

DISTRICT OF WEST VANCOUVER
 750 17TH STREET, WEST VANCOUVER BC V7V 3T3

5

COUNCIL REPORT

Date:	November 23, 2016
From:	I. Gordon, Director of Financial Services
Subject:	Finance Committee Recommendations from Task Groups
File:	0116-20-FIN

RECOMMENDATION

THAT as described in the report dated November 23, 2016 regarding Finance Committee recommendations from Task Groups:

1. The final report from the Key Performance Indicators Task Group dated November 3, 2016, and the final report from the Reserves and Investments Task Group dated October 30, 2016, be received for information;
2. The proposed key performance indicators as recommended by the Key Performance Indicators Task Group, form the basis and foundation for additional review and development, and staff report their progress on an interim basis at a Spring meeting of the Finance Committee, with the final results reported to Council by September 30, 2017, be approved;
3. Public Amenity Contribution Policy 02-80-30, be revised as part of the Official Community Plan review;
4. Development Cost Charge Bylaw No. 3801, 1993, be revised;
5. Two separate statutory reserve funds be created by restructuring the current Endowment Fund and creating a new Land Fund;
6. The Endowment Fund retain its endowment status, be funded at an appropriate level (with consideration to be given to its initial level), have clear operating guidelines established for its use, and the Finance Committee be given a specific mandate to oversee and advise Council on the uses of this fund, be considered;
7. The proposed Cash Management and Investment Policy ##-###-##, be approved and Guidelines for Investment Policy 02-30-152, be rescinded;
8. An amendment of the Finance Committee's terms of reference to include a mandate to review investment strategy, performance and procedures on a regular basis, and to advise as to whether the District's investment management should be managed internally or contracted to a third party from time to time, be considered; and
9. The members of the Key Performance Indicators Task Group and the Reserves and Investments Task Group be thanked for their efforts.

1.0 Purpose

To provide an overview of the accomplishments of the Key Performance Indicators Task Group and the Reserves and Investments Task Group.

2.0 Background

Pursuant to section 141 of the *Community Charter*, Mayor Smith established the Key Performance Indicators Task Group to assist the Finance Committee in fulfilling its oversight responsibilities related specifically to developing, in conjunction with District staff, a comprehensive list of key performance indicators (KPIs) to measure and demonstrate the financial performance of the District and the organization's ability to execute on strategic goals and objectives.

Concurrently, the Reserves and Investments Task Group was established to assist the Finance Committee in fulfilling its oversight duties related to investment and reserve policies and practices.

Both Task Groups were established in August 2015 with term extensions to November 2016 to allow for preparation of their final reports to the Finance Committee. The final reports were presented to the Finance Committee at their meeting on November 22, 2016.

2.1 History

The Key Performance Indicators Task Group commenced with a review of background materials, divisional objectives and presentations by the Parks, Culture & Community Services and Engineering & Environment teams. This review led to the creation of a proposed key performance indicators framework as outlined in the interim report presented to the Finance Committee on July 19, 2016 (**Appendix A**).

Following presentation of their interim report, the Key Performance Indicators Task Group began development of KPIs for the following six divisions: Engineering & Environment Services; Community Relations & Communications; Fire & Rescue Services; Planning & Development Services; Corporate Services; and Parks, Culture & Community Services. As outlined in the final report (**Appendix B**), the Task Group developed a total of twenty (20) proposed KPIs and a KPI Framework intended as the basis of a KPI system at the District.

The Reserves and Investments Task Group began accomplishing their mandate with a review of the Public Amenity Contribution and Development Cost Charges policies and the statutory reserve funds. The Task Group's interim report (included as an attachment to **Appendix C**) to the Finance Committee on July 19, 2016 included recommendations that the Public Amenity Contribution and Development Cost Charges policies be revised in accordance with current best practices.

The interim report also contained a recommendation that the Endowment Fund be restructured into two separate funds as the Endowment Fund was functioning with differing, and at times, conflicting purposes. The Task Group's recommendation is to create a Land Fund and restructure the Endowment Fund in order to accurately reflect the purpose of each fund.

Subsequent to the interim report, the Reserves and Investments Task Group began a review of the District's investment management activity. The Task Group's review culminated with several recommendations as outlined in the final report (**Appendix C**) relative to the creation of proposed Cash Management and Investment Policy and Guidelines, an amendment to the Finance Committee's terms of reference to expand the committee's mandate to include review of investment management on a regular basis, and supervision of the Endowment Fund. The District's current investment policy, Guidelines for Investment 02-30-152 is recommended for rescission and is attached as **Appendix D**.

The Reserves and Investments Task Group made a further recommendation that the Finance Committee consider the issue of restrictive constraints on investments by the *Community Charter* and draft a letter to the Ministry of Community, Sport, and Cultural Development addressing the matter.

3.0 Analysis

3.1 Discussion

The Finance Committee reviewed the final reports of the Key Performance Indicators Task Group and the Reserves and Investments Task Group at their November 22, 2016 meeting and endorsed the recommendations contained in this report.

The Finance Committee considered the Reserves and Investments Task Group recommendation regarding the proposed letter to the Ministry of Community, Sport, and Cultural Development relative to restrictive investments and suggested that staff be directed to look into the matter and report back at a future date.

The agendas and minutes of both the Key Performance Indicators and Reserves and Investments Task Groups can be viewed on the District's website.

3.2 Sustainability

Creation of a system of KPIs will contribute to the District's long term fiscal sustainability by ensuring a focus on financial management and value for money in achieving the District's goals.

Active management of the District's investments contributes to obtaining the maximum value from funds set aside by the District for future priorities, and ensuring that the District's working capital earns the highest possible returns.

4.0 Options

4.1 Recommended Option

Approval of the recommendations contained in this report and as endorsed by the Finance Committee in order to advance the initiatives started by the Task Groups.

4.2 Considered Options

Defer approval and request further information.

5.0 Conclusion

The Finance Committee has endorsed the recommendations by the Key Performance Indicators Task Group and the Reserves and Investments Task Group and would like to continue developing the initiatives launched by the Task Groups.

Author:



Appendices:

- Appendix A: Key Performance Indicators Task Group Interim Report**
- Appendix B: Key Performance Indicators Task Group Final Report**
- Appendix C: Reserves and Investments Task Group Final Report**
- Appendix D: Guidelines for Investment 02-30-152**

Date: June 20, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Interim Report

- The Office of the Auditor General's 2010 Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting;
- 2006 Report from the Fiscal Sustainability Task Force;
- 2010 Report from the Value for Services Working Group;
- 2011 KPI Guidelines Report from the Finance Discussion Group; and
- 2013 Divisional Core Service Reviews for Parks and Community Services, Engineering and Transportation, Fire and Rescue, and the Memorial Library.

The Task Group also considered Council's seven priorities in conjunction with departmental objectives.

At the March 21, 2016 Task Group meeting, Chief Administrative Officer, Ms. N. Leemhuis, gave a presentation titled "2016 Divisional Objectives" to inform members of divisional priorities. Task Group members also established and prioritized the task group work plan with a focus on the development of key performance indicators for the Engineering and Environment Services division.

On April 13, 2016, the Task Group received an overview of Engineering and Environment Services from Director, Mr. R. Fung and a presentation from Ms. A. Mooi, Director and Ms. P. Fretz, Business Manager of Parks, Culture & Community Services (PCCS) on how key performance indicators inform the PCCS budget decision-making and divisional goal-setting process. Task Group members then began designing a potential key performance indicators framework.

At the May 12, 2016 Task Group meeting, members received a presentation by representatives of the Parks, Culture & Community Services division on how the PCCS situational analysis tool is used to inform the operational decision-making process. Members also reviewed activity and performance measures utilized by the District of North Vancouver and discussed progress made on the potential key performance indicators framework.

A draft Key Performance Indicators Framework was reviewed at the May 31, 2016 Task Group meeting with feedback provided for further fine-tuning of the draft document.

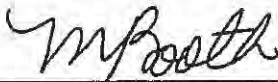
At the June 14, 2016 KPI Task Group meeting, members received a verbal report from Ms. K. Merilees, Manager of Community Relations on community impact measures and discussed further refinement of the draft key performance indicators framework.

On July 14, 2016, the Task Group reviewed progress to date and made revisions to the draft key performance indicators framework (**Appendix B**).

Date: June 20, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Interim Report

Next Steps

Over the next several months, the Key Performance Indicators Task Group will continue to refine the key performance indicators framework and prepare their final report for presentation to the Finance Committee at their November 22, 2016 meeting.



Councillor Mary-Ann Booth, Acting Chair
Key Performance Indicators Task Group

Appendix A: Key Performance Indicators Task Group Terms of Reference
Appendix B: Proposed Draft Key Performance Indicators Framework

Key Performance Indicators Task Group Terms of Reference Policy 02-30-357 (2015)

Effective Date: July 21, 2015

Consolidated for Convenience Only

For convenience, the original policy (or "parent" policy) has been updated to include the amendments. This consolidation is for convenience only. The original policy and amendments should be consulted for all interpretations and applications of the policy.

Original Policy:
02-30-357

Effective Date:
July 21, 2015

Amendments:
02-30-357
02-30-357

Effective Date:
December 3, 2015
March 23, 2016

Amendments to the original policy are shown in the margin of this consolidation.

CONSOLIDATED TERMS OF REFERENCE

District of West Vancouver CORPORATE POLICY

Financial Services Division	Council Committee Terms of Reference Key Performance Indicators Task Group
Policy 02-30-357	
File: 0116-20-FIN	

Purpose

- 1.0 The Key Performance Indicators Task Group is an advisory group to assist the Finance Committee to fulfill its oversight responsibilities related specifically to developing, in conjunction with District staff, a comprehensive list of key performance indicators. The Task Group's recommendations will be reported to the Finance Committee.

Policy

2.0 Duties

2.1 The Task Group will review:

- a) Divisional Core Service Reviews (Parks and Community Services, Engineering and Transportation, Fire and Rescue, and the Memorial Library);
- b) 2011 KPI Guidelines Report;
- c) reports and findings prepared by the Value for Services Working Group;
- d) reports and findings prepared by the Fiscal Sustainability Task Force; and
- e) all relevant background documents and similar documents and practices in other jurisdictions, including relevant legislation and bylaws.

2.2 The Task Group will assist the Finance Committee in developing, in conjunction with District staff, a comprehensive list of key performance indicators that will measure and demonstrate the financial performance of the District, and the organization's ability to execute on strategic goals and objectives (as articulated in Council's Priorities).

2.3 The Task Group will report its recommendations to the Finance Committee.

3.0 Origin of Work

To assist the Finance Committee to fulfill its oversight responsibilities related specifically to developing, in conjunction with District staff, a comprehensive list of key performance indicators that will measure and demonstrate the financial performance of the District, and the organization's ability to execute on strategic goals and objectives (as articulated in Council's Priorities).

4.0 Membership

4.1 Voting members are appointed by the Mayor as follows:

- a) A minimum of two Council members;
- b) A maximum of three volunteers.

