Centre (Dundas & Wall), and 7 additional spaces at Harbourview Daycare (Penticton & Yale).

<sup>6</sup> 49 additional spaces at Kensington Community Centre (Dumfries & 37<sup>th</sup>), 37 spaces at a new daycare at Marine & Cambie, and 12 additional spaces when the Kitsilano Montessori Daycare is rebuilt at Maple & 10<sup>th</sup>.

of providing new or additional childcare when existing elementary schools are renewed and new elementary school are built.

**Total investment proposed for childcare: \$5 M for renewal projects and \$25 M for new childcare.**

### C. Parks, Open Spaces and Recreation

Vancouver's network of parks and open spaces includes over 300 sites distributed across the city, accounting for 1,360 hectares (13.6 km<sup>2</sup>) or about 10% of all land within municipal boundaries. These open spaces vary in size (from small urban plazas and mini-parks to major parks like Stanley Park) and function (e.g. natural areas, sports and recreation, leisure activities and public gatherings).

Recreation facilities include community centres, swimming pools and ice rinks, while entertainment-exhibition includes Nat Bailey Stadium at Hillcrest Park and many of the facilities by the Pacific National Exhibition at Hastings Park.

The vast majority of parks and open spaces and recreation facilities are managed by the Board of Parks and Recreation.

#### City of Today: Infrastructure Renewal

The park and open space system includes a wide array of features and infrastructure, as follows:

	Quantity	Approximate Unit Cost	Approximate Replacement Value
Urban Forest and Natural Features	<ul style="list-style-type: none"> <li>• 300,000 park trees</li> <li>• 140,000 street trees</li> <li>• Lakes and streams</li> </ul>	\$50 / park tree \$350 / street tree	\$70 M
Seawall and Waterfront	<ul style="list-style-type: none"> <li>• 32 km of seawall</li> <li>• Marinas, docks and piers</li> </ul>	Seawall: \$8.25 M / km	\$265 M
Activity Features	<ul style="list-style-type: none"> <li>• 300 sport fields</li> <li>• 240 sport courts</li> <li>• 130 playgrounds</li> <li>• 30 dog off-leash areas</li> <li>• 6 golf courses</li> <li>• 1 cemetery</li> </ul>	varies	\$275 M
Park Buildings	<ul style="list-style-type: none"> <li>• 153 buildings (e.g. field houses)</li> </ul>	\$450 / sq.ft.	\$150 M
Park Infrastructure	<ul style="list-style-type: none"> <li>• 20 km of park roads</li> <li>• Lighting, electrical and gas networks</li> </ul>	varies	\$300 M
Public Art	<ul style="list-style-type: none"> <li>• 320 art installations</li> </ul>	\$125,000 / installation	\$40 M
<b>TOTAL</b>			<b>\$1.1 B</b>

About 25% of the park and open space portfolio is currently assessed as being in poor condition.

There are 69 recreation and entertainment-exhibition facilities in the City's asset base, totaling 2.25 million square feet, as follows:

	Facilities	Floor Area (Square Feet)	Approx. Unit Cost	Approx. Replacement Value (City-owned Assets)
Recreation Facilities	55	1,700,000	\$700/sq.ft.	\$1,200M
Entertainment & Exhibition	14	550,000 + amusement park	\$600/sq.ft. \$4M/hectare	\$355M
<b>TOTAL</b>	<b>69</b>	<b>~2.25M sq.ft.</b>	<b>\$675/sq.ft.</b>	<b>~\$1.6B</b>

While several of the exhibition buildings date from the pre-World War II period, the bulk of the recreation facilities were built between 1945 and 1980. The City started renewing the portfolio in the 1990s and will continue to do so for the next 20-30 years. Significant progress has been made in the last 20 years with regard to recreation facilities (11 facilities have been renewed and three new community centres have been built - Creekside, Coal Harbour and Roundhouse). About 25% of the portfolio is currently assessed as being in poor condition.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end in the area of Parks and Recreation:

- Children's playground replacements: Carleton, Charleson, Creekside, John Hendry, Pandora and Prince Edward Parks
- Kitsilano Park tennis courts: renewal
- Hastings Community Park Little League field renovation
- Jericho Park: beach restoration and structural repairs to wooden pier
- Livestock Building at Hastings Park: first phase of renewal
- Bloedel Conservatory at Queen Elizabeth Park: roof replacement

In addition, the following projects funded as part of the 2012-2014 Capital Plan have been approved and will be completed in 2015 or 2016:

- Children's playground replacements: False Creek Community Centre, McBride and Hastings Mill Parks
- Empire Fields restoration and Plateau Sports Park and greenways at Hastings Park
- Hillcrest and Riley Parks restoration projects
- Sport field and fieldhouse improvement program
- Kensington Community Centre & Childcare: replacement of 'community hall'

The Marpole Community Centre has been targeted for renewal and expansion as part of the Marpole Community Plan and broad-based community discussion is required regarding the ultimate location of the community centre.

**Britannia Community Centre and related recreational facilities** have been identified as in need of renewal and a key priority for the next plan - several key components at the multi-use facility need to be renewed over the next decade. A master plan was completed in 2011 to guide the renewal process.

The Britannia project has several key advantages: it is a community facility that is already co-located (community centre, childcare, family place, library, swimming pool, ice rink, elementary school, secondary school) and situated in the heart of Grandview-Woodland, a thriving medium-density neighbourhood. The renewal of Britannia will improve service delivery in the city's northeast quadrant, as several of its facilities provide services to the Downtown Eastside and Strathcona to the west and Hastings-Sunrise to the east.

The renewal of Britannia Centre is a large scale renewal project and will be completed over two or three capital plans. **The initial phase of renewal will focus on the portion of the site which contains the swimming pool, fitness centre, the Gym C building and the info centre.** The first step will be to prepare conceptual options in consultation with Grandview-Woodland residents and businesses, service providers at Britannia and the School Board. This consultation will be integrated into the broader community planning process underway in Grandview-Woodland.

The first phase of renewal is expected to start in the 2015-2018 Capital Plan period, following a thorough consultation process, and be completed during the first half of the 2019-2022 Capital Plan. This first phase of renewal is anticipated to require an investment of \$75 to \$100 million over two capital plans. Staff recommend that an allocation of **\$25 million** be included in the 2015-2018 Capital Plan.

The City will continue with the **renewal of Hastings Park/PNE**, based on the master plan adopted in 2011 and **\$10 million** is included in the draft 2015-2018 Capital Plan: areas to be considered for investment include the first phase of renewal of the Playland amusement park, the second phase of renewal of the Livestock Building, the creation of a central outdoor plaza, the extension of the stream, and the upgrading of the outdoor amphitheatre.

**Continued investment in sport fields, sport courts, fieldhouses and other related infrastructure** is recommended to support our healthy city goals and the growing activity across the city in field and court sports; in addition, renewal of playgrounds will remain an emphasis as well as seawall, public art and other general park infrastructure investments. The draft 2015-2018 Capital Plan recommends an allocation of **\$15 million** for these investments.

### **City of Tomorrow: New & Expanded Infrastructure**

In order to provide healthy and liveable communities, the City provides new parks, park features and recreation facilities as Vancouver's population grows.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- Planting 27,000 trees on public and private lands.
- 15 new or expanded community gardens.
- New parks: Creekway Park (located between Hastings and New Brighton Park), Main & 18<sup>th</sup> and first park in East Fraser Land.
- Public art: 22 new installations.

The following projects have started or been approved and will be completed during the course of the next capital plan:

- New parks: first phase of Burrard Slopes Park (Fir & 6<sup>th</sup>), second phase of 'Trillium' Park (Malkin & Thornton), park at Yukon & 17<sup>th</sup>.
- New skateboard facility in Mount Pleasant.
- Paddling centre in East False Creek.
- Seniors centre at Killarney Community Centre.

The following additional projects are proposed as part of the 2015-2018 Capital Plan:

- Planting 40,000 to 50,000 trees in naturalized areas, along streets and on private lands.
- About 10 new or expanded community gardens.
- New or enhancements to natural features, e.g. enhancements to Beaver Creek in Stanley Park.
- New parks: Downtown South park at Smithe & Richards, Fraser River park and trail in Marpole, and Fraser River park and trail in East Fraser Lands.
- New sport facilities, including track and field facility, new synthetic turf playfield and a competition running track.
- Public art: 10 to 20 new installations.

It is estimated that an allocation of **\$75 million** is needed to complete the above noted projects. An updated public art strategy will be brought to Council in the near future which will further inform the Capital Plan.

**Total investment proposed for parks and recreation: \$50 M for renewal projects and \$75 M for new or expansion projects.**

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#### **D. Community Facilities: Libraries, Social and Cultural**

Libraries, social and cultural facilities offer a wide range of community services and programs to Vancouver's diverse and growing population. Their service mandates range from neighborhood-wide to city-wide. They are operated by both City and partner organizations.

##### **City of Today: Infrastructure Renewal**

There are currently about 100 libraries, social and cultural facilities in the City's asset base, totaling 2.1 million square feet, as follows:

	Facilities	Floor Area (Square Feet)	Approx. Unit Cost	Approx. Replacement Value (City- owned Assets)
Libraries & Archives	23	520,000	\$900/sq.ft.	\$450M
Social Facilities	25	275,000	\$500/sq.ft.	\$140M
Cultural Facilities	49	1,300,000	\$600/sq.ft.	\$670M
<b>TOTAL</b>	<b>97</b>	<b>~2.1M sq.ft.</b>	<b>\$600/sq.ft.</b>	<b>~\$1.3B</b>

While some libraries date from the pre-World War II period, the bulk of these community facilities were built between 1945 and 1980. The City started renewing the portfolio in the 1990s and will continue to do so for the next 20-30 years.

Significant progress has been made in the last 20 years with regard to libraries (Central Library and 4 branch libraries have been renewed) and cultural facilities (renewal of the Queen Elizabeth Theatre, the Orpheum and the Vancouver East Cultural Centre). About 15% of the portfolio is currently assessed as being in poor condition.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- Downtown South Gathering Place: renovations and new entry
- Vancouver Archives: capital maintenance
- Maritime Museum: capital maintenance

In addition, the following projects funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016:

- Downtown Eastside-Strathcona branch library
- Vancouver Art Gallery: replacement of underground vault membrane
- Mount Pleasant Artist Production Spaces: 4 grants totaling \$4.5 million

The **Evelyne Saller Centre**, a City-operated social facility currently located on Alexander Street in the Downtown Eastside, is **proposed to be renewed and co-located with a nearby City-owned social housing project (Roddan Lodge) that will be renewed**. The centre has a low-cost cafeteria and offers health, social and leisure services to low-income residents. The renewal of the centre is estimated to cost **\$5 million**.

The City also supports a number of socio-cultural objectives through the disbursement of **capital grants**. The programs are:

- Social capital grants for non-profit social organizations.
- Cultural capital grants for non-profit cultural organizations
- Grants supporting the City's mural program.



- Downtown Eastside capital program, which funds community development and public realm projects amongst the area's diverse communities.
- Heritage façade grants to owners of heritage buildings.

Up to \$10 million has been earmarked for these granting programs over the next four years.

### City of Tomorrow: New & Expanded Infrastructure

In order to provide healthy and liveable communities, the City provides new community facilities or expands existing community facilities as Vancouver's population grows.

The following projects have been or will be completed in the 2012-2014 period:

- 4 cultural facilities:
  - York Theatre (Commercial & Georgia).
  - CBC Festival Space (Hamilton & Robson)
  - Arts Factory (Industrial & Station).
  - Artist studios (Fir & 6<sup>th</sup>).

In addition, the following projects have started or been approved and will be completed during the course of the next capital plan:

- 4 social facilities:
  - MOSAIC Adult Learning Centre (Boundary & Vanness).
  - Collingwood Neighbourhood House satellite (Boundary & Vanness).
  - Positive Living and AIDS Vancouver (Seymour & Helmcken).
  - Marpole Family Place (Marine & Cambie).
- 3 cultural facilities:
  - SEFC theatre (1<sup>st</sup> & Columbia).
  - Artist studios (Marine & Cambie)
  - Artist production space (Howe & Drake).

Three additional community-based projects are proposed to be funded as part of the **2015-2018 Capital Plan**:

- The first is the **expansion of the Central Library onto Levels 8 and 9**. Since its opening 20 years ago, the Central Library has been occupying Levels 1 through 7 while Levels 8 and 9 have been leased as office space. The lease will expire in 2015 and the City can now expand the Central Library to its full capacity. An originally planned public garden atop the building will become publicly accessible once the project is completed. The project is estimated to cost \$15 million with approximately \$5 million anticipated from a Library Board fundraising campaign.
- The second project is the creation of a **new home for Qmunity**, a facility for the lesbian, gay, transgendered, bisexual and queer communities, in the West End. Qmunity currently leases space in an older building and is undersized for the communities it serves. The

project involves the construction of a permanent facility and is estimated to cost about \$10 million.

- The third involved enhanced investment in the **Public Art Program** which is referenced under Parks, Open Spaces and Recreation. An updated public art strategy will be brought to Council in the near future which will further inform the Capital Plan.

Total investment proposed for community facilities: \$15 M for renewal projects and \$25 M for new or expansion projects.

