

AGENDA ADDENDUM

COUNCIL WORKSHOP

Monday, March 2, 2020

5:00 p.m.

**Committee Room, Municipal Hall
355 West Queens Road,
North Vancouver, BC**

Council Members:

Mayor Mike Little

Councillor Jordan Back

Councillor Mathew Bond

Councillor Megan Curren

Councillor Betty Forbes

Councillor Jim Hanson

Councillor Lisa Muri



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AGENDA ADDENDUM

THE FOLLOWING LATE ITEMS ARE ADDED TO THE PUBLISHED AGENDA

3. REPORTS FROM COUNCIL OR STAFF

3.1. Financial Plan – Public Input

File No. 05.1780/Financial Plan Process


Report: Manager – Business Planning and Decision Support
Attachment A: 2020-2024 Financial Plan Input

Recommendation:

THAT the February 28, 2020 report of the Manager – Business Planning and Decision Support entitled Financial Plan – Public Input is received for information.

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COUNCIL AGENDA/INFORMATION			
<input type="checkbox"/> In Camera	Date: _____	Item # _____	
<input type="checkbox"/> Regular	Date: _____	Item # _____	
<input checked="" type="checkbox"/> Agenda Addendum	Date: <u>March 2, 2020</u>	Item# _____	
<input type="checkbox"/> Info Package			
<input type="checkbox"/> Council Workshop	DM# _____	Date: _____	Mailbox: _____

Dept. Manager	Director	 CAO
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The District of North Vancouver REPORT TO COUNCIL

February 28, 2020

File: 05.1780/Financial Plan Process

Tracking Number: RCA -

AUTHOR: Rick Danyluk, Manager Business Planning and Decision Support

SUBJECT: Financial Plan – Public Input

RECOMMENDATION:

THAT this report be received for information.

REASON FOR REPORT:

To provide Council a summary of public input received on the 2020 – 2024 Financial Plan prior to the deliberations meeting on March 2.

SUMMARY:

Following a series of public workshops on the financial plan starting last October, the financial plan workbook was introduced to Council and the public on February 10. Since that time staff met with the community associations on February 19, held a second workshop on the proposed reserve funds bylaw, and received final public input on the financial plan on February 24.

Staff prepared a summary of responses to questions received during the financial plan process which are attached for Council's consideration during deliberations on March 2. The financial plan is scheduled for first three readings on March 9 followed by adoption March 23. The plan can be amended anytime, and is typically amended each spring and fall based on new information and Council direction received during the course of the year.



Rick Danyluk, Manager Business Planning and Decision Support

Attachment A: "2020 -2024 Financial Plan Input"

<u>REVIEWED WITH:</u>	<u>REVIEWED WITH:</u>	<u>REVIEWED WITH:</u>	<u>REVIEWED WITH:</u>
<input type="checkbox"/> Sustainable Community Development	<input type="checkbox"/> Clerk's Office	External Agencies:	Advisory Committees:
<input type="checkbox"/> Development Services	<input type="checkbox"/> Corporate Services	<input type="checkbox"/> Library Board	<input type="checkbox"/> _____
<input type="checkbox"/> Utilities	<input type="checkbox"/> Communications	<input type="checkbox"/> NS Health	<input type="checkbox"/> _____
<input type="checkbox"/> Engineering Operations	<input type="checkbox"/> Finance	<input type="checkbox"/> RCMP	<input type="checkbox"/> _____
<input type="checkbox"/> Parks & Environment	<input type="checkbox"/> Fire Services	<input type="checkbox"/> Recreation Commission	
<input type="checkbox"/> Economic Development	<input type="checkbox"/> Human resources	<input type="checkbox"/> Other: _____	
	<input type="checkbox"/> ITS		
	<input type="checkbox"/> Solicitor		
	<input type="checkbox"/> GIS		