4.2 Staff Liaison: as determined by the Chief Administrative Officer.

4.3 The Chair must be a Council member. A Vice-Chair shall be elected from among the members.

5.0 Quorum

5.1 A quorum is a majority of the voting members, at least half of which must be Council members.

6.0 Term

6.1 The term for the Task Group shall be 15 months, commencing in August 2015.

7.0 Meeting Schedule and Meeting Location

7.1 The meeting schedule shall be established by the Chair, in conjunction with Task Group members.

7.2 Task Group meetings shall be held in a District facility.

Section 4.1(a) amended
December 3 2015

Section 6.1 amended
March 23 2016

8.0 Rules of Procedure

Meetings shall be conducted in accordance with the General Council Committees Policy, the Council Procedure Bylaw, and the *Community Charter*.

9.0 Support Services

A designated staff person will provide support services.

10. Conflict of Interest

Members shall declare possible conflicts of interest to the Chair and the Task Group. (The General Council Committees Policy references conflict of interest.)

Approved: July 21, 2015	Approved by: Mayor Smith
Amended: December 3, 2015 <i>[Amendment to section 4.1(a) to change from "A minimum of two Council members from the Finance Committee" to "A minimum of two Council members"]</i>	Approved by: Mayor Smith
Amended: March 23, 2016 <i>[Amendment to section 6.1 to change term from 12 to 15 months]</i>	Approved by: Mayor Smith

Key Performance Indicators – An Overview – 2011.11**1. Introduction**

During the past three years, the District of West Vancouver has taken steps to enhance its ability to deliver maximum value to residents for their taxes and fees. Noteworthy among these are:

- More timely budgeting and financial reporting;
- More focused planning, using a *Balanced Score Card* system;
- More active monitoring of performance.

Since early 2011, an informal Finance "Group of Five", comprising five West Vancouver residents (former members of the Finance Committee, Value for Services Working Group, Fiscal Sustainability Task Force, Interested Taxpayers' Action Committee) has worked with the Chief Financial Officer in:

- Developing guidelines to assist the District in establishing Key Performance Indicators (KPIs) for its departments and activities;
- Reviewing the District's budget and financial reporting processes.

These Guidelines deal with Key Performance Indicators. They were prepared by the Group of Five to assist Departments in establishing KPIs appropriate for their activities, and are not prescriptive. The Guidelines reflect practices in various jurisdictions, and include information from W-Van and other municipalities.

2. Attributes of KPIs

Since 2007, the District has reported some indicators of performance in its Proposed Budget books, but they played no role in planning or management.

- In 2007 and 2008, some "Indicators and Targets" were reported.
- In 2009 and 2011, "Service Level Statistics" were reported, extending back to 2004.

The District's *objective* is to establish a set of quantitative KPIs for the activities of each Department, for use in planning, allocating resources (as of the 2012 budget), and monitoring progress.

- Initially KPIs would be focused internally, within the District of West Vancouver.
- Subsequently, an external (benchmarking) focus would be added for some KPIs, to permit comparisons with similar activities in other municipalities and the private sector.

KPIs should not be regarded as "absolute measures" – rather, they are "directional". As their name states, KPIs are "indicators" – for use by management, together with good judgement. Clearly there will be activities where simple KPIs cannot reflect special circumstances, and may be inappropriate.

It is useful to parse the phrase "key performance indicator" into its constituent parts:

- *Key* – Means it's unique, important or discloses whatever it modifies (in this case performance).
- *Performance* – Refers to the substance of an activity, aimed at achieving a specific purpose.
- *Indicator* – Is a device which indicates some quantity or quality of interest, and has a practical significance in controlling a process or in attaining a desired result.

KPIs must be tied to the performance of the "business unit" (Department/Activity) to which they apply:

- KPIs must measure performance, and be the principal indicators of the unit's performance.
- For any business unit, KPIs will be few in number and specific to the business unit's purpose.
- KPIs should contribute to controlling the unit, and focus on the results for which it is responsible.

Key attributes of KPIs relevant to Departmental activities should include the following.

- Reflect Departmental objectives, focusing on core functions and essential outputs (results).
- Provide management information to plan, allocate resources, make changes, monitor progress.
- Reflect an activity's *outputs/deliverables* and its resource *inputs/requirements*.
- Reflect an activity's *efficiency and effectiveness*.
- Convey meaningful information to the community.
- Be relevant to the four perspectives of the *Balanced Score Card*, listed below.
- Be simple, clear, and easily determined from existing (or forthcoming) routine data.
- Be few in number – focus on “key” actionable KPIs, with “nice to know” items listed elsewhere.

Additional *Guiding Principles* for selecting KPIs include the following:

- Focus on total costs, and reflect the FTE requirements of activities.
- Include KPIs for short-term activities.
- Reflect revenues from fees and charges, as a percentage of department or activity costs.
- Indicate community satisfaction with activities and services, as measured by periodic surveys.
- Provide perspectives relative to other municipalities, and particularly to programs in reasonably comparable municipalities, such as N-Van District.
- Record the use of services by out-of-District residents.
- Cost per capita is an important measure, and is appropriate in most cases. It is widely used, and allows some inter-program and inter-municipal comparisons.

Reference is made above to *inputs & outputs* (basic data), and *efficiency & effectiveness* (indicators).

- **Inputs** refer to the resources required to operate a Department or activity – money, personnel (staff FTE, volunteers), equipment, space, facilities.
- **Outputs** refer to the products or results of a Department or activity – people served (visits, participants) items produced (permits granted, books lent, fires attended, crimes solved, etc.).
- **Efficiency** refers to resource consumption per unit of output – cost/resident, cost/participant, cost/permit; output/FTE, participants/FTE.
- **Effectiveness** refers to achievement, or stated goals – annual tax increase, fire response time, residents/FTE, problems/complaints, levels of satisfaction, participation rates.

Reference is made above to the *Balanced Score Card* and its four “*perspectives*”:

- *Community* – Residents, customers – effectiveness, satisfaction;
- *Operations* – Internal business processes – organization, efficiency;
- *People* – District staff – motivation, learning, satisfaction;
- *Finances* – Traditional financial performance – use of resources, inputs, outputs.

APPENDIX B

APPENDIX A

Objective	Service Area	Type of Measure	Measure	2015	2014	2013
Drinking Water						
Efficient municipal water treatment services	Water treatment	Efficiency	Drinking water treatment O&M costs per megalitre			
Efficient municipal water distribution services	Water distribution	Efficiency	Water distribution system O&M costs per kilometre of water main		9,300	6,900
Water is safe and meets local needs	Boil water advisories	Effectiveness	Number of days when a boil water advisory applicable to a municipal water supply was in effect		0	0
Improve system reliability	Water main breaks	Effectiveness	Number of water main breaks per 100 kilometres of water distribution pipe in a year			
Sanitary Sewer						
Efficient maintenance of sanitary sewer collection system	Sanitary sewer collection	Efficiency	Sanitary sewer collection O&M costs per 100 kilometre of sewer main	5,036	4,290	4,630
Municipal sewage management practices prevent environmental and human health hazards	Sanitary sewer main backups	Effectiveness	Number of sanitary sewer blockages per 100 kilometres of sewer main per year		1.1	2.6
Solid Waste						
Efficient municipal garbage collection services	Cost of Garbage collection (Single Family)	Efficiency	Garbage Fee (SF food waste, yard trimmings, & garbage) (per HH/year net of discount)	201	201	201
Efficient municipal recycling collection services	Cost of Recycling collection (Single & Multi-family)	Efficiency	Recycling Fee (Blue box or Blue cart) (per HH/year net of discount)	74	74	74
Roads and Transportation						
Efficient maintenance of paved roads	Paved roads	Efficiency	Roads O&M cost per lane kilometre	5,326	4,548	4,396
Pavement condition meets municipal objectives	Pavement condition	Effectiveness	Percentage of roads rated as "good" to "very good" or Percentage of roads with PQI score above 60			
Storm Drainage						
Efficient maintenance of storm drainage system	Storm drainage system	Efficiency	Storm drainage O&M costs per 100 kilometres of storm sewer and drainage ditches		6,540	4,080
Municipal storm drainage management practices prevent environmental and human health hazards	Stormwater quality	Effectiveness	Number of days municipal beaches are closed for swimming per year		6%	

APPENDIX B

APPENDIX A

KPI Task Group	QUESTIONS SUGGESTING POSSIBLE KPIS				
ENGINEERING AND ENVIRONMENT SERVICES					
Question	Activity	Objective - Why do we measure this?	Metric	Measurement Result	Goal
How much does it cost to maintain paved roads during the year?	Paved roads	Efficient maintenance of paved roads	Roads O&M cost per lane kilometre		
How much does it cost to maintain roads during the winter?	Winter maintenance (salting, sanding, snow)	Efficient winter maintenance of roadways	Winter maintenance O&M cost per lane kilometre		
How much does it cost to maintain the sanitary sewer collection system?	Sanitary sewer collection	Efficient maintenance of sanitary sewer collection system	Dollars per capita, dollars per sewer collection km of pipe		
How much does it cost to treat waste water and dispose of waste from it?	Wastewater treatment and disposal	Efficient municipal wastewater treatment and disposal services	Dollars per capita, dollars per cubic metre		
What is done to maintain comfort of paved roads?	Pavement condition	Major arterials provide a smooth ride, smaller roads only minor potholes allowed etc.	Pavement condition valued as measured by independent company for 1. major arterials 2. secondary roads 3. tertiary roads		
What is done to maintain safety of paved roads?	Road markings, traffic lights, signs	Road marking provides for clear dividers, traffic lights regulate traffic in busy intersections. Signs are clear and provide direction/regulations	Maintenance program for road markings and signs. Review of sensitive areas to add protection, maintenance of traffic signal functionality and timing		
How often are sanitary main sewers backing up and what is done to prevent it?	Sanitary sewer main backups	Municipal sewage management practices prevent environmental and human health hazards	Backups in quantity per year/backups per km of pipe		
How often do sanitary sewers overflow and what is done to prevent it?	Sanitary sewer overflows (SSOs)	Municipal sewage management practices prevent environmental and human health hazards	Overflow in quantity per year/overflow per km of pipe		
What are the main complaints/concerns in the community about roads?	Road complaints	Residents satisfaction with level of service related to roads and transportation	Listing per 80/20 rule of type and qty of complaints (requires complaints tracking system)		
How quickly are issues being resolved and what are the criteria for attending to them?	Complaints handling, tracking, actions	Residents satisfaction in feeling that their complaints are handled in an efficient and timely manner	Segmentation of issues/quality measurements such as % of issues per category resolved within a certain time frame		

APPENDIX B

APPENDIX A

How often are there issues reported due to sanitary sewer problems	Sanitary sewer complaints (quantity)	Resident satisfaction with level of service related to wastewater services	Qty of complaints and segmentation as to severity		
How quickly are issues resolved for sanitary sewer backups	Sanitary sewer complaint resolutions	Resident satisfaction in feeling that their complaints are handled in an efficient and timely manner	Segmentation of issues/quality measurements such as % of issues per category resolved within a certain time frame		
How often are beaches closed due to sanitary sewer issues?	Effects of sanitary sewer issues (qty and length of time)	Decreased inconvenience for residents	Qty of closures and length of time per closure		
How often are there floodings due to storm drainage blocking (main arteries, smaller roads etc)	Preventative maintenance, planning of manholes, drainage etc.	Resident inconvenience and damage prevention both on municipal land and resident property	Qty of floodings and segmentation as to severity		
How often are beaches closed due to storm drainage issues	Effects of storm drainage issues (qty and length of time)	Decreased inconvenience for residents	Qty of closures and length of time per closure		
How often are there boiling advisories?	Preventative maintenance of drinking water	Decreased inconvenience for residents	Qty of advisories and length of time per closure		
How often does the Vancouver Health issue warning about drinking water quality	Preventative maintenance of drinking water	Decreased inconvenience for residents	Qty of warnings, area affected in population and length of time before approval		
How many residents live more than a 5 minute walk from transit	Single Occupant Vehicle/Transit usage	Sustainability measure related to need for private automobile use	% of residents that do not have easy access to public transportation could be segmented in 5 min and 10 min walk etc.		
How many residents have access to alternative transportation to where they need to go?	Alternative transportation access	Sustainability measure related to alternative transportation	Survey based on need to destination and number of public transportation changes needed to reach or time increase compared to use of single vehicle		
How many residents feel well served by transit	Transit	Sustainability measure related to transit	Various aspects such as convenience, frequency, destinations, pickup area etc. (Survey)		
How much waste water is generated by capita?	Wastewater generation	Sustainability measure related to amount of wastewater generated	Comparison to similar municipalities as to density and green area.		

