

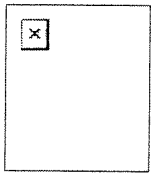
From: ()
Sent: January 26, 2010 2:31 PM
To: MayorandCouncil
Subject: FW: ITAC Submissions respecting proposed DWV budget for 2010
Attachments: image001.jpg; ITAC17 WV 2010 budget2.doc; DWV Ltr [budget '10].doc

You know, I am seriously starting to get behind these people. I will definitely be voting for prudent management and fiscal responsibility in the next election.

Regards

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Attached are two submissions that ITAC will be making to City Council tonight with regards to this year's Budget. The first submission, made by () deals with the increase in operational budgets at a time where the whole world (excluding West Vancouver it seems..) has had to seriously re-visit the way it does business. In the second submission made by another of my fellow ITAC members, Garrett Pohlman, we are suggesting an alternative to the status quo which will help future generations deal with running our town without going broke. Feel free to share your thoughts with our politicians! Their email address is below. Best, ()



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(Visit me @ ())

My video business card: ()

As our District bureaucrats are wont to say, what follows is a "high level review" of the two submissions:

- as of 2006, DWV operating expenditures per resident were 67% higher than the average for the remaining 21 municipalities in Metro Vancouver, and 17% higher than the second biggest spender, the City of Vancouver .
- in a period of five years, 2003 to 2008 [the last year for which we have actual amounts spent],

DWV operating expenditures increased by a total of 33.5% ...an average of 6.7% per year. This phenomenon was driven largely by increases in employee remuneration.

- between 1980 and 2005, the median income of Canadians has remained stagnant [at \$41,400 in 2005 constant dollars] while household debt has increased by 71%, a rate six times faster than income growth.
- between 2000 and 2005, the median income of DWV "economic families" [two or more persons inhabiting the same dwelling and related to each other] declined by 14.7%, to \$84,672, while the median income of DWV "senior families" [those who are 65+] dropped by a shocking 30.9%, to \$25,023.
- the owner of an "average home" in West Vancouver , currently assessed at \$1.3 million, faces a \$238 increase this year in DWV utility charges.
- the same individual will also receive a Metro Vancouver tax bill of \$936. If current expenditure trends and relative assessments continue, this bill is estimated to increase to \$1,432 within five years.
- DWV staff are proposing a 2010 budget for the District that will involve an increase in operating costs of more than 4 percent and a property tax increase in excess of 2 percent...this while District population remains essentially static [as it has been for more than a decade] and inflation hovers at or under zero percent.
- even with continuing tax increases, the DWV is putting aside less than 20 percent of the amount estimated to cover necessary infrastructure replacement in the coming years. Every year of delay will inevitably drive up the annual cost of this work.
- ITAC recommends that \$1.8 million be cut from the District's proposed operating budget for 2010, an amount that is less than 3 percent of the proposed \$62 million plus in expenditures for the year. This will take us from the proposed 2.43% property tax increase to a one percent decrease in property taxes and still provide for a \$1million increase in the District's operating budget over 2009.
- ITAC further recommends that either \$500,000 be set aside in an infrastructure replacement reserve fund, bringing the property tax level back to a zero percent change or, in the alternative, that \$1 million be placed in the infrastructure reserve thereby necessitating a one percent property tax increase for 2010.

If you agree with ITAC and me that it's past time to put an end to the fiscal incontinence that afflicts our District's operations, and have the District begin to exhibit financial prudence by building up our infrastructure replacement reserves, please e-mail your views to mayorandcouncil@westvancouver.ca. Ideally, your e-mail should be sent before next Monday's Council meeting. A decision on the District's budget for 2010 will be made by Council in the very near future, so don't delay in making your opinion on this matter known to our elected representatives.

Also, please forward this e-mail to all those whom you think might be interested in the subject, with the request that they do likewise.

Thank you.

"A nation of sheep begets a government of wolves."

