



## Notes from Budget Information Meeting

January 30, 2020, 6:30–8:30 p.m.

West Vancouver Community Centre, Cedar Room

Total Attendees: 24 (19 residents, 5 staff)

*Q: Is the budget cast in concrete or is there room for changes to the budget?*

A: Council hasn't made any decisions on the budget yet. We're here to present a proposed budget, to answer your questions and to gather feedback.

*Q: Many residents in West Vancouver are on fixed incomes and do not understand why they're paying more taxes every year. I was told that 80% of the budget goes to staff. Why have you not looked at the budget and cut staff?*

A: In the private sector one of your key drivers is profit. In the public sector, it's not about profit, it's about the maximum use of resources as efficiently as possible. 83% of our operating budget is labour. We provide services and you need people to do so. We can't cut union staff so easily due to the collective agreements. Our employees are paid at the 60th percentile relative to other Metro municipalities. We now have the Employer Health Tax which costs us \$1.5 million. Every month, the staff complement list is reviewed and consideration is given to each position – is it required or could that work be shifted around. We lose employees through attrition or employees moving closer to their homes. When an employee leaves, a five-person approval process is undertaken to determine if we need to replace them. We also do a Fire Underwriters Survey every five years, which means that your home insurance is less relative to the Fire & Rescue coverage and the water available to you.

*Q: Cutting your budget by 10% is a good exercise, but the biggest shock to an organization is when staff start getting cut.*

A: On average over the last 6 years, the tax rate increase has gone up 1.6%. Going through the budget line by line is an exercise that the whole organization has been taken through over the past 7 years.

*Q: Have you done the exercise where you have cut staff?*

A: We did that a few years ago, and we ended up cutting capital. We have employees that are only employed if there is cost recovery. Police and Fire we can't be fluid on. Finance, Payroll and HR are constant daily activities. We have looked at the positions and moved employees.

*Q: When the real estate market went down, did you lay off people?*

A: No, we lost people. We have constant attrition because employees would like to work closer to where they live. Most of our employees can't afford to live in West Vancouver.

3860653v1

*Q: I have reviewed the Annual Reports and the Five-Year Financial Plans over the past few years, note 12, property taxes and fees in terms of revenue. In 1974, the total was 84 million, in 2018 it was a 38% increase.*

A: 1974 was almost 50 years ago, and the world was a very different place. No one had even heard of computers, much less cel phones or the internet ( and therefore, of course, no one was paying for these services). Prices for commodities like gasoline were only a few cents per gallon. Almost any cost you could look at was very different; for instance, in 1974 a very nice house in West Vancouver could be obtained for between \$40,000 and \$60,000. It is therefore not very surprising that costs and taxes have risen between 1974 and 2020.

Also, for many years, West Vancouver paid very little attention to its capital assets. They didn't prioritize them and they didn't do an inventory. It wasn't managed the way you would manage a business. We had a number of years where no upgrades were done. This is catching up to us now, and at a certain point, you have to acknowledge that you have to take care of the assets. This municipality is doing that, and is now very well positioned in asset management terms. However, this does mean that costs are higher.

*Q: You could cut 10 staff and residents wouldn't see any change in levels of service.*

A: Unfortunately, that is not the case. We are in 115 different lines of service, and the services we provide are also very diverse – no sensible business would go into this many lines of business. We manage everything from animal control to zero waste initiatives .and are also expected to take on additional things all the time, ranging from dealing with climate change impacts in the community to removing racist land covenants from land titles. So are staff are very busy, and we constantly seek ways to make efficiencies, just to keep our heads above water, so to speak.

Also, the idea that has been raised that staff could just be transferred around is erroneous. We cannot transfer staff, as some have suggested, because all of these services are specialized. For instance, we cannot take members of the Police force and transfer them to Fire Services, or vice versa, much less take the public works crew and move them to Fire or Police. We cannot take staff from Finance and move them to road maintenance or building inspection, or vice versa. We cannot take people from legislative services and move them to IT. Virtually all of our staff are credentialed specialists – the days of a municipal crew of a bunch of people standing by a ditch with shovels are long gone. In fact, these days you cannot even dig a ditch, in a municipal road, without knowing exactly what you are doing, or you will be in serious trouble almost immediately. Conclusion: We cannot cut staff without reducing service. Which service would you like cut?