APPENDIX B

APPENDIX A

KPI "Clients" (3): Meaningful KPIs which answer basic questions are required for: The Public; Council & Executive; Operations (divisions, activities). There will be differences in the list of KPIs of interest to each group, and the presentation format of KPIs will be different for each group.

KPI Objectives (2): "... a comprehensive list of KPIs that will measure and demonstrate the *financial performance* of the District, and the organization's *ability to execute on strategic goals* and objectives (as articulated in Council's Priorities)."

KPI "Dimensions" (4): Efficiency (activity level, efficiency); Effectiveness (community impact, customer service) – these are commonly used KPI "dimensions" (e.g. Toronto Model 2011; W-Van KPI Guidelines 2011). Efficiency KPIs are largely quantitative and generally applicable across divisions and activities; Effectiveness KPIs are much more subjective, and specific to programs.

KPI "Framework": The template below shows the basic framework for producing KPIs – at its current stage of evolution. The intention is that it can be used by each division and activity. Shaded in grey are KPIs (and data) likely to apply in each case – most KPIs will be specific to a division or activity. Shaded in blue are KPIs suggested by Engineering; potential KPIs which have been discussed are shaded in beige. The template below is a worksheet, not a presentation format.

KPI Task Group		FRAMEWORK to PRODUCE KPIs										
ENGINEERING - 2015					ROADS & TRANSPORTATION							
INPUTS					KPI SUMMARY							
INFRASTRUCTURE			RESOURCES		Indicator		2015		2014			
	Amount			Amount	ACTIVITY LEVEL						Action	
Lane-km of Roadways	269	Salaries & Benefits - \$K		1,143								
Bridges	16	Supplies & Equipment - \$K		259	EFFICIENCY						Action	
Street Signs	7,588	Contracted Out - \$K		869								
Vehicles Operated	198	Total Operating Cost - \$K		2,271	COMMUNITY IMPACT						Action	
		External Revenue - \$K		179								
		Capital Construction - \$K		3,500	CUSTOMER SERVICE						Action	
		Staff FTE		15.0								
		Staff Hours		38,500	TOTAL						Action	
		TOTAL										
EFFICIENCY INDICATORS												
ACTIVITY LEVEL -- OUTPUT					EFFICIENCY							
Service Area	Metric	Result	Goal	Score	Service Area	Metric	Result	Goal	Score			
Operating Cost / Household (2)	\$/HH	126			Paved Roads Annual - O&M	\$/lane-km	5,326					
Cost Recovery / Household	\$/HH	10			Winter Maintenance - O&M	\$/lane-km	570					
Percent of Divisional Costs	%											
Operating Cost / Staff Hour		59										
New & Rebuilt Roads	km											
										TOTAL		
										TOTAL		
EFFECTIVENESS INDICATORS												
COMMUNITY IMPACT					CUSTOMER SERVICE							
Service Area	Metric	Result	Goal	Score	Service Area	Metric	Result	Goal	Score			
Pavement Condition (PQI) (1)	% PQI > 60	71	75	95	Road Complaints	#/year						
Single Occupant Vehicle use	Vehicle-km											
Alternative Transportation (3)	% non-auto				Community Survey Score	16	16	50	32			
Transit use --- Blue Bus Total (4)	Boarding/y				Time to Resolve Issues							
Transit use per Capita												
										TOTAL		
										TOTAL		
Explanatory Notes					Explanatory Notes							
(1) Pavement Quality Index -- "good" = 60; "very good" = 70; "excellent" = 80.					Standard Measures for each Program and Division							
(2) W-Van Demographics: Population = 44,000; Households = 18,000.					Measures Suggested by Engineering Division							
(3) Percent mode share for walking, cycling, transit.					Potential Measures for Consideration							
(4) Blue Bus boardings per year, including Ferry passengers.												

July 4, 2016.

This page intentionally left blank



This page intentionally left blank



Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

An important part of KPIs is to focus attention on certain aspects of the business of the District. The KPIs need to reflect both resources required and related costs, as well as quality and value achieved from the various departments. Therefore, the KPIs are focused on both inputs and outputs from the divisions.

The process for working with KPIs can be split into a number of steps as outlined below. However, note that the mandate for this task group was to focus on Step 1.

1. Define important metrics (KPIs) that are relevant and where staff's actions can make an impact on the outcome.
2. Collect data relevant to these KPIs and obtain measurements that can be tracked.
3. Track the measurements and frequently compare changes, reasons for changes and take corrective actions if changes are not favourable.
4. Set goals to be achieved and track towards these goals. Goals can also be set before tracking is started.
5. Discuss outcomes. In budget and financial meetings discuss potential impact if inputs are changed, as inputs and outputs are related. Constantly set more challenging goals to obtain a continuous improvement culture. In divisional meetings discuss achievements and changes in the KPI measurements. Take action to improve KPIs.

After elaborate discussions and gatherings, the task group decided to move ahead to recommend a few KPIs for the following six divisions:

1. Engineering & Environment Services
2. Community Relations & Communications
3. Fire & Rescue Services
4. Planning & Development Services
5. Corporate Services
6. Parks, Culture & Community Services

Initial dialogue with divisional directors and their suggestions for KPIs has assisted the task group in its recommendations. As it was important to limit KPIs in order to obtain a reasonable focus, these KPIs do not exclude KPIs that divisional directors want to track in their own divisions at various levels.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

The recommendations made by the task group would generate 20 separate KPIs, which in itself may sound like too many. However, considering the vast number of divisions and their duties, the task group believes this would be manageable.

As was done in the Toronto performance measurement model, which was studied, the task group has also included questions that would be answered by these KPIs, to make them clearer.

To proceed with the processes and development of the KPIs, management and staff need to take over and develop the goals and measurements.

To provide the organization with a framework for this continued work, the task group has developed a recommendation for a KPI framework in Appendix B. The framework is connected to this report by attempting to quantify some of the KPIs mentioned here, as well as showing some of the inputs for the determination of the KPI values. In order to create a reference for the KPIs in both the report and the Framework, they have been numbered by a question number with a corresponding number in the Framework. As an example, for the question below for Roads/Transportation: "*Question 1: How do changes in Operations & Maintenance (O&M) costs for roads/transportation impact the road quality?*" with the corresponding KPI: "Ratio of O&M costs/%PQI", is referenced in the Framework as #1 which is marked in **red numbers** in the table.

Task group members have accumulated a great deal of material, reflected in this recommended framework. It includes:

- material from Finance – background documents and financial analyses prepared for the KPI Task Group;
- discussions – within the task group, among the members, with Divisions and others;
- material provided by the six divisions, and by the task group members; and
- inspiration by Toronto's Performance Measurement and Bench-marking system.

PROPOSED KEY PERFORMANCE INDICATORS

Proposed KPIs for Engineering & Environment Services

Roads/Transportation

Question 1: How do changes in Operations & Maintenance (O&M) costs for roads/transportation impact the road quality?

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

- A. Operations & Maintenance costs per lane km of road divided by a Road Quality Index (measured as percentage of roads with a PQI score (measured by third party) higher than 65% (% PQI)).

Note: PQI (Pavement Quality Index) or sometimes PCI (Pavement Condition Index) are commonly used indices that are used to measure number of potholes, cracks, and other conditions of the pavement of roads.

KPI: Ratio of Operations & Maintenance costs / % PQI

This KPI should be seen as costs to achieve a certain standard of road quality. It is not an intuitive KPI, and many times it might be two separate KPIs. However, in the task group's quest to limit the number of KPIs, members feel that tracking of this one KPI will show trends in an efficient way.

This ratio should be tracked year by year and should be held as low as possible. A base line should be established. If costs increase and quality stays the same, that would be a negative result. If quality increases and costs stay the same, the ratio will be lower, which is a good result. If costs go lower and quality stays the same, it is also good. However, the goal should be to reduce costs AND improve the quality.

Question 2: How fast does the District take action on Engineering issues, such as roads/transportation, sanitary sewer overflows, solid waste, utilities etc. based on complaints from residents?

- B. Time to get various engineering issues such as roads/transportation, sanitary sewer overflows etc. complaints resolved measured in days from when the complaint was received until the issue was resolved. This requires a proper tracking system of complaints and coded as complaints regarding the various types of issues. Tracking should be done weekly/monthly.

KPI: Time in days to get Engineering-related resident complaints resolved.

Sanitary Sewer

Question 3: How do sanitary sewer collection Operations & Maintenance (O&M) costs impact incidents of Sanitary Sewer Overflows (SSO)?

- C. Sanitary sewer collection O&M costs per 100 km of sewer main times number of Sanitary Sewer Overflows experienced per year.

KPI: Operations & Maintenance costs times number of SSOs

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

Again, this is not an intuitive KPI, but in order to limit KPIs, this factor will show input as costs and output results in the form of number of overflows. A base line can be established by looking back two or three years. This number should be tracked year by year and should be held as low as possible. If costs increase and number of SSOs stays the same, it is negative. If number of SSOs increases and costs stay the same the result will also increase, which is also negative. If costs go lower and SSOs stay the same, it is positive. If costs stay the same and SSOs increases it is negative. The goal should be to reduce costs AND decrease SSOs.

Storm drainage could be treated in a similar way, but in order to limit the number of KPIs, the task group proposes that it not be included here.

Drinking Water Consumption

Question 4: How does consumption of drinking water usage change per capita?

- D. Average community water consumption in litres per capita per day. Even though this cannot be controlled directly by staff, the task group believes it is interesting information that residents might want to be tracked. Staff can also communicate to residents in a way that inspires them to not waste water.

KPI: Litres of water used/capita/day

This could further be converted into how many litres of water it takes to take a shower, flush a toilet, brush your teeth etc. (on average). This could again be interesting information for residents.

