

2023-2027 FIVE-YEAR FINANCIAL PLAN CONTEXT PRESENTATION

Council Meeting

January 23, 2023

Presentation Outline

1. 2023 Outlook
2. 2023 Budget
3. Property Assessment and Taxes
4. Budget Process

1 2023 Outlook

2023 Outlook

Ongoing Challenges

- Undiversified tax base: 97% residential, 3% business, no industrial
- Minimal cash reserves available for major projects
- Limited revenue sources
 - Reliance on building permit fees

Challenges for 2023

- Inflation pressure on both labour and non-labour costs
- Global supply chain disruption
- Impacts of climate change
- Deferred asset maintenance

2 2023 Budget

2023 General Fund Budget

Operating Budget

- Services resume to pre-COVID-19 levels
- Increase in interest revenue from investments
- Additional taxation revenue from new construction
- Housing market slowdown affecting building permit revenue
- Cost pressures from uncontrollable costs
- Cost pressures to achieve expected service levels
 - includes addressing climate change impacts
- New program requests to enhance service levels and provide new programs

Capital Budget

- Catch up on deferred maintenance
- Perform regular asset maintenance
- Increase Asset Levy to reduce gap between funding and optimal level of investment

2023 Operating Budget

| | 2023 | | | 2022 |
|-------------------------------------------------------------------------------|--------------------|--------------------|--------------|--------------------|
| | Annual Budget | Dollar Increase | % Increase | Approved Budget |
| REVENUE | | | | |
| General Taxation | 87,524,653 | 2,320,997 | 2.7% | 85,203,656 |
| Fees and Charges | 13,184,695 | 422,780 | 3.3% | 12,761,915 |
| Licences and Permits | 7,417,127 | (485,228) | -6.1% | 7,902,355 |
| Other Revenue | 18,410,754 | 8,192,659 | 80.2% | 10,218,095 |
| Government Grants | 1,225,257 | (65,000) | -5.0% | 1,290,257 |
| Other Transfers | 8,336,752 | (3,213,410) | -27.8% | 11,550,162 |
| Extraordinary Items | 250,000 | - | 0.0% | 250,000 |
| | 136,349,238 | 7,172,798 | 5.6% | 129,176,440 |
| EXPENSES | | | | |
| Office of the CAO, Community Relations & Communications, Legislative Services | 4,586,506 | 623,458 | 15.7% | 3,963,048 |
| Corporate Services | 12,410,154 | 999,884 | 8.8% | 11,410,270 |
| Engineering & Transportation | 6,671,736 | (64,584) | -1.0% | 6,736,320 |
| Financial Services | 3,650,960 | 137,219 | 3.9% | 3,513,741 |
| Fire & Rescue Services | 19,578,899 | 1,144,738 | 6.2% | 18,434,161 |
| Human Resources | 2,113,289 | 13,944 | 0.7% | 2,099,345 |
| Parks, Culture & Community Services | 22,374,635 | 1,354,271 | 6.4% | 21,020,364 |
| Planning & Development Services | 8,253,275 | 1,273,280 | 18.2% | 6,979,995 |
| Police Services | 19,788,349 | 1,700,015 | 9.4% | 18,088,334 |
| West Vancouver Memorial Library | 5,352,154 | 204,881 | 4.0% | 5,147,273 |
| General Government | 19,242,646 | 1,146,835 | 6.3% | 18,095,811 |
| | 124,022,603 | 8,533,941 | 7.4% | 115,488,662 |
| Transfer to Asset Reserves | 14,443,360 | 2,050,000 | 16.5% | 12,393,360 |
| Environmental Levy Transfer to Reserve | 1,619,000 | 419,000 | 34.9% | 1,200,000 |
| Net Land Sales Transfer to Land Reserve | 94,418 | - | 0.0% | 94,418 |
| | 140,179,381 | 11,002,941 | 8.52% | 129,176,440 |
| YEAR END (DEFICIT) / SURPLUS | (3,830,143) | (3,830,143) | | - |
| Proposed Property Tax Increase | | 4.57% | | |

