



Committee of the Whole Report

For the Special Meeting of January 15, 2024

To: Committee of the Whole **Date:** January 5, 2024
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: 2024 Draft Financial Plan Motion Report-backs

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

On December 14, 2023, Council directed staff to report back on several budget-related items and these are provided in Appendix A.

Should Council wish to action any of these items, a motion to that effect would be required.

Respectfully submitted,

Susanne Thompson
Deputy City Manager and
Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments:

Appendix A – Motion Report-backs
Appendix B – Alliance to End Homelessness Funding Increase Request

APPENDIX A - 2024 Financial Plan Motions

TAX INCREASE POLICY

That Council directs staff to report back on the impact and implications of the current policy of capping annual property tax increases at no more than inflation plus one per cent be amended to cap annual property tax increases at no more than inflation.

BACKGROUND

Budget development is informed by various strategies, frameworks, master plans and condition assessments. In addition, Council direction through resolutions is incorporated.

As previously reported, construction cost escalation has totalled almost 55% for the past six years and is estimated to increase by at least 5-10% per year for the next three years. This is significantly higher than historical and estimated future consumer price index inflation.

The Financial Sustainability Policy includes guidance for tax increases, new/expanded services, the use of new tax revenue from new development, and infrastructure funding. These policies support deliberate decision making to minimize unintended consequences. In other words, choosing to reduce a service by reallocating the funding to another service is encouraged rather than underfunding a service, which would result in a service level reduction due to insufficient funding. The following outlines these specific policies:

Property Tax Increase

Rising costs of existing services at existing service levels must be recognized. One-time revenues or non-renewable reserves should not be used to fund on-going operating expenses.

Policy 2.0

Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at existing service levels and then considering other enhancements. (Also see Policy 3 – New Services.)

New Services and Major Enhancements to Existing Services

The property tax increase established under Policy 2 allows the City to provide the same level of service to the existing tax base. It is not designed to provide for new services or major enhancements to existing services.

Policy 3.0

New services or enhancements to existing services will be funded by one or a combination of the following:

1. A reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
2. An increase in non-tax revenues.
3. A further increase in property taxes.

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Growth in Property Tax Base

The City is surrounded by other municipalities and has no ability to expand. However, re-development is occurring that brings in new property tax revenue. This new revenue must be estimated using the best available data. The City recognizes that any new developments or re-developments increase demand on existing infrastructure and may result in the need to expand that existing infrastructure.

Policy 1.0

Conservative estimates of non-market change assessment revenue will be included in the budget based on information provided by BC Assessment, the Planning and Development Department and the Finance Department.

Policy 1.1

To balance infrastructure upgrade needs with ongoing operating funding requirements, the first \$500,000 of assessment growth (non-market change) property tax revenue will be transferred to infrastructure reserves and the remaining balance allocated as determined by Council.

Infrastructure Maintenance and Replacement

Much of the City's infrastructure is at or nearing the end of its life. The City has an inventory and performs condition assessments of its assets on an ongoing basis. This allows the City to develop and update plans to keep the infrastructure in a proper state of repair to avoid costly failures.

Policy 6.0

The City will establish and maintain an inventory of its infrastructure. A maintenance/replacement plan will be developed utilizing best practices, to keep existing infrastructure in an acceptable condition. This program will be included in the Five-year Financial Plan and the 20-year Capital Plan.

Policy 6.1

The City will depreciate its infrastructure over the useful life of the assets and a sustainable funding strategy will be developed.

Policy 6.2

Each year, Council will consider a property tax increase dedicated to increasing capital infrastructure investment.

In addition, the Financial Sustainability Policy encourages seeking alternative funding sources:

Alternative Revenues and External Funding

To diversify its revenue base, the City continually looks for new revenue sources that are consistent with the City's Five-year Financial Plan and 20-year Capital Plan.

Policy 5.0

All departments will make every effort to access external funding from non-City sources including other levels of government. All departments will endeavour to develop

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partnerships, strategic alliances and shared project funding to assist in the reduction of expenditure to the City. Any additional funding can be used to reduce property tax increases, increase service levels and/or provide new services.

Policy 5.1

Grants should be sought for known infrastructure needs or identified priorities in the City's Strategic Plan even if they are not included in the financial plan due to limited funding or pending Council decision.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

The draft 2024-2028 Financial Plan forecasts the following tax increases:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Capital | 0.00% | 3.00% | 2.96% | 2.95% | 2.94% |
| Repayment of Borrowing | 0.00% | 0.99% | 1.27% | 0.91% | 0.49% |
| Remaining | 5.97% | 3.70% | 2.92% | 2.64% | 2.35% |
| | 5.97% | 7.69% | 7.15% | 6.50% | 5.78% |
| VicPD* | 2.40% | 2.40% | 2.40% | 2.40% | 2.40% |
| | 8.37% | 10.09% | 9.55% | 8.90% | 8.18% |

* VicPD 2025-2028 held at same level as 2024; no projections provided

The estimated inflation (CPI for Victoria) for 2023 is 3.8%. The Bank of Canada's inflation rate target is 2%. It is anticipated that inflation may remain around 3.5% for 2024 before achieving the 2% target in 2025.