## E. Transportation

The transportation network offers a range of travel choices to residents, workers and visitors across the city. The bulk of the transportation network is provided by three governments: the City (walking, cycling and road networks), the regional government through TransLink (rapid transit and bus networks) and the Province (6 km of highways and 3 major bridges leading into the city).

### City of Today: Infrastructure Renewal

The City owns and maintains over 4,000 km of linear assets plus a wide range of structures and features, as follows:

	Linear Assets	Other	Approximate Replacement Value
Walking & Cycling	<ul style="list-style-type: none"> <li>• Sidewalks: 2,190 km</li> <li>• Bikeways &amp; Greenways: 270 km<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 379 signals</li> <li>• 13 bridges and underpasses</li> </ul>	\$1.4 B
Transit	<ul style="list-style-type: none"> <li>• Bus lanes: 18 km</li> <li>• Streetcar: 2 km</li> </ul>	<ul style="list-style-type: none"> <li>• 37 bus bulges</li> <li>• 6 ferry docks</li> </ul>	\$10 M
Major Roads	<ul style="list-style-type: none"> <li>• Streets: 363 km</li> </ul>	<ul style="list-style-type: none"> <li>• 482 signals</li> <li>• 29 bridges</li> <li>• 20,000 street lights</li> </ul>	\$3.4 B
Local Roads	<ul style="list-style-type: none"> <li>• Streets: 1,058 km</li> <li>• Lanes: 650 km</li> </ul>	<ul style="list-style-type: none"> <li>• 24,000 street lights</li> </ul>	\$2.6 B
Parking	N.A.	<ul style="list-style-type: none"> <li>• 19 parkades</li> <li>• 14 surface lots</li> <li>• 10,000 meters</li> </ul>	\$415 M
<b>TOTAL</b>	<b>Approx. 4,260 km of sidewalks, streets and lanes</b>		<b>\$7.8 B</b>

Most of the sidewalks and streets were built as Vancouver grew between 1886 and 1986, and the City has been gradually renewing these assets as they age. Most pedestrian-bicycle signals

<sup>7</sup> Includes 32 km of bikeway-greenway along the waterfront/seawall.

and the bikeways-greenways network have been provided in the last 20-30 years. About 20% of the transportation portfolio is currently assessed as being in poor condition.

The following renewal projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- 4 km of sidewalk reconstructed
- 28 km of major roads and 32 km of local roads/lanes repaved
- 37 traffic signals reconstructed and 2,400 street lighting poles replaced
- Bridges: significant rehabilitation including removal of bearings containing PCBs on Burrard and Granville Bridges, replacement of expansion joints on Burrard Bridge and seismic upgrade of Granville Bridge steel span

The following renewal projects are proposed as part of the 2015-2018 Capital Plan:

- Approximately 10 km of sidewalk to be reconstructed.
- Approximately 45 km of major roads, including Water Street in Gastown, and 45 km of local roads/lanes to be repaved.
- 20 to 25 traffic signals to be reconstructed and approximately 3,000 street lighting poles to be replaced.
- Bridges: repair sidewalks and replace railings and lighting on Burrard Bridge.

It is estimated that an allocation of **\$105 million** is needed to complete the above noted projects.

### **City of Tomorrow: New & Expanded Infrastructure**

The City's goal is to provide a transportation system that prioritizes the safe, comfortable and efficient movement of pedestrians, cyclists, transit users and trucks/trains (goods movement), as outlined in Transportation 2040. A target has been set: that 50% of trips in 2020 be made on foot, bicycle and transit. Staff estimates that we are currently over 45%, up from 40% in 2008.

The following transportation improvement projects have been or will be completed in the 2012-2014 period:

- Walking and cycling:
  - 3 km of new sidewalk and 200 new or upgraded curb ramps.
  - 14 km of new active transportation corridors, including both first phases of the Comox-Helmcken Greenway and Seaside Greenway along Point Grey Road.
  - 28 new pedestrian-bicycle signals (including 5 provided through development), half of which were installed to support active transportation corridors.
  - Burrard-Cornwall intersection: pedestrian and cycling safety and comfort improvements.
  - Norquay Village pedestrian safety and public realm improvements.

- Transit:
  - 2 new bus bulges.
- Major roads:
  - Powell Street Overpass to improve safety and goods movement to the Port of Vancouver.
  - Grandview Highway at Boundary Road: high-occupancy queue jumper lanes and left-turn bays.
  - Clarendon Connector at 33<sup>rd</sup> Avenue which improves transit routing and significantly reduce through-traffic on local streets.
  - 3 new vehicular signals (including 2 provided through development).

The following transportation improvement projects are proposed as part of the **2015-2018 Capital Plan**:

- Walking and cycling:
  - 2 km of new sidewalk and 250 to 300 new or upgraded curb ramps.
  - New Active Transportation Corridors, including completing the Comox-Helmcken greenway and the Seaside Greenway along Point Grey Road.
  - Upgrading existing bikeways-greenways to AAA (all ages and abilities): 10<sup>th</sup> Avenue, Adanac and Ontario.
  - False Creek Bridges:
    - upgrading and making the walking and cycling facilities permanent on Burrard Bridge including Burrard-Pacific, and
    - implementing temporary improvements for walking and cycling on both Granville and Cambie Bridges.
  - About 20 new pedestrian-bicycle signals funded by the City and through development.
  - Pedestrian safety and public realm improvements from recently approved community plans (Downtown Eastside, Marpole, Mount Pleasant and West End).
- Transit:
  - Implementation of Downtown Bus Service Review (e.g. new or upgraded bus stops due to proposed changes of bus routes in the eastern part of downtown).

It is estimated that an allocation of **\$45 million** is needed to complete the above noted projects.

On June 12<sup>th</sup>, the Mayors' Council on Regional Transportation prepared a document entitled "Regional Transportation Investments", which contains a 30-year vision and a list of projects and investments for the next 10 years. **Broadway Rapid Transit from Commercial Drive to UBC** is included in the 30-year vision, with the 5 km Millennium Line extension to serve Central Broadway (VCC-Clark station west to Arbutus) as one of the projects to deliver in the next 10 years.

The Mayors' Council Vision outlines that partnership agreements would be formed to help outline how the project will be funded. It recognizes "...the role that host municipalities play in bringing these investments to life through financial contributions that reflect the local benefits and also in meeting community objectives." **Staff will review funding choices over**

the summer months and report back in September when Council considers the final Capital Plan.

Total investment proposed for transportation: \$105 M for renewal projects and \$45 M for new or upgrading projects, subject to future decisions on rapid transit funding.

## F. Utilities

The City owns and operated four utilities, two of which provide critical services (water and sewer) to all residents, businesses and visitors in Vancouver. A third utility (solid waste) provides green waste, recycling and garbage pick-up and disposal service to all residents living in single-family, duplex and some apartment areas. A fourth utility (neighbourhood energy) provides low-carbon heating and hot water to all buildings in Southeast False Creek and a portion of the False Creek Flats.

### City of Today: Infrastructure Renewal

The City owns and maintains more than 5,500 km of underground pipe plus a series of specialized facilities and features to enable the four utilities to function, as follows:

	Linear Assets	Other	Approximate Replacement Value
Waterworks	<ul style="list-style-type: none"> <li>Water mains: 1,484 km</li> <li>Service connections: 1,120 km</li> </ul>	<ul style="list-style-type: none"> <li>15,300 water meters</li> <li>29 pressure reducing valve stations</li> </ul>	\$1.3 B
Sewers	<ul style="list-style-type: none"> <li>Sewer mains: 2,096 km</li> <li>Service connections: 935 km</li> </ul>	<ul style="list-style-type: none"> <li>24 pump stations</li> </ul>	\$5.9 B
Solid Waste	<ul style="list-style-type: none"> <li>N.A.</li> </ul>	<ul style="list-style-type: none"> <li>Transfer Station<sup>8</sup></li> <li>Landfill<sup>9</sup></li> </ul>	\$40 M
Neighbourhood Energy Utility	<ul style="list-style-type: none"> <li>Pipes: 5 km</li> </ul>	<ul style="list-style-type: none"> <li>1 energy centre</li> <li>22 transfer stations</li> </ul>	\$35 M
<b>TOTAL</b>	<b>Approx. 5,650 km</b>		<b>\$7.2 B</b>

The vast majority of the City's waterworks and sewer systems were built as Vancouver grew between 1886 and 1986, and the City has been gradually renewing and upgrading these assets as they age. An important upgrade to the sewer system has been to replace Vancouver's original combined pipes with separated pipes (one for rainwater and one for wastewater), which reduces (and, by 2050, will eliminate) situations when wastewater discharges directly into Burrard Inlet, English Bay, False Creek and the Fraser River.

The City-owned landfill in Delta started operations in the mid-1960s and the transfer station at Manitoba Yards (where smaller garbage trucks dump their loads and where much larger garbage trucks take the garbage to the landfill) was built in the late-1980s.

<sup>8</sup> Located at Manitoba Yards (Kent & Yukon).

<sup>9</sup> Located in Delta.

The neighbourhood energy system in SEFC started operations in 2010.

Overall, about 15% of the utilities portfolio is currently assessed as being in poor condition.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- 28 km of water pipes replaced.
- 34 km of combined sewer pipes replaced with 68 km of separated sewer pipes.
- 2 sewer pump stations replaced.

The following projects are proposed as part of the **2015-2018 Capital Plan**:

- 30 to 35 km of water pipes to be replaced.
- About 60 km of combined sewer pipes to be replaced with 120 km of separated sewer pipes, thereby increasing the separation rate from 11 km/year to 15 km/year.
- 4 sewer pump stations to be replaced.

It is estimated that an allocation of **\$265 million** is needed to complete the above noted projects. Staff recommends that the City apply for Federal infrastructure funding in support of the sewer separation program.

### **City of Tomorrow: New & Expanded Infrastructure**

The waterworks and sewer systems are designed to accommodate future urban growth. There are however occasions when urban development will require new pipes to be installed or the existing water and/or sewer pipes to be increased in size prior to when the pipes need replacing. In the vast majority of cases, the upgrading of the system is the responsibility of developers as part of the rezoning or development permit process. Occasionally, the City invests in minor expansions to the system. The quantity of water meters is increasing gradually over time, as water meters are now required to be installed when older one and two family properties are redeveloped.

New and/or upgraded infrastructure is occasionally needed at the Solid Waste transfer station in response to waste diversion initiatives (e.g. introduction of yard trimmings in 1999 and food scraps in 2010). New and/or upgraded infrastructure is required on an ongoing basis at the Delta landfill as sections of the landfill are filled to their capacity: a membrane to cover the garbage and equipment to collect greenhouse gases that are generated on site.

The neighbourhood energy system will grow as more development occurs in Southeast False Creek and the False Creek Flats.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- Approximately 2,700 new water meters.
- Closure and installation of gas collection infrastructure at the Landfill: portions of Phase 2 and Phase 3 areas.
- Infrastructure to connect 7 new buildings to the neighbourhood energy system.

In addition, the following projects funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016:

- Closure and installation of gas collection infrastructure at the Landfill: portions of Phase 3 area.

The following projects are proposed as part of the **2015-2018 Capital Plan**:

- Approximately 4,500 new water meters.
- Closure and installation of gas collection infrastructure at the Landfill: portions of Phase 3 and 'Western 40 hectares' areas.
- Planning for the expansion of the Neighbourhood Energy Centre and infrastructure to connect 10 to 15 new buildings to the neighbourhood energy system.

It is estimated that an allocation of **\$60 million** is needed to complete the above noted projects.

**Total investment proposed for utilities: \$265 M for renewal projects and \$60 M for new or expansion projects.**

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## G. Facility Renewals, Renovations and Maintenance

This section includes the renewal of City Facilities as well as renovations to and maintenance of all City-owned facilities.

### City of Today: Infrastructure Renewal

*Facility Renewals* - City Facilities include three core public safety functions (police services, fire and rescue services and animal control services), administration buildings (e.g. City Hall and Park Board administration building) and service yards (industrial-type municipal facilities where trucks and equipment are stored). These City Facilities operate out of more than 100 facilities, as follows:

	Facilities	Floor Area (square feet)	Approximate Replacement Value
Police	14	495,000	\$325 M
Fire & Rescue	19	195,000	\$175 M
Animal Control	1	15,000	\$10 M
Administration Buildings	9	370,000	\$150 M
Service Yards	18 yards with about 100 buildings	640,000	\$255 M
<b>TOTAL</b>	<b>143</b>	<b>~1.7 M sq.ft.</b>	<b>\$0.9 B</b>

Police facilities have been significantly modernized in the last decade, including new office, training and storage space. Fire halls are gradually renewed as they age. The animal control shelter was built in the 1970s, but the facility is not optimally designed for the services offered today. Administration buildings have been substantially upgraded in the last decade. While three service yards were rebuilt in the last 20 years<sup>10</sup>, two major yards are in need of being renewed<sup>11</sup>. Overall, about 20% of the portfolio is currently assessed as being in poor condition.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- Administrative buildings: last phase of renovations to Main Building (453 W. 12<sup>th</sup>) and renovations of West Annex (515 W. 10<sup>th</sup>), Crossroads (508 W. 12<sup>th</sup>) and IT offices (818 Richards).

