



Notes from Budget Information Meeting

January 28, 2020, 3–5 p.m.

Seniors' Activity Centre, Learning Studio

Total Attendees: 43 (37 residents, 6 staff)

Q: Does the District want to raise taxes by 6.1%?

A: A preliminary proposed tax rate increase of 6.1% was put forward to Council in December. Staff have since then reduced the proposed tax rate increase to 5.48%.

Q: In reference to slide 6, (slide with bar chart related to property tax shifts) is the number of properties in each of the steps the same as it was before and what is the average rate of decline in each of the steps?

A: There's a noticeable shift in the number of properties from higher "steps" (assessed value categories) to lower "steps". The table below illustrates the changes by showing the number of properties per category and changes from 2019 (excluding properties added/removed from the roll).

Step	2019	2020	Change
Step 1	4046	5520	1474
Step 2	1626	2747	1121
Step 3	2687	2378	-309
Step 4	2488	1769	-719
Step 5	1805	1475	-330
Step 6	1282	983	-299
Step 7	2601	1663	-938
Grand Total	16535	16535	

The next table shows the change in assessed value by "step" from 2019 to 2020, reflecting both the shift of properties between steps and the changes in the assessed value of remaining properties. It also shows the changes of total municipal tax payable by all properties within a "step" – from 2019 to 2020 (estimates, excl. incremental 2020 tax). The changes in tax payable are much lower than the changes in total assessed value because tax rates are adjusted from year to year to account for the average change in the assessed property value.

Step	2019 Assessed Value	2020 Assessed Value	YoY Change in Value	YoY Change in Tax
Step 1	\$6,788,801,030	\$5,848,275,930	-14%	0%
Step 2	\$6,289,359,600	\$5,247,321,600	-17%	-3%
Step 3	\$6,383,542,900	\$5,425,109,700	-15%	-1%
Step 4	\$5,690,644,600	\$4,861,898,300	-15%	-1%
Step 5	\$5,682,321,800	\$4,829,344,700	-15%	-1%
Step 6	\$4,530,899,700	\$3,859,603,800	-15%	-1%
Step 7	\$13,160,706,000	\$11,778,908,100	-10%	4%
Grand Total	\$48,526,275,630	\$41,850,462,130	-14%	0%

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Q: How many properties in West Vancouver have tax deferment?

A: Approximately 2,400 properties have deferred their taxes. (345 new + 2058 renewal = 2403 total)

Q: Can you explain how much assessments have gone down in West Vancouver?

A: Assessments are down 14.8% on average.

Q: What is the total value of West Vancouver residential properties?

A: Based on the current data, the total value for all class 1 properties (excluding mixed use properties) is \$41,850,462,130.

Q: What is transportation infrastructure?

A: Roads, bridges, etc.

Q: Is water and sewer all under Metro?

A: The water and sewer mains are regional and municipal water and sewer hooks into it. Drinking water is purchased in bulk from Metro Vancouver, but West Vancouver has two water treatment plants that provide almost half of West Vancouver's drinking water.

Q: Can you give us some examples of what is included in the deferred maintenance?

A: The Youth Centre, which had a structural failure and needs to be replaced, various buildings on the Ambleside waterfront, the Municipal Hall building, which is more than 50 years old and is currently in the process of a seismic upgrade, Fire Hall #1, adjacent to District Hall, which is also being seismically upgraded, the civic centre, which contains the ice arena which is almost 60 years old, along with public washrooms and the concession stand in Ambleside Park. Also, the roads in general have been under-maintained and many of them are deteriorating.

Q: If we've been paying our taxes, why were the assets allowed to get so bad?

A: The public sector wasn't planning forward with the same approach as the private sector. There were no facilities experts working for municipalities, and there was no coordinated or prioritized approach to accounting for or maintaining the assets. Property taxes were kept low by cutting the amount devoted to asset maintenance, and this seemed like a reasonable idea given that there was no data being collected on the assets to quantify the infrastructure deficit and the required maintenance. The District was by no means alone in this; governments in general have only recently woken up to the need for infrastructure maintenance, and the infrastructure deficit in Canada as a whole is estimated at many billions of dollars. Over the last five years, West Vancouver has totally changed its approach to asset management, and it now has a rigorous asset management program in place, with dedicated funding (the asset levy). We can be great stewards of our assets going forward. There are going to be some tough decisions coming up. West Vancouver is spread out over a large area and we have too many assets to look after.

Q: Would \$55 million fill the deferment hole?

A: Deferred maintenance occurs because at the time that asset maintenance investments should have been made to maintain optimal performance, this was not done. It builds up over time, to the point where continued maintenance may be more costly than simply replacing the asset. The deferred maintenance calculation of \$13.8 million is the amount that will need to be spent to keep depreciated assets going. Staff believe that with a smaller investment of \$5.5M, we could get ourselves out of this situation by buying new assets.

Q: How much of the asset levy goes toward the assets?

A: All of the asset levy goes into maintaining the assets, none of it is used to pay operational costs. There is a relationship, however, in that new assets may operate better, more energy-efficiently, and at lower cost. As staff look at greening the budget by replacing older assets with more efficient ones, operational cost savings are one of the results which will be sought and can be expected.