Reducing the Financial Plan to the estimated inflation would require significant reductions to programs or services that are funded by property taxes as follows:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Max tax increase target | 3.80% | 2.00% | 2.00% | 2.00% | 2.00% |
| Reduction Required | -7,590,000 | -13,960,000 | -13,300,000 | -12,390,000 | -11,310,000 |

Following the guidance in the Financial Sustainability Policy, to reduce the overall tax increase, levers include:

- Limiting expansion of existing services or adding new services
- Adjusting service levels
- Exploring new revenue sources
- Using new property tax revenue from new assessment

The 2024 draft tax increase is primarily related to inflationary or contractual cost increases for current services. Given the legislative timelines for adopting the Financial Plan Bylaw, it would be a challenge to achieve a tax increase of no more than the estimated 3.8% inflation this year.

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The forecasted tax increases for 2025-2028 are primarily related to infrastructure investment. To reduce the tax increases, Council could consider scaling back the projects that expand existing infrastructure although that would not be sufficient to meet the Bank of Canada inflation target. Another option is redirecting new property tax revenue from new development (NMC) to reduce the tax increase. However, for 2024, staff have recommended NMC for capital investment because this will assist in funding the capital budget going forward. For future years, only \$500,000 of NMC has been factored in and any amount above that could be used to reduce the tax increase. Should Council wish to use all NMC to reduce the tax increase and/or if Council does not approve the proposed annual tax increase for capital, the capital budget would require significant reductions which would likely result in insufficient funding for lifecycle renewals.

Overall, if inflation is reduced to the Bank of Canada target for 2025-2028, significant reductions or alternative funding sources would be required to achieve a tax increase of no more than CPI for Victoria.

Alternatively, Council could consider setting a separate tax increase target, linked to inflation, for the continuation of current services only (operating budget) and consider an additional increase for capital requirements (annual funding and debt) and any expanded/new services. However, if the Bank of Canada target of 2% for inflation is reached, limiting the tax increase for the operating budget to no more than inflation would still require other sources of funding or reductions to services because the cost inflation for municipal services is greater than consumer inflation.

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ALLIANCE TO END HOMELESSNESS

That Council directs staff to report back on the impact and implications of discontinuing funding for the Alliance to End Homelessness after 2024, and identifying the information needed from the Alliance to confirm the return on investment for the City of Victoria.

BACKGROUND

The City provides an annual grant of \$100,000 to the Alliance to End Homelessness. This grant flows through the CRD and an agreement between the CRD and the Alliance is in place for the funding.

To confirm the return on investment, the information needed from the Alliance could include:

1. An outline of their mandate and clarification of how their deliverables align with that mandate.
2. How their mandate (and associated deliverables and metrics) aligns with the City's Strategic Plan.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

The Alliance has requested an increase to \$150,000 for 2024 (see letter attached as Appendix B.) Since the request was received after the Draft Financial Plan was developed, it has not been factored in. The \$50,000 increase would equate to a tax increase of 0.03%.

Should Council decide to eliminate the current \$100,000 grant in 2025, it would equate to a reduction in the tax increase of 0.06%.

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INDUSTRIAL TAX RATES

That Council directs staff to report back on the impact and implications of adjusting the industrial property tax rates to levels comparable to non-industrial commercial rates.

BACKGROUND

The City's Revenue and Tax Policy provides guidance for tax rate setting and the distribution of taxes among property classes.

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to modify tax ratios to avoid such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to note that this practice only avoids shifts between property classes. There is still a potential for shifts within a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios were held constant in recognition of the larger tax burden that had historically been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industry.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted, followed by an update in 2015. At that time, industrial tax rates were higher than those for business properties and because of the desire to retain industrial businesses, the policy was changed to set the same tax rate for light industry, major industry and business. This resulted in a reduction in the tax rates for industrial properties.

However, over the last several years, assessed value changes for industrial properties have exceeded those for the business class. Because the current policy is to set the same tax rates for both business and industry, this has resulted in a tax shift to industrial properties.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

The Financial Plan is not impacted by how taxes are distributed between the tax classes because the Financial Plan only sets the total amount to be collected, not the distribution to taxpayers. However, if the current trend for industrial assessments continues, the current policy would continue to shift tax burden onto industrial properties. Therefore, Council may wish to consider a change in the policy to cap the industrial tax rates at no more than the business rate (instead of the same), but to allow the rates to be lower if uneven changes in assessed values would result in an undesired shift. In other words, because industrial assessments have experienced higher increases than business assessments in recent years, unless the industrial tax rates are lower than the business tax rate, that tax burden shift would continue.

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INDIGENOUS PLACE NAMES

That Council directs staff to report back on the impact and implications of increasing the allocation to accelerate the addition of Indigenous place names on roads signs, and information plaques and kiosks at historical places throughout the city.