In addition, the following projects funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016:

- Administrative buildings: deconstruction of East Wing (2675 Yukon) due to seismic risk.
- Renewal of Fire Hall #5 (Kerr and 54<sup>th</sup>).

One major project is proposed for the **2015-2018 Capital Plan**: the **renewal of Fire Hall #17, located at Knight and 54<sup>th</sup>**, which is currently the oldest fire hall in the network, built in 1954. The project is estimated to cost about **\$15 million**.

*Facility Renovations and Maintenance* - The City owns and manages about 8 million square feet of indoor floor area in 475 buildings. Several key components need to be replaced once, twice or three times during the lifespan of a typical building, e.g. the roof, windows, flooring, mechanical systems, plumbing and electrical systems. Programs to replace these components are collectively known as facility capital maintenance. Given the size of the facility portfolio, an allocation of \$45 million over the four years is needed to maintain existing buildings in good order.

<sup>10</sup> Evans Yard, Kent Yard and National Yard.

<sup>11</sup> Manitoba Yard and Sunset Yard.



In addition, there are a series of renovations and upgrades that are required to keep older facilities functional and efficient for the next 20-30 years. Examples include making older buildings fully accessible, more functional to better serve those using the building, more seismically resistant, more energy efficient and the removal of hazardous material. Staff estimates that an allocation of \$20 million is needed to complete the highest priority renovations and upgraded over the next four years.

### City of Tomorrow: New & Expanded Infrastructure

The City adjusts the size of City Facilities as individual facilities are renewed. For example, fire halls are typically increased in size to meet modern requirements: accommodating female firefighters, larger fire trucks and specialized equipment for rescues and dealing with hazardous materials.

**Total investment proposed for facility renewals, renovations and maintenance: \$80 M.**

## H. Equipment and Technology

Equipment and technology include the tools that allow City staff to perform their daily functions to deliver services to the public: vehicles (e.g. police cars, fire trucks, recycling trucks, lawn mowers, Zambonis) and information technology (computers and hardware, specialized applications).

### City of Today: Infrastructure Renewal

Equipment and technology includes a wide array of assets, as follows:

	Quantity	Approximate Replacement Value
Vehicles & Equipment	<ul style="list-style-type: none"> <li>• 1,850 vehicles</li> <li>• 2,850 pieces of equipment</li> </ul>	\$200 M
Information Technology	<ul style="list-style-type: none"> <li>• 5,300 computers</li> <li>• 300 servers</li> <li>• 250 specialized software applications</li> </ul>	\$130 M
<b>TOTAL</b>		<b>\$0.3 B</b>

Equipment and information technology have short lifespans and require frequent replacement when compared to other types of capital assets. In addition, the world of information technology changes rapidly and is invariably accompanied by a change in the way work is done or a service is offered.

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- Fleet - Ongoing replacement of vehicles and equipment: about 350 vehicles replaced
- IT - Web renewal, data center expansion, voting system, software system upgrades (SAP, Hansen, Tempest, Vandocs, Office, SQL Server, Traffic Count) and hardware refresh

In addition, the following projects funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016:

- Fleet - Replacement of fire trucks
- IT - Replacement of recreation registration and legal services software

The following projects are proposed as part of the **2015-2018 Capital Plan**:

- Fleet - Ongoing replacement of vehicles and equipment: 625 to 725 vehicles to be replaced
- IT - Replacement of major applications such as fleet management software, software system upgrades and ongoing replacement of computers and other hardware

It is estimated that an allocation of **\$105 million** is needed to complete the above noted projects.

#### **City of Tomorrow: New & Expanded Infrastructure**

The following projects funded as part of the 2012-2014 Capital Plan have been completed or anticipated to be completed by year's end:

- IT - Permits & Licences Transformation: 'go live 1' and 'go live 2', AMANDA online services, Open 311 and E-billing

In addition, the following projects funded as part of the 2012-2014 Capital Plan have started and will be completed in 2015 or 2016:

- IT - Permits & Licenses Transformation: All phases

The following projects are proposed as part of the **2015-2018 Capital Plan**:

- IT - Implementation of the City's Digital Strategy such as WI-FI expansion and Mobile Technology, Geo-remote Data Centre, New Business system technologies

It is estimated that an allocation of **\$10 million** is needed to complete the above noted projects.

**Total investment proposed for civic infrastructure: \$105 M for renewal projects and \$10 M for new or expansion projects.**

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#### **I. Emerging Priorities, Inflation Contingency & Debenture Costs**

***Emerging Priorities*** - As the City transitions from 3-year Capital Plans to 4-year Capital Plans, there will be a greater need for contingency funding to address emerging priorities and opportunistic investments as they arise during the course of the Capital Plan. In addition, as part of the overall funding strategy of leveraging federal and provincial funding (e.g. Build Canada Fund, Gas Tax Fund) and other innovative, cross-agency partnership opportunities (e.g. Vancouver School Board, charitable and non-profit organizations), it will be prudent to

set aside **\$75 million** to address these emerging priorities. Should those opportunities materialize and investment decisions made, funding will be moved from Emerging Priorities to the appropriate Service Categories.

***Inflation Contingency*** - The program spending identified in the draft 2015-2018 Capital Plan is in current dollars. Though construction cost inflation in recent years have been tame relative to the pre-Olympic construction period, it would be prudent to set aside \$10 million to mitigate the risk of inflation.

***Citywide Overhead*** - The \$10 million provision includes 1) transaction fees associated with each debenture issue and 2) internal legal and finance resources supporting the Capital Plan.

**Total investment proposed: \$95 M**

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### Summary of Draft 2015-2018 Capital Plan

	Renewal	New/expanded	Total
Affordable housing	\$40 M	\$85 M	\$125 M
Childcare	\$5 M	\$25 M	\$30 M
Parks, open spaces and recreation	\$50 M	\$75 M	\$125 M
Libraries, social and cultural facilities	\$15 M	\$25 M	\$40 M
Transportation	\$105 M	\$45 M	\$150 M
Utilities and public works	\$265 M	\$60 M	\$325 M
Facility renewals, renovations and maintenance	\$80 M	\$0	\$80 M
Equipment and technology	\$105 M	\$10 M	\$115 M
Emerging priorities and inflation contingency	\$65 M	\$30 M	\$95 M
<b>TOTAL</b>	<b>\$730 M</b>	<b>\$355 M</b>	<b>\$1,085 M</b>

## VII. PUBLIC ENGAGEMENT STRATEGY - PHASE 2

A second phase of public engagement will be organized in July to get public input on the draft 2015-2018 Capital Plan. Reference will be made to the structure and input received from the first round of public engagement so that participants will understand that phase 2 is an iterative step to phase 1 discussions on priorities. Given the lighter participation of in-person events and the successful response rate for online, focus for general public feedback in phase 2 will be online. In-person outreach will focus on stakeholder groups such as civic advisory committees, non-profit organizations, resident associations, business groups, and other governments (e.g. School Board, Translink and Metro Vancouver).

To communicate the consultation opportunity, all those who participated in phase 1 (for whom we have contact information) will be actively invited. The City will also leverage our social media channels and Talk Vancouver membership in order to drive traffic online. Ads will also be posted in local papers and on the City's website.

Results of this upcoming phase of public engagement will be presented when the final Capital Plan is presented to Council in September.

## VIII. FINANCIAL

Table 2: Capital Funding Envelope

Funding Sources	Adjusted Capital Plan (2012-2014) <sup>12</sup>	Draft Capital Plan (2015-2018)
	3 Years	4 Years
Tax & Fee-supported Funding -		
Debt Financing		
General	\$167M	\$235M
Water, Sewer & Neighborhood Energy	\$121M	\$165M
<i>Sub-total</i>	<i>\$288M</i>	<i>\$400M</i>
Pay As You Go		
Capital from Revenue		
Water	\$20M	\$30M
Other	\$14M	\$35M
<i>Sub-total</i>	<i>\$100M</i>	<i>\$155M</i>
Development-related Revenues -		
Development Cost Levies		
Cash Community Amenity Contributions	\$48M	\$150M
Water/Sewer Connections	\$44M	\$60M
<i>Sub-total</i>	<i>\$182M</i>	<i>\$360M</i>
Other City Funding		
Senior Government & Partnership Funding	\$88M	\$40M
Other City Funding	\$144M	\$130M
<b>Total Capital Plan Funding Envelope</b>	<b>\$802M</b>	<b>\$1.08B</b>
<b>Annual Funding Envelope</b>	<b>\$267M</b>	<b>\$271M</b>

Staff recommend that \$400 million be funded from debenture borrowing, \$155 million from pay-as-you-go (incl. \$90 million capital from revenue), and \$530 million from other City funding (e.g. reserves) and contributions from senior levels of government and community partners (similar to the 2012-2014 Capital Plan).

At this level, the annual tax-supported debt servicing costs will increase by 17%, from \$80 million in 2014 to \$93 million in 2018, resulting in a cumulative property tax impact of 2.2% over the next four years.

The 2015-2018 Capital Plan funding envelope is determined based on historical experience, economic outlook, benchmark ratios with like organizations and rating agencies, and best

<sup>12</sup> Updated figures are based on first quarter budget adjustment approved by Council in May 2014.

practices in municipal debt management. A number of internal and external factors could impact the City's financial outlook. Below are key assumptions for our long-term financial model:

- property tax and fee increase aligned with forecasted CPI
- property tax base growth at current level (\$3 million per year)
- operating cost pressures continuing to increase above CPI
- productivity enhancements to offset operating costs
- long-term borrowing rate at historical norm (5%-6%)
- development-related revenues at historical norm
- City's operational capacity to deliver capital work at historical norm (\$250 million - \$270 million per year)

Our operating expenditures have been increasing at rates higher than inflation due to escalating wages, energy utilities and other cost from third-party suppliers not directly controllable by the City. Significant efforts have been made in recent years to align property tax increase to inflation and limit growth in operating budgets through business transformation and productivity enhancements.

Capital investments, especially for new/upgraded infrastructure and public amenities, often give rise to ongoing operating costs associated with programming and facility operation and asset lifecycle costs, which will put further pressure on the City's budgets in future years. For reference, on an annual basis, it costs approximately \$0.5 million (net of user fees) to operate a community centre (incl. facility costs); \$50,000 to maintain an acre of park; and \$20,000 on lifecycle replacement of 1,000 sq. ft. of floor space.

With regards to affordable housing, Council policies require that all housing projects be self-sustaining and not require operating subsidies, property tax exemptions, and/or financial guarantees from the City. The rental mix would be established to ensure that rental income would be adequate to service a modest level of mortgage payments and to fund operating and capital maintenance costs over the life of the project.

All long-term financial implications arising from the 2015-2018 Capital Plan will be considered as part of our long-term financial planning process.

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### *Implications/Related Issues/Risk (if applicable)*

#### *Human Resources/Labour Relations*

Capital projects are typically undertaken through a combination of internal staffing and external contract resources, depending on the nature of the projects. Going into the 2015-2018 Capital Plan, one of the key focuses would be to build on our strategic procurement framework to drive significant cost savings and maximize value for our tax dollars on major infrastructure and facility projects. As the Capital Plan is finalized in September and specific projects determined as part of the annual budget process, the personnel impacts, if any, will be assessed and brought back for further discussion at Council.

### *Environmental*

As noted, environmental sustainability policies and standards have been incorporated in all aspects of capital investments and asset lifecycle planning, from design and construction, to maintenance, rehabilitation and renewal. Specific capital investments are proposed in the draft 2015-2018 Capital Plan that help advance the City's long-term goals in the areas of climate change adaptation, greenhouse gas reduction, renewable energy, and sustainable transportation.