*Q: When was the last time you asked the residents what services they want?*

A: We did that survey approximately two years ago. The problem is that the seniors say we don't need a youth centre, and the youth say we don't need a seniors' centre, the sports groups say we need sports fields and the arts groups say we don't sports fields, we need arts facilities and so on.

*Q: Have you tried getting rid of assets?*

A: Every time we try to divest an asset, there is a group of community residents that don't want to get rid of that particular asset. It's very similar to the issue with services. Everyone thinks that some other asset, on the other side of town that they do not use, is the one that could be divested.

*Q: Everyone sitting here is on a fixed income. You've reached the point that you can't get any more blood out of these residents.*

A: Thank you for your comment – your feedback will be provided to Council.

*Q: there was a survey was that people were able to pay a little bit more in tax. But there is a huge deferred maintenance issue and I understand that taxes are going up because of that. There are different perspectives around the municipality. My experience is that when you do across the board cuts, it ends up hurting the organizations that do them.*

A: Senior staff review the budget all the time. We do this to try to maximize the resources we have, to meet the ever increasing needs. These needs are driven by the complexity and diversity of the services we are expected to provide, not by the number of residents consuming them. In fact, District of West Vancouver residents consume and expect a very high level of service.

We look for every possible source of revenue, but we limited in what we can do. Other communities use things like casinos and pay parking to supplement taxes; these have been studied in West Vancouver, but there is no support for a casino, and pay parking would end up costing money if West Vancouver residents were exempt. As West Vancouver residents do not support paying for parking for themselves, this option hasn't been pursued.

We have instituted doing a do a cash flow analysis on a weekly basis, so that we are able to maximize investment returns and eliminate idle cash. Doing this, we have doubled our returns on invested capital, earning more than \$!M incrementally. We're squeezing every last drop, but we operate under serious constraints, legislative and otherwise. For instance, we negotiated a new staff benefits package which saved \$700,000 on our staff overhead, only to have the province institute the Employer Health Tax (EHT) at an additional cost of \$1.5M. The EHT hits West Vancouver District particularly hard because we have our own Police force; municipalities (such as the City and District of North Vancouver) using the RCMP for policing do not pay EHT for their police, because the RCMP are Federal employees who cannot be taxed by the Province.

In addition to our daily monitoring, every year we go through the budget line by line and look at labour and non-labour costs. This is challenging to do for 100+ kinds of services, but we do find cost efficiencies, and we incorporate them everywhere we find them. It is this type of review that has led to the focus on deferred maintenance, because underinvestment in asset maintenance drives up operating costs, so solving the

*Q: Do Community Amenity Contributions (CACs) come to West Vancouver?*

A: CACs are contributions by developers, and come to West Vancouver as part of development projects. West Vancouver has a very low level of these projects compared to other municipalities in the Lower mainland. Also, CAC's don't impact your property taxes, and cannot be used for maintenance. They are specifically related to the development projects which produce them, and are to improve amenities in the community. In the proposed budget detail online, it shows which projects have been funded by CACs. CACs can't be used for operations, they can only be used for amenities. We currently have less than \$10 million in CACs and the ability to get more CACs is tied to development.

*Q: The Speculation and Vacancy Tax (SVT) funds that went to the Province, is any of that coming back to West Vancouver?*

A: Mayor and Council have met with the Province twice, and we've lobbied through the Union of BC Municipalities and the Federation of Canadian Municipalities to make the case that some of this funding should come back to West Vancouver. The Chief Administrative Officers around the region have also put together a pitch to the Province. The Province, for their part, have put the SVT into a special housing-related fund, and are in the process of setting out how this fund can be accessed. So far, they appear to be taking a regional approach, which might mean that West Vancouver has to compete with all of the other municipalities in the region for these funds.

*Q: Shouldn't you lobby the Province on West Vancouver's behalf?*

A: We are doing exactly that, but West Vancouver is not considered a needy municipality. For instance, there is no large and obvious homeless population here as there is in some other municipalities. There are significant needs across the region that the Province is trying to address. Although we have a significant portion of our population that is on a fixed income, the median income in West Vancouver is high compared to the rest of the region.

*Q: It sounds like everybody here has either worked at or owned a company and they don't understand the concept of public service.*

A: The District is a provider of services.