If the litres of water were further converted to how much a litre of water (1000 litres in one cubic metre) costs, residents would get a sense of how much their daily activities cost.

However, the weakness of this KPI is that the costs are fairly constant based on fixed costs in major installations of filtration stations etc., especially for the Eagle Lake reservoir, and mandated fees for procurement from Metro Vancouver. Following this, staff actions do not have much impact on costs. Actually, with more conservation of water, costs per litre would increase, as the costs to a certain extent are fairly fixed, as described above.

Depending on how the Finance Committee, Council and senior management want to use the KPIs, this one can be included or excluded.

There is one more KPI where the task group believes Engineering has an important role to play, namely KPI #15.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

This KPI is placed under Planning & Development, but should be seen as a joint effort between Engineering and Planning & Development. KPI #15 addresses the question: "How much do new developments and other rezoning initiatives impact travel times in various places in West Vancouver?" i.e. an attempt to address the issues of traffic congestion in West Vancouver.

Proposed KPIs for Community Relations & Communications

Question 5: How often is there communication about the District of West Vancouver in the North Shore News?

- A. Number of articles and notices etc. about West Vancouver shown in the North Shore News monthly/yearly.

KPI: Quantity of articles about West Vancouver in NSN

This KPI is chosen because many of the residents read the North Shore News. It is distributed for free to homes and easily obtained at various locations. As a substantial number of residents are baby-boomers and beyond, the proliferation of social media is not as high as they might be in other municipalities. Exposure and notices in this paper will attract resident attention. Paired with the other recommended KPIs this will reflect a proper balance in the communication with West Vancouver residents.

Question 6: How many people visit the District of West Vancouver's websites?

- B. Total number of visits to the District of West Vancouver's websites, including westvancouver.ca, and other websites that convey information about West Vancouver is an interesting metric. This metric should be seen as a way to find out if the websites are well designed, contain good information and are a place where residents and others want to spend time to research and gather information from, or engage in actions with, the District of West Vancouver.

KPI: Number of unique visits to all District of West Vancouver websites/month/year

The District's websites contain a lot of information. By keeping websites easy to navigate and updated, it is a great source of information for residents who have computers. More detailed information and analytics can be tracked by staff, such as what pages were most visited, time on each page etc. All these statistics are easy to get from the existing website's analytics. However, a KPI needs to be at a higher level and therefore the task group recommends number of visits as an overall KPI, as it shows residents' interest in the websites and their engagement with the District.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

Question 7: How many public consultations regarding District topics are arranged every year?

- C. Total number of public consultations such as open forums, information sessions etc. on various topics that have been carried out over one year. This means sessions where District staff want feedback and input from residents, i.e. two-way communication.

KPI: Number of public consultations per year

Websites and articles in newspapers are only one-way communication tools. It is important for good community relations to track sessions where residents have been able to give feedback in person about various topics. Even though emails, telephone calls and responses to surveys are many times received from residents, it can be difficult to track before a proper call centre tracking mechanism is implemented. It should be noted that this department does not typically carry out public consultations themselves, it is their role to inspire, teach and coach other departments how to do it. The actual number of consultations that are happening would be an outcome of this department's labour.

Question 8: What is the resident interaction about topics on westvancouverITE i.e. is there active participation from residents?

- D. The ratio between the total number of responses from residents to topics addressed on westvancouverITE.

KPI: Number of responses/topics on westvancouverITE

This ratio should be as high as possible as it shows participation by residents about various topics. The more topics there are would make the KPI lower if response rate is low. That is to say, if westvancouverITE is not well advertised/promoted, residents will not know about the topics and will not respond. If the topics are of little interest or poorly framed, the residents will not respond and the important feedback to staff and the District will not be received.

Proposed KPIs for Fire & Rescue Services

Question 9: How are total costs for Fire & Rescue Services changing over time and what is the impact on incidents?

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

Costs Related to Incidents

- A. Fire & Rescue Services prepares for incidents so they can respond to them as well as possible. It is interesting for residents and management to track the efficiency by following costs of the total department compared to number of incidents. This will give an average cost per incident. It can be argued that well-functioning preventative actions would increase the ratio between costs and incidents. Obviously it is the District's and residents' desire to have as few incidents as possible. Even so, it is important to track costs per incident to have a dialogue about changes in these ratios. Therefore, this ratio does not indicate directly if it is good or bad to have a low or high ratio. It is more important to follow the ratio and to have a dialogue about its movement.

KPI: Ratio between Fire & Rescue Services' total cost and number of incidents

Question 10: How fast does the Fire & Rescue Services react and provide services in case of an incident?

Responsiveness

- B. The time it takes to get a first unit on site (response time) is very important, in order to properly attend to incidents. The average is not satisfactory as an overall KPI, and the department should track actual times, look at longest and shortest times to various zones in the District, frequency of response times in various time segments and therefore be able to analyze this in more depth to become as effective as possible. In order to provide for a service level KPI, the task group recommends tracking the percentage of times that the response time is within 6 minutes. Six minutes is chosen as the KPI, as the task group understands that this is a rough average of response times. However, the key point is to choose a reasonable number of minutes and track the performance against that number.

KPI: Percentage of times that the response time (Dispatch + Turnout + Travel) for first unit on scene is less or equal to 6 minutes

Question 11: How much time is spent on training of firefighters (suppression staff) per year?

Preparedness

- C. Total training hours of firefighters per year is important from a preparedness point of view.

KPI: Total training hours per firefighter per year

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

Constant training is crucial for a department, which is on stand-by most of the time. This training, together with proper maintenance of equipment, will display the quality of action in incidents. If training is not a focus, quality could suffer. Training needs will fluctuate depending on new regulations, bylaws and other circumstances etc., as well as if new staff is hired. In any event, even experienced staff need to be retrained constantly to ensure they are current with new methods and equipment. The tracking of training hours is intended to stimulate discussion on how to most efficiently train and retrain staff versus the diminishing returns in their level of preparedness with more training.

Question 12: How much time is spent on informing and communicating with residents (and businesses) about various prevention activities that could be taken to decrease incidents?

Prevention

- D. Time spent on prevention of incidents including reaching out to the public to inform and instruct them about incident prevention is a big part of the work for this department. It is therefore important to track time spent on this activity as a percentage of total time available.

KPI: % of Fire & Rescue Services' time spent on prevention activities per year

The outreach to be tracked should be compiled to include information sessions to special groups, public seminars/info sessions, as well as inspections of various buildings for safety. This includes mandated commercial inspections as well as training of residents and special groups. This type of training will encourage behaviour that will decrease the number of incidents. It is important to understand how effective the work put into preventative actions is in reducing the number of incidents.

Proposed KPIs for Planning & Development Services

Questions 13 and 14: What is the service level, measured in days, to provide permits for renovations and new construction respectively?

Permits

Permits and inspections should be split into two main areas, namely new construction and renovations. Residents who want to renovate their home should be prioritized ahead of new construction. These are taxpayers who already live in West Vancouver and they need to make upgrades/renovations to their homes. The District should encourage residents to upgrade in order to keep housing livable and desirable and wait times for permits and inspections should be minimized.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: **Final Report**

For new construction the wait times could be longer as more extensive work is usually required and plans should be thoroughly reviewed, as well as the impact on the neighbourhood.

The task group reviewed two studies made by Stantec in 2002 and 2012 where a number of improvements to processes were recommended. One of these recommendations was to do a triage on this level.

Another recommendation was to avoid wait times caused by applications being stuck in inboxes for months, and then notice of requirements for new information going out to the home-owner/contractor after a long wait, and then being stuck in queues again. The recommendation to thoroughly review plans with a meeting at submission of application would speed up the wait times immensely.

KPIs for the two respective areas should be measured in days - between the day the application is submitted until building permit review takes place. The other measurement should be from completed application submission until final review for clearance to proceed.

If the proposed method of a sit-down meeting with staff and contractor/home owner at time of submission was implemented, then the wait time should be expressed by two measurements. Time to book an appointment until initial review and time from re-submission of complete application until final review for clearance to proceed.

It should be noted that time of service delivery is not the only consideration for the division staff. It is understood that the application of standards, meeting building codes, rules etc. and a general courteous conduct is also to be expected. The KPI is in this case a way to focus on business process issues with a goal to use resources as efficiently as possible, and with the same high quality standard outputs that are normally expected.

KPI for Renovations:

A: Business days between application for renovation until feedback is received from the Division

B: Business days between complete application for renovation until final review for clearance to proceed

KPI: for New Construction:

C: Business days between application for new construction until feedback is received from the Division

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: **Final Report**

D: Business days between complete application for new construction until final review for clearance to proceed

Question 15: How much do new developments and other rezoning initiatives impact travel times in various places in West Vancouver?

Development

When considering meaningful KPIs for development, the decision was taken to view it from the perspective of the community and not from that of the developers. When talking about development with the community's residents, one issue that always comes up is the increasingly difficult time they are experiencing in getting around as a result of traffic congestion. Given that **residents in general are increasingly concerned about the increase of traffic congestion in West Vancouver** as a result of development, it seems like a logical place to introduce a KPI that tracks congestion. Even though Planning & Development together with Engineering review the traffic effect in the immediate surrounding areas of a new development, it is the task group's understanding that traffic studies do not consider the broader picture or resulting impact on other areas, i.e. other than the immediate rezoned area. Ripple effects of a development are often neglected. As some of the roads are under provincial jurisdiction, the impact on them might be ignored. However, the impact on residents is often substantial (e.g. Taylor Way).

Therefore, as a starting point, and this is a long-term KPI, the task group recommends tracking traffic congestion and gathering data on the travel times by vehicles (incl. public transit vehicles) experienced by the District's residents. This data may be useful in monitoring the traffic impact of new projects in the region and ultimately help project changes in vehicular travel times when considering new projects. The application of this data may also be useful in monitoring the impact of things like new transit initiatives or other changes designed to reduce the number of personal vehicles on the road. Furthermore, the community is starting to experience many significant technological and social changes (smaller electric vehicles, autonomous vehicles, ridesharing, millennials' interest in car ownership, etc.) that may affect future planning, if the impact of those changes is understood.

Another really important use would be to make a predictive model, or a simulation model, which could be used to anticipate change in traffic for a larger area. Knowing this information, stakeholders can then evaluate expected changes in traffic patterns, plan accordingly and also include this information during public consultations when development permits and rezoning is requested.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

A detailed explanation of how measuring congestion in the District can be easily done is provided in Appendix A. The outcome would be travel times between key destinations, such as travel time from Dundarave to Park Royal or travel times from Horseshoe Bay to Ambleside etc.

KPI: Traffic congestion changes - change in travel times by vehicles (incl. public transit vehicles) between certain points in West Vancouver

It should be noted that outside areas such as Squamish, ferry traffic, North Vancouver traffic etc. will impact certain travel times. As this is not controllable by West Vancouver, the change in travel times has to focus on decisions about developments within West Vancouver.

As previously mentioned, the task group believes this is a KPI where Planning & Development should work closely with Engineering to exchange ideas for future improvements.