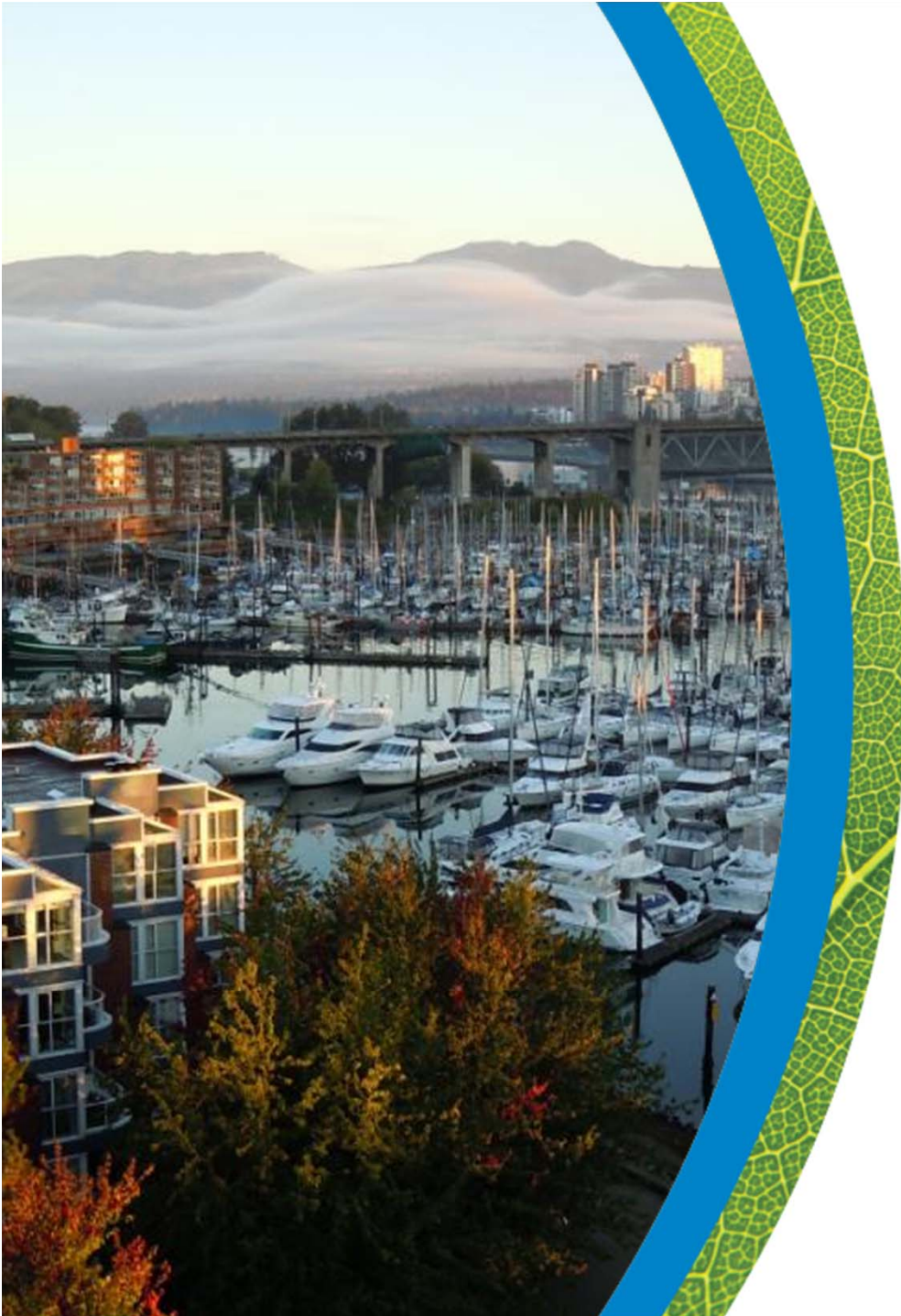
### *CONCLUSION*

The draft 2015-2018 Capital Plan presented by the Director of Finance, in consultation with the Capital Plan Oversight Committee, represents a major milestone in the capital planning process. It strikes a strategic balance among the needs to 1) maintain our infrastructure and facilities in an appropriate state of good repair; 2) optimize our network of public amenities to best serve our residents and businesses; and 3) advance Council and community priorities within the City's long-term financial capacity.

The draft Capital Plan proposes \$1.08 billion of investment over the next four years, with significant investments to advance the following City priorities: \$85 M for new affordable housing, \$25 M for new childcare, \$75 M for new park initiatives, \$25 M for new community facilities and \$30 M for new/upgraded active transportation routes.

Staff will circulate the draft Capital Plan for public input and present Council with the recommended final Capital Plan, including plebiscite borrowing questions, in September 2014.

\* \* \* \* \*



# **BUILDING THE CITY OF TODAY & TOMORROW**

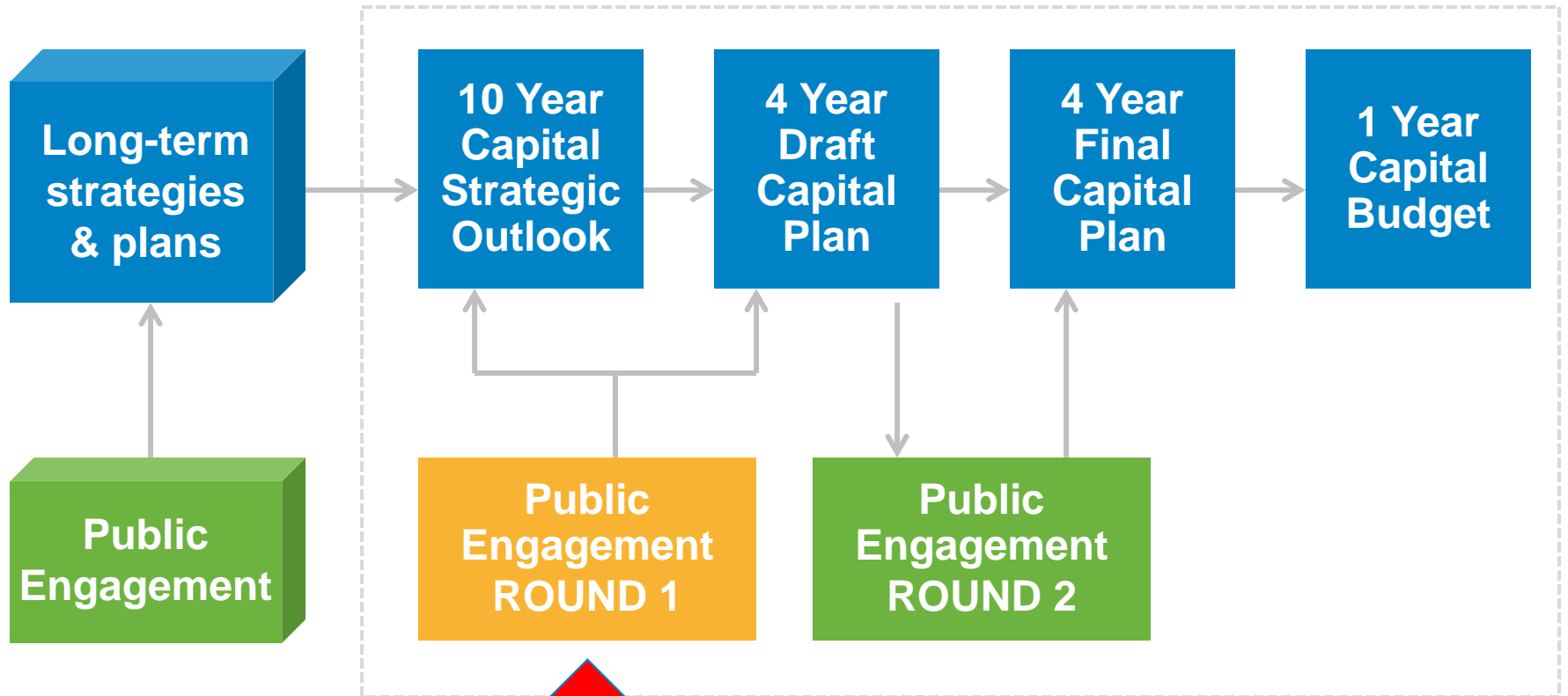
## Long-Term Capital Planning Consultation Summary

June, 2014





# Capital planning process







# Consultation Overview

- As a first step in the capital planning process, the City asked the public to help us identify city-wide priorities for long-term maintenance and investment.
- Between May 5 and 18, 2014, we asked: “How would you rate city facilities and infrastructure in Vancouver? What do you think are the most important areas to invest in over the next 10 years?”

## How did we reach out?



Consultation activity	Participants
Online Questionnaire May 5-18	963
Public open house May 8	10
Stakeholder meeting May 9	12
Public open house May 10	5

Outreach activity
Three half page colour ads, one each in the Courier, 24 Hours, and the Georgia Straight (circulation of over 300,000 total)
Highlighted news on vancouver.ca
Social media – 12 tweets, 1 Twitter ad, 3 Facebook posts, 1 Facebook ad, 1 LinkedIn Ad (over 2,100 click throughs total)
Email invitations shared through networks
Talk Vancouver member outreach (over 2700 members)

# | Consultation Overview

## What did we hear?

For current investment priorities (the City of Today), participants identified:

Top five important city infrastructure assets	Top five city infrastructure assets rated in poor or fair condition (i.e. may need investment)
Waterworks 	Local roads
Sewers	Bus stops and shelters
Sidewalks	Cultural facilities
Seawall and trails 	Pools and rinks
Natural areas	Major roads

For investment priorities over the next 10 years (building the City of Tomorrow), participants identified:

### Top three priorities for investment

Rapid transit

Affordable housing

Childcare



# Summary of Feedback at Events



# | Consultation Overview

- Three in-person events were held May, 8, 9 and 10. All three events were held at City Hall. Attendance was low, especially in comparison to the questionnaire results.
- Factors for low attendance might have included the bad weather, the fact that May was a very busy month (other locations that we tried to book off-site were all unavailable due to events), the convenience of going online replacing the need to show up in person.

## Who came?

Consultation activity	Participants
Two public open houses: Week day evening May 8, Weekend day May 10 Majority were Vancouver homeowners 40 and older	15
Stakeholder meeting May 9 Attendance: City advisory committees (Women's, Multicultural, Seniors, Persons with Disabilities), Vancouver Sports Network, West End BIA	12

## Main themes heard

- Invest in affordable housing
- Improve access to affordable and available childcare
- Invest in active and interactive spaces - support healthy living, long-term thinking
- Improve housing accessibility - ensure equality for people with disabilities
- Leverage shared resources, invest in shared spaces
- Invest in community facilities



# Questionnaire Topline Results





## Questionnaire overview

- The questionnaire ran from May 5 to 18, 2014.
- A total of 963 respondents completed the questionnaire. The questionnaire was accessed in the following ways:
  - Direct invitation to Talk Vancouver panel members.
  - Open invitation to non-members via the Capital Planning project page on the City of Vancouver website.

### Who did we hear from?

- More than three-quarters (77%) of respondents were between the ages of 30 and 64 (an almost equal split of 39% aged 30-44 and 38% aged 45-64).
- There is an almost equal gender split - 51% male and 47% female (1% transgender and 2% other).
- One-third of respondents (33%) have children in their household.
- More than half of respondents (57%) are homeowners, while 37% rent.

### Is the questionnaire sample representative of Vancouver's population?

- The table on the following slide illustrates how the demographic characteristics compare to those of the population of Vancouver according to the most recent Statistics Canada data available.



# Demographic comparison



Demographic group	City of Vancouver	Questionnaire respondents	Comment
<b>Gender:</b>			
Male	49%	51%	Slightly overrepresented
Female	51%	47%	Slightly underrepresented
Transgender	n/a	1%	Unable to compare as
<b>Age:</b>			
15-29	25%	14%	Underrepresented
30-44	28%	39%	Overrepresented
45-64	32%	38%	Overrepresented
65 and over	15%	9%	Underrepresented
<b>Children:</b>			
Children in household	33%	33%	Representative of Vancouver population
<b>Home ownership:</b>			
Homeowners	57%*	57%	Representative of Vancouver population
Renters	43%	37%	Underrepresented

\*57% of the population of Vancouver live in owner-occupied households (2006 Statistics Canada data).

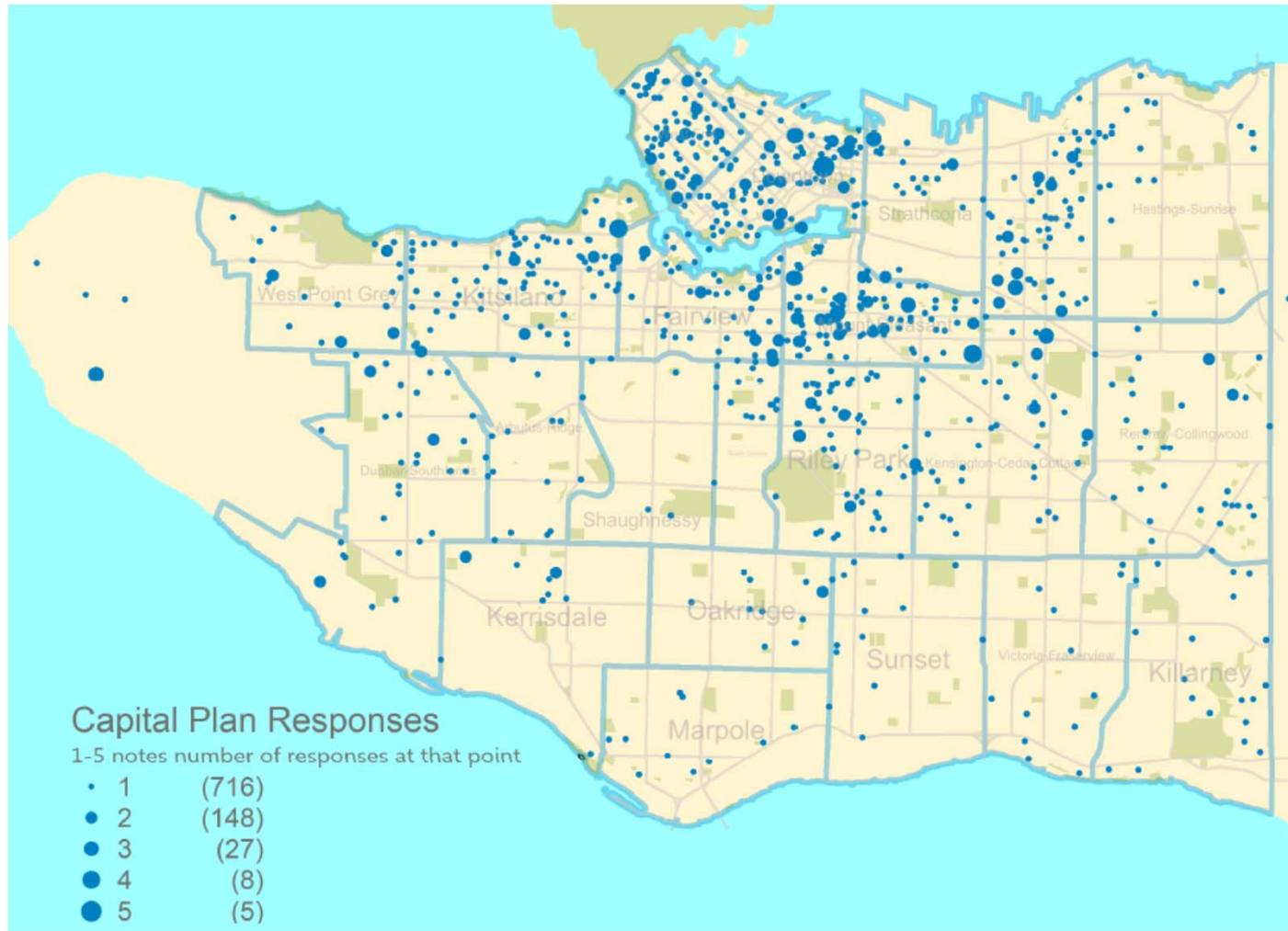




## Geographic representation



The following map shows respondent locations within the City of Vancouver. This includes 853 respondents (89% of the 963 total respondents), while 51 respondents (5% of the 963 total respondents) are located outside of the City of Vancouver. These respondents are located in Richmond, Burnaby, North Vancouver and UBC. There are 59 respondents (6% of total respondents) who did not provide their location (postal code).