Topic	Question	Response
Councillor Megan Curren		
1. Climate Emergency	How will we clearly delineate mitigation from adaptation in our budget?	<ul style="list-style-type: none"> Climate mitigation and adaptation have been defined in the Community Energy and Emissions Plan (CEEP) and the Climate Change Adaptation Strategy. These definitions are included in the proposed new reserve funds bylaw to help guide investments in mitigation and adaptation measures. Staff's Asset Management Steering Committee is reviewing adaptation projects to confirm approach for estimating costs related to adaptation vs. aging infrastructure.
2. Climate Emergency	Which specific mitigation projects are funded in the five-year financial plan?	<ul style="list-style-type: none"> The financial plan includes the following provisions for future mitigation projects: <ul style="list-style-type: none"> \$200,000 per year for CEEP projects \$322,000 per year contributed to the Climate and Innovation reserve fund. The purpose of this reserve is to accumulate funding for climate mitigation initiatives that promote greenhouse gas reduction, energy conservation, carbon neutrality and ecological improvements. Innovation projects are also funded here.
3. Climate Emergency	The new "climate, biodiversity, and natural systems" department is NOT part of the funding as appears in the budget, correct?	<ul style="list-style-type: none"> The new Climate Office is being established through a reallocation of funds and is not included in the \$522,000 in provisions reflected above DNV's financial plan will also be adjusted to reflect the new Climate Office once established
4. Climate Emergency	Is there a plan to conduct a baseline Municipal Natural Asset Initiative (MNAI)? It's an important step towards green vs. grey infrastructure, restoring biodiversity,	<ul style="list-style-type: none"> Staff are compiling background information on this initiative and are reviewing priorities to see where it fits within the workplan. The District's Asset Management Steering Committee has reviewed West Vancouver's report and is working on updating asset categories and definitions to reflect the District's natural assets. Options to complete a study similar to West Vancouver are being explored.

Topic	Question	Response
	and working with private property owners to change the way we “value” and work with nature.	
5. Climate Emergency	How will our financial planning be connected to our carbon budget - ie. how do we decide what projects we	<ul style="list-style-type: none"> The new Climate Office will prioritize initiatives and Finance will work with the Climate Office to establish a carbon budget and more thoroughly integrate our carbon (CO₂e) targets into the planning/decision framework.
Councillor Betty Forbes		
1. Community Amenity Contributions (CACs)	What is the status of CAC funds collected in Lynn Valley for a new youth centre and where is it in the budget?	<ul style="list-style-type: none"> There is \$203,883 (plus interest earned) in CAC funds available and set aside for a youth centre in Lynn Valley. The amount is held in the Community Amenity Contribution (CAC) reserve fund.
Public Input		
1. Municipal grants	Requests to increase funding from various partners and not-for-profit agencies.	<ul style="list-style-type: none"> During the financial planning process a number of requests to increase community grants were received. A January 20 staff report on Social Services Grants identified requests from Parkgate Community Services Society (\$40k for youth and childcare) and the North Shore Community Resources Society (\$35 for children and seniors) and recommended further review of these requests following Council’s upcoming March 3 workshop on the Child Care Strategy and Action Plan. Since then staff received additional requests from the North Shore Black Bear Society (\$4k to reduce human-bear encounters) and the North Shore Community Gardens Society (\$5k to maintain ageing community gardens). Staff recommend the requests be further reviewed and an update brought back to Council through the spring financial plan amendment.

Topic	Question	Response
2. Transp.	A member of the Blueridge Community Association spoke regarding a request to fund a trail connection between the Blueridge area and Parkgate	<ul style="list-style-type: none"> Staff will review the trail and provide an update on transportation priorities through the spring financial plan amendment.
3. Housing	How much is the District contributing per unit to social housing? How many new units are included in the financial plan?	<ul style="list-style-type: none"> There is \$8.1 million and land included in the financial plan for social housing projects. In addition to land, one time costs are estimated at approximately \$20,000 per unit. This estimate includes development cost charge (DCC) waivers and the number of units is in the range of 400 but can fluctuate based on unit size and type.
Community Associations Meeting February 19		
1. Reserves	How do we know if reserve funds are healthy? What are the sources for these funds?	<ul style="list-style-type: none"> The District's reserve fund balances supporting capital, initiatives, lands and housing are projected to open at \$140 million at the beginning of 2020 and decline to \$77 million by 2024. While fund balances decline over the next five years to support the five year capital plan, ongoing funding to these reserve funds grows from \$46 million in 2020 to \$51 million by 2024, even though funds are drawn on to smooth out impacts from Metro Vancouver charges. A slowing pace of development is reflected in the projected development reserve fund balances, and the effects from rising construction costs and climate adaptation measures are reflected in the projected existing asset reserve fund balances.
2. Asset Management	How do we know if the 1% for asset management is working? When will it end?	<ul style="list-style-type: none"> The 1% for asset management has the District moving toward steady state replacement of its existing assets. The objective is sustainable service delivery. There is now approximately \$41 million in ongoing funding to maintain <u>existing assets</u> in a state of good repair, this amounts to approximately 2% of the DNV's \$2.3 billion asset replacement value. The District prioritizes asset renewals based on risk and maintaining levels of service. As the most pressing issues are addressed in this "backlog" other assets continue to age and