Proposed KPIs for Corporate Services

Question 16: How much do facilities cost the District of West Vancouver? (total costs: incl. amortization and operating costs)

Facilities

The task group believes that an amortization amount of capital costs should be included in the KPIs, as the cost of capital required to build and maintain facilities should be included when evaluating costs. We propose to focus on amortization plus operating costs for facilities and efforts to save energy in line with the strategic goals of Council.

KPI: Total cost per square foot of facility on a yearly basis

Question 17: What is the reduction of energy usage in facilities, per square foot, that the District's initiatives produce per year?

KPI: Energy use reduction/ square foot of facility

Energy use refers to both electric and natural gas energy use.

Information Technology

Question 18: How much do the IT systems cost per user?

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

As new IT systems are procured, licenses issued and upgrades are ongoing, the task group believes that total costs should be tracked. Also the actual operating costs of the systems as to staff costs and various maintenance costs must be included. The task group calls this Total Costs.

If Total Costs are divided by the number of users who can sign-in to the various systems, (i.e. a "user" is defined as anyone who has received logins credentials), the result is average IT cost per user.

KPI: Total cost per internal user

This measurement will both show what the operating costs are (software lease/maintenance/support/upgrades etc.) as well as the impact of the users. (i.e. an existing system with few users will increase costs).

Proposed KPIs for Parks, Culture and Community Services

As this is the largest division with a number of interesting pieces of information that is already published, the task group believes that it is important to extract certain KPIs at a high level.

The task group proposes to focus the Division's overall KPIs on two major areas:

1. All "recreational" activities including community centres, seniors' centres, pools, ice arena, golf courses, etc.
2. All parks and related activities such as beaches, playgrounds and sports courts/fields, trails, trees, cabins and the activities tied to these such as garbage, maintenance, plants, etc.

By providing a top view of this large division, task group members propose the following two KPIs.

Question 19: What are the Net Costs (after fee payments, but including facility costs) per user for recreational activities (inside facilities)?

All "recreational" activities

- A. For group 1, there should be a reasonable way of determining number of visitors, revenues from fees, and total costs. For total costs, the task group also recommends including the energy costs and the operational costs of the facilities. The recommended KPI would be the net cost (i.e. total cost of facility, operations and support of the recreational activities with a deduction of revenue collected by fees charged, divided by the number of total visitors).

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

KPI: Net cost/per visitor per annum

Question 20: How large are the costs for maintaining all parks, beaches and other outside areas accessed by visitors, based on maintainable areas?

All parks and related activities

- B. For group 2, it is more difficult to measure number of visitors. As the parks cover large areas and the maintenance is focused on areas where visitors have access, such as grassy areas, beaches, trails, parking, etc., the task group proposes that a rough measurement of square meters is collected. However, for a park with forest, the acreage should not be included, but rather the maintainable surface, i.e. trails etc. where visitors walk and visit; or all accessible areas. The task group proposes a KPI that reflects all operating costs related to this area.

KPI: Total Costs/ per accessible square meters of parks, etc. as defined above.

Cost Transparency for All Divisions

In conclusion, the task group also feels it would be excellent information to review various costs/household per division. Task group members have chosen per household rather than per capita as it is a more representative number for residents.

This is purely reviewing the input costs, i.e. the resources used, without addressing the output from each division, but it is interesting information for residents and Councillors. It is a good financial efficiency measure provided that the output is acceptable to the standards set by the District. Obviously, by just lowering costs, without understanding or measuring the resulting implications, this cost cannot be viewed in isolation. This cost could also easily be compared with other jurisdictions.

Another important measure is the cost recovery in the various divisions. Especially within Parks, Culture & Community Services there are many fee-based services provided. Therefore, the costs only affect the tax rates to a certain extent.

In the KPI Framework in Appendix B, the task group has attempted to highlight these costs as well as the cost recovery rates, where net costs, i.e. net of revenue, could be calculated or shown.

Date: November 3, 2016
To: Finance Committee
From: Key Performance Indicators Task Group
Re: Final Report

CONCLUSION

These twenty recommended KPIs should be seen as the start of a long process. Lots of discussion can be had if other KPIs would be more suitable. However, the task group feels that the most important part is that District staff start measuring these KPIs and tracking them, followed by dialogue about improvements and new ideas. Over time, other KPIs might be considered. Divisional directors might also want to track other KPIs within their divisions.

However, to achieve a top overview, which management, Councillors and residents (i.e. all stakeholders) would benefit from, the task group recommends starting this process with the recommended KPIs as soon as possible.

These KPIs must be explained within the organization and the data collection needs to be started. It is important that staff that will be collecting data also understand how it will be used, and that constant feedback is provided about results, in order to achieve quality in data and motivation for staff.



Councillor M. Booth, Chair
Key Performance Indicators Task Group

Appendices:
Appendix A: Traffic Congestion
Appendix B: KPI Framework

APPENDIX A – KPI - TRAFFIC CONGESTION

Introduction

There is little doubt that traffic congestion has become a problem and, as development continues, it is important for the community's residents to understand the rate at which their travel times are changing. The first step to understanding any phenomenon, of course, is to figure out a way to measure it. This appendix will discuss one way that the District could track the impact of congestion on its residents' travel time with very little effort.

Approach

Most people today are aware of Google Maps and many find a reason to use it on a daily basis. The most familiar use of Maps is to figure out how to find an address and perhaps get detailed directions on the best way to get there. More recently, drivers have been looking to Maps to find out how long a trip will take and where they may experience congestion along their chosen route. But few ever question how Google is able to do this. The answer is simple. This unique ability of Google Maps is thanks to everyone who gives it real-time data to analyze traffic and road conditions. Most don't even know they are doing this but, nevertheless, any iPhone that has Google Maps open and all Android phones, with location services turned on, will be sending anonymous bits of data back to Google for this very purpose. Hundreds of millions of phones at any one point in time. This allows Google to analyze the total number of cars and how fast they're going on a road at any given time and that includes West Vancouver roads.

Knowing where the data can be found is one thing, but accessing it is something quite different. As luck would have it, Google introduced an application program interface (API) a number of years ago for developers that wanted to develop applications based on this data by calling the Google Maps API. In November of last year, they announced that through the Google Maps Distance Matrix API they were making predictive travel times available. This lets software developers add predictions about traffic conditions to their application for any given date and time based on Google's historical data and its model. Fleet schedulers were among the first to utilize this feature to help plan delivery schedules days in advance.

Because this is a predictive model, the predictions are based on a large data set and an algorithm, which should prevent outliers from unduly influencing the prediction. However, the API can be tweaked somewhat by setting a parameter in the API request to: 1) best-guess; 2) optimistic; or 3) pessimistic). With this knowledge, the working theory is that as long as the predictive model is stable and used in a consistent way, the algorithm will always reflect non-transient changes in traffic congestion through its travel time predictions.

APPENDIX A

Implementation

So clearly there is potential here but it begs the question, how can Google Maps Distance Matrix API be used to produce a meaningful KPI for the District. To answer this question, the first step is to create a matrix of meaningful origin destination pairs (OD) that are representative of trips made by the District's residents. To that end, it is necessary to divide the district into a manageable set of geographic areas with comparable population densities. The most expedient way to go about this is to look to Statistics Canada (StatCan). By choosing one of their census areas, not only do they do the work of finding comparable sized regions by population, but there is the additional benefit of being able to directly access demographic information for that area. For this project, StatCan's Census Tracts (CTs) were chosen because they are small, relatively stable geographic areas that usually have a population between 2,500 and 8,000 persons. The next step is to identify a location within the CT that is relatively close to the population centre, public and recognizable to the reader. Eight such locations were identified that came closest to meeting the criteria and can be seen in the table at the end of this appendix.

Identifying these locations then leads to figuring out what the travel times are to move between these locations for any given time and date. Below is an example of an Excel sheet that is populated with the results of 90 calls to the API (programmed on another sheet) for October 21, 2016 at 4:45PM. It should be noted that this has two OD locations not within the District's limits and were included because of the number of trips they generate to and from the various locations within the District. The reason for including downtown Vancouver is relatively obvious, but the choice of Park and Tilford is not so obvious. It is really meant, in part, as a proxy for travel times to the Second Narrows bridge, but perhaps there is a better choice.

Up to this point the discussion has revolved around the collection of travel time data, but does not say anything about how a meaningful KPI could make use of it. One possible way is to sample a particular week every month for six times a day for each day of the week. At the end of each sample period, there would be 42 data points associated with each OD pair, which would be added together and result in a single 10x10 matrix containing 90 data points. This matrix could be referred to as that period's Summary Matrix. The Summary Matrices are expected to be relatively stable over short periods of time although subject to certain seasonal impacts. Once a year's worth of Summary Matrices has been collected it becomes easy to find a KPI that reflects how things are changing. That KPI could be calculated by taking a recent Summary Matrix and subtracting it from its corresponding Summary Matrix of the prior year. The resulting matrix would have cells filled with positive, 0, or negative values for each OD pair. The KPI could then use that data to, for example, calculate the % of regions in the district experiencing greater travel times over the past year.

Other Uses

Besides its application for KPIs, this data has other applications of considerable benefit to the District of West Vancouver. For example, when a major new project is brought on stream (and nothing else has changed), the District can go back and look at the Summary Matrices for both before and after the project's completion and then come to some real world conclusions about how the project influenced travel times.

Another really important use would be to make a predictive model, or a simulation model, which is used for many planned projects in various areas, where the anticipated change in traffic can be explored. Knowing this information, stakeholders can then evaluate expected changes in traffic patterns, plan accordingly and also include this information during public consultations when development permits and rezoning is requested.

