

**Budget 2016 Open House**  
**Jan 28, 2 - 4 pm**  
**Senior's Activity Centre, Learning Studio**

Total people: 27

Total number of residents: 10

Total number of staff and Council Members: 17

West Vancouver residents were presented with information about the 2016 Budget and options to fund an asset levy; a question and answer period followed the presentation.

**Summary of Questions and Answers**

**Q:** What's the interest rate on deferred taxes?

**A:** The rate is quite low. 2.85% for households with children, and 0.9% for others.

**Q:** Does the 2016 operating and asset levy impact table for Cedardale indicate an annual increase?

**A:** It indicates different effects for different properties, depending on what happened with their assessments. For instance, the table shows that properties whose assessments have gone up between 20% and 30 % will see approximately \$192 added to their tax bill, regardless of any other changes in taxation, such as an operating increase or an asset levy. This is the effect of the 2016 shift in assessed values, which has more impact on how taxes are distributed than any other factor. The table also shows that because of this shift, properties which have gone up less in value, such as between 10% to 20%, will pay approximately \$7 less than in 2015 due only to the assessment shift. If an asset levy is added, this changes the numbers as is shown in the table, but the property which rose less in value is still showing a lower impact than the property whose value increased more.

**Q:** Is there still time to make a decision on the asset levy options?

**A:** Yes, a report will be presented to Council with options. It is planned for the February 22<sup>nd</sup> meeting of Council.

**Q:** Will Council accept an asset levy option that allows for amortization over the life of the asset?

**A:** The District currently has a deficit and needs to decide how to deal with the maintenance of existing assets. The levy can be phased in, and options in this regard will be explained in the Council Report. However, phasing options, because they do not provide enough funding to meet the identified need until the phasing is complete, do serve to increase the asset maintenance deficit.

**Q:** Council is responsible for building up reserves. Is the current situation the result of funding not being put in place for infrastructure investment?

**A:** The infrastructure problem is Canada-wide, and municipalities have been trying to deal with it in many ways. The Federal and Provincial governments have repeatedly been petitioned to provide more funding for infrastructure, because in Canada, municipalities collect only 8 cents of every tax dollar, but are responsible for maintaining over 50% of the public assets. However, there is now a growing recognition that municipalities have to deal with this problem largely on their own, and many municipalities have been building up an asset levy to do this, without necessarily having detailed information on which to base the levy. The District has taken the step of compiling information on all of its assets, and is now considering options to establish a levy, based on this asset data.

**Q:** Assuming the reserves are set up, are they guaranteed to be applied to asset maintenance?

**A:** The proposed asset reserves are statutory and protected by bylaw. The only way that Council could possibly access the funds for some other purpose is to pass a motion stating that they believe that the reserve is overfunded. Since the size of the reserve is based on the identified asset maintenance requirements, it would be unlikely that any reserve could be said to be overfunded, so the existence of the reserves ties with the levy to restrict the use of these funds.

**Q:** What are the two FTE requests for \$7500 under operating budget requests? How can you hire two people for \$7,500?

**A:** We have two employees who have been working on a temporary basis, and paid by using a temporary labour budget. The request is to convert them to full time staff. If approved, the temporary labour budget will be transferred to the permanent budget, along with the \$7500 which is the incremental cost of this change.

**Q:** What is the manpower count not including fire and police?

**A:** Approximately 500 employees.

**Q:** I understand why you are proposing the increases in tax and asset levy, but for a lot of families this would be difficult. What are other municipalities doing about their asset management?

**A:** Most municipalities have been building up an asset levy, at 1% a year, to reach a benchmark of 18-20% of taxes devoted to asset management. Some started doing this as far back as the 1990's, so have been able to build up a sufficient amount to support annual asset maintenance by now. Also, many lower mainland municipalities benefit from casino revenues which they devote primarily to asset maintenance. Pay parking is another source of revenues that many municipalities are using or have investigated.

