

AGENDA ADDENDUM

COUNCIL WORKSHOP

Monday, October 26, 2020

5:00 p.m.

Council Chambers, 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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COUNCIL WORKSHOP

**5:00 p.m.
October 26, 2020
Council Chambers, Municipal Hall,
355 West Queens Road, North Vancouver**

AGENDA ADDENDUM

THE FOLLOWING LATE ITEMS ARE ADDED TO THE PUBLISHED AGENDA

3. REPORTS FROM COUNCIL OR STAFF

3.2. Financial Plan Update

File No.

Report: Manager – Business Planning and Decision Support, October 23, 2020
Attachment 1: PowerPoint Presentation

Recommendation:

THAT Council provide initial feedback on the approach to the 2021 financial plan and rate increases for next year.

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REPORTS

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COUNCIL AGENDA/INFORMATION			
<input type="checkbox"/> In Camera	Date: _____	Item # _____	
<input type="checkbox"/> Regular	Date: _____	Item # _____	
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<input type="checkbox"/> Info Package			
<input type="checkbox"/> Council Workshop	DM# _____	Date: _____	Mailbox: _____



The District of North Vancouver REPORT TO COUNCIL

October 23, 2020

File:

Tracking Number: RCA -

AUTHOR: Rick Danyluk, Manager Business Planning and Decision Support

SUBJECT: Financial Plan Update

RECOMMENDATION: That Council provide initial feedback on the approach to the 2021 financial plan and rate increases for next year.

REASON FOR REPORT: Staff will be moving forward with work on next year's financial plan in the coming weeks and are seeking feedback from Council on the approach to help guide that work.

SUMMARY: The pandemic brought financial challenges, with facility closures in the spring followed by revenue losses and a ramping down of services, generally through layoffs and hiring freezes to contain costs. Investments were made through emergency response and recovery efforts to ensure services and workspaces are safe for the community and staff. Having gone through all of these changes and after making investments to support safety and the reopening of services, the District is now in a reasonably healthy financial position heading into next year. Surplus from cost containment measures will be used to replenish our risk related reserves to support our operations in 2021.

Our local economy is also showing some positive signs and the District's tax collection rate this year is the best in the region and better than the last five year average at 98% collected through the end of September.

Our slow and steady approach to "sustainable service delivery" and "fair and equitable taxes and fees", has been effective as we continue to be competitive with our rates in the region while shifting spending towards our assets and infrastructure. After foregoing the additional 1% for asset management in 2020, and with new cost pressures and emerging needs to address, we're recommending continuing with the "slow and steady" approach in 2021. For ratepayers this means:

- Property tax rate increase by inflation +1% for asset management

SUBJECT: Financial Plan Update

October 23, 2020

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- Utility rate increase at inflation +3% for Metro Vancouver (MV)

The 3% for MV is our estimated average rate increase for their charges over the next 10 years. We flow through their charges and smooth out impacts to our ratepayers over time. Without this smoothing rate increases would fluctuate wildly and impact our “slow and steady” approach.

The big drivers in the MV plans are the new wastewater treatment plant, expansion of the water system in the region to support growth and the acquisition of new regional parklands. MV is working on providing longer term rate projections so we can improve our planning. For now we’re assuming increases beyond year 5 of our ten year model increase at 7% based on past experience. The MV budget will be adopted on October 31 so our estimates may change.

As we turn our attention to the longer term, we’ll begin to frame the issues around affordability and service levels, including well documented priorities and emerging needs. This year’s schedule includes a workshop to re-introduce this framework with the latest information.