2023 Operating Budget – Highlights

| Revenue | FTE | \$ | % |
|--------------------------------------------------|-------|----------|--------|
| Increase in interest revenues | | -\$3.18M | -3.79% |
| Taxation on new construction | | -\$1.00M | -1.19% |
| Net lease revenues | | -\$0.11M | -0.13% |
| Miscellaneous revenues | | -\$0.05M | -0.06% |
| Building and development permit fees | | \$0.52M | 0.62% |
| Traffic fine revenue sharing grant | | \$0.10M | 0.12% |
| | | -\$3.72M | -4.44% |
| Expense | | | |
| Labour cost increases | | \$3.17M | 3.78% |
| Uncontrollable costs | | \$1.36M | 1.63% |
| Cost pressure to achieve expected service levels | 4.00 | \$0.79M | 0.94% |
| | 4.00 | \$5.32M | 6.35% |
| Community Services COVID-19 Recovery | | | |
| Program revenue | | -\$0.50M | -0.60% |
| Program expenditures | | \$0.33M | 0.39% |
| | | -\$0.17M | -0.21% |
| Contribution to Capital | | \$1.21M | 1.45% |
| New Program Requests | 10.00 | \$1.19M | 1.42% |
| 2023 Budget Shortfall | 14.00 | \$3.83M | 4.57% |
| Operating Levy Increase | | 4.57% | |

2023 – New Program Requests (details)

| Enhancing Service Levels & Providing New Services | FTE | \$ | % |
|--------------------------------------------------------------|--------------|----------------|--------------|
| <i>Fire Tower Truck Staffing</i> | 2.00 | \$0.21M | 0.25% |
| <i>Deputy Corporate Officer - Commissions/Committees</i> | 1.00 | \$0.16M | 0.19% |
| <i>Electronic Information Governance Program</i> | 1.00 | \$0.09M | 0.11% |
| <i>Business Systems Analyst</i> | 1.00 | \$0.13M | 0.16% |
| <i>Business Analyst</i> | 1.00 | \$0.13M | 0.16% |
| <i>Senior Community Planner</i> | 1.00 | \$0.13M | 0.16% |
| <i>Planning & Development Clerk</i> | 1.00 | \$0.07M | 0.08% |
| <i>Indigenous Relations Manager</i> | 1.00 | \$0.11M | 0.13% |
| <i>Aging in Place Program Coordinator</i> | 1.00 | \$0.09M | 0.11% |
| <i>Foreign Languages Social Media/Advertising Programs</i> | - | \$0.05M | 0.06% |
| <i>National Indigenous Peoples Day</i> | - | \$0.01M | 0.01% |
| | 10.00 | \$1.19M | 1.42% |