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Presentation to Council, West Vancouver 2010 Budget

Good evening, Your Worship and Council. My name is Garrett Polman and I live at (I'm a member of ITAC, the Interested Taxpayers' Action Committee, and have been asked by our membership to present specific ideas to you to align the draft budget better with the interests of the residents.

Virtually all of us can agree, as many of you stressed last week Monday, that a deep recession is the time to focus on core services to the public. It's certainly not the time to load up on administrative overhead. At the same time we recognize our infrastructure reserves need replenishing. The draft budget does the opposite: it carries nothing for infrastructure and is loaded with overhead goodies. We appeal to you to redress the balance. ITAC suggests reducing overhead but adding monies to the infrastructure reserves.

Here are all the units where proposed expense increases are over 10%. There are nine of these, and the average increase sought is 29%. None of this is going to core services for residents. The first seven are pure overhead and the last two are primarily related to enforcement of secondary suites and the oil tank fiasco. (THE LIST BELOW WILL BE ON AN OVERHEAD PROJECTOR)

\$136,684	27.3%	Chief Administrative Officer
\$109,106	28.5%	Communications
\$ 74,215	36.0%	Deputy CAO
\$ 24,846	13.1%	Emergency Program
\$ 21,841	11.3%	HR Payroll Services
\$215,114	21.2%	Finance
\$ 44,184	12.7%	Finance Taxes & Utilities
\$238,313	65.6%	Fire Dept.—Fire Prevention
\$186,983	26.2%	Bylaw Enforcement

Total: \$1,051,286, with an average increase of 27%. This translates into a 2% tax increase.

A second example is the Balanced Scorecard. It's a good management technique, but you probably didn't expect it to have a \$700,000 plus price tag, nearly all of it for administrative expenses. As the old Chinese adage goes, be careful what you wish for. This is a 1% addition to operating costs. ITAC suggest you cut it out except for the proposal to improve the management of the district's property assets.

A third case. When the 2009 budget was presented, it was promised that all staff positions becoming vacant would be reviewed to determine whether they were in fact necessary. Implicit in that review was the promise that streamlining and some reductions of positions would result. ITAC had suggested a staff freeze, pointing out

that Delta had done so and had already identified a \$1 million in savings in a matter of months. But when I compare the operational staffing numbers for 2009 and the base plan for 2010 they are exactly the same. Is it credible that out of all the retirements and turnover during an entire year, there wasn't one vacancy where a position could be eliminated? And that in an organization that has more staff per residents than any other Metro Vancouver municipality? It's a disappointing outcome. Our recommendation is to set a target for this year—say a saving of \$750,000 and ensure delivery of this target.

We also have high expenses in several areas. Here are two:

We spent \$131,000 on ads in the NSN in 2008 which is the last year of published expenses. At \$2000 or so for a full page ad, that's the equivalent of more than one full-page ad per week. And for 2010 the budget seeks an additional \$109,000 for Communications which is a 28.5% increase bringing the Communications budget to almost half a million dollars.

Secondly, we spent \$822,000 in 2008 with Telus on telephones. That's over \$100 per month per employee. I thought I was over that problem when my teenage kids grew up. It's double what the District and City of North Vancouver each spent.

Thirdly, facilities maintenance. Do we really need a road salt storage shed and a fuel tank replacement?

Recommendation

ITAC recommends that you focus on what benefits the residents--core services—and set aside prudent reserves for infrastructure. We propose that you implement \$1.8 million in expense reductions, and we have identified some areas where there is potential for significant savings. This is a reduction of less than 3% from the draft operational budget and still allows for an increase of almost \$1 million in operational expenses. That will get us from a 2.43% tax *increase* to a 1% tax *decrease*. It involves no change in service and no layoffs. Then top that off by increasing the infrastructure reserve. You might want to look at two options:

- A. Adding \$500,000 for the reserves. That would mean a zero percent tax increase.
- B. Adding \$1 million for the reserves. That would mean a 1% tax hike.

Thank you.