*Q: The District is the only provider – you don't have any competition. If you were a business, you would have to be competitive.*

A: Municipalities are competitive in the sense that each offers a different level of amenities and services, which results in different levels of taxation. People then make decisions about where they wish to live partly based on the availability of these levels of service. West Vancouver enjoys a high level of service, in a very spread out area, which is geographically very spectacular, but also very challenging to service with roads and pipes, as well as fire and police. With no industry, many parks, and enhanced waterfront access, all of this makes it a very desirable place to

live, which is reflected in the property values, but it also means that all of the costs to provide these services fall onto the residential property owners.

The District is a \$300 million dollar corporation providing services such as Planning and Development, Police, Fire and Rescue Services, Library Services, Human Resources and Payroll, Financial Services, Engineering and Transportation. Over the last number of years, we have looked at areas where we can cut, without cutting services. If you feel that services need to be cut, we encourage you to make your points known to Council, tell them what services you don't want.

*Q: There is a section of the community, who can't afford to pay taxes anymore. Why is 20% of the budget for the climate emergency?*

A: In fact, all of the budget will be shifted as much as possible to respond to the climate emergency which Council has declared. This does not necessarily mean that costs will keep rising, as many energy-saving measures taken to reduce GHG emission also lower future operations and maintenance costs. An example is the replacement of the windows and improvement of the HVAC system at District Hall, which will reduce green house gas emissions by more than 90% while also reducing operational costs due to reduced utility use.

*Q: Funding for defined benefit pension plans, how are we doing on that?*

A: District employees are member of the Province –wide Municipal Pension Plan. All of the liabilities for this plan are appropriately funded. An actuarial valuation to ensure that the viability of the Plan is maintained is done every three years (reviewed every year). More information on the Plan is available in the notes to the municipal financial statements in the Annual Report:

<https://westvancouver.ca/sites/default/files/dwv/assets/gov/docs/financial-reports/annual-reports/2018AnnualReport-Final.pdf>

and on the pension plan's website:

<https://mpp.pensionsbc.ca/municipal-pension-plan>

*Q: Outside of the public sector, the private sector is taking away the defined benefit plans. Why should you have what we don't have?*

A: Its part of the conditions of employment, and a key factor in getting people, especially credentialed professionals, to work in the public sector. After all, there are no bonuses, no stock options, no perks, and very little in the way of recognition for this work. Many dedicated staff have come to the public sector because they genuinely wish to be of service – it's certainly not to make money.

*Q: I work with a cycling organization and know that TransLink will fund trail connectors to public transit routes. When there is funding available for things, like the Hugo Ray connector, are the grants that come from other levels of government accounted for in the budget?*

A: Yes, we apply for grants continuously and it requires a lot of staff time.

*Q: Is West Vancouver's population decreasing?*

A: The population has decreased by about 400 people. West Vancouver doesn't have any industry, which means that 93% of taxes are paid by residents and 7% by businesses. It should be noted that over 50% of your taxes go to other taxing authorities.

*Q: My observation is that we have lots of special interest groups that either complain or make demands, but you don't see people getting together to solve problems. How different would our community be if we got together and solved some problems for everyone in the community?*

A: Thank you for your comment – your feedback will be provided to Council.

*Q: Approximately \$1 million dollars in the budget will go toward 10 additional staff. Why not wait until the new Chief Administrative Officer arrives and let him/her take a look at the need for these extra people?*

A: The initial request was for 10 FTE, but after review, the request was reduced to 8 FTEs. Three FTEs are for Planning & Development Services - two senior planners and one commercial plan reviewer. There are two local area plans coming up and a big push from the community to safeguard our heritage assets. There are over 200 houses on the heritage asset registry and we're losing them.

Two FTEs were requested for trails staff to work on heavily used trails as trail use is the most popular form of exercise and outdoor enjoyment for residents. One FTE is for a business manager for Planning & Development Services and Corporate Services. This will be a shared resource between the two divisions. The remaining two FTEs are for the Police, one for the community services team, and one is a privacy analyst to handle increasingly complex Freedom of Information requests.

A new Chief Administrative Officer will arrive this summer, but it will take that person some time to settle into the position. We have professional staff who have put together a proposed budget based on critical item requests and Council objectives. We have very defined work plans, council deliverables, corporate deliverables, and divisional deliverables, which are reviewed monthly.

*Q: Are two of the new hires self-funded?*

A: One of the new FTEs is self funded. However, there are a number of employees that are only hired because their salary is offset by revenues.

*Q: In terms of property taxes, the proposed increase is 5.48% and the utility rate increase is 5.99%?*

A: The property tax rates and the utility rates are separate. The utility rates have already been set by Council.