BACKGROUND

Indigenous place naming is a collaborative process co-led by the City, the Songhees and Esquimalt Nations and typically includes knowledge gathering with elders to ensure the naming properly reflects, revitalizes, maintains and strengthens the Lekwungen language.

The City is engaged in ongoing discussions with the Songhees and Esquimalt Nations to identify and recognize places and assets across the city using culturally relevant Indigenous place names as directed by the Nations. Recent examples include the naming of s̓cəmaθən / Peter Pollen Waterfront Park and sxʷen'xʷən̓ tən'exw / James Bay library, as well as Su'it Street which was renamed from Trutch Street in 2022. The City has developed procedures to ensure that Indigenous place naming is communicated to those impacted in the community, administered and documented in mapping and land records systems, and financed as part of standard operating budgets.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

It is anticipated that City resources needed to support Indigenous place naming initiatives directed by the Songhees and Esquimalt Nations in 2024 can be accomplished within the existing budget and Financial Plan. Staff will include resource requirements in the Financial Plan for future years should the Nations identify place naming initiatives requiring funding beyond standard operating budgets.

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PUBLIC WASHROOMS

That Council directs staff to report back on the impact and implications of increasing our commitment to public washroom facilities, including accessible facilities, in parks and at strategic locations in the downtown.

BACKGROUND

An audit of the City's park washroom facilities was presented to Council in 2023 and confirmed a need for considerable updates to meet current accessibility standards.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

The Draft Financial Plan proposes funding the public washroom improvements through external borrowing. If funding is increased, this may result in additional requirements, such as electoral assent, provided no alternative financing options are approved.

To mitigate this, staff recommend allocating an additional \$1.23 million from the Accessibility Reserve. This strategy would avoid property tax increases. If Council endorses this recommendation, \$410,000 will be allocated annually over the years 2025, 2026, and 2027. This proposed budget amendment would increase the total investment in the program from \$2 million to \$3.23 million over five years, thereby accelerating the public washroom upgrades to meet current accessibility standards.

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BIKE VALET FEES

That Council directs staff to report back on the impact and implications of creating a nominal, cashless fee payment system for the city hall bike valet service (perhaps remaining free for under 12s?) or find other ways to make the service revenue-neutral or cut down the cost through other revenue sources.

BACKGROUND

The bike valet service was initiated in 2022 based on Council direction, utilizing funding for secure bike parking approved in 2021. Other initiatives included bike shelters at schools and a Borrow a Bike Lock program in community centres and businesses at nearly 30 locations across the City.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

A nominal or voluntary fee for the bike valet service may not cover costs of increased administration and would require staff resources across a number of departments to implement and manage including: Engineering, Finance, Facilities and IT.

Specific to administration, requirements and impacts would include:

- Installation of a stable internet connection at the valet
- Procurement and management of an onsite point of sales/payment system. In addition to staff managing the system, a % of every transaction would go to the payment processing provider.
- Having some pay while others do not (such as kids) would require proof, or discretion of valet staff.
- May slow down the service due to collection, confirmation of payment, or explaining the payment system to users.

In addition to the increased administration, it has been found that the usage of bike valet services decreases with a fee. This decrease in usage would have a negative impact on sustainable mobility goals of encouraging cycling trips to the downtown, and could impact the number of people who ride downtown for work or shopping trips. Additional potential impacts include:

- A fee may result in fewer people using the service, which would decrease anticipated revenue from adding a fee.
- A fee may deter people from cycling downtown or could lead to increased risk of bike theft from people not using the service. Recent stats show that bike theft downtown has decreased in recent years.
- A fee would have a disproportionate impact on those with low incomes who may rely on cycling as an affordable way to get around.

Bike valet services are typically free across North America to encourage usage. Nearby examples include: Portland, Vancouver and San Francisco. Examples of nearby fee for service typically include locked rooms which require key card access, and the fee is used to track who is using the system. Fee amounts include:

- TransLink charges \$8 per month or \$1 per day at equipped skytrain stations
- UBC charges \$20 per month for locked, key card access bike room
- Bay Centre charges \$30 per month for a secure bike cage

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If the City were to introduce a mandatory fee of \$1 per bike parked, staff anticipate a 25 to 40% reduction in the use of the service. Based on experience in Vancouver, using voluntary payment, we would anticipate collecting \$0.40 per bicycle. Based on 45,000 bikes in 2023, this would generate somewhere between \$18,000 and \$30,000.

Staff will explore sponsorship opportunities for the bike valet in 2024. It is anticipated that revenue generated from sponsorship would be greater than a potential service fee while requiring fewer staff resources.

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NORTH PARK NEIGHBOURHOOD ASSOCIATION AND DOWNTOWN RESIDENTS' ASSOCIATION

That Council directs staff to report back on the impact and implications of adding to the regular budget \$60,000 for each of the North Park Neighbourhood Association and the Downtown Residents' Association budgets for their Executive Director(s) and other uses.