Sincerely,



Rick Danyluk
Manager Business Planning and Decision Support

SUBJECT: Financial Plan Update

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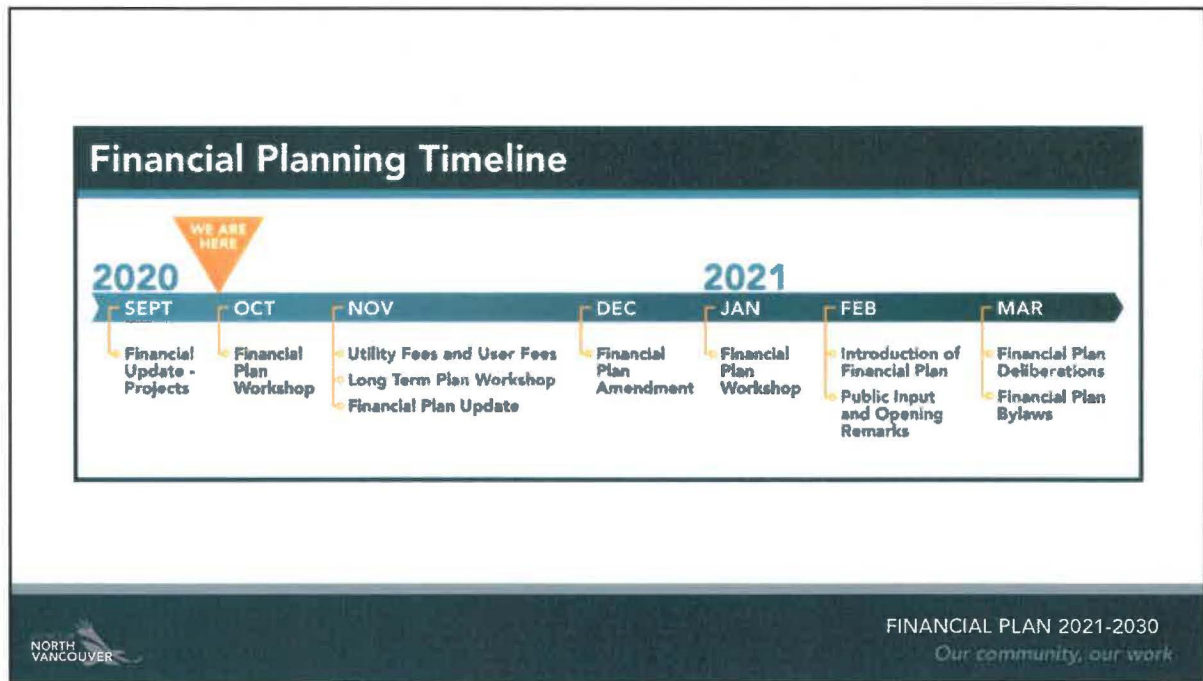
Agenda

- Timeline
- Current state
- Principles and assumptions
- Priorities
- Ratepayer impacts
- Next steps



FINANCIAL PLAN 2021-2030






Our community, our work



Current State

- Revenue losses offset by reduced spending
- Focused on safety and reopening services
- Project delays vs. market conditions, updates ongoing
- High property tax collection rate, strong cash flow
- Economic conditions improving
- Adjusting 2021 for uncertainty
- Evolving long term plan

Guiding principles

-  Sustainable service delivery
-  Fairness in taxation and user fees
-  Stable and competitive rates
-  Growth management
-  Rolling long-term plan

2021 Budget Assumptions

Operations

- Collective agreement 2%
- Protective services 2.5%
- Other costs 1%
- General purpose reserves \$9 million

2021 Budget Assumptions

Utilities

- Inflation + 3% over next 10 years
- Regional capital plan major cost driver (growth & resiliency)
- Metro Vancouver increases partially shifted to outer years
- Rate smoothing left to municipalities
- Climate adaptation costs increasing



FINANCIAL PLAN 2021-2030
Our community, our work

2021 Budget Assumptions

Existing capital

- Maintain assets in state of good repair
- Construction costs rising ahead of inflation (3%)
- Climate response and new standards
- +1% for asset management a long standing effective practice



FINANCIAL PLAN 2021-2030
Our community, our work

2021 Budget Assumptions

New capital




- Dedicated funding through specific reserve funds
- Regional and local growth impacts, accuracy of charges
- Lower contributions will impact project timing
- Lands for housing and emerging needs
- Exploring alternative revenue sources
- Borrowing in outer years

Priorities

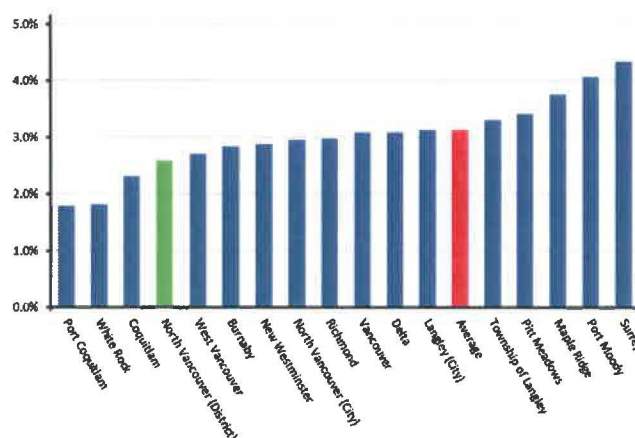
- Project updates
- Impacts on community CO₂e
- Affordability and service levels set through long term plan



Investment Highlights

-  • Active transportation
-  • Social housing
-  • Adaptation and mitigation
- Community centres
- Fire and rescue centre
- Sport fields
- Livable Deep Cove

Average Property Tax Increase 2011-20



Ratepayer Impacts

Slow and steady in 2021:

- Property tax rate increase at "inflation + 1%"
- Utility rate increase at "inflation + 3%"

Next steps

- Utility rates Nov 16
- Long term plan Nov 23
- Financial plan amendment December

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