Note: See below a sample of an OD Matrix

APPENDIX A

		Origin									
		Horseshoe Bay Ferry Terminal	Caulfeild Elementary School	West Bay Elementary School	Aquatic Centre	West Vancouver Secondary	Park Royal	Sentinel Secondary School	Capilano Golf & Country Club	Park & Tilford Shopping Centre	Pacific Centre Shopping Centre
D e s t i n a t i o n	Horseshoe Bay Ferry Terminal		9 mins	9 mins	13 mins	11 mins	16 mins	10 mins	15 mins	21 mins	25 mins
	Caulfeild Elementary School	8 mins		8 mins	11 mins	13 mins	17 mins	10 mins	15 mins	20 mins	25 mins
	West Bay Elementary School	9 mins	9 mins		5 mins	7 mins	12 mins	8 mins	12 mins	18 mins	22 mins
	Aquatic Centre	12 mins	12 mins	6 mins		3 mins	6 mins	6 mins	11 mins	16 mins	19 mins
	West Vancouver Secondary	11 mins	10 mins	8 mins	4 mins		6 mins	3 mins	8 mins	13 mins	17 mins
	Park Royal	16 mins	15 mins	13 mins	6 mins	7 mins		8 mins	11 mins	16 mins	14 mins
	Sentinel Secondary School	12 mins	11 mins	8 mins	7 mins	4 mins	8 mins		6 mins	13 mins	18 mins
	Capilano Golf & Country Club	16 mins	14 mins	12 mins	11 mins	8 mins	10 mins	5 mins		15 mins	19 mins
	Park & Tilford Shopping Centre	25 mins	24 mins	22 mins	20 mins	17 mins	17 mins	17 mins	20 mins		19 mins
	Pacific Centre Shopping Centre	35 mins	34 mins	31 mins	28 mins	27 mins	23 mins	27 mins	30 mins	20 mins	

APPENDIX B

APPENDIX B

KPI Framework

- The recommended framework replaces an earlier version – with revised formatting and recognition that “goals, standards and scores” are not provided as part of this mandate, but are recommended to be developed by staff and management – nor are they used in the Toronto system, where the emphasis is on year-to-year trends and comparison with municipalities in Ontario and Canada. Nevertheless, the ideal of providing goals and standards should be possible for some activities in future.
- The Framework numbers are tentative and will eventually require feedback from the six divisions.
- As well, the numbers must be checked with Financial Services. These tentative numbers suffice to provide a “sense” of the system, its usefulness, and future evolution.
- Real numbers will, of course, make this work more interesting and more likely to result in implementation.
- The Framework together with the recommended KPIs provides the basis for a District of West Vancouver KPI System – not intended “as is” for general publication.
- This Framework shows a comprehensive amount of numbers. It shows both inputs and outputs, which eventually lead to the composition of the KPIs that should be measured.
- In order to more easily follow the actual KPIs that are numbered by a question number in the main document, the task group has also numbered these KPIs in the Framework.
As an example, Roads/Transportation; “Question 1: How do changes in O&M costs for roads/transportation impact the road quality?” with the corresponding KPI: “Ratio of O&M costs/%PQI”, is referenced in the Framework with #1 which is noted in red.
- The KPIs presented include both “standard” and “innovative” ones. A particularly innovative one (#15) provides a measure of traffic congestion, based on cell phone tracking. The 20-minute figure shown in the Framework is an average of travel times “across the District”, within a particular sample time period. This KPI should be seen as a long-term KPI to be implemented over time, as systems are set up properly.
- As noted in the report, “cost per department per household” is appearing under each division. For Parks, Culture and Community Services, the task group has also provided a best estimate of cost recovery. From these two numbers a net cost could be calculated. Again, these costs are for information and should be

APPENDIX B

discussed in budget meetings and other financial forums, but not seen as the KPIs recommended by the task group.

- The focus on the Framework numbers should first be on the cells with the red # in them, which quantify the different KPI numbers as best as the task group knows, or have estimated in case of lack of data or just kept empty, if task group members do not know the values at all.

APPENDIX B

KPI Task Group Report, Appendix B -- 2016.11.08

West Vancouver - KPI Framework

KPI Dimensions	
Efficiency	Activity Level
	Efficiency
Effectiveness	Community Impact
	Customer Service

NO DATA COLLECTED
Guesstimates

DIVISION Total	INPUT/Asset data available	OUTPUT data available	KPI data available	COMPARE Oth. Municip.
Activity within Division	INPUT/Asset No data	OUTPUT No data	KPI No data	COMPARE No data

District of West Vancouver		Operating Budget \$M	Capital Budget \$M	Operating \$ / H'hold
Population	Households			
42,000	17,500	106.5	44.5	6,086

Goals	Meaningful KPIs are required to answer basic questions for three groups of customers: <i>The Public, Council & Executive, Operations.</i>
KPI Objectives	"A comprehensive list of key performance indicators is required to measure and demonstrate the <i>financial performance</i> of the District", together with a <i>KPI Framework</i> applicable to Divisions and services/programs - including metrics on costs, revenues (user/tax payer), service levels, efficiency.
Inputs	Inputs are the resources required to operate a Division or activity - funds, staff, facilities. Key inputs are shown.
Outputs	Outputs (service levels) are the products or services produced by a Division or activity. Key outputs are shown.
Comparisons	Comparisons with other municipalities are sometimes possible, and are shown here for <i>W-Van, N-Van-Dist, Metro-Van</i> , where available.

1. This Framework was prepared by West Vancouver's *KPI Task Group*, to provide a structure for developing and implementing a *System of KPIs* for the District.
2. Numbers are shown to make the Framework more meaningful, and to assist further work by Staff. *The figures shown are for illustrative purposes only.*
3. The Framework was devised by the Group's three Citizen Members - *Mats Gerschman, Neil Halldorson, Alex Tunner*. They are available for further consultation.
4. The Group included Councillors *Mary-Ann Booth (Chair), Nora Gambioli, Christine Cassidy*; and Financial Services staff *Isabel Gordon, Raj Hayre, Leah Arthur*.
5. The Framework covers six Divisions (totals and most activities), together with Utilities and the District (not all activities).
6. The Framework includes "basic data" and "standard" KPIs relevant to performance, to permit comparisons between activities, divisions, and municipalities.
7. Particular attention should be paid to the KPIs identified by red numbers "#19". They are described in the text - most are activity-specific.
8. Municipal comparisons (\$/H'hold) are based on BC Government Municipal Statistics (2013) - to be updated when 2015 data are available near year-end, 2016.
9. The KPI Task Group's Report, with this Framework, is the first version of a *West Vancouver KPI System*. It should evolve, with goals/standards added gradually.

Simple Metrics - directly from data					Calculated Metrics			
FTE	Reserves \$M	Revenue \$M	Capital \$M	Operating Budget \$M	District of West Vancouver	\$ / H'hold (tax payer)	Expenditures \$M	W-Van: 6,699 N-Van-D: 4,731 Metro-V: 4,265
803	48.5	88.2	44.5	106.5		8,629	151.0	
FTE	Reserves \$M	Revenue \$M	Capital \$M	Operating Budget \$M	General Fund Divisions	\$ / H'hold (tax payer)	Expenditures \$M	
590	46.5	28.2	34.1	80.9		6,520	114.1	
FTE	Reserves \$M	Revenue \$M	Capital \$M	Operating Budget \$M	Utilities	\$ / H'hold (tax payer)	Expenditures \$M	W-Van: 1,139 N-Van-D: 1,158 Metro-V: 799
41	2.0	34.1	18.4	26.5		2,109	36.9	

APPENDIX B

Requests per Year	Roadways Lane-km	Revenue \$M	FTE	Operating Budget \$M	1. Engineering	\$ / H'hold (tax payer)		
933	269	88.9	66.2	4.6		268		
Avg. Days to Resolve #2	Avg. Pavement Quality Index	%PCI > 65 (comm. impact)	FTE	Operating Budget \$M	Roads & Traffic	\$ / H'hold (tax payer)	\$ / Lane-km	Road Quality Cost Index #1
23	76	80	34.1	3.1		180	11,703	146
			FTE	Operating Budget \$M	Engineering Services	\$ / H'hold (tax payer)		
			82.1	1.2		67		

Water Pipe km	Storm/Sanitary Sewers km	Revenue \$M	FTE	Operating Budget \$M	1-A. Utilities	\$ / H'hold (tax payer)			W-Van: 1,139 N-Van-D: 1,156 Metro-V: 799
323	585	34.1	29.2	28.1		1,321			
Revenue \$M	District Own Water %	Sanitary Sewer Overflows	FTE	Operating Budget \$M	Sewers & Drainage	\$ / H'hold (tax payer)	\$ / 100 km	Sewer Overflow Cost Index #3	W-Van: 510 N-Van-D: 417 Metro-V: 280
14.3	45	20	11.6	8.4		478	14,285	167	
Revenue \$M	Water Volume Million-m ³	Watermain Breaks	FTE	Operating Budget \$M	Water	\$ / H'hold (tax payer)	\$ cost / m ³	L /capita /day #4	W-Van: 396 N-Van-D: 487 Metro-V: 344
12.9	9,658	32	14.8	9.1		520	0.94	690	
Revenue \$M			FTE	Operating Budget \$M	Solid Waste	\$ / H'hold (tax payer)			W-Van: 233 N-Van-D: 252 Metro-V: 175
6.9			2.9	6.9		392			

W-Van ITE Topics			FTE	Operating Budget \$M	2. Administration (C'nl, GAG, Comm, Legis)	\$ / H'hold (tax payer)			W-Van: 947 N-Van-D: 459 Metro-V: 460
51			17.8	2.6		150			
W-Van ITE Responses	Public Meetings #7	Website Visits #6	N-Shore News Articles #5	Operating Budget \$M	Communications	\$ / H'hold (tax payer)	ITE Resp's per Topic #8		
17,148	20	1,445,000	50	8.8		37	336		

Prevention hours	Training hours	Budgeted Staff hrs.	FTE	Operating Budget \$M	3. Fire & Rescue	\$ / H'hold (tax payer)	% Time on Prevent'n #12	% Time on Training	W-Van: 746 N-Van-D: 515 Metro-V: 372
5,000	7,958	238,088	111.0	16.4		881	2.1	3.3	
		% Responses < 600 min #13	Incidents/yr	Operating Budget \$M	Emergency Services	\$ / H'hold (tax payer)	\$ / Incident #9	Training hrs per Staff #11	
		80	3,624	14.8		798	3,854	75	

APPENDIX B

Separately for Renovation & New Construction			FTE	Operating Budget \$M	4. Planning & Development	\$ / H'hold (tax payer)	W-Var: 746 N-Var-D: 515 Metro-V: 372	
			38.7	4.8		248		
Initial Review Days #13	Final Approval Days #14	Typical Trip Time min.	Applications	Operating Budget \$M	Planning & Development	\$ / H'hold (tax payer)	\$ / Application	Min. Change Trip Time #15
30	100	20	91	2.4		137	26,383	2.5
Initial Review Days #13	Final Approval Days #14	Inspections	Applications	Operating Budget \$M	Permits & Inspections	\$ / H'hold (tax payer)	\$ / Application	\$ / Inspection
20	80	13,173	846	1.9		111	1,150	74

FTE			Total Budget \$M	5. Corporate Services	\$ / H'hold (tax payer)		
52.2			9.4		540		
FTE	Managed Space ft ²	Energy Used GWh / yr	Total Budget \$M	Facilities Management	\$ / H'hold (tax payer)	Total \$ / ft ² #16	% Energy Red'n / yr #17
22.6	1,800,000	4,000,000	4.0		231	4.04	2.00
FTE			Active Users	Information Technology	\$ / H'hold (tax payer)	Total \$ / User #18	
18.0			250		3.8	208	14,584

FTE	Revenue \$M			Operating Budget \$M	6. Parks, Culture & Community Services	\$ / H'hold (tax payer)	Visits	NET \$ / Visit #19	W-Var: 1,382 N-Var-D: 1,064 Metro-V: 766		
146.0	10.7			18.6		1,064	2,395,800	3.31			
FTE	Revenue \$M	Attendance			Operating Budget \$M	Community Services (Recreational Activities)	\$ / H'hold (tax payer)	Total \$ / Visit	NET \$ / Visit #19		
91.5	9.5	1,795,800			12.4		707	8.89	1.59		
Maintained Park Area (Ha)	FTE	Revenue \$M	Attendance			Operating Budget \$M	Parks Maintenance (Sports, Beaches, Nature)	\$ / H'hold (tax payer)	Total \$ / Visit	NET \$ / Visit #19	\$ / Hectare #20
412	43.4	1.0	500,000			6.2		287	10.39	8.48	12,604
FTE	Revenue \$M	Attendance			Operating Budget \$M	Culture & Other (Golf, Cemetery, Youth)	\$ / H'hold (tax payer)	Total \$ / Visit	NET \$ / Visit #19		
11.1	0.2	100,000			1.1		60	10.53	8.31		