BACKGROUND

The City currently provides annual operating grants to associations that operate the 11 community and senior's centres under operating agreements with the City to provide recreation programming to the community. Community coordinator grants of \$20,000 are provided for neighbourhood associations without community centres, including North Park, Downtown, James Bay, Rockland, North and South Jubilee.

The North Park Neighbourhood Association and the Downtown Residents' Association have been provided additional funding for the last two years. No formal agreements are currently in place.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Providing a \$60,000 additional grant on an ongoing basis to each would equate to a 0.07% tax increase.

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FESTIVAL INVESTMENT GRANT PROGRAM

That Council directs staff to report back on the impact and implications of adding \$100,000 to the Festival Investment Grant, to come from a minor property tax increase.

BACKGROUND

The Festival Investment Grant (FIG) program budget for 2024 is \$350,680 and it is increased by inflation each year. The FIG program started in 1999 and over the past 24 years has provided over \$4M in grants to local not-for-profit organizations. Program funding increased in 2018 and 2019 with an additional \$50,000 each year. The 2024 grant program opened for applications on November 14, 2023 and all completed applications must be submitted by January 16, 2024.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Increasing the budget in 2024 would impact the funding allocation process and timeline. The length of the delay would be subject to Council's deliberations and approval of the 2024 Financial Plan. Applicants have historically been notified no later than mid-March to allow sufficient time for applicants to prepare their events and festivals for the upcoming season.

Staff are reviewing the FIG program policy and will be reporting to Council in Q3 2024 with recommended changes and updates to the policy, based on stakeholder engagement, policy and best practices research and analysis of historic FIG program funding.

As part of the program and policy review, staff will examine program funding based on the growing and/or changing community needs to ensure the program is well resourced to continue to support cultural celebrations and festivals.

Adding \$100,000 is equal to a 0.06% tax increase.

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LOCAL STREET REHABILITATION

The "Local Street Rehabilitation" program, which should be at \$5M, is set at \$4.6M this year. That Council directs staff to report back on the impact and implications of adding \$400,000 from a general property tax increase to help bring road paving/infrastructure back to sustainable levels, and bring that budget to \$5M per year.

BACKGROUND

The City currently maintains 173 kms of local streets. The draft 2024 Financial Plan recommends a budget of \$4.6M for local street rehabilitation.

In Spring 2022, the City hired a consultant to complete a condition assessment of the road network, including investment modelling which predicts future road condition based on annual investment in maintenance and repair. To improve the overall condition of the City's local street network over the next decade, an annual investment of \$6,000,000 per year was recommended. This number relates to investment in 2022 dollars and does not reflect that annually the cost of labour and materials is increasing.

Between the years 2020 and 2023, the annual budget for the local street program was increased from \$2,000,000 to \$5,063,000. An increase of \$400,000 to the budget would keep the investment in local streets in 2024 consistent with the investment made in 2023.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Increasing the budget for local road maintenance by \$400,000 represents approximately 0.5 km of additional local street repaving annually. Increased budgets also provide increased flexibility to fund other City objectives such as rehabilitating end of life concrete assets, such as curb let downs, in coordination with repaving and provides opportunity to consider roadway layout changes to improve safety/accessibility or to convert paved surfaces into more permeable or people-friendly materials. No new staffing resources are required if the budget is increased as the majority of costs are related to the purchase of asphalt or contracted services.

An increase of \$400,000 would equate to a 0.24% tax increase.

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SANCTUARY YOUTH CENTRE

That Council directs staff to report back on the impact and implications of adding a grant of approximately \$30,000 to the Sanctuary Youth Centre from remaining strategic grant funds.

BACKGROUND

The City has provided ad-hoc grants for the Sanctuary Youth Centre since 2019 ranging from \$25,000 to \$27,490.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

If this is intended as a one-time grant, using the remaining 2023 strategic plan grant budget is an option. If this is intended as an ongoing grant, Council could consider reallocating \$30,000 from the strategic grant program budget or adding funding through a property tax increase, which would equate to 0.02%.

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TREE PLANTING

That Council directs staff to report back on the impact and implications of increasing the planting or replanting of trees on city property without further tax increases.

BACKGROUND

Each year, through operational funding, staff plant 350 trees, most of which replace trees that have been lost from decline, decay, storm damage and vandalism. On average, another 100 trees are planted on boulevards through a combination of City capital projects and private development projects, for a total of approximately 450 trees planted each year.

The establishment and maintenance of these newly planted trees is prioritized through the Young Tree Maintenance Program; currently 2,350 young trees are on this program. For the first five years, all newly planted trees are given dedicated resources for their successful establishment, including regular watering, weeding, mulching, fertilizing and light formative pruning. Once established, trees are monitored for one additional growing season for signs of drought stress and otherwise added to the inventory and put on the 16-year maintenance cycle.