Q: If the solution to the deferred maintenance is \$13.8 million, and if this is a priority expenditure, wouldn't taking the funds from 2195 Gordon be a better solution?

A: The District purchased the land for \$16.4 million and the property is going to be used to address some social aspects of housing in the community. We are talking about long term leasing the land so that the District can do something else with that land in the future when the lease has expired. Council have considered many options in coming forward with the current plans for the site, and this is the one they are proposing.

Q: Could you borrow the funds needed for the deferred maintenance today and pay less interest when interest rates are low? If this maintenance gets deferred to next year the costs will grow.

A: Borrowing is an option. We would have to build in a debt levy and do that before we can borrow. Another solution, which staff is proposing, is to use internal funds so that we can provide more flexibility, which may include paying little or no interest on the funds, and repaying them on a more flexible schedule.

Q: Are you creating a slush fund for a climate emergency (1% levy)?

A: There is no such thing as a slush fund in the budget. Every amount in the budget is there to fund a specific purpose. The request for the 1% additional asset levy is to respond to Council's declaration of a climate emergency, which means moving as aggressively as possible towards meeting the GHG emissions reductions targets set out in the endorsed Community and Corporate Energy Emission Plans (CEEPs).

These plans are available here:

<https://westvancouver.ca/government/bylaws-strategies-reports/strategies-plans/community-energy-and-emissions-plan>

https://westvancouver.ca/sites/default/files/dwv/assets/gov/docs/Reports/WEST_VA_NCOUVER_CORPORATE_ENERGY_%26_EMISSIONS_PLAN.pdf

In order to meet corporate targets for reductions, the District must improve the emissions performance of its fleet and its buildings, and this means spending more money up front. If we use the existing asset levy to do this, it will make the deferred maintenance problem worse, so staff have asked for an additional 1% rather than tapping into the maintenance funds.

Q: You are proposing to borrow \$5.5 million, will you put the money towards buildings only? Aside from facilities, transportation is the largest item on the 20-year maintenance graph.

A: There is deferred maintenance across all of the types of assets, but they are most prevalent in the facilities area, because for many years, municipalities did not do a very good job of building maintenance, and, in some cases, kept using facilities that others would long ago have abandoned or replaced. However, facilities are not the only assets where deferred maintenance is a problem, as some of the roads are also in need of more timely maintenance.

Q: The proposed loan for deferred maintenance of \$5.5 million is going to have interest charged. Why would you pay interest to yourself?

A: We have a capital budget breakdown with the proposed projects available in the budget book online. In terms of interest, the interest is reinvested in the Endowment Fund. We want to keep the Fund whole. We could take the money out of the Endowment Fund and repay it without interest but the Fund wouldn't be in the same shape.

Q: How much did permit revenue go down last year?

A: Permit revenue decreased \$2.1 million from 2018 to 2019, and we have estimated that it will be \$0.5 million in 2020 from the 2019 budget.

Q: Are you looking at cost savings?

A: Staff are always looking for savings. We review every purchasing decision to ensure that we get value for money, and we are constantly looking for ways to deliver better service. We review every position each year, and when any vacancies occur. We are confident that the staff we have now are those needed to deliver the current levels of service.

Q: Have you looked at cost reduction in the salaries?

A: Staff go through the staff complement listing on a quarterly basis and perform salary reviews on a biannual basis. The salaries are benchmarked to salaries in the region, and we know that West Vancouver is currently only paying at 60% of the Metro regional average. However, due to the very high cost of housing on the North Shore, and the high cost of commuting to and from the North Shore if you do not live here, we know we are losing out in the competition for municipal employees, who prefer to work closer to where they live. Also, we have five unions and five collective agreements and we support over 100 services, so reducing salaries and/or number of employees can only be done by reducing services.

Q: Why is the per capita spending in West Vancouver so high?

A: West Vancouver has about 5.5 people per hectare, making it one of the least densely populated communities in the Lower Mainland. It consists mostly of single detached dwellings spread out on large lots, many on cul-de-sacs, many on mountainous terrain. To supply services like roads, water pipes, sewer pipes, police coverage and fire coverage is very expensive, and, with very few people occupying those houses, the per capita costs are high. West Vancouver residents also enjoy over 140 parks, a seawall walk, two first-class recreation centres, a seniors' centre, and a first-class library, and there is no indication or reason to believe that the residents want or will accept a lower level of service just because the community is shrinking. In addition, there is a misperception that a house which is not occupied, either permanently, or for part of a year, is not absorbing any services. This is not correct, in fact, empty houses create more issues for services like policing, because they attract criminal activity such as burglary, and this drives up per capita costs. It should also be noted that the tax burden in West Vancouver is borne mainly by residents (93%); there is no industry or significant commercial or office properties in our community to share the tax burden.

Q: Are West Vancouver employees within the 2% cost of living increase guidelines for the Province?

A: Each collective agreement is a little bit different. Police and Fire have their own comparators, and all municipalities are bound by these. Rates for other unionized staff are also determined regionally.