APPENDIX B

				Operating Budget \$M	6-A Parks, Culture & Community Services	\$ / Household (tax payer)	Attendance	\$ / Attendance Total Cost	W-Van: 1,382 N-Van-D: 1,064 Metro-V: 786
FTE				18.8		1,064	1,795,800	10.36	
FTE				2.8	Administration & Other	\$ / Household (tax payer)		\$ / Attendance NET Cost	
FTE				2.8		157		5.07	
FTE	Revenue \$M	Attendance	Operating Budget \$M	West-Van Community Centre	\$ / Household (tax payer)	Total \$ / Visit	% Cost Recovery	NET \$ / Visit	
16.7	2.5	490,480	2.8		157	5.81	92	0.42	#19
FTE	Revenue \$M	Attendance	Operating Budget \$M	Gleneagles Community Centre	\$ / Household (tax payer)	Total \$ / Visit	% Cost Recovery	NET \$ / Visit	
8.5	1.5	122,900	1.5		86	12.21	100	0.00	#19
FTE	Revenue \$M	Attendance	Operating Budget \$M	Seniors' Centre	\$ / Household (tax payer)	Total \$ / Visit	% Cost Recovery	NET \$ / Visit	
13.8	1.4	258,000	1.7		96	6.51	81	1.24	#18
FTE	Revenue \$M	Attendance	Operating Budget \$M	Aquatic Centre & Beaches	\$ / Household (tax payer)	Total \$ / Visit	% Cost Recovery	NET \$ / Visit	
37.8	3.8	816,000	3.5		203	4.35	101	-0.04	#19
FTE	Revenue \$M	Attendance	Operating Budget \$M	Ice Arena	\$ / Household (tax payer)	Total \$ / Visit	% Cost Recovery	NET \$ / Visit	
2.8	0.6	109,500	0.4		21	3.42	141	-1.48	#19
Maintained Park Area (ha)	FTE	Revenue \$M	Attendance	Operating Budget \$M	Parks Maintenance	\$ / Household (tax payer)	Total \$ / Visit	NET \$ / Visit	\$ / Hectare
412	43.4	1.0	500,000	5.2		297	10.39	8.48	#20 12,604
FTE	Revenue \$M	Attendance	Operating Budget \$M	Cultural Services	\$ / Household (tax payer)	Total \$ / Visit	NET \$ / Visit		
11.2	0.2	100,000	1.1		60	10.53	8.31		

ON-TABLE

NOVEMBER 22, 2016

District of West Vancouver, KPI Task Group – Overview of Recommended KPIs							
Division	Activity	KPI #	Annual Data	Efficiency		Effectiveness	
				Activity Level	Efficiency	Community Impact	Customer Service
Engineering	Roads	1	Road Quality - Cost Index		●	●	
		2	Days to Resolve Issues		●		●
Utilities	Sewers	3	Sewer Overflows - Cost Index		●	●	
	Water	4	Water Consumption / Capita		●	●	
Administration	Communic'n	5	Nordi Shore News: Articles, Notices	●		●	
		6	Website Visits	●		●	
		7	Public Meetings	●		●	
		8	"ITE" Responses / Topic			●	
Fire & Rescue	Emergency Services	9	Cost per Incident		●		
		10	Response Time: % < 6:00 Min.		●		●
		11	Training Hours / Fireman			●	
		12	Prevention: % of Hours			●	
Planning & Development	Renovations	13 A	Reno: Days for 1st Response		●		●
		13 B	Reno: Days for Final Clearance		●		●
	New Construction	14 A	Reno: Days for 1st Response		●		●
		14 B	Reno: Days for Final Clearance		●		●
	Traffic Congestion	15	Change in travel time across W-Van			●	●
Corporate Services	Facilities	16	Cost per Square Foot		●		
		17	% Energy Reduction		●	●	
	Information Techn.	18	Cost per User		●		●
Parks, Culture & Community Services	Recreation	19	Net Cost per Visit		●		●
	Parks	20	Cost per hectare		●		
Common Activity Indicators			Inputs (\$, FTE, Assets), Outputs	●	●		

ON-TABLE

NOVEMBER 22, 2016

District of West Vancouver, Operating Divisions – <i>Activities Examined by KPI Task Group</i>	
Division	Activities
1 Administration	Mayor & Council, CAO, Legislative Services, <i>Communications</i> , Community Relations.
2 Corporate Services	<i>Information Technology</i> , Facilities Management, Bylaw Enforcement, Other (Emergency, Lands, Legal, First Nations).
3 Human Resources	Human Resources, Payroll
4 Financial Services	Planning, Reporting & Finance, Taxes & Utilities, Purchasing & Risk Management.
5 Police Services	Administration, Operations
6 Fire & Rescue	Administration, Fire Prevention, <i>Emergency Services</i> .
7 Engineering	<i>Roads & Traffic</i> , Engineering Services, Environmental Services.
8 Planning & Development	<i>Planning & Development</i> , Permits & Inspections
9 Parks Culture Community Srv	Administration <i>Parks Maintenance</i> , Cultural Srv, <i>Community Srv.</i> (WVan CO Gleneagles CO Aquatic O Seniors O Ice Arena)
10 Library Services	Administration & Fund Raising, Public & Support Services
11 Utilities	<i>Water</i> , <i>Sewer</i> , Solid Waste.
12 Other Services	Blue Bus 3rd Party Work, Golf, Cemetery
Common Activity Information	Inputs (Operating \$, Capital \$, Staff FTE, Assets) Outputs (Levels of Key Activities)

This page intentionally left blank

This page intentionally left blank

Date: October 30, 2016
To: Finance Committee
From: Reserves and Investments Task Group
Re: Final Report

Page: 2

7. THAT the Finance Committee recommend to Council that a motion addressing the restrictive constraints placed by the *Community Charter* on municipal investments, and recommending changes to these, be supported and forwarded to Union of BC Municipalities (UBCM) for consideration.

Purpose

To provide the Finance Committee with a final report on the work completed subsequent to the interim report dated June 20, 2016 (Appendix C), which was submitted to the Finance Committee on July 19, 2016.

Background

Pursuant to *Community Charter*, section 141, Mayor Smith established the Reserves & Investments Task Group to assist the Finance Committee in fulfilling its oversight responsibilities related specifically to investment and reserve policies and practices as outlined in the attached terms of reference (Appendix D).

The Task Group was originally established for a one-year term commencing August 2015 and was then granted an extension to November 2016 in order to allow sufficient time to properly address all aspects of its terms of reference.

The Task Group's mandate included:

1. Review of the following reserve funds:
 - Statutory funds (Endowment and Capital Facilities);
 - Non-statutory reserves (Infrastructure, Capital, Amenity Contributions, Operating, Golf Development, Sewer Capital, Cemetery Development);
 - Community Amenity Contributions; and
 - Development Cost Charges.
2. Review of investment management activity:
 - Investment policies and practices;
 - Performance of investments; and
 - Structure and asset mix of the investment portfolio.

The Task Group's Interim report to the Finance Committee, which focused on the review done of the District's reserves, was presented on July 19, 2016.

At that meeting, the Finance Committee endorsed the following recommendations to be forwarded to Council:

Date: October 30, 2016
To: Finance Committee
From: Reserves and Investments Task Group
Re: Final Report

Page: 3

1. THAT Public Amenity Contribution Policy #02-80-30 be revised as part of the Official Community Plan review;
2. THAT Development Cost Charge Bylaw No. 3801, 1993 be revised; and
3. THAT two separate statutory reserve funds be created by restructuring the current Endowment Fund and creating a new Land Fund.

Upon further consideration, the Task Group feels that there should be more clarity as to the acceptable uses of the Endowment Fund's assets. In the view of certain members, recent uses of Endowment Fund assets (i.e. land transactions), were not consistent with the intention of the fund. The Task Group felt that the endowment features of the Fund should be preserved, with the requisite focus on the protection of capital. The Task Group therefore, has the following additional recommendations:

1. THAT the Endowment Fund retain its endowment status, be funded at an appropriate level (with consideration to be given to its initial level) and have clear operating guidelines established for its use.
2. THAT a Board of Trustees be appointed with the mandate to provide oversight to the Endowment Fund (consider membership consisting of citizens and elected officials).

Staff subsequently advised that a Board of Trustees was not a viable option for a statutory reserve fund as these funds are governed by the *Community Charter*. The final recommendation is therefore to strengthen the oversight role of the Finance Committee over the Endowment Fund.

Post-Interim Report Progress

Subsequent to the submission of the interim report to the Finance Committee, the Task Group focused on the District's investment management activity, specifically:

- investment policies and practices;
- appropriate matching of investments with fund requirements;
- performance of investments; and
- structure and asset mix of the investment portfolio.

At the July 26, 2016 Task Group meeting, members were provided with a presentation by Catherine Heath, Vice President Fixed Income for Leith Wheeler Investments Counsel Ltd.

Date: October 30, 2016
To: Finance Committee
From: Reserves and Investments Task Group
Re: Final Report

Page: 4

Ms. Heath's presentation covered several investment-related topics including investment options and asset mixes for operating and endowment funds, historical performance for different asset classes, advantages of senior bonds over GIC's, dividend yields and forecast interest rates.

The Task Group discussed performance and fees of the current MFA Funds in use by the District and the best strategy for investing municipal funds. A proposal to have separate investment strategies for operating funds and reserves versus longer-term funds was discussed at length. The Task Group also considered the overall matching of the investment horizons of specific funds with the investments that are held within each particular fund.

The Task Group felt strongly that alternatives to the MFA were available to the District that could provide the opportunity to reduce overall costs. The current fee structure of the MFA does not provide for tapering (i.e., reduction in fees as the asset value of the portfolio exceeds specific threshold amounts).

Task Group members also considered whether the District should administer its investment operations in-house or retain an external investment manager. With the size of the District's investment portfolio and the uncertainty and volatility prevailing in the investment environment, the Task Group felt that it would be prudent to consider appointing an Investment Committee with oversight over the investment processes and procedures. Therefore, the Task Group recommended:

1. THAT consideration should be given to the creation of a permanent Investment Committee, reporting to the Finance Committee, with a mandate to review investment strategy, performance and procedures on a regular basis and to advise as to whether the District's future investment management should be handled internally or contracted to a third party.

However, staff's comment was that the creation of an additional committee would probably not be supportable from a cost and staff-time allocation point of view, and that this oversight mandate should therefore fall to the existing Finance Committee. The final recommendation reflects this comment.

Additionally, at the July 26, 2016 meeting, members were provided with a copy of the District's existing Guidelines for Investment Policy 02-30-152 (approved by Council in 1985). Other investment-related documents, internally generated (not Council-approved) were also circulated.