2023 Capital Budget

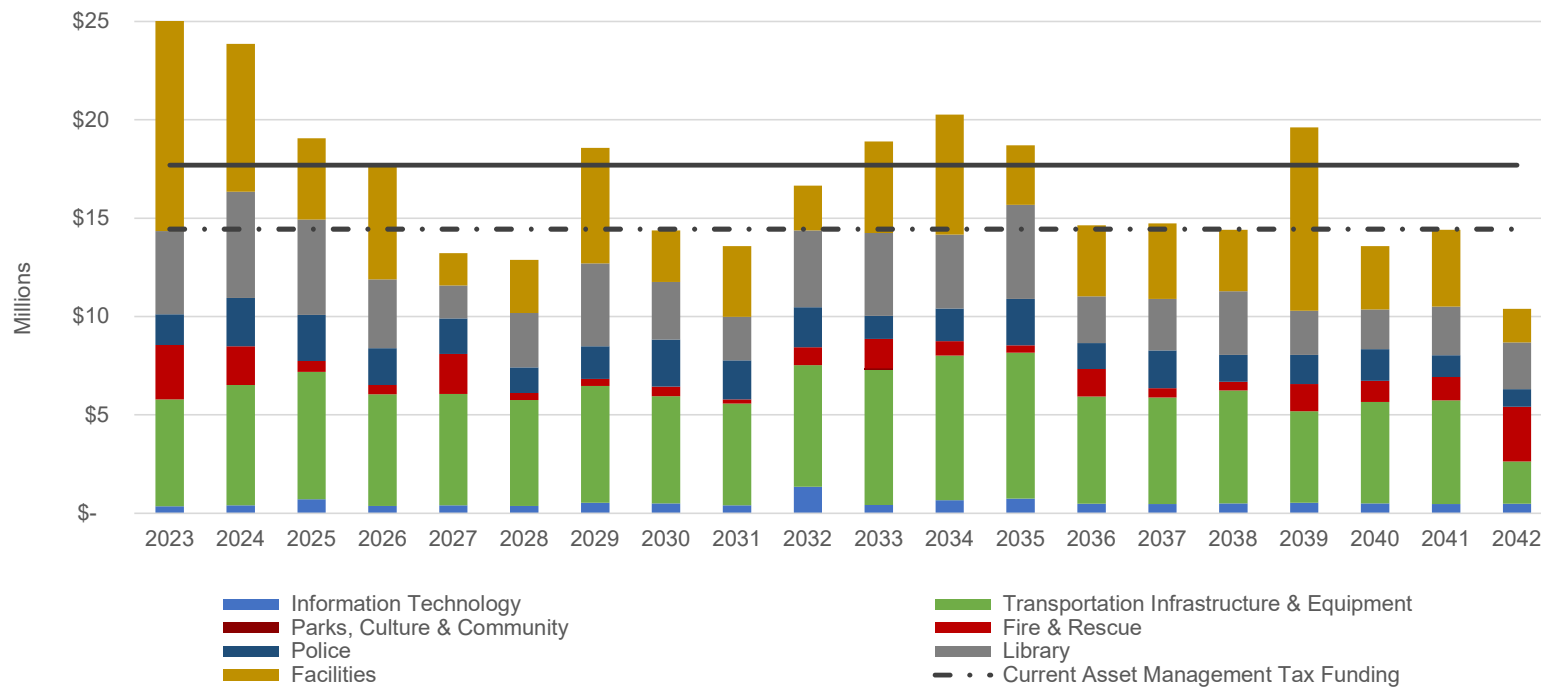
- Based on asset management plans

| 2023 Capital Requests | | | |
|-------------------------------------------|---------------------------|----------------|-------------|
| Maintaining and replacing existing assets | Asset Preservation | \$10.5M | 45% |
| | Regular Asset Maintenance | \$8.9M | 38% |
| | Health & Safety | \$1.1M | 5% |
| | Subtotal | \$20.5M | 87% |
| Investment in new assets | Strategic Investment | \$2.8M | 12% |
| | Innovation | \$0.2M | 1% |
| | Subtotal | \$3.0M | 13% |
| Total | | \$23.5M | 100% |

| 2023 Capital Funding | | | |
|-----------------------------------|------------------------------------|----------------|-------------|
| Asset Reserves | 2023 Asset Levy | \$11.2M | 48% |
| | 2023 Operating Budget Contribution | \$3.3M | 14% |
| | Funding from Prior Years | \$6.8M | 29% |
| | Subtotal | \$21.3M | 91% |
| Other Reserves & External Funding | Environmental Reserve | \$0.5M | 2% |
| | External Sources | \$0.6M | 2% |
| | Development Cost Charges | \$0.3M | 1% |
| | CAC-Community Serving | \$0.8M | 3% |
| | Subtotal | \$2.2M | 9% |
| Total | | \$23.5M | 100% |

20-Year Asset Management Plan

Over the next 20 years, to prevent assets from failure resulting from deferred maintenance, the estimated average annual cost of maintaining the general fund assets is \$17.7 million.