**Q:** Are there any other new planned assets?

**A:** The District is currently in the process of developing a plan for the Ambleside waterfront, and public consultation is underway for this. This plan will impact the cultural venues currently at Ambleside, and may involve consideration of rebuilding them, or perhaps of creating a new Arts-related centre. A new sports field near West

Vancouver Secondary has also been proposed. However, we now are conscious of our 1 billion worth of existing assets and don't want to grow without addressing the maintenance of those assets. Any new assets will certainly also have the asset maintenance lens applied to them, to consider not only their initial cost, but the life-cycle maintenance costs as well.

**Q:** How did you fund the shortfalls for the 3 different categories in the past?

**A:** The shortfalls exist because they were not able to be funded with existing resources at the time. In some cases, maintenance works that would have been optimal were not able to be performed, leaving some assets headed to the critical point. This is the issue we are proposing to address with the asset reserves and asset levy.

**Q:** What is the built-in percentage increase for the future in the District's asset listing? Is there an inflationary factor built in?

**A:** The listing has no inflationary factor built in because it is a living document that will be updated annually based on the actual costs available at the time. Rather than make a blanket prediction based on a projected inflation factor, there is an organizational planning exercise that will be undertaken continually to match asset maintenance requirements and costs. This also means that the levy might go down in future, if the decision is made to shed certain assets, for instance.

**Q:** Are there any other options to raise capital - have CAC's been considered? Or sale of land?

**A:** The provincial government has issued CAC guidelines which strongly suggest that they be applied only to the creation of new assets directly of benefit to the development which provided them. DCC's are another source for creating new assets, but are heavily regulated and apply only to growth-related utility assets and parks land acquisition in specified areas. Government grants also tend to be very specific, and to relate to new assets, not asset maintenance. Land sales proceeds go to the District's Endowment Fund, which can be used to finance the replacement of municipal buildings, but not for asset maintenance. Therefore, the District will make all possible use of CAC's, DCC's, grants, and land sales, but cannot rely on them for asset maintenance.

**Q:** What is the budgeting process? Who says yes or no on the requests?

**A:** Staff compile the budget requests based on what is needed to continue delivering exiting services. Also, new services can be requested by the community, and staff will compile cost information on these. Each request has a business case behind it. Council consider all of the requests, and make the decisions on which are funded.

**Q:** If we agree to the proposed tax increase and asset levy, is this the limit? Or is there more coming down the pipeline?

**A:** That really depends upon what happens with the assets as a whole. The current proposed levy is sufficient to maintain the current suite of assets over the next twenty years. If more assets are acquired then more funds may also required. If, on

the other hand, the suite of assets is reduced, then the asset levy could also be reduced. The other factor affecting this is costs for maintenance over twenty years, which are hard to predict. For instance, no one seriously expects IT equipment to be the same in twenty years as it is today, and so too the cost to deliver the expected level of service in twenty years may be different. The key is to make a close link, year by year, between the assets to be maintained, and the levy.

**Q:** How can we keep acquiring assets without figuring out how to maintain them?

**A:** The community has been enjoying infrastructure that it hasn't necessarily been maintaining at an optimal level. Over time, this builds up a maintenance deficit. The District now has a document that gives us a baseline for asset maintenance going forward. The creation of the asset levy will provide the funding to do the optimal level of maintenance, and also provides the basis to understand the costs that any new assets will bring.

**Q:** How did you determine that \$13.5 million is needed for asset management?

**A:** We used the numbers attached to each asset, by year, and averaged them over 20 years.

**Q:** Would the funds in the reserves be accruing interest?

**A:** Yes. Any funds which are not immediately allocated to asset management projects would be invested and earn interest. However, at least at first, almost all the funds would be needed for projects because there is an asset maintenance deficit to address. However, over time, and based on longer term planning, there could be years when it is more prudent to leave the money in the fund to meet a future years' identified asset maintenance need. In such cases, the funds would be invested and earn interest.

**Q:** When will the five-year financial plan become available?

**A:** The Plan will be available in early March. At this point, the next step is to get direction from Council regarding the tax and asset levy, so that, if supported, these can be built into the five-year plan. This is planned for the February 22<sup>nd</sup> meeting of Council.

**Q:** Have decisions been made about the capital request listing?

**A:** No decisions have been made yet. Once the decision is made on the asset levy, and the five-year financial plan has been ratified, this will determine what funds are available. At that point, Council will decide which projects should be funded.