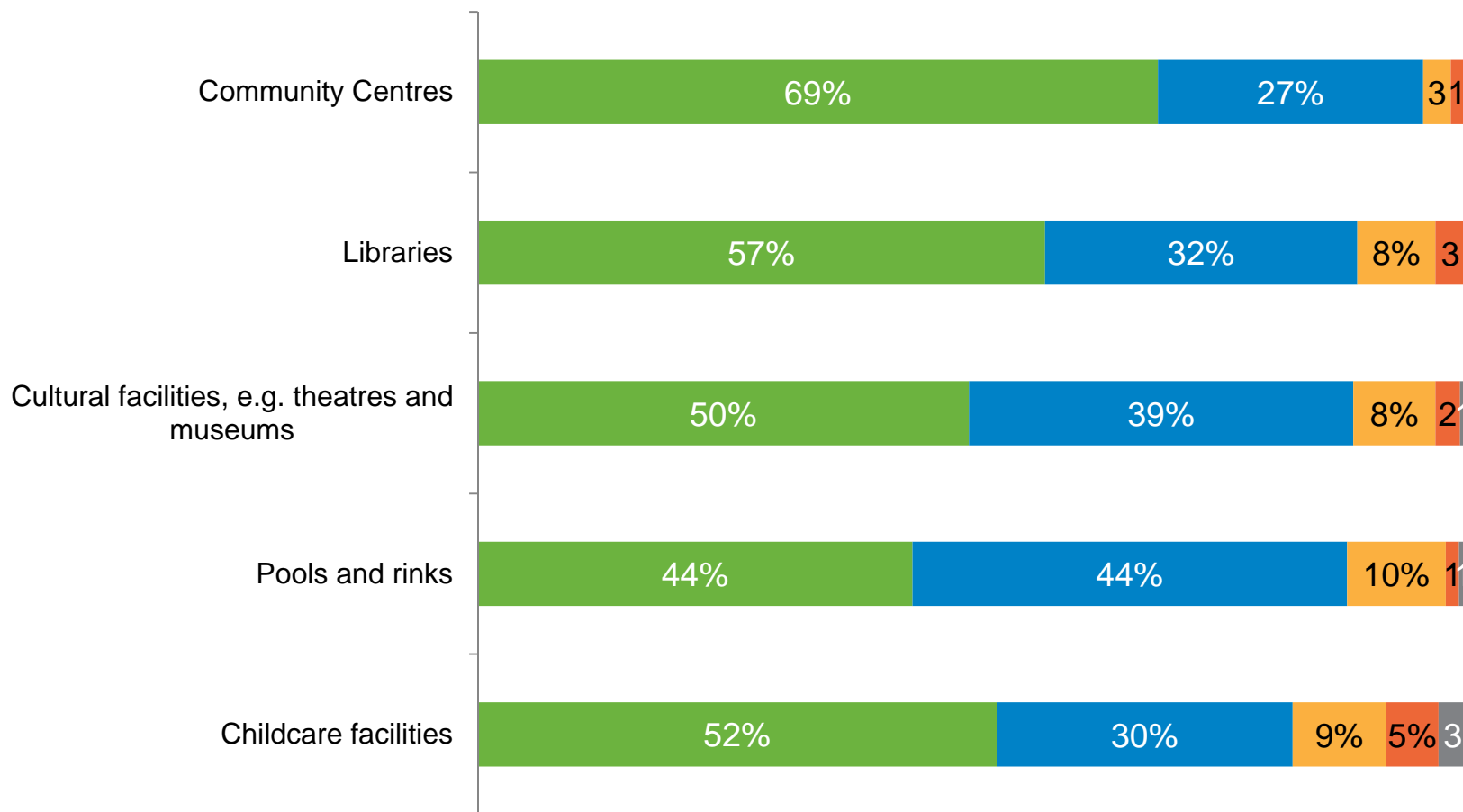




# City of Today: Importance of Community Facilities



■ Very important ■ Somewhat important ■ Not very important ■ Not at all important ■ Not sure

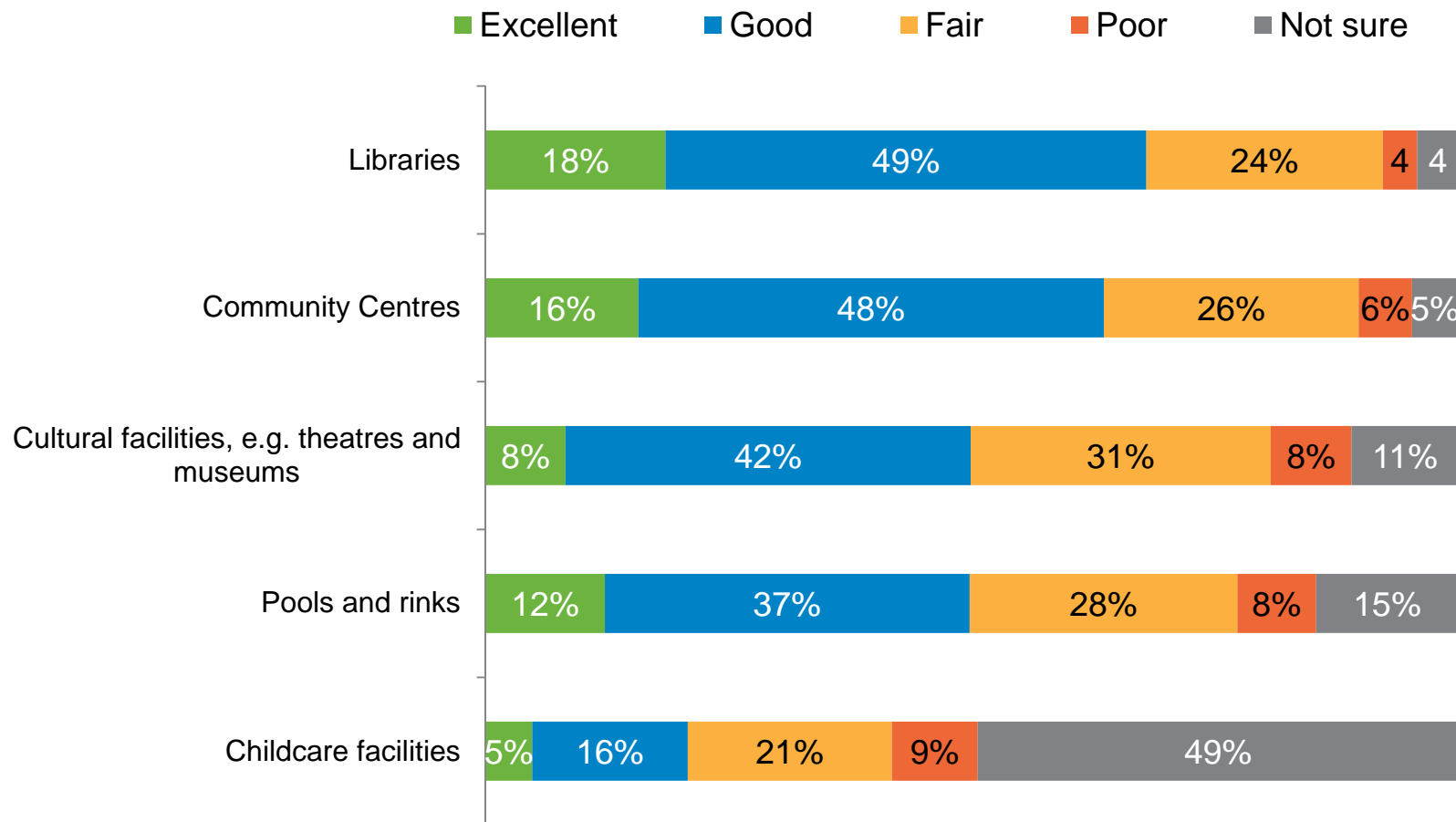


Base: All respondents (n=963)

Thinking about the larger community, how would you rate the importance of the following community facilities?



# City of Today: Assessment of Community Facilities



Base: All respondents (n=963)

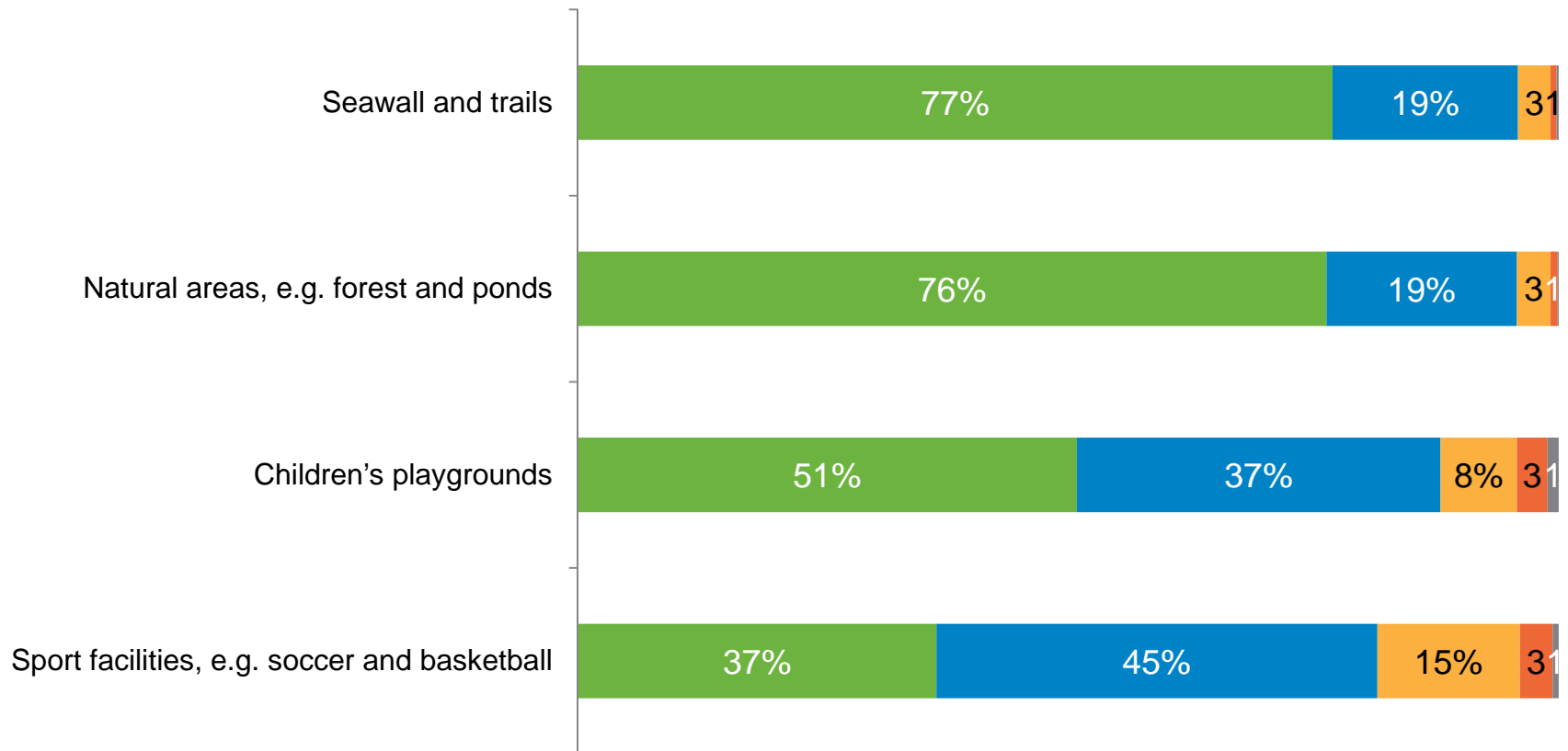
*Thinking about their current physical condition and function, what is your overall assessment of the community facilities that you know:*