Asset Levy

- Propose 1.00% increase

| Annual Budget | Asset Levy Rate Increase (%) | Asset Levy Amount Increase (\$) | Asset Levy | Operating Budget Contribution | Amount Available for Capital Investment | Estimation of Required Optimal Investment | Shortfall |
|---------------|------------------------------|---------------------------------|---------------------|-------------------------------|-----------------------------------------|-------------------------------------------|---------------------|
| 2015 | 0.00% | \$ - | \$ - | \$ 7,374,538 | \$ 7,374,538 | \$13,900,000 | \$ 6,525,462 |
| 2016 | 5.25% | \$ 3,057,000 | \$ 3,057,000 | \$ 7,374,538 | \$ 10,431,538 | \$13,900,000 | \$ 3,468,462 |
| 2017 | 2.45% | \$ 1,554,321 | \$ 4,611,321 | \$ 7,374,538 | \$ 11,985,859 | \$14,100,000 | \$ 2,114,141 |
| 2018 | 1.56% | \$ 1,050,000 | \$ 5,661,321 | \$ 7,374,538 | \$ 13,035,859 | \$14,500,000 | \$ 1,464,141 |
| 2019 | 1.76% | \$ 1,464,141 | \$ 7,125,462 | \$ 7,374,538 | \$ 14,500,000 | \$14,500,000 | \$ - |
| 2020 | 0.00% | \$ - | \$ 7,152,462 | \$ 702,480 | \$ 7,827,942 | \$14,500,000 | \$ 6,672,058 |
| 2021 | 2.50% | \$ 2,397,075 | \$ 9,522,537 | \$ 1,202,480 | \$ 10,725,017 | \$16,933,613 | \$ 6,208,596 |
| 2022 | 1.00% | \$ 800,000 | \$10,322,537 | \$ 2,070,823 | \$ 12,393,360 | \$16,283,898 | \$ 3,890,539 |
| 2023 | 1.00% | \$ 838,000 | \$11,160,537 | \$ 3,282,823 | \$ 14,443,360 | \$17,693,301 | \$ 3,249,941 |

Environmental Levy

- Propose 0.50% increase
- Further support goal to protect natural environment, mitigate and adapt to climate change
 - Incremental cost to convert from gas powered vehicles to full electric vehicles
 - Further shoreline protection works
 - Incentive programs (such as Heat pumps)
 - Community outreach programs

3 Property Assessment and Taxes

Property Assessment Relative to Property Taxes

Here is what could happen to your property taxes:

| | Your Property's Value Change | Property Tax Impact |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| 1. |  LOWER than Average Change for Property Class | Taxes Likely DECREASE* |
| 2. |  SIMILAR to the Average Change for Property Class | Taxes Likely DO NOT CHANGE* |
| 3. |  HIGHER than Average Change for Property Class | Taxes Likely INCREASE |

* assumes no changes in budget needs for your local government or other taxing authorities

2023 Property Assessment

Property Location & Description

1234 ANYWHERE STREET
LOT 5, PLAN VIP4888, SECTION 98, LAKE LAND DISTRICT
PID: 012-345-678

2023 Assessment – represents your property value as of **July 1, 2022**

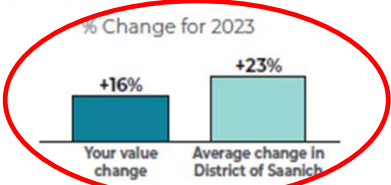
| Assessed Value | Value | Class |
|---------------------|-----------|-------------|
| Land | 112,000 | Residential |
| Buildings | 200,000 | |
| 2023 Assessed Value | \$312,000 | |
| 2023 Taxable Value | \$312,000 | |

Important messages about your 2023 Assessment

This is **not** a tax notice. Tax notices are issued by local governments and taxing authorities.

This notice contains important information about your property. Please review and keep for your records. No action is required unless you disagree with your assessment.

YOUR PROPERTY VALUE CHANGE



The graph above shows average change for multiple property types and is for informational purposes only.