Topic	Question	Response
		<p>deteriorate. While the District is approaching the sustainment level on existing assets, new asset information, climate adaptation measures that increase asset resiliency and cost increases driven by market conditions are all impacting the financial model.</p> <ul style="list-style-type: none"> • Council workshops on the long-term financial plan are planned for the spring and fall of 2021, following the targeted OCP review.
3. Affordability	How do our property taxes and utility rates compare with other municipalities in the region? Other similar size municipalities in Canada?	<ul style="list-style-type: none"> • Many factors influence affordability and, generally speaking, the District's property taxes are slightly higher than the regional average due to service levels and geography (see 2018 Annual Report page 95). • Utility rates vary across the region and can be challenging to compare. For example, West Vancouver water and sewer rates vary depending upon actual consumption and meter size whereas District of North Vancouver charges are a blend of metered and flat rates. The District's utility rates are also influenced by the length of its network (e.g. 364 km of water mains), steady state replacement of the asset network, and target funding levels for the utility reserves. • A comparison to other municipalities in Canada can also be challenging as different legislation exists across provincial, regional and local levels of government. Staff do see some value in an analysis of this type as it may highlight some of the property tax fairness issues we've been experiencing in the lower mainland.
4. Affordability	What's happening through the province on property tax issues affecting Class 6, including the application of highest and best use?	<ul style="list-style-type: none"> • See BC Government New Release – February 24, 2020 titled "Tax relief for small businesses, non-profits, arts and culture groups".
5. Affordability	How has the home owner grant changed over the last few years? Are DNV residents maintaining	<ul style="list-style-type: none"> • For 2020, there are estimated to be 197 fewer home owner grants (valued at \$29,088) and 190 more residents expected to receive the full grants (valued at \$31,456).

Topic	Question	Response																
	or losing this benefit over time?	<ul style="list-style-type: none">As the homeowner grant threshold is adjusted province-wide, it does not take into account the regional pressures experienced in the lower mainland. This has led to the benefit eroding over time locally. <table><tr><th>Year</th><th>Threshold</th><th>Average Single Family Home</th><th>Comments</th></tr><tr><td>2018</td><td>\$1,650,000</td><td>\$1,796,000</td><td>Province increased threshold \$50,000 to continue past government’s policy of “91% provincial homeowner eligibility”.</td></tr><tr><td>2019</td><td>\$1,650,000</td><td>\$1,747,000</td><td>No changes to threshold or provincial homeowner eligibility.</td></tr><tr><td>2020</td><td>\$1,525,000</td><td>\$1,595,554</td><td>Threshold decreased \$125,000 to provide “92% of provincial homeowner eligibility”.</td></tr></table>	Year	Threshold	Average Single Family Home	Comments	2018	\$1,650,000	\$1,796,000	Province increased threshold \$50,000 to continue past government’s policy of “91% provincial homeowner eligibility”.	2019	\$1,650,000	\$1,747,000	No changes to threshold or provincial homeowner eligibility.	2020	\$1,525,000	\$1,595,554	Threshold decreased \$125,000 to provide “92% of provincial homeowner eligibility”.
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6. Affordability	How do we prevent spikes in our property taxes and utility rates?	<ul style="list-style-type: none">“Stable and competitive rates” is one of the five financial principles included on page eleven of the financial plan workbook. The District’s rates keep pace with effects of inflation and provide flexibility to adapt to changing circumstances and explore alternative strategies for service delivery, supporting service efficiency and competitiveness. The new reserve funds bylaw helps smooth rate increases for the effects of the capital plan, growth and Metro Vancouver charges.																
7. Affordability	Please explain how the funding strategies on page 12 support the long-term financial plan	<ul style="list-style-type: none">The strategies are grouped into two main categories below with the additional information provided in italics.Revenue<ul style="list-style-type: none">Add one percent to the tax levy for asset management until sustainment levels are reached – <i>to support sustainable service delivery and maintain existing assets in a state of good repair</i>Adjust user fees and charges for appropriate cost recovery and explore new fees and charges based on financial principles and policies – <i>to maintain a level of fairness in taxation and user fees</i>																