# City of Today: Importance of Park Facilities



■ Very important ■ Somewhat important ■ Not very important ■ Not at all important ■ Not sure

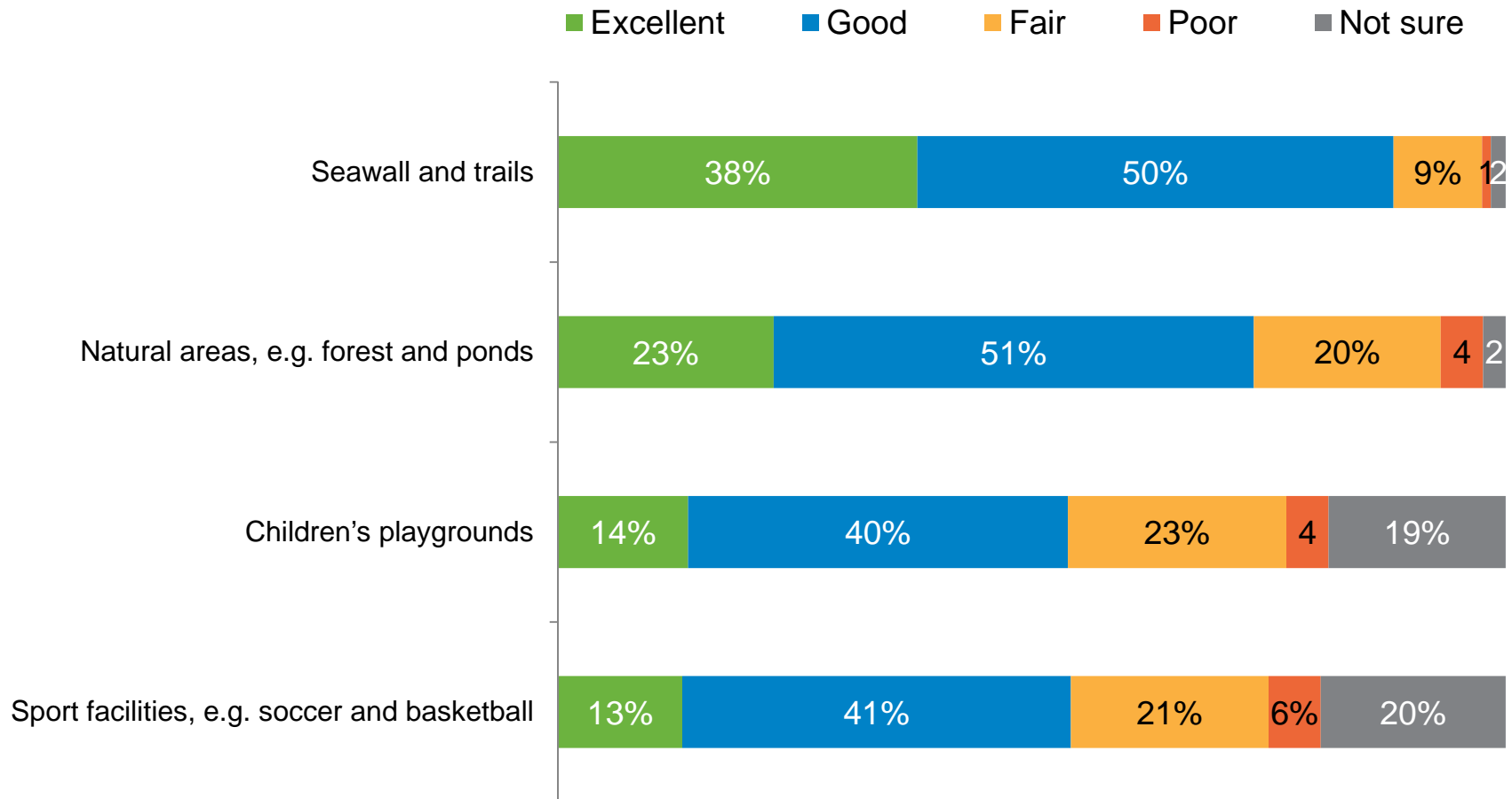


Base: All respondents (n=963)

*Thinking about the larger community, how would you rate the importance of the following park facilities?*



# City of Today: Assessment of Park Facilities



Base: All respondents (n=963)

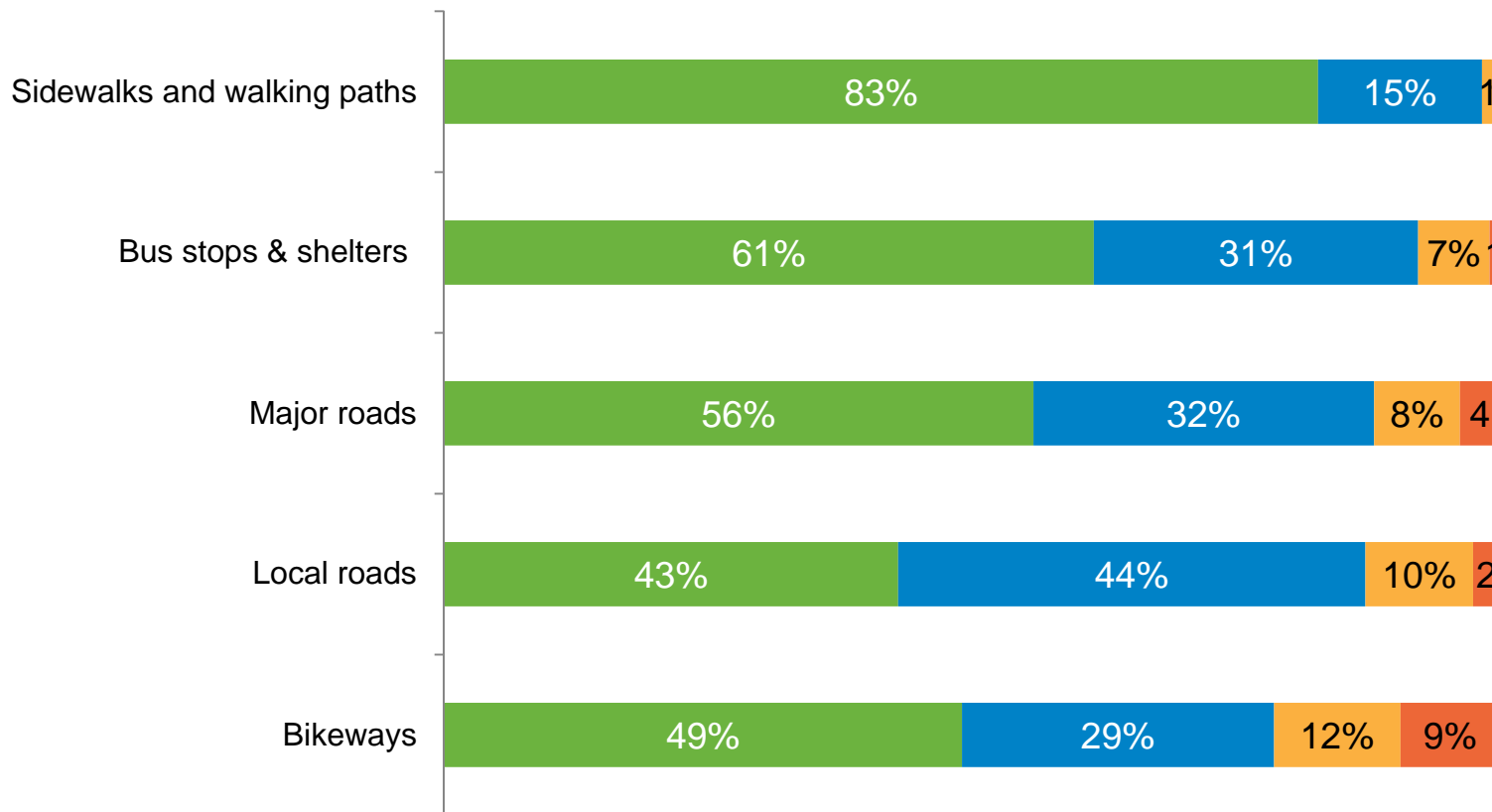
*Thinking about their current physical condition and function, what is your overall assessment of the park features that you know:*



# City of Today: Importance of Transportation Facilities



■ Very important ■ Somewhat important ■ Not very important ■ Not at all important ■ Not sure

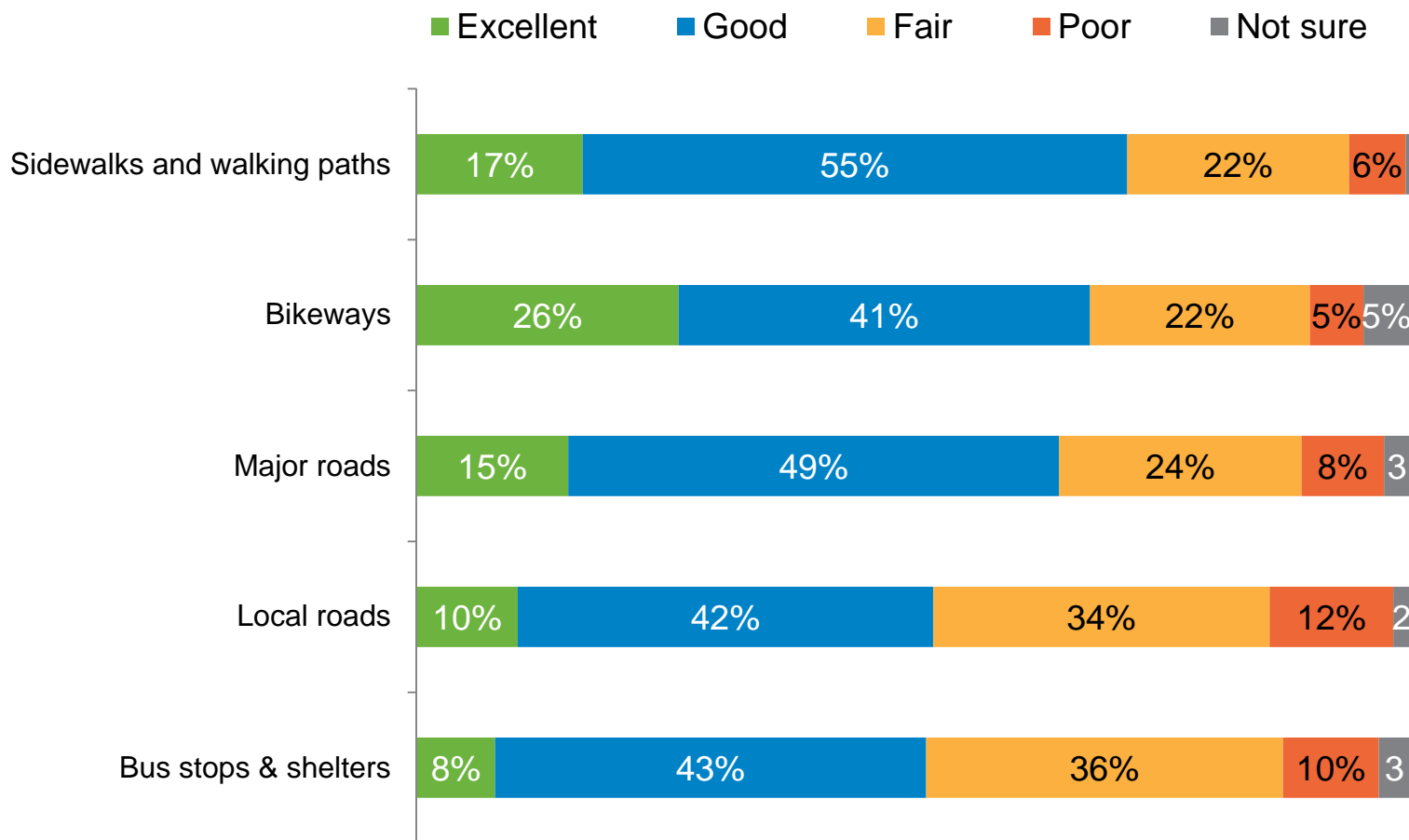


Base: All respondents (n=963)

*Thinking about the larger community, how would you rate the importance of the following transportation networks managed by the City?*



# City of Today: Assessment of Transportation Facilities



Base: All respondents (n=963)