Visit bcassessment.ca/marketmovement for information on individual property types.

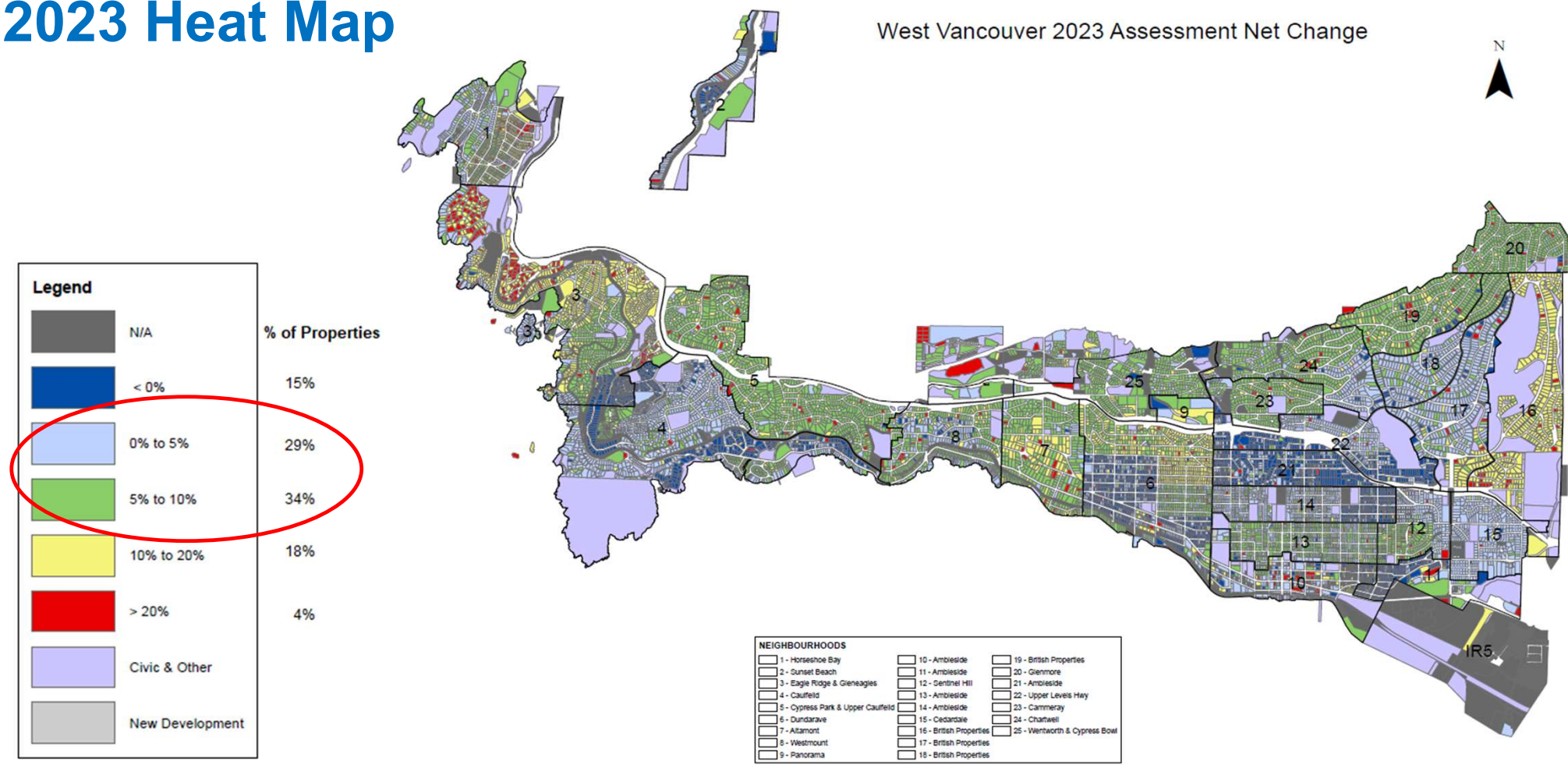
YOUR PROPERTY VALUE HISTORY

| | | |
|------|------|-----------|
| 2023 | +16% | \$312,000 |
| 2022 | -9% | \$268,000 |
| 2021 | +8% | \$295,000 |
| 2020 | +7% | \$273,000 |