Q: Have you considered a salary freeze for District of West Vancouver employees?

A: It's not possible to freeze wages with union employees, because by law they must be paid the negotiated contract increases. For professional and management employees, we currently have a tough time obtaining and keeping employees as most can't afford to live in the community and aren't willing to commute to West Vancouver. We try to find efficiencies in the wage sector, for instance by managing our employee health benefit costs to a high degree, but most of the savings we were making in this area were wiped out by the imposition by the province of the Employer Health Tax (EHT). West Vancouver gets hit particularly hard by this tax, as it must be paid on all the members of the police force. In jurisdictions where policing is supplied under contract with the RCMP, EHT is not payable on the police members because they are federal employees.

Q: Shouldn't the District consider a hiring freeze?

A: There is a natural attrition process. Efficiencies are difficult to find when the District delivers so many services, and has no mandate to reduce them. Also, in terms of making business processes more efficient, the District has underinvested in technology in the past, which makes our processes very labour-intensive.

Q: What is the total budget for West Vancouver?

A: The chart below displays the total budget figures for West Vancouver:

General Fund	Operating Budget	Operating Budget	104.6 million
		Asset Levy Transfer to Reserves - including deferred maintenance and natural capital / climate response levy	15.6 million
		Land Sales Transfer to Land Reserve	2.7 million
		Sub-total	122.9 million
	Capital Budget		22.5 million
Other Funds	Water Utility		17.9 million
	Sewer & Drainage Utility		21.2 million
	Solid Waste Utility		5.8 million
	Golf		1.0 million
	Cemetery		1.4 million
	Transit		18.3 million
		Total	211.0 million

Q: How has the Employer Health Tax (EHT) affected the budget?

A: The EHT has added more than \$1 million to our costs. Even though MSP premiums were eliminated, this did not reduce costs by much, as in many cases, these were being paid in whole or in part by the employees, not the employer. Also, EHT applies to every payment made to employees, including overtime, and this is not the case with other amounts like pension and CPP.

Q: Are the proposed 8 new FTEs all for the same department?

A: No. There are three requests from planning, two from parks, one split between planning and corporate services, and two requests from Police.

Planning: One is for a plan checker to speed up permit applications, and there is offsetting revenue to pay for this. Two are professional planners, which are needed to proceed with the local area plans.

Parks: Two FTEs are requested for trails maintenance. The Baden Powell trail is deteriorating and there are associated liability issues.

Split between Planning and Corporate Services: One FTE for a business manager to find efficiencies in these departments. Engineering, Fire, Library, and Parks and Recreation have business managers, and they have proven to be very valuable in controlling costs.

Police: one new Constable is requested for the Community Service Team to enhance this service, and a Police Privacy Analyst has been requested to deal with the greatly increased number of public information requests.

More information on all of these positions is available here:

<https://www.westvancouverite.ca/budget>

Q: The Mayor keeps telling us our population is declining, shouldn't we see a decrease in FTEs?

A: As explained above, the level of services provided to the community doesn't decrease as the population decreases. In addition, West Vancouver residents want to be consulted on what is going in their community and that requires staff time.

Q: *Who provides the responses to the forum questions?*

A: The responses are provided by Finance staff in connection with other divisions as required.

Q: *Where is the proposed funding for the deferred maintenance coming from?*

A: Staff are proposing to borrow \$5.5 million from the Endowment Fund to replace the assets, and then by maintaining them at the optimal level, we can reduce maintenance costs.

Q: *Why is the deadline for input in the online forum set for February 2?*

A: The deadline is set for February 2 so that staff can compile the forum feedback and submit it to Council for their meeting on February 24th. The Council report for the February 24th meeting is published on February 12th.

Q: *Should West Vancouver residents complain to the School Board or Province about the taxes that are collected for other taxing authorities?*

A: In the past, the funds collected from West Vancouver for the school tax would be provided to West Vancouver schools. If that were still the case, then the School Board would be the body to address in respect of the school taxes. However, about 15 years ago, the Province started collecting school tax directly, and currently, the school tax goes to the province and they distribute it to the school districts based on a formula. This means the local school district has really no influence on what is collected. This applies to the 'regular' school tax. In 2018, the Province also put a new "Additional School Tax" in place, applied to homes valued at over \$3 million. Because the Province did not specifically legislate that this money was to go to schools, it is simply general revenue. Any comments about this tax need to be directed to the Province, as neither the municipality nor the school district have any say in setting this tax.

Q: *West Vancouver taxpayers are paying \$40 million to the Province. What are you doing about that? We don't get the revenue back.*

A: Mayor and Council have an ongoing dialogue with the Province on the topic of taxes coming from West Vancouver versus the amount coming back to West Vancouver. Our local elected officials do communicate regularly with the Province, and, for the Speculation and Vacancy Tax (SVT) in particular, the Province has indicated that the funds will be available for supportive housing. Whether West Vancouver obtains any of these funds remains to be seen, as the Province appears to be working on a regional strategy, but the Mayor and Council are working with the Province on this.