Proposal to Accelerate Tree Plantings

Staff recommend increasing annual tree planting by 10% and approving additional resources funded through the Tree Reserve Fund to cover the necessary materials, fleet, and staff required to plant and maintain the additional inventory successfully.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Should Council decide to support this recommendation, the table below outlines the operating budget increases necessary to cover the additional staff and material resources. This includes a 0.8 full-time staff equivalent (FTE) and a one-time capital expenditure of up to \$300,000 to procure a fleet vehicle to support tree watering and maintenance.

The City's Tree Reserve would be used as a funding source for the operating and capital expenditures and would result in no property tax impact. The Tree Reserve Fund balance is currently \$1,360,000. On average, this reserve increases by \$100,000 each year through various permitting revenues.

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Proposed Operating Budget Increase | \$40,000 | \$74,000 | \$92,000 | \$120,000 | \$120,000 |

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PERMISSIVE TAX EXEMPTIONS

That Council directs staff to report back on the impact and implications of eliminating the permissive tax exemptions for organizations identifying as religious organizations that do not have charitable status.

BACKGROUND

The City provides permissive tax exemptions to non-profit organizations in accordance with the *Community Charter* and the City's Permissive Tax Exemption Policy.

Exemptions are granted by bylaw and the bylaw must be adopted before October 31 to be in effect for the following year.

For 2024, the City's permissive exemption bylaws exempt 140 properties for 101 organizations for an estimated total of \$2.6 million in municipal taxes. Of these, 54 properties for 45 organizations were exempted under the Place of Worship category for a total of \$690,000 in municipal taxes.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Permissive tax exemptions do not impact the Financial Plan since the City will continue to collect the required property tax revenue to support service delivery. However, exemptions shift the tax burden to non-exempt taxpayers.

Based on a preliminary assessment, only one organization that currently receives a Place of Worship exemption does not appear to have charitable status. The exemption bylaw currently in place provides exemptions for 2024 and 2025. Should Council direct this policy change, staff would confirm the status of this organization before bringing a bylaw amendment forward for Council's consideration for the 2025 taxation year.

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EXTERNAL OPERATORS

That Council directs staff to report back with information summarizing city expenditures to external operators delivering or supplementing city programs.

BACKGROUND

Through the annual Statement of Financial Information (SOFI), the City reports amounts paid to vendors and grants paid to organizations. This report must be published by June 30 each year for the previous fiscal year.

The 2022 SOFI is available online at [2022-statement-financial-information \(victoria.ca\)](https://www.victoria.ca/2022-statement-financial-information) The grants listing starts on page 48 and the vendor listing starts on page 55.

The report for 2023 will be available by June 30, 2024.

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FINANCE BUDGET

That Council directs staff to report back with information on why the Finance department allocation is going up by 11.56%. Within that, parking services seems to be going up 12.54% but parking revenue only 2.79% - how to explain/compensate for the differential?

BACKGROUND

The Finance Department's core services include financial planning, accounting services, revenue services, supply management services and parking services as outlined on page 43 of the Draft Financial Plan.

As part of the 2023 budget, Council approved extending paid parking to 12 hours from 9 hours (8am-8pm from 9am-6pm.) This change was implemented with a start date of May 2023.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

There appear to be a few errors in the amounts referenced in the resolution. Page 44 of the Draft Financial Plan outlines the budget for Finance, including Parking Services, and shows an 11.36% increase in expenditures and an 11.56% increase in revenues.

The total expenditure budget increase is largely due to the full-year operation of the new extended hours for paid parking compared to 8 months of operation in 2023. The 2024 budget also reflects contractual increases and additional resources for the payroll section which handles all payroll activities for the City and VicPD (approximately 1500 employees.)

In addition, staff are proposing increases to parking fines, fees and permits. If approved, those would add \$1.7 million to the amount outlined in the Draft Financial Plan for a total revenue increase of almost \$4.5 million or 18.67%.

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IT BUDGET

That Council directs staff to report back with information on why the IT department budget is going up 17.69%. Is there room for saving?

BACKGROUND

The IT department budget increase for 2024 is driven by two main components: software licensing and staff resources. These components are essential for supporting the City's operations, services, and strategic goals.

The IT department strives to optimize the use of existing software systems and to align the procurement of new solutions with the City's needs and priorities. Over the past 10 years, the IT department has consolidated and streamlined many software systems, resulting in significant savings and cost avoidance. However, some software systems require additional or upgraded licenses to meet the changing demands and expectations of the City and its stakeholders.

A key component for 2024 is to ensure access for all staff to the City's systems remotely and securely, as well as to support the transition from paper-based to digital processes. This includes enhancing the cyber protection for all staff by adding licenses for advanced security protection. Furthermore, the IT department implemented several new software systems that automate and improve business processes, such as citizen engagement, project management, and customer service.

Additional staff resources are needed to provide adequate and timely support for staff access to City programs and software systems. These resources are foundational for the City's IT infrastructure and service delivery and will help the IT department to maintain and enhance the performance, reliability, and security of the City's IT systems, as well as to collaborate with other departments and stakeholders to identify and implement IT solutions that meet the City's needs and objectives.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Software licencing costs will increase for 2024 and this has been factored into the budget. While the optimization of software will continue, reducing the budget would result in the discontinuation of some needed software solutions and would impact related services.