District of West Vancouver (DWV) % Change due to Market

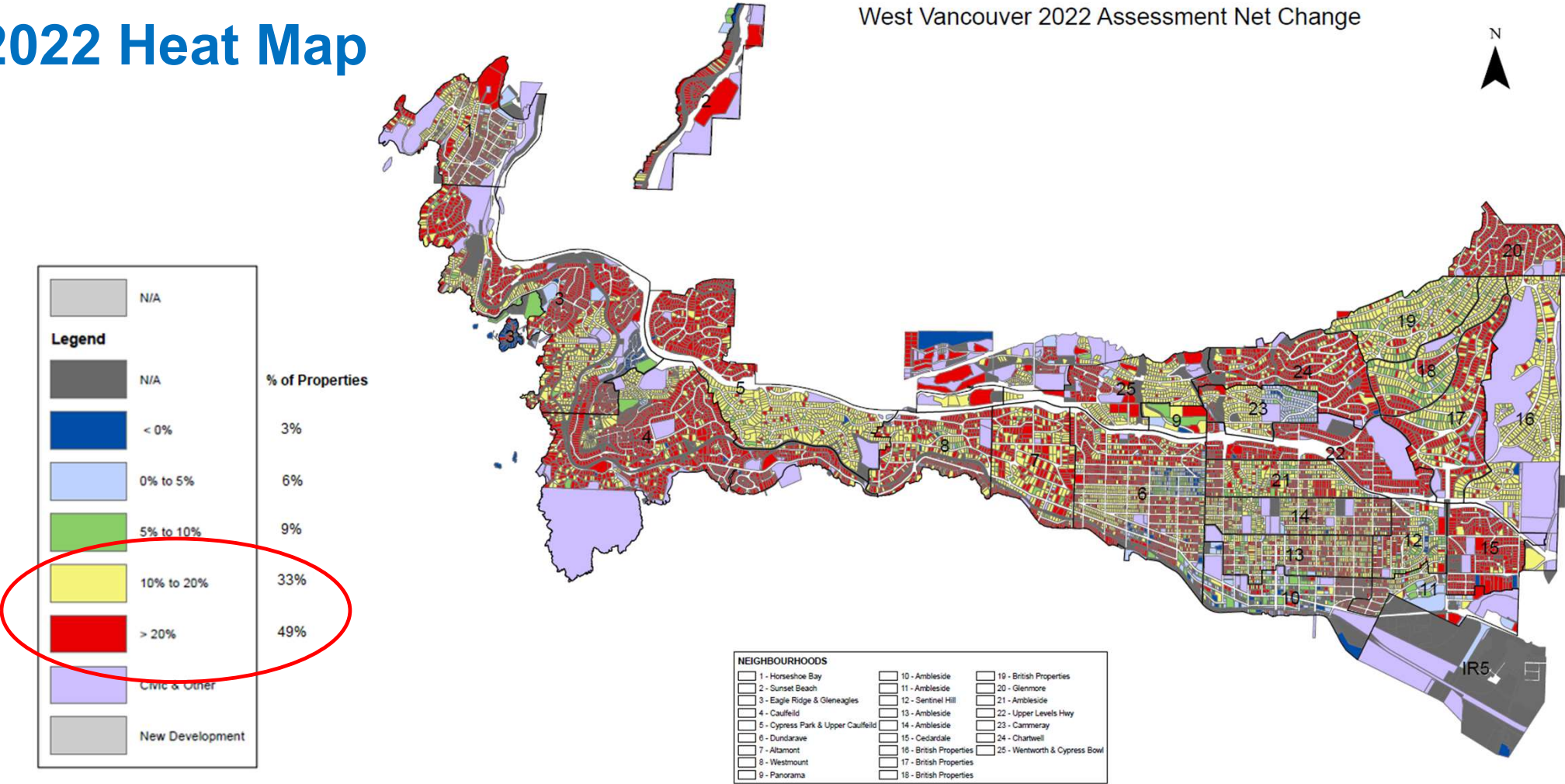
Class 1 (all residential): 5.2%
Single Family: 5.0%
Strata: 5.6%