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Telephone: () Facsimilie: ()
E-Mail: ()

January 22, 2010

Mayor and Council,
District of West Vancouver,
750, 15th Street,
West Vancouver, BC

By Hand
[and via e-mail]

Madam Mayor and Council:

Re: DWV operating budget proposed for 2010

First, I would like to compliment DWV Council and senior staff for taking steps to shift the District's budget process forward close to three months over the experience of the past few years.

During the 2008 municipal election campaign in West Vancouver there was a great deal of concern expressed by voters over the year-after-year continuing increase in the costs associated with operating our District government. And no wonder. As of 2006, DWV operating expenditures per capita, exclusive of "Blue Bus" operations, were 67% higher than the average for the remaining 21 municipalities in Metro Vancouver and 17% higher than those of the number two big spender, the City of Vancouver, an urban centre with many more demands upon its financial resources than those on a "bedroom community" like West Vancouver. The cumulative increase in DWV operating expenditures over the five years 2003 to 2008, the last year for which we have actual numbers spent, was 33.5%, for an average of 6.7% per year. This is a wholly unjustifiable increase given that throughout the period in question, and for many years beforehand, the population of the District has been essentially static, and that during the relevant time-frame inflation has rarely been more than two percent.

On November 15, 2008, the vast majority of DWV voters cast their ballot for one or another candidate who had expressed their sympathy with the electorate's concern over the District's seemingly endless appetite for taxpayers' money and who had pledged to do something to stop the fiscal incontinence by introducing discipline to the management of public finances in West Vancouver.

In a District bulletin published during the autumn of 2008, our new CAO states, "My goal is to lead the organization to achieve greater efficiencies". And in another such

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publication, one that appeared last spring, Mr. McRadu claims, "The District's budget for 2009 reflects the austere economic times the world is experiencing. The economy has changed and we have taken action to rein in spending." The jury remains out on that assertion as we have yet to see the District's figures for that year.

Finally, in a *North Shore News* ad, published January 3rd last, West Vancouverites are told that, as a result of the District's recent "Strategic Plan Balanced Scorecard" initiative, and reflective of its "new Mission", our "Council has asked staff to: lead by example; ...become as efficient and effective as possible;...and regularly report on progress." All very inspiring stuff. But as the saying goes, "Show me the money!"

People remain deeply concerned about the seemingly never-ending rise in the operating costs of government, at all levels, and the concomitant increase in taxes. According to *StatsCan*, during the twenty-five years between 1980 and 2005, the median income of Canadians has remained stagnant, at \$41,400 [in 2005 constant dollars], while, since 1990, average Canadian household debt has increased by 71%, growing at a rate six times faster than income. All the while, property and other taxes continued to climb as governments failed to get their operating costs under control.

As you will be well aware, over the past eighteen months the Western world has been experiencing an economic crisis of a magnitude not seen for many decades, one in which retirement savings for a great many have been decimated, unemployment threatens many more, and businesses, both large and small, are going bankrupt at a fast pace. Informed opinion-makers agree that this situation is likely to get a lot worse before it begins to improve.

Even before the current dire economic situation arose, median incomes for West Vancouver residents, especially seniors, had declined dramatically since the beginning of the decade. According to 2006 StatsCan census figures, between 2000 and 2005, the median income for DWV "economic families" [ie. two or more persons living in the same dwelling and related to each other] declined by 14.7%, to \$84,672, while the median income of "senior families" [ie. those who are 65+] dropped by a precipitous 30.9%, to \$25,023. In other words, by 2005, half of West Vancouver's seniors were living on an income of less than the stipend [tax adjusted] of District councillors, as meagre as that amount may be.

Given this worrisome economic climate, it is especially incumbent on governments to restrain their spending. Our provincial government has recently "got religion" on this subject. It evidently intends to impose a wage freeze for at least the next two years on the entire civil service, with the exception of nurses and teachers. It recently announced a

second round of lay-offs involving 233 employees. This follows a reduction last September of 203 positions. The province has proposed retiring or laying-off five percent of the civil service, or 1,630 full time equivalent positions, over the next three years due to "significant budget pressures".

Where does this leave the beleaguered West Vancouver taxpayer?