Without the additional staff resources, the IT department will not be able to adequately support the needs of the nearly 1300 employees who use the various systems.

The IT department will continue to monitor and manage its budget and resources, and to seek opportunities for savings or efficiencies, such as leveraging existing software systems, negotiating with vendors, and collaborating with other municipalities or organizations.

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PEOPLE AND CULTURE BUDGET

That Council directs staff to report back with information on the increases in the People and Culture department. Before a one-time infusion of \$125K, the increase is 20.96% which appears to be a net of 17.48%?

BACKGROUND

The People and Culture budget increase in 2024 is driven by two factors: increased staff resources approved in 2023; and the implementation of a new inclusive work experience program directed by Council in 2022.

In 2023, Council approved an increase in staff resources in People and Culture to right-size the department following a lack of investment over many years, despite increases in front line and operational staffing across the organization. The approved staff positions were only partially funded in 2023 to reflect the anticipated recruitment timelines. No new additional staff resources are proposed for 2024.

The concept for an inclusive work experience program originated from the International Decade for People of African Descent Committee, which recognized the under-representation of racialized individuals among City staff. Council directed staff to develop an internship program and approved one-time funding for a one-year temporary appointment to complete the work, which is reflected in the 2023 budget. While initially conceived as an internship program for racialized individuals, the Inclusive Municipal Program for Advancing Careers and Training (IMPACT) evolved in response to community needs to include a broader spectrum of equity-seeking and equity-deserving groups. Implementation of the program in 2024 will result in work experience placements across the City but the funding is held centrally in the People and Culture budget.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

The additional staff resources approved in 2023 are essential for supporting the City's operations, services and strategic goals. Without these resources, the People and Culture department would be unable to meet the needs of the organization and its people related to recruitment, learning and development, health and safety, employee/labour relations and ensuring compliance with changes in legislative and regulatory requirements.

The IMPACT Program is an annual work experience program aimed at dismantling systemic barriers and eliminating discrimination experienced by marginalized communities in employment. Anticipated benefits include opportunities to develop and enhance employment skills, professional networks and career growth; increased inclusion and accessibility of City workplaces; and recruitment and retention of diverse talent to create a workforce that reflects the diversity of our communities. A number of local organizations were engaged in program development and have expressed interest in partnering with the City to identify program participants.

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BIKE VALET USAGE STATS

That Council directs staff to report back with information on the 2023 user numbers for the bike valet, and the user numbers from the bike lane counters throughout the city.

BACKGROUND

Bike Valet Data & Survey

Usage stats are as follows:

- 2022 – 11,422 bicycles parked between June 26 to November 6, averaging 84 bikes per day, with a one-day high of 211 bikes parked (Truth and Reconciliation Day and Advance Voting for Civic Election).
- 2023 – 36,365 bicycles parked March 17 to December 15, averaging 132 bikes per day, with a one-day high of 282 bikes parked (Victoria Pride Parade).
- 28% of users stay less than an hour, while 60% of patrons stay less than three hours and only 25% stay more than six hours.
- Recorded lengths align with a 2022 survey with nearly 1000 respondents that indicated the number one activity while using the Valet was shopping, followed by going to restaurants/bars, attending events/festivals, other, with commuting the least popular use for the service.
- 76% of survey respondents reported riding downtown more often, 86% reported staying longer, and 80% reported replacing a motor vehicle trip with biking because of the service.

Bicycle Counter Data

Permanent Bike Count Data across the region can be found on the CRD's Website at <https://data.eco-counter.com/ParcPublic/?id=4828>

A summary of total bicycle volumes on particular routes is provided below, tabulating data between January 1 - December 15, 2023. The CRD website shows the exact location of each of these bicycle counters.

- Galloping Goose (at Selkirk Trestle) - 1,180,147
- Johnson Street Bridge multi use path - 747,483
- Galloping Goose at Harbour Road - 735,307
- Wharf Street (at Government) - 574,296
- Kimta Road - 474,398 (since added in April)
- Pandora Avenue (at Vancouver) - 394,659
- E&N (at Hereward) - 343,819
- Haultain Street (at Fernwood) - 302,877
- Fort Street (at Vancouver) - 244,940
- Richardson (at Lotbiniere) - 200,983
- Government Street (at Superior) - 11,488 (since added in September)

As of December 15, 2023, 2,696,685 trips had been recorded downtown at permanent count stations, an increase of 154,694 trips over 2022.

APPENDIX A - 2024 Financial Plan Motions

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

Ongoing data collection will be continued in future years utilizing existing operational funds for manual data collection and capital funding, including the transportation monitoring program, to install new permanent vehicle, bicycle and pedestrian counters to inform future decisions.