2023 Heat Map



2022 Heat Map

West Vancouver 2022 Assessment Net Change



Proposed Total Tax Levy

Proposed property tax increase less than inflation

- Consumer Price Index (CPI) for British Columbia: 7.2% (November 2022)

| | Proposed Increase | Average SFD | Average Strata |
|-----------------------|-------------------|--------------|----------------|
| Operating Levy | 4.57% | \$263 | \$119 |
| Asset Levy | 1.00% | \$ 58 | \$ 26 |
| Environmental Levy | 0.50% | \$ 29 | \$ 13 |
| Total Tax Levy | 6.07% | \$350 | \$158 |

Assessments

- Average Single Family Detached (SFD): \$3.76M
- Average Strata: \$1.70M

Example of Tax and Utilities Increases – DWV Levies

Single Family Dwelling assessed at \$3.76M

Median Single Family Household Utilities Consumption

| Basis of Calculation | Levy / Charge | Proposed Increase | 2022 | 2023 | Increase Amount |
|----------------------|----------------------------|-------------------|----------------|----------------|-----------------|
| Assessment Value | Operating Levy | 4.57% | \$5,758 | \$6,021 | \$263 |
| Assessment Value | Asset Levy | 1.00% | Included above | \$58 | \$58 |
| Assessment Value | Environmental Levy | 0.50% | Included above | \$29 | \$29 |
| | Sub-total Taxes | | \$5,758 | \$6,108 | \$350 |
| Consumption | Water | 5.00% | \$841 | \$884 | \$43 |
| Consumption | Sewer & Drainage | 7.30%* | \$1,339 | \$1,426 | \$87 |
| Flat Rate | Solid Waste | 13.00% | \$275 | \$309 | \$34 |
| | Sub-total Utilities | | \$2,455 | \$2,619 | \$164 |
| | Total Costs | | \$8,213 | \$8,727 | \$514 |

Does not include other taxing authorities' levies (school district, transit, regional district)

* This percentage is overall rate increase for regional and local sewer levy.

4 Budget Process

Public Consultation

Budget Information Sessions

January 24, 2023 | 2:00 – 3:00 p.m. | Marine Room, Seniors' Activity Centre (in-person)

January 24, 2023 | 6:00 – 7:00 p.m. | Cedar Room, West Vancouver Community Centre (in-person)

January 26, 2023 | 1:00 – 2:00 p.m. | Virtual session

Online

Preliminary Financial Plan 2023 document

Forum for the public to share comments and feedback from January 18 to February 3, 2023

2023 Budget Timeline

January 16 and 23, 2023 – Finance and Audit Committee meeting and Council meeting
2023-2027 Five-Year Financial Plan Context presentation

January 24 – 26, 2023
Public consultation meetings

February 13 and 27, 2023 – Finance and Audit Committee meeting and Council meeting
Proposed 2023 Operating & Capital Budgets report

March 13 and 27, 2023 – Finance and Audit Committee meeting and Council meeting
Proposed 2023-2027 Five-Year Financial Plan Bylaw and Proposed 2023 Phase 1 Capital Funding report

April 3, 2023 – Council meeting
Proposed 2023-2027 Five-Year Financial Plan Bylaw and Proposed 2023 Phase 1 Capital Funding Report adoption

April 17, 2023 – Council meeting
Proposed 2023 Annual Tax Rates Bylaw 3 readings

April 24, 2023 – Council meeting
Proposed 2023 Annual Tax Rates Bylaw adoption

Thank You!
Questions?