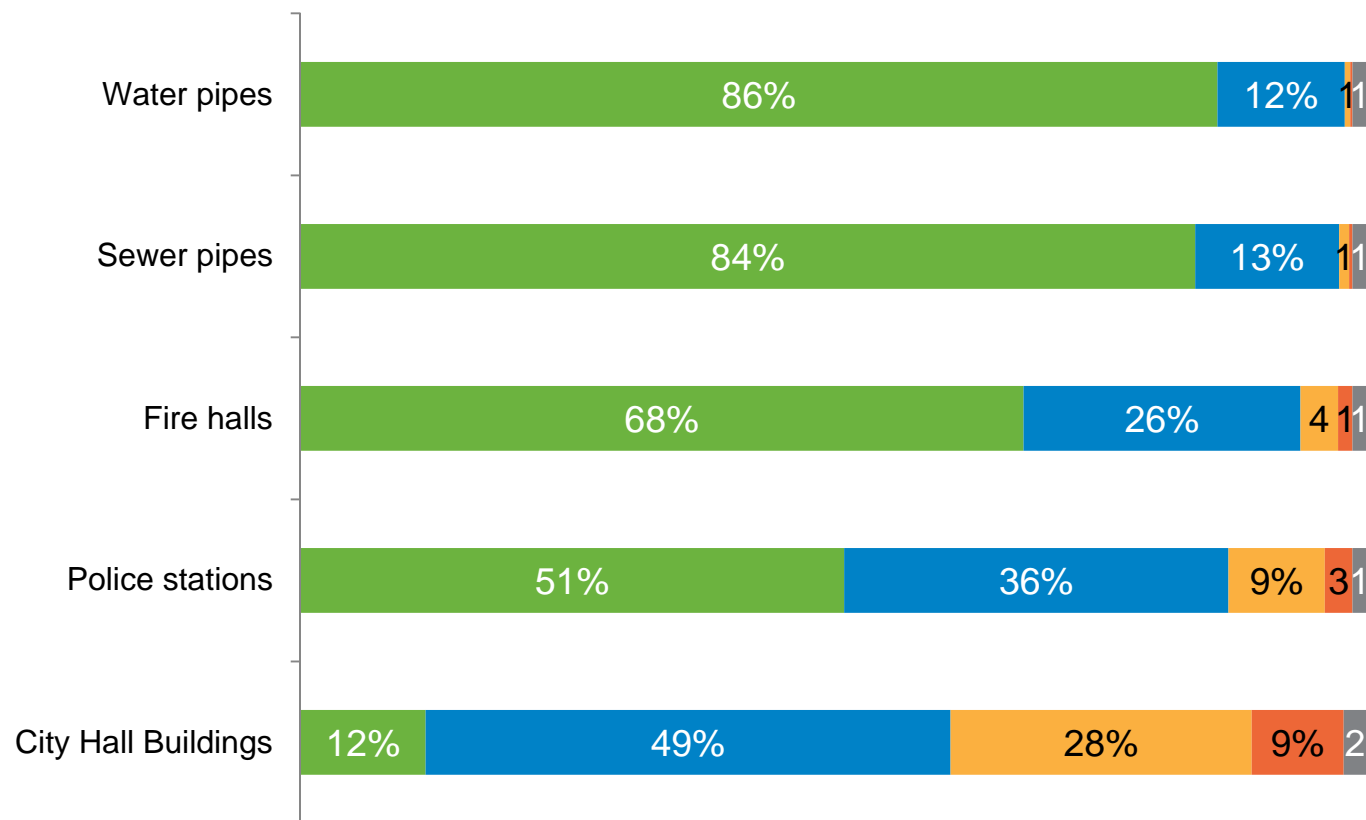
*Thinking about their current physical condition and function, what is your overall assessment of the transportation networks that you know:*



# City of Today: Importance of Infrastructure Assets



■ Very important ■ Somewhat important ■ Not very important ■ Not at all important ■ Not sure

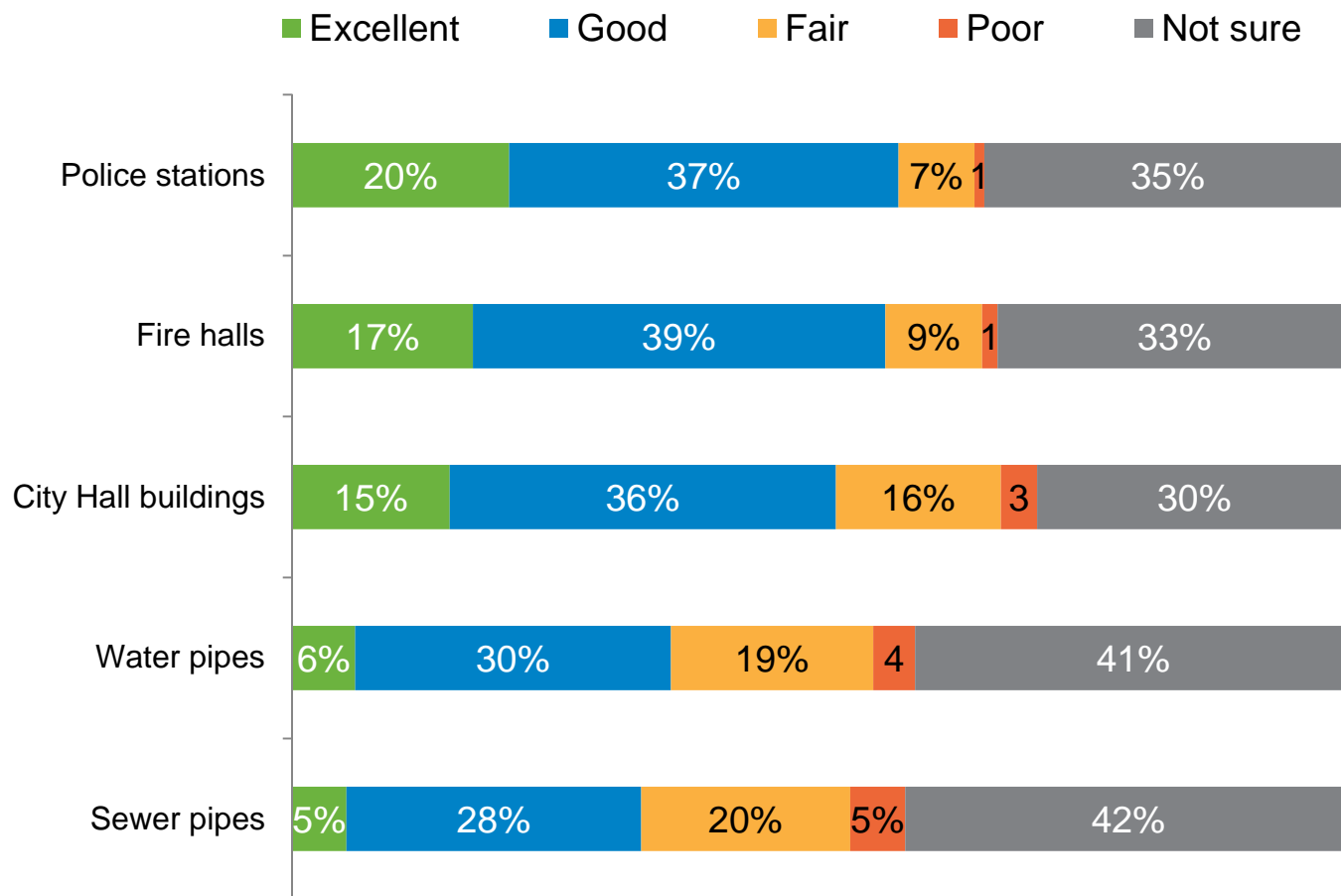


Base: All respondents (n=963)

*Thinking about the larger community, how would you rate the importance of these other city infrastructure assets?*



# City of Today: Assessment of Infrastructure Assets



Base: All respondents (n=963)

*Thinking about their current physical condition and function, what is your overall assessment of the city assets below:*

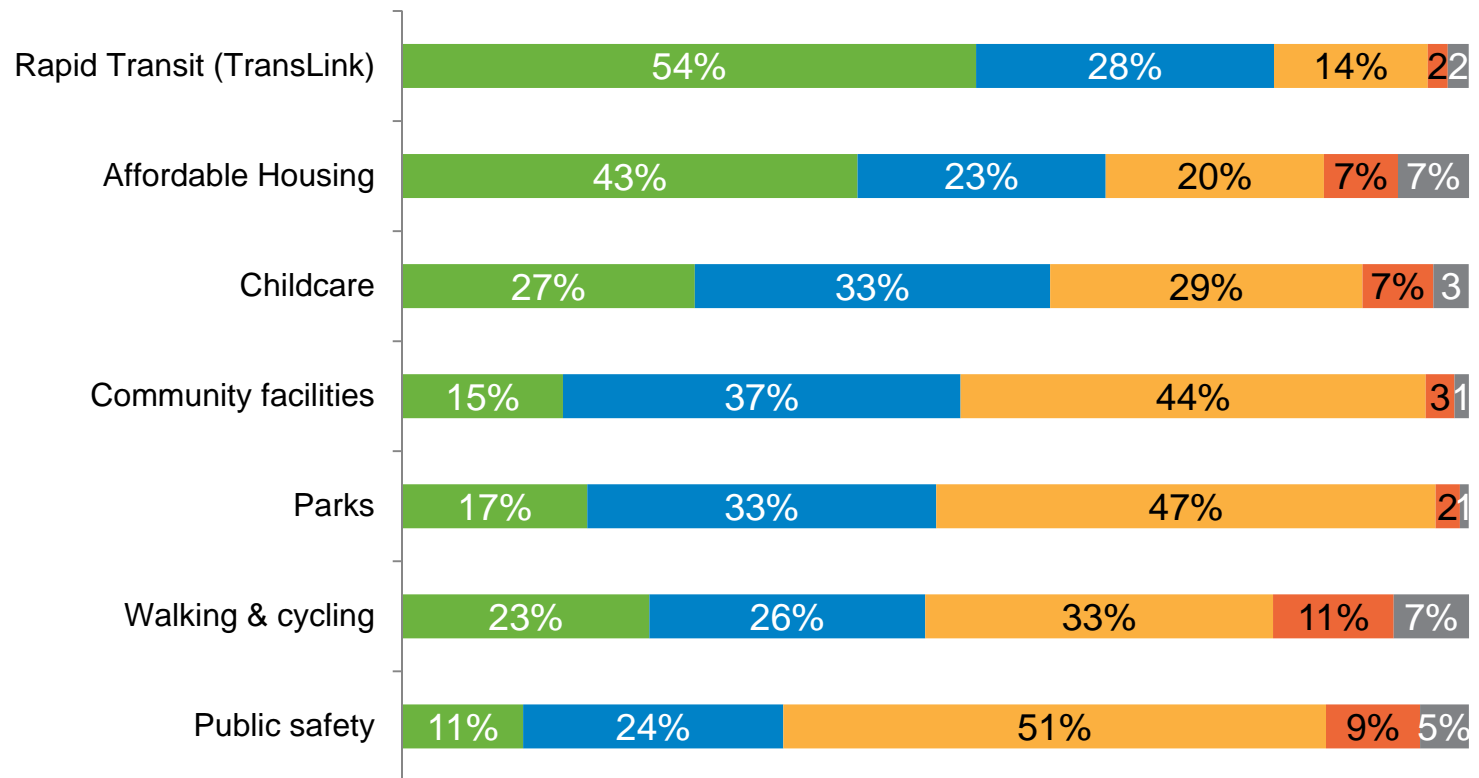




# City of Tomorrow: Investment in Infrastructure



- Substantially more than today
- Somewhat more than today
- About the same as today
- Somewhat less than today
- Substantially less than today

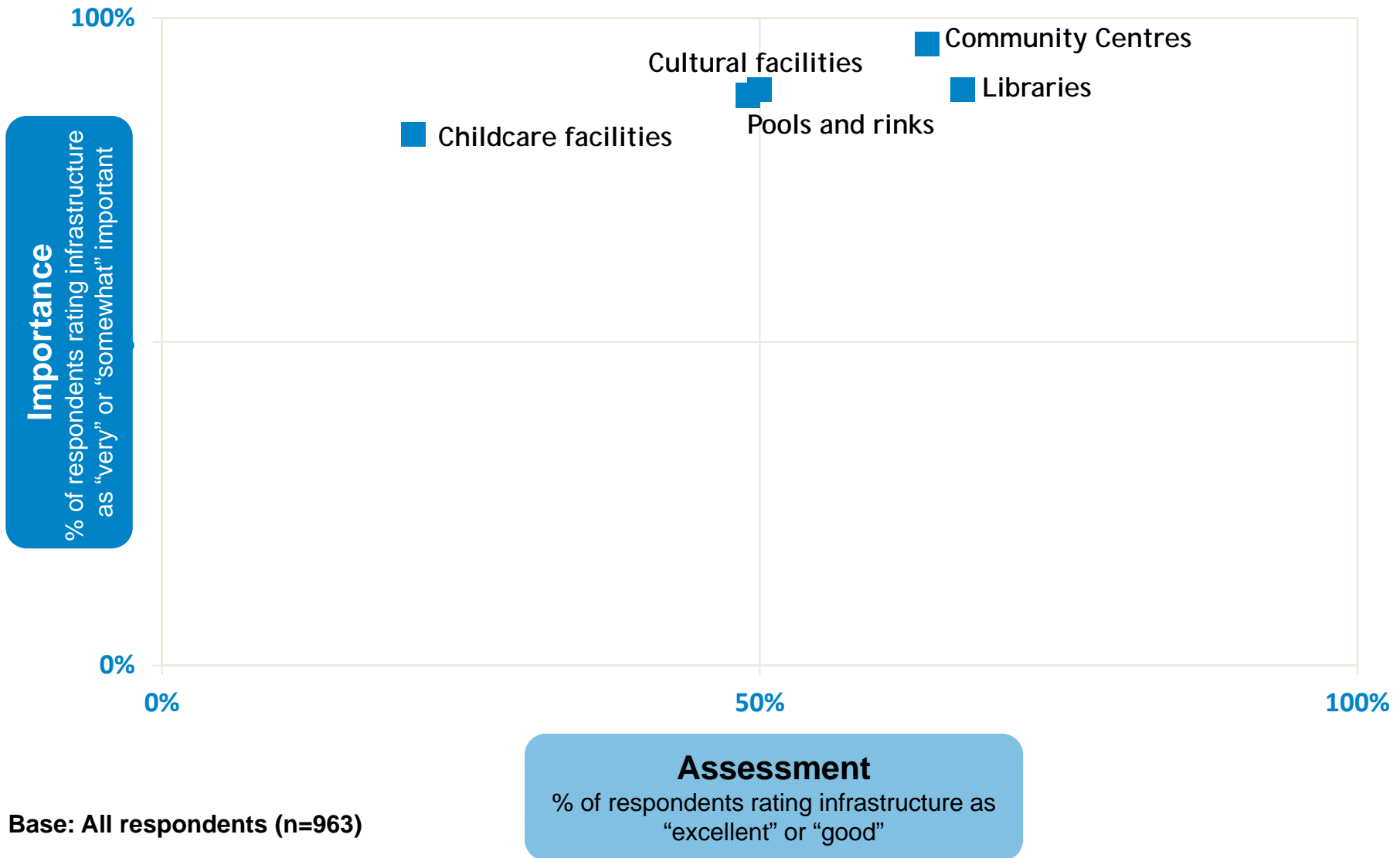


Base: All respondents (n=963)