APPENDIX A - 2024 Financial Plan Motions

CAPITAL BUDGET TAX INCREASE

That Council directs staff to report back with information on if Council were to commence the annual tax increase specific for capital starting in 2024 rather than 2025 (at the full 3% or a lesser number in 2024), and continued it until the same anticipated end date in 2030, how much could that reduce contributions in the years after 2024 while still achieving the same total amount?

BACKGROUND

The Draft 2024-2028 Financial Plan includes proposed annual increases of \$5 million per year to capital funding starting in 2025. This proposal would result in \$30 million additional annual funding, achieving a funding level of \$41.5 million in 2030. The following are the resulting tax increases:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Capital | 0.00% | 3.00% | 2.96% | 2.95% | 2.94% |
| Repayment of Borrowing | 0.00% | 0.99% | 1.27% | 0.91% | 0.49% |
| Remaining | 5.97% | 3.70% | 2.92% | 2.64% | 2.35% |
| | 5.97% | 7.69% | 7.15% | 6.50% | 5.78% |
| VicPD* | 2.40% | 2.40% | 2.40% | 2.40% | 2.40% |
| | 8.37% | 10.09% | 9.55% | 8.90% | 8.18% |

* VicPD 2025-2028 held at same level as 2024; no projections provided

Increasing the capital funding sooner will enable the City to advance necessary infrastructure renewal sooner and may assist in some cost avoidance due to the anticipated future cost escalation.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

There are several options that could be considered and below are two examples to achieve the overall increase of \$30 million by 2030.

The Draft Financial Plan currently proposes a total of approximately 12% in capital budget funding increases from 2024-2028. The option below aims to mitigate the future expected cost escalation by advancing higher increases earlier while maintaining the overall 12% for the five years:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Capital budget | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| Repayment of borrowing | 0.00% | 0.99% | 1.27% | 0.91% | 0.49% |
| Remaining | 5.97% | 3.70% | 2.92% | 2.64% | 2.35% |
| | 8.97% | 7.69% | 6.19% | 5.55% | 4.84% |
| VicPD* | 2.40% | 2.40% | 2.40% | 2.40% | 2.40% |
| | 11.37% | 10.09% | 8.59% | 7.95% | 7.24% |

* VicPD 2025-2028 held at same level as 2024; no projections provided

APPENDIX A - 2024 Financial Plan Motions

Taking into account the full timeframe for the current proposal (2024-2030 and 18%), the phasing could also be done evenly for each of the 7 years as follows:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Capital budget | 2.57% | 2.57% | 2.57% | 2.57% | 2.57% |
| Repayment of borrowing | 0.00% | 0.99% | 1.27% | 0.91% | 0.49% |
| Remaining | 5.97% | 3.70% | 2.92% | 2.64% | 2.35% |
| | 8.54% | 7.26% | 6.76% | 6.12% | 5.41% |
| VicPD* | 2.40% | 2.40% | 2.40% | 2.40% | 2.40% |
| | 10.94% | 9.66% | 9.16% | 8.52% | 7.81% |

* VicPD 2025-2028 held at same level as 2024; no projections provided



November 15, 2023

Mayor Marianne Alto
Council
City of Victoria

VIA E-MAIL

Re: AEHCR Funding Increase Request

Dear Mayor and Council,

On behalf of the Alliance to End Homelessness in the Capital Region (AEHCR) (legally known as the Greater Victoria Coalition to End Homelessness), we wish to sincerely thank the City of Victoria for inviting us to present on October 26th on the achievements of the organization and for supporting our collective work to end homelessness in the region.

We are writing to you today to request an increase in the funding provided by the City of Victoria to the Alliance. The AEHCR wishes to formally request an annual increase of \$50,000 (from \$100,000 to \$150,000). The AEHCR also requests an annual cost of living indexation. We have attached our audited financial statements and a breakdown of the funding we have received from the City for specific projects and for core funding.

We are also requesting that we present this funding request at the December 6th, 2023, Council meeting for your ongoing budget deliberations.

The City of Victoria has been and continues to be a crucial partner supporting the activities of the AEHCR and its member societies since 2008. This funding increase to the AEHCR will sustain the organization in its operational needs as well as ensuring that one of our flagship initiatives, Face 2 Face with Stigma program continues to be delivered in our community, including to the VicPD, By-Law and others.

During the COVID-19 crisis and in partnership with the City of Victoria, through the Strengthening Communities Program, the AEHCR developed and implemented a comprehensive, cross-jurisdictional (including the Aboriginal Coalition to End Homelessness, the Canadian Mental Health Association, Our Place Society, BC Housing, Burnside Gorge Neighbourhood Association, By-Law and Victoria Police) suite of key activities to support the urgent and immediate needs of unsheltered homeless populations, their transition indoor, and to address related community impacts. These funds were dedicated to support the Peer Housing Support Team, the Face 2 Face with Stigma Team and the Inclusion Team. The project was completed in March of 2023.