Topic	Question	Response
		<ul style="list-style-type: none"> ○ Keep pace with rising costs by increasing property taxation and user fees at the rate of inflation – <i>to support stable and competitive rates</i> ○ Monitor growth related capital and review and adjust development charges to ensure they are accurate – <i>to ensure growth pays for its impacts on services</i> ○ Leverage grants, partnerships and partner lands to support priority investments, including addressing affordability and housing issues – <i>to maximize revenue from other sources.</i> ○ Use reserves and debt strategically to renew and replace existing assets and invest in new assets supported by business case - <i>to support sustainable service delivery and stable and competitive rates</i> ● Costs <ul style="list-style-type: none"> ○ Reduce net operating costs by the equivalent of 0.5% on the tax levy through annual adjustments – <i>to maintain a rolling long-term plan that follows priority budgeting best practices.</i> ○ Practice business case decision making, including estimating demand and public benefits to evidence needed new investments – <i>to maintain a rolling long-term plan that follows priority budgeting best practices.</i> ○ Work with the Province and Metro Vancouver to evaluate property assessment methodologies and regional charges to confirm there's equity in these systems - <i>to maintain a level of fairness in taxation and user fees</i>
8. Growth	When do developers contribute (timing of payments) and how much?	<ul style="list-style-type: none"> ● Developers typically provide contributions through Community Amenity Contributions (CACs), Development Cost Charges (DCCs) and by installing Works & Services. ● Each type of contribution has different conditions and timing of payments: <ul style="list-style-type: none"> ○ CACs are either calculated per square foot of additional density or negotiated, per the rates and conditions set out in our CAC policy. The timing of payments is usually set out in the rezoning bylaw for each development ○ DCCs are calculated per square foot of additional floor space added, per the rates in our DCC bylaw. DCCs are either payable on sub-division or building permit issuance (with the option to pay in three installments). ○ Works and Services are required by the District, to establish a minimum standard for services within or immediately adjacent to land being developed. All Works and

Topic	Question	Response																																						
		Services are required to be constructed/installed by a Developer at their sole expense, per the conditions and timing set out in the Engineering Service Agreement for each development.																																						
9. Growth	How much has development contributed and where does it go?	<ul style="list-style-type: none">The following table provides a summary of negotiated developer contributions (collected and pending) since OCP adoption in 2011, as well as where these funds have been applied. Please refer to the full Council Report (July 15, 2019) for detailed developer contributions and allocated spend details. <table><tr><th>Negotiated to Date</th><th>Contributions</th></tr><tr><td>CAC funds applied:</td><td></td></tr><tr><td>Care Facilities</td><td>\$1.2M</td></tr><tr><td>Community Facilities</td><td>\$25.7M</td></tr><tr><td>Cultural Spaces & Public Art</td><td>\$2.9M</td></tr><tr><td>Parks and Plazas</td><td>\$5.0M</td></tr><tr><td>Streetscape & Public Realm</td><td>\$0.1M</td></tr><tr><td>Urban Trails</td><td>\$3.9M</td></tr><tr><td>Other Infrastructure</td><td>\$0.5M</td></tr><tr><td>Market Rental</td><td>\$20.6M</td></tr><tr><td>Social Housing</td><td>\$25.0M</td></tr><tr><td>CAC funds yet to be applied</td><td>\$22.9M</td></tr><tr><td>CAC Amenity sub-total</td><td>\$107.9M</td></tr><tr><td>DCCs</td><td></td></tr><tr><td>Road, Park, Water, Sanitation & Drainage Infrastructure</td><td>\$50.3M</td></tr><tr><td>Works & Services</td><td></td></tr><tr><td>Sewage, water, drainage, roads, sidewalks, boulevards, street lighting and underground wiring etc.</td><td>\$68.4M</td></tr><tr><td>Land & Right of Way</td><td>\$77.8M</td></tr><tr><td>Total Contributions</td><td>\$304.4M</td></tr></table>	Negotiated to Date	Contributions	CAC funds applied:		Care Facilities	\$1.2M	Community Facilities	\$25.7M	Cultural Spaces & Public Art	\$2.9M	Parks and Plazas	\$5.0M	Streetscape & Public Realm	\$0.1M	Urban Trails	\$3.9M	Other Infrastructure	\$0.5M	Market Rental	\$20.6M	Social Housing	\$25.0M	CAC funds yet to be applied	\$22.9M	CAC Amenity sub-total	\$107.9M	DCCs		Road, Park, Water, Sanitation & Drainage Infrastructure	\$50.3M	Works & Services		Sewage, water, drainage, roads, sidewalks, boulevards, street lighting and underground wiring etc.	\$68.4M	Land & Right of Way	\$77.8M	Total Contributions	\$304.4M
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