*Thinking about Vancouver's needs in 10 years, how would you invest in the areas below? Would you invest more, less or about the same when compared to today:*

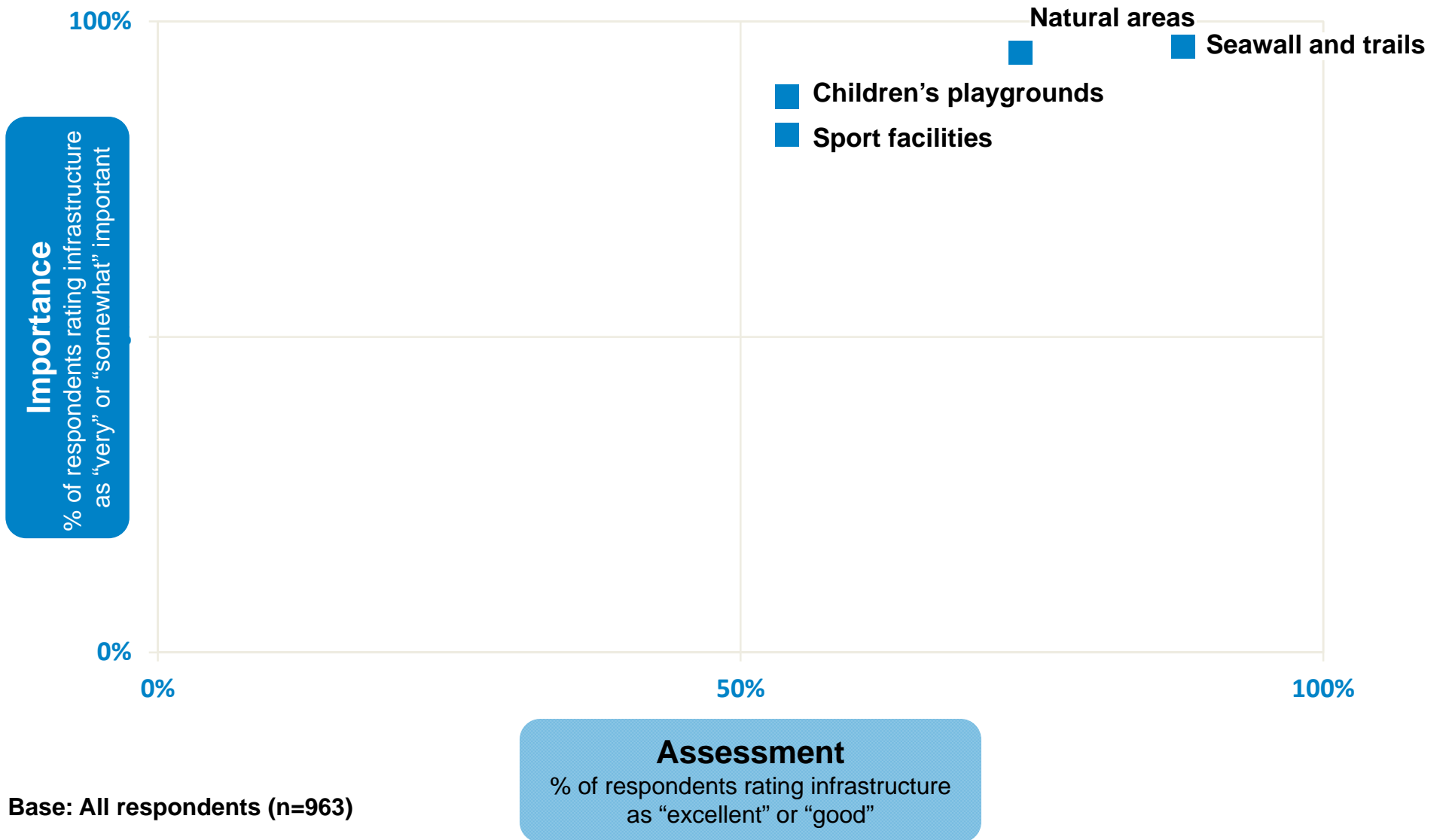


# Overall Assessment: Community Facilities



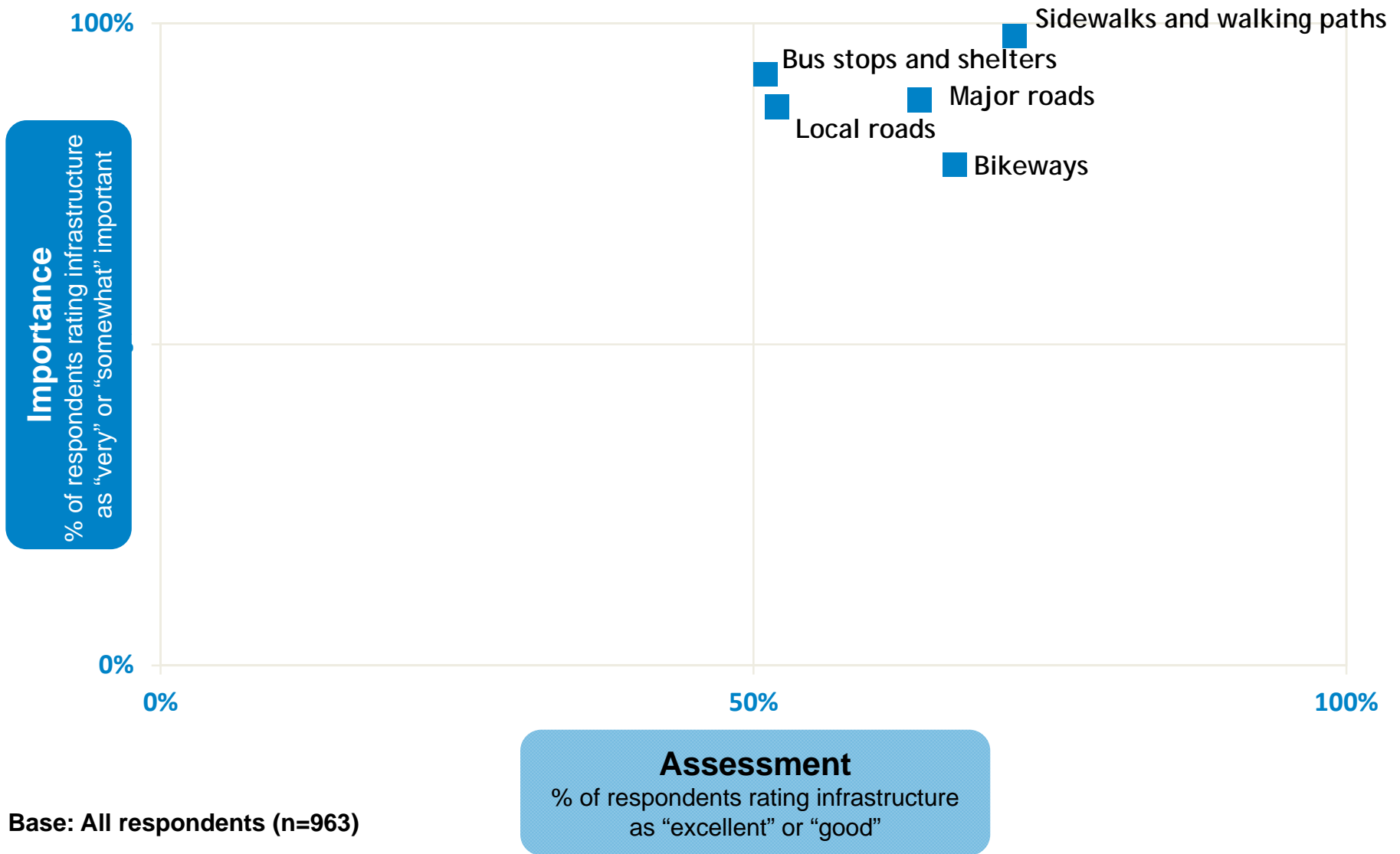


# Overall Assessment: Parks



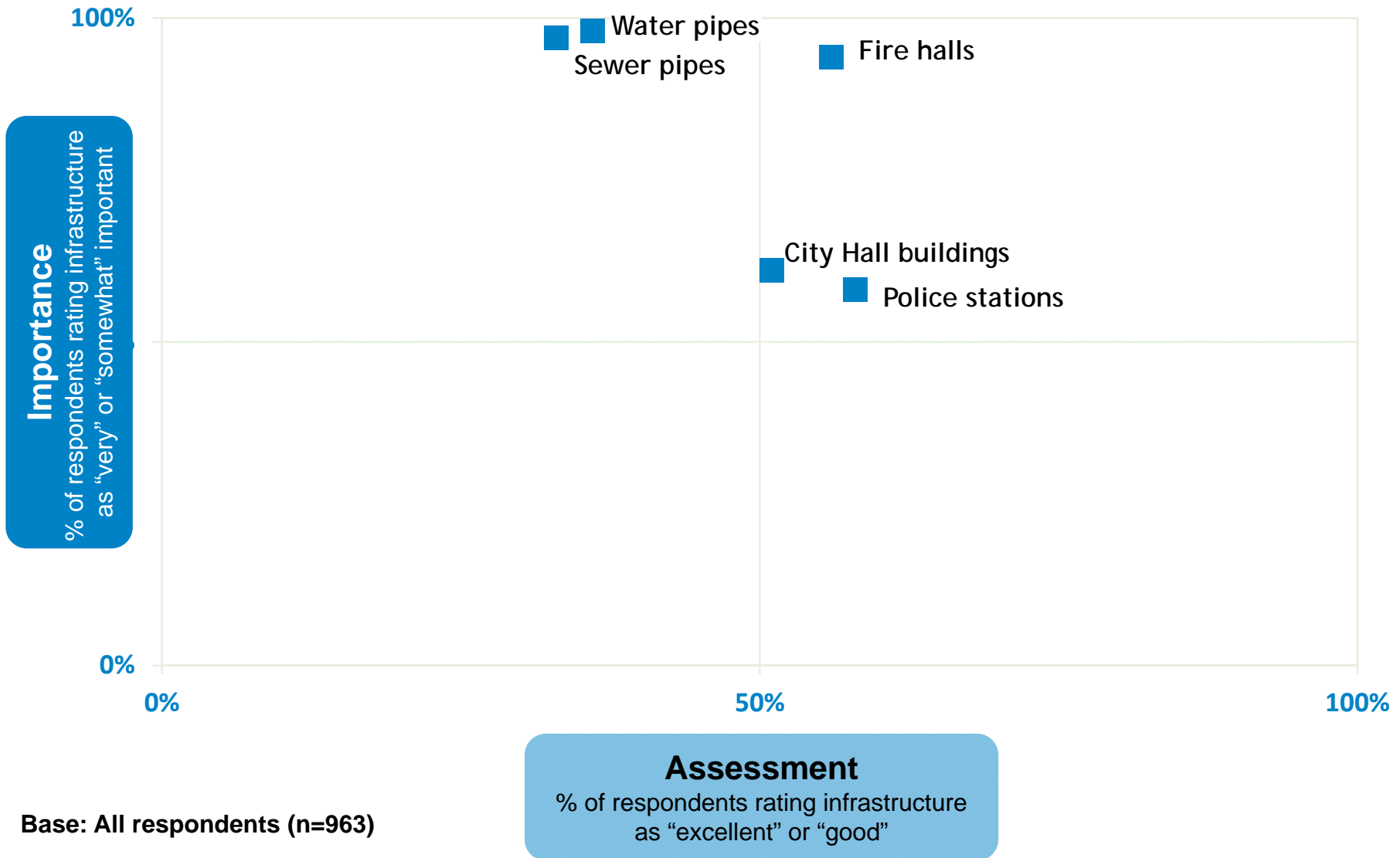


# Overall Assessment: Transportation





# Overall Assessment: Infrastructure



## | Next steps

- Thank you to everyone who took the time to share their views with us.
- Public feedback will shape our update to the 10-year Capital Strategic Outlook as well as the development of the Draft Capital Plan for 2015-2018. Draft capital plan documents will be released for public review in late June or early July.