During the months preceding the dissolution of these programs, the Alliance attempted to find the required funding to set up these programs as a stand-alone entity; however, we were only able to secure \$80,000 (Victoria Foundation) of the \$500,000 needed. The teams were dissolved, and we engaged in conversations with the Victoria Foundation to allow us to use the remaining \$55,000 to re-ignite the Face 2 Face with Stigma team

as it has become one of the flagship advocacy workshops for the organization. With refreshed planning and with the arrival of a new Director of Collaborative Engagement, we were able to revamp and reinvigorate the program in September 2023.

Face 2 Face with Stigma uses storytelling and lived experience to educate about the effects of stigma. Workshops use a common thread around factors that often relate to experiences of homelessness including trauma, addiction, incarceration, mental health and poverty. The program's focus is education for those working in various support roles with people experiencing homelessness and provides practical skills such as person-centered language in addition to increased empathy. Face 2 Face with Stigma has provided training to public sector staff including police, first responders and by-law, colleges and universities, non-profits and charities. We are thrilled that the team has been invited to present their work in a dedicated session at the November 2023 BC Non-Profit Housing Association Housing Central conference. We expect increased demand for these workshops following this presentation.

The program team is comprised of people with lived experience and utilizes shared decision making, a consensus-based model of operation, and participatory budgeting. This includes communication about the program, the development of new workshop formats, participant material, promotion and marketing. This approach ensures workshops are reflective of the voice of lived experience and promote more inclusive practice while building capacity and opportunity for team members.

In early 2024, the team will also review evaluative data collection and impact measurements. With an adequate budget, the current team has the capacity to deliver 3-5 customized workshops monthly and the potential to reach over 300 people a year. This program stands as a proven means of advocacy about key issues of homelessness and a call to action for reducing stigma faced by people with lived and living experience of homelessness and houselessness.

This program has been made possible through ongoing grant funding and occasional donations and adheres to living wage compensation for team members. A minimum required financial contribution is being implemented to defray the costs of the future delivery of workshops. These contributions will increase the programs long-term sustainability, reach and impact. However, the program will require sustained funding for operational purposes such as office space, printing, room rentals, etc. The increased City funding will help offset these ongoing costs.

The overall work of the AEHCR is made possible thanks to these ongoing investments into the community by our partners. The positive impact of initiatives we have launched together focused on ending and preventing homelessness cannot be understated. Homelessness is a global issue that requires leadership, dialogue and collaboration to bring about collective solutions to prevent and end homelessness in our communities. Our collaborative and convening work plays a critical role in transforming the homelessness-serving system in the region through facilitating strategic planning, developing sector-wide advocacy initiatives, supporting aligned activities, establishing shared best practices, building public awareness, advancing policy changes, working to mobilize and distribute funding, and more. The AEHCR staff complement has incrementally increased over the past number of years to support the work of the sector, while the work that is carried out has increased exponentially in nature and scope, especially at the regional level.

Efforts continue to focus on addressing the needs of those experiencing chronic homelessness and on preventing homelessness experiences for those at-imminent-risk, with emphasis on preventing youth homelessness. Central to this work, the AEHCR continues to support the CRD with the development of two

crucial regional initiatives: a Coordinated Access system for housing, and a broader Homelessness Management Information System for coordinating housing and support for people experiencing, at risk of or with a recent experience of homelessness. Our support includes ensuring the voice of those experiencing and at risk of homelessness is included in the development and management of these systems. When complete, these two systems will ensure enhanced service efficacy, better resource efficiencies, and that those in need are being rapidly connected to the housing and services that best suit their needs.

In collaboration with the CRD and all community partners, the AEHCR authors and publishes the Community Plan, which is focused on improvements to the housing and homelessness response system and identifies housing supply needs specific to addressing chronic homelessness while projecting future need. The AEHCR also contributes to the development of plans that are indirectly connected to homelessness such as the Regional Housing Affordability Strategy as well as aligning our work with the BC government's Homelessness Strategy, Belonging in BC, and other relevant initiatives in the region, the Island and BC.

Homelessness is a complex issue with all orders of government supporting individual-level solutions while also exerting control over different and sometimes overlapping aspects of the response. This means that much of the work related to significant coordination and integration of systems happens at the community level and in alignment with the CRD's Regional Housing Affordability Strategy. With the recent announcements by Minister Eby and the BC government's investments to prevent and continue the work to end homelessness, the AEHCR is now, more than ever, in a position to build on the collaborative work in the Region and continue to provide backbone services to achieve these goals.

We thank you for your continued support of the AEHCR and the organizations dedicated to a vision of a region, a province and a nation where everyone has a safe place, they can call home. We look forward to your response and are available to answer any questions you may have.

With gratitude,

A handwritten signature in black ink, appearing to read 'Sean Dhillon', with a long horizontal line extending to the right.

Sean Dhillon ICD.D
Community Co-Chair

A handwritten signature in black ink, appearing to read 'Sylvia Ceacero', with a long horizontal line extending to the right.

Sylvia Ceacero, MBA, MA MCRM
Executive Director

Attachment A - Audited financial statements for 2022-2023 and breakdown of the supports received through the City.