Well, for starters they can look forward to a "significant increase" in their utility fees beginning this year. A homeowner whose house is assessed at the current West Vancouver average of \$1.3 million faces an increase of \$238. These charges are projected to increase at an even greater rate in the years ahead insofar as the DWV has yet to incorporate essential infrastructure improvement costs into the utilities budget. As of today, the District is only setting aside roughly 17% of the estimated costs of needed infrastructure repair and replacement work. District staff have advised that every year of delay will inevitably serve to increase the annual bill associated with this work.

Metro Vancouver officials predict that within five years the owner of an "average home" [ie. assessed at \$600,000 in today's market] will face a 50 percent, or \$661, increase in their charges for regional services. As for West Vancouverites, who, as our District CAO has rightly observed, are levied a disproportionate and unequitable share of these charges due to higher property assessments [ie. currently \$936 on an "average home" assessed at \$1.3million], if projections hold the Metro Vancouver charges relating to the average DWV home will be \$1,432 in five years. Mr. McRadu has stated that, if current trends continue, by the year 2020 West Vancouverites will be paying \$17 million for Metro Vancouver and TransLink services combined, an amount that is twice as much as Delta, a municipality that has three times the population. As Councillor Michael Lewis has noted, "We're being taxed out of our homes."

As for the poor sod paying the tax bills, let's not forget the HST, set to be imposed, without public debate no less, in July of this year. This will add an additional 7% cost to a wide variety of items not previously taxed. For instance: cable television, electric power, home heating fuel, internet and telephone service. Let's assume a West Vancouver "senior family" consumes monthly a combined total of \$400 of such goods and services. That's a further \$160 in tax for 2010, rising to \$320 for 2011.

Property tax, utility charges and the upcoming HST are all paid from income that has itself already been subject to tax [what's your marginal rate?] and they bear no relationship to a person's ability to pay. Therefore, they ought to be subjected to very rigorous analysis before they are raised.

The District's web-site states, "DWV has developed a disciplined 2010 budget that reflects economic challenges and financial circumstances that our community faces."

Included in this budget's "guiding principles" will be a determination both to "Pursue aggressively operational efficiencies" and to "Improve organizational performance through measuring". These encouraging words do not appear to be reflected in the 2010 budget's summary of divisional expenditures, which projects an increase in District operating costs of in excess of 4% for the coming year, even though the inflation rate has evidently gone into negative numbers for the first time in five decades.

Not only are the proposed operating costs far too high given the circumstances but the proposed budget includes at least one rather questionable revenue assumption: \$150,000 to be obtained from the licencing of what I understand to be the as yet still to be approved by Council legalization of secondary suites. At last Monday's DWV finance committee meeting, Councillor Soprovich observed that, "We [ie. the District] are living beyond our [ie. taxpayers] means." Councillor Smith followed by stating that he was, "mystified how people can think times have not changed...A major restructuring is needed after fifty years of too much government spending and debt." Amen to both statements.

The District's budget for 2010 ought to be determined in the context of both years of governmental profligacy, at all levels, and the dramatic deterioration in economic circumstances that beset by far the great majority, if not all, of West Vancouver's taxpayers. I respectfully suggest that Council instruct municipal staff to revise the District's proposed operating budget for 2010 downward by \$1.8 million, or less than 3 percent of the proposed \$62 million plus in expenditures, such that a one percent tax decrease takes effect this year or, in the alternative, a zero tax increase may be levied, on condition that the roughly \$500,000 raised by this additional taxation is allocated solely to an infrastructure replacement reserve fund.

Not only will such action demonstrate empathy with the plight of District taxpayers, and respect for their money, it will show leadership to others in government and will be consistent with both the views of the vast majority of those who responded to the survey distributed to District residents last autumn by the "Value for Services" working group and the will of the West Vancouver electors, as clearly expressed in the November, 2008 municipal election.

Yours sincerely,

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cc. ITAC members and e-mail distribution list, *NS News*, *NS Outlook*, *Vcr. SUN*