

CONTEXT

Municipal corporations are complex organizations, deriving their authority from the Local Government Act. They conduct their affairs through an elected Council, locally enacted bylaws, professional staff and the advice of various appointed commissions, boards and committees.

Municipalities conduct their financial affairs through formal annual budgets and five-year financial plans. These budgets and plans define services to be

provided and at what cost, and determine revenue sources (chief among which is the power to tax) to pay for them.

In a fundamental way, the form and character of a community as proposed in its Official Community Plan will play a significant role in shaping the future demand for infrastructure and services and, ultimately, the levels of taxation required.

THE FINANCIAL FRAMEWORK

Although there continues to be challenges in managing the complex and changing financial issues facing West Vancouver, a coherent framework has been developed that defines, in a principled way, a long-term approach to maintaining financial stability.

Some of the elements of that financial framework include:

- A budget process that goes beyond single year budgeting to include 5 year financial plans, and which includes a significant resident consultation component.
- A formal set of Budget Principles, which guide the annual budget process in establishing overall expenditures and departmental activity levels, and ultimately the setting of tax rates. These Budget Principles, used by Municipal Council and Staff, cover such matters as our commitment to a corporate long-term approach, which is results oriented and stresses responsibility and accountability.
- Capital Planning Principles that emphasize a long-term program of infrastructure improvement and maintenance on a “pay-as-you-go” basis, integrating capital construction and maintenance activities within an affordable Long-Term Capital Plan.
- A Three-Year Corporate Business Plan, which sets out governance principles, corporate values, long-term strategies and specific work priorities for the current planning period. The Business Plan guides the specific goals and actions to be emphasized in each year's budget.
- A long-term approach to utilities infrastructure replacement, including developing West

Vancouver's own water source at Eagle Lake, which provides the rationale for gradually rising service charges followed by long-term stability of sewer and water rates over the next 10 years.

- An ongoing review of fees and charges for the many user-pay services and activities offered by the municipality. Many user-pay activities do not involve full cost recovery measures, but include a municipal "subsidy" from general taxation. Identifying the services and activities that should be

approached on a user-pay basis, and determining the amount of the municipal subsidy, are the subject of ongoing debate and change over time.

- A system of Development Cost Charges and individually negotiated servicing agreements which serve to finance the costs associated with growth from new development. They ensure that the infrastructure requirements of new development are not a burden to existing taxpayers.

CHALLENGES AND TRENDS

The future fiscal health of West Vancouver is managed within a context of challenges and trends, some of which are within direct control of the Municipality, but a number of which are not.

The first challenge is to understand the financial implications of a historic decision to remain a predominantly residential community. The patterns of service consumption in a predominantly residential community are quite different from those in a more balanced community. In communities with a significant business and industrial component to the tax base, it is not unusual for those sectors to contribute tax revenues in excess of the value of services that they actually consume, thus providing a "subsidy" to residential taxpayers. That subsidization of the residential tax burden is not available in West Vancouver to any appreciable degree.

Changing demographics (for example, an increase in the proportion of elderly and retired residents to the number of young families) will result in demands for changed land use patterns and a changed mix of required services and their costs. Conversely, the

demographics of a community may develop in response to the housing forms and land uses permitted in the Official Community Plan.

The actions of senior levels of government also place additional burdens on municipal finances. These actions include:

- downloading of responsibilities, cutbacks in cost-sharing programs and the elimination of revenue sharing grants;
- the imposition of higher and more stringent mandated standards in such diverse areas as sewage treatment, water quality, solid waste handling, site contamination and the environment can add directly to municipal costs;
- legislative changes to railway taxation, access to information and privacy, and the Police Act indirectly increase costs.

The proposed Community Charter legislation may provide opportunities for developing new revenue sources and for entering into new cost-sharing arrangements. However, there is a probability that the Province will withdraw from the provision of certain

services and, as a result, pressure on municipalities to provide those services will be increased.

The implementation of the Recreation Facilities Master Plan will bring on-stream significant new and expanded recreation facilities and entails the integration of associated operating costs within existing budgets and rate structures.

Existing service levels in almost all areas on a per capita basis exceed those of other municipalities in the Greater Vancouver Regional District, and yet in many cases it is difficult to quantify and describe these service levels with any precision. Informed decisions in the allocation of scarce resources in future will require such quantifications.

The debate around user-pay initiatives is expected to continue and even accelerate with regard to water metering in West Vancouver.

Regional issues are becoming more complex and costly, and are further complicated by the problem of less-than-direct municipal representation in decision making. This includes the Greater Vancouver Regional District (GVRD) core services of water, sewer and solid waste, but in future will include the far more significant costs and service issues associated with roads and transit within Translink and the Greater Vancouver Transportation Authority (GVTA). The District increasingly needs to monitor external events in order to be in a position to protect its interests and intervene when necessary.

OBJECTIVES

Financial Framework policies ensure fiscal sustainability, and are based on the following objectives:

- Recognize that the form and patterns of land use are fundamental to shaping future demand for infrastructure and services, and ultimately the levels of taxation required.
- Recognize that decisions on general land use and specific development proposals must be made in the context of overall financial affordability and sustainability.
- Establish a system to ensure that new development does not impose new financial burdens on the community.

POLICIES

Policy F 1

Provide for public involvement in ongoing financial planning and budgeting, including the development of capital and business plans.

- Conduct a comprehensive annual budget, and 5-year capital plan process, which includes a public consultation component.
- Annually review and update all current and long-term financial plans based on current conditions.
- Provide meaningful documentation of all financial plans, budgets, and long-term tax policies.
- Ensure that the policies and priorities identified in the Official Community Plan are consistent with municipal financial planning.



See also
UPPER LANDS;
HOUSING;
FRAMEWORK FOR ACTION
(Implementation/Future
Reviews)

Policy F 2

Ensure that new development pays its own way without impact to existing residents, and provides community benefits when appropriate.

- Review on a regular basis, and amend as necessary, rates of Development Cost Charges to ensure that they are equitable and adequately cover the associated costs of development.
- Review all development proposals for financial impact, especially as they relate to incremental taxation and provision of new community amenities.

Policy F 3

Ensure that service levels respond to changing community demographics.

- Review service level requirements during each year's budget consultations.

Policy F 4

Ensure that infrastructure renewal and replacement are provided for on an appropriate basis.

- Review and amend, as necessary, 5 and 10 year infrastructure maintenance plans as part of the annual budget process.
- Continue development of the Eagle Lake water source.
- Consider the full life-cycle costing of infrastructure, in particular off-site services and transportation, and the need for adequate funding for future infrastructure replacement.



Policy F 5

Implement user-pay initiatives when appropriate.

- Plan for the implementation of universal water metering.

Policy F 6

Monitor legislative changes for impacts and opportunities.

- Review Community Charter legislation for new revenue/cost reduction opportunities and to minimize potential new service burdens.

Policy F 7

Monitor and participate in decision-making within the region.

- Continue to be involved at both the staff and political levels in regional forums and organizations.
- Assume leadership roles on regional issues that affect the Municipality.