



**A STRONGER
VANCOUVER**
Investing in our future

DATE: March 2, 2020

TO: Anne McEnerny-Ogle, Mayor
City Council

FROM: Eric J. Holmes, City Manager

RE: **A Stronger Vancouver – final package review**

Executive Summary

The March 9 workshop is intended as an opportunity for Council to:

- Conduct a final review of the overall package, including projects, programs and associated revenues.
- Establish direction on levy election date
- Establish direction on impact fee vesting policy
- Finalize revenue phasing approach
- Review list of anticipated legislative actions

Background

At the February 24 session, Council reached general agreement on the package of projects, programs and associated revenues. This was the last of several planned iterative discussions with the Council regarding the scope and form of the package, and the March 9 workshop is an opportunity to review the package in its entirety before translating the elements into legislative actions.

Over the course of deliberations, the City Council made some modifications to the original recommendation to arrive at the current scope of capital and operating programs. These include:

- Capital Projects:
 - Reduced the parks capital program by 1 community and 3 neighborhood parks, equating to a reduction of \$22.5 million in capital investment.
 - Incorporated into the property tax levy the loss from the Vehicle License Tab revenue dedicated to support of economic development projects.
- Programs & Services
 - Increased resources committed to homelessness services by \$0.8 million, reflecting the updated expenses associated with the City establishing and paying for annual

operations of an 80 bed transitional shelter as part of the City's overall homeless response.

- Eliminated \$1 million for annual support of a grant program to fund the retrofit of higher risk structures with fire sprinkler systems.
- Reduced on-going new funding for parks maintenance by \$0.25 million.

With respect to new revenues, Council deliberations have resulted in the following changes:

Revenue Source	Original Recommendation Rate / annual revenue	Council Direction rate / annual revenue	TOTAL new rate	Annual Revenue Change from Original recommendation
Business & Occupation tax	\$.05/\$1000 gross receipts \$5.5 m	No B & O \$0	N/A	(\$5.5 m)
Property Tax levy	\$0.44/\$1000 AV \$9.7 m	\$0.52/\$1000 AV \$13.4 m		\$3.7 m
Business License Surcharge	Increase by \$70/FTE/annum \$4.2 m	Increase by additional \$30/FTE/annum \$5.0 m	\$190/FTE/annum	\$0.8 m
Utility Tax	2.5% / \$2.7 m	3.25%* / \$3.9 m	32.15%*	\$1.2 m
Park Impact Fee	\$5,635 (SFR) \$4,118 (MFR) /\$2.6 m	n/a	\$6130 (SFR)** \$4480 (MFR) /\$2.6 m	\$0
Vehicle License Tab	1.2 m	No Tab Revenue	n/a	(\$1.2 m)
REET		\$0.5 m	n/a	\$0.5 m
TOTAL	\$25.9 m	\$25.4 m		(\$0.5 m)

**Utility tax is anticipated to be reduced proportionate to the utility rate increase that is planned to fund the operations center project. This is expected to result in a reduction in the utility tax rate of approximately 1.6% for a net utility tax rate increase of 1.65%.*

***After full 6 year phase in (2026 rate).*

Council Legislative Documents

To date, Council discussion has anticipated adoption of all package elements at once, with varying effective dates. Based on the most recent discussion, the action items that would be brought to Council in April are anticipated to be:

- Accountability resolution to include project list
- Ballot Resolution: Voted Single Levy Lid Lift, Permanent; election date to be determined
- Business License Surcharge: Amendment to VMC 5.04 to increase the rate with a three year phase in, January 2021 – January 2023.
- Admissions Tax: new chapter in VMC, effective July 2020
- Utility Tax increase and the accompanying Utility Rates increase to generate the tax, increase the rate with a three year phase in, January 2021 – January 2023.

- Park Impact Fee ordinance, establishing effective date and adjustment to vesting provisions
- REET Ordinance: Amendment to VMC 3.20.040.

Other Resources

- [Council Workshop materials regarding PIF \(October 28, 2019\)](#)