Members discussed the documents at length and determined the following:

1. THAT the Investment Guidelines should be updated; and

Date: October 30, 2016
To: Finance Committee
From: Reserves and Investments Task Group
Re: Final Report

Page: 5

2. THAT reporting on investment performance be included in the quarterly financial reports made by the Director of Financial Services to the Finance Committee.

Recommendations 1 and 2 above are addressed in the draft Cash Management and Investment Policy and draft Cash Management and Investment Guidelines.

The District's Financial Controller, R. Hayre, submitted a report to the Task Group addressing the District's cash available for short-term investments that Mr. Hayre discussed at length. Much discussion ensued with regards to the diversification of risk within the investment portfolio and other options available to the District. It was noted that current practice by other municipalities is to invest funds in credit unions for the increased returns being paid. This led the Task Group into further discussion about the limitations imposed by the *Community Charter* on investments and the following recommendation:

1. THAT a letter be drafted and submitted by the Finance Committee to UBCM expressing the view that the current investment policies are outdated and should be revised to current standards.

Staff advised that UBCM considers motions from Council, but that a letter could be sent to the Minister of Community, Sport and Cultural Development on this subject. The final recommendations reflect both of these options.

It was agreed at the August 23, 2016 meeting that the civilian members of the Task Group would review the draft Investment Policy and Guidelines and would incorporate best practices in an attempt to present more comprehensive, up-to-date documents at the next meeting.

At the October 25, 2016 meeting, the Task Group members were provided with an updated copy of the revised Investment Policy and Guidelines document which had been reviewed by the Director of Financial Services prior to distribution. The following sections were discussed at length:

- **Benchmarks** - the Task Group felt that investment benchmarks should be those of the Municipal Finance Authority as they are publicly available and published on a regular basis. Benchmarks should also be established based on the risk profile and duration of the related investment.
- **Internal Financing** - the Task Group felt strongly that the Investment Guidelines would provide for internal borrowing. Such borrowing should be documented and repaid over a predetermined period at an interest rate comparable to a commercially available instrument (i.e. a 10-year loan should be matched with a 10-year bond rate).

Date: October 30, 2016
To: Finance Committee
From: Reserves and Investments Task Group
Re: Final Report

Page: 6


These points are addressed in the draft Cash Management and Investment Policy and draft Cash Management and Investment Guidelines.

The Task Group did not review the District's historical investment performance, however, it focused upon certain aspects that have a direct impact on investment performance. The citizen members of the Task Group, all of whom have a high degree of investment experience and expertise, felt particularly strongly that the constraints placed by the *Community Charter* on investments were overly restrictive and should be updated to allow for investments that are more appropriate for the risk profile of municipalities. The Task Group has the following recommendations:

1. That the Finance Committee prepare a motion and supporting report for Council's consideration and forwarding to the UBCM addressing the restrictive constraints placed by the *Community Charter* on investments and recommend certain amendments be made.
2. That the Finance Committee conduct an annual review of the performance of the District's investment portfolio, including comparisons to relevant benchmarks.
3. THAT investment benchmarks should be those of the Municipal Finance Authority as they are publicly available and published on a regular basis. Benchmarks should also be established based on the risk profile and duration of the related investment.

Recommendation 1, above, has been split in the final recommendations into two parts: a motion from Council for consideration by UBCM, and a letter to the province on the same topic.

Recommendations 2 and 3 above are addressed in the draft Cash Management and Investment Policy and draft Cash Management and Investment Guidelines.



Councillor W. Soprovich, Chair
Reserves and Investments Task Group

Appendices:

- Appendix A: Draft Cash Management and Investment Policy
- Appendix B: Draft Cash Management and Investment Guidelines
- Appendix C: Reserves and Investments Task Group Interim Report
- Appendix D: Reserves and Investments Task Group Terms of Reference

APPENDIX A



District of West Vancouver

Cash Management and Investment Policy
Policy Number, Year

Effective Date:

APPENDIX A

District of West Vancouver**CORPORATE POLICY**

Financial Services	Cash Management and Investment Policy
Policy ###-##-###	
CIS File: 0940-08	

1.0 Purpose

- 1.1 The purpose of this policy is to provide guidance in the management of District cash and the investment of the District's monies.
- 1.2 It is the policy of the District of West Vancouver to :
- a) manage cash to meet daily requirements; and
 - b) invest all monies not required to meet daily requirements so as to earn an appropriate return on investment to supplement other District income and to enhance reserve funding.
- 1.3 Funds are to be managed and invested in a manner which will provide the optimal blend of investment return and security while meeting the daily cash flow demands of the District and complying with the statutory requirements of the *Community Charter*.

2.0 Scope

- 2.1 This policy applies to all monies generated by the District and includes all funds within any of its distinct operating entities, including utility funds, and any operational and statutory reserves that may be established by the District from time to time.
- 2.2 This policy does not apply to monies held in trust which have specific legal or statutory requirements for cash management, disbursement, or investment, such as the cemetery perpetual care fund.

APPENDIX A

Cash Management and Investment Policy #, year

2

3.0 Definitions**3.1 In this policy:**

"Director of Financial Services" means the officer of the District of West Vancouver appointed to this position;

"District" means the District of West Vancouver;

"Funds" means amounts set aside from surplus or other revenues or sources and designated by Council for specific uses;

"Guidelines" means the District's Cash Management and Investment Guidelines ~~###-##-###~~ as they may be amended from time to time;

"Investment Officer" means any person appointed or contracted to manage the investment of District funds;

"MFA" means the Municipal Finance Authority of BC;

"Monies" means any cash or monetary instrument held in the care of or managed by the District of West Vancouver on its own behalf, and legally belonging to the District (i.e. not held 'in trust' for others);

"Operating Entities" means self-balancing accounting units established by the District in order to facilitate budgeting and segregate the recording of transactions. Current examples include operating funds (General fund, Golf fund), reserves (Endowment, Public Art, Asset Management), and utilities (Water, Sanitary/Storm);

"Reserves" means funds set aside pursuant to statutes in the *Community Charter*, the use of which is regulated by the *Community Charter* or other provincial or federal statute.

4.0 Delegation of Authority

4.1 Authority to manage the District's cash management and investment program is derived from Section 149 of the *Community Charter* which states:

149 One of the municipal officer positions must be assigned the responsibility of financial administration, which includes the following powers, duties and functions:

APPENDIX A

Cash Management and Investment Policy #, year

3

- (a) receiving all money paid to the municipality;*
- (b) ensuring the keeping of all funds and securities of the municipality;*
- (c) investing municipal funds, until required, in authorized investments;*
- (d) expending municipal money in the manner authorized by the council;*
- (e) ensuring that accurate records and full accounts of the financial affairs of the municipality are prepared, maintained and kept safe;*
- (f) exercising control and supervision over all other financial affairs of the municipality.*

- 4.2 Responsibility for the cash management and investment program is hereby delegated to the Director of Financial Services.

5.0 General Directions

- 5.1 Consolidation - all District monies covered by this policy will be managed on a consolidated basis to ensure the best possible return.
- 5.2 Currencies – short term cash and investment balances in other than Canadian dollars may be held solely to satisfy forecasted payment obligations or for approved hedging purposes.
- 5.3 Prudence – investments shall be made with judgment and care, under circumstances then prevailing.
- 5.4 Standard of Prudence – the standard of prudence to be used by investment officers shall be the "prudent person" standard, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs.
- 5.5 Indemnification – investment officers acting in accordance with this investment policy and the District's established Cash Management and Investment Guidelines, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion in accordance with the established Guidelines, and that appropriate action is taken to control adverse developments.

APPENDIX A

Cash Management and Investment Policy #, year

4

- 5.6 Investment – taking monies from the District's bank account and placing such monies into an allowable investment instrument or MFA investment vehicle in order to receive an economic return greater than would be available by leaving the funds in the District's bank account.

6.0 Investment Objectives

- 6.1 A conservative management strategy based upon the following fundamental objectives shall be employed:
- a) Safety and Preservation of Capital – the preservation of capital is paramount and is accomplished through the placement of funds with institutions determined to have the highest credit worthiness.
 - b) Liquidity – a portion of the investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. Investment terms will be structured in such a way as to ensure cash flow needs are met.
 - c) Return on Investments – the investment portfolio shall be designed with the objective of maximizing the return on investment after considering both safety and preservation of capital as well as liquidity. All investment decisions will be made within the established policy limits.
 - d) Benchmarks – the purpose of benchmarking in relation to this policy is to provide a means to measure the appropriateness and success of the various investment strategies used for different classes of District financial assets. Benchmarks will be established as part of the District's Cash Management and Investment Guidelines ###-###-###.
 - e) No Speculation – in no circumstance, should the District engage in any investing activity that would be considered speculative based on conservative principles of investment management.

APPENDIX A

Cash Management and Investment Policy #, year

5

7.0 Conflict of Interest

- 7.1 Investment officers shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair, or could appear to a reasonable person to impair, their ability to make impartial investment decisions.
- 7.2 Any employee, contractor, or other person acting as an investment officer for the District shall disclose to the District Municipal Clerk any material financial interests in financial institutions and/or investment dealers that conduct business with the District.

8.0 Allowable Investments

- 8.1 Allowable investments for municipalities are restricted by *Community Charter Section 183*, which states:

183 Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- (a) securities of the Municipal Finance Authority;*
- (b) pooled investment funds under section 16 of the Municipal Finance Authority Act;*
- (c) securities of Canada or of a province;*
- (d) securities guaranteed for principal and interest by Canada or by a province;*
- (e) securities of a municipality, regional district or greater board;*
- (f) investments guaranteed by a chartered bank;*
- (g) deposits in a savings institution, or non-equity or membership shares of a credit union;*
- (h) other investments specifically authorized under this or another Act.*

9.0 Reporting

- 9.1 The Director of Financial Services is charged with the responsibility of reporting to Council on investment holdings as part of the Quarterly Financial Report. This report shall include a summary that presents the status of the current investment portfolio.

APPENDIX A

Cash Management and Investment Policy #, year

9.2 Any deviations from this policy must be reported to Council as soon as the Director of Financial Services becomes aware of them. Should the portfolio become in compliant due to circumstances beyond the control of the District, such as amalgamations of financial institutions or re-rating of security issuers, the Director of Financial Services will immediately notify Council of the reason for the in compliance and the strategy that will bring it back within compliance as soon as reasonably possible.

10.0 Cash Management and Investment Policy Adoption

10.1 The District's Cash Management and Investment policy shall be adopted by Council. The Finance Committee shall review the policy annually and make recommendations to Council if it is determined that any changes to the policy are required.

10.2 Council must approve any modifications to the Cash Management and Investment policy.

<p>Approval Date: Month, day, year</p>	<p>Approved by: Council</p>	<p>(space for signatures)</p>
---	--	-------------------------------

APPENDIX B



District of West Vancouver

**Cash Management and Investment
Guidelines**
Policy Number, Year

Effective Date:

APPENDIX B

District of West Vancouver

ADMINISTRATIVE PROCEDURE

Financial Services	Cash Management and Investment Guidelines
Related Policy: ###-##-###	
CIS File: 0940-08	

1.0 Purpose

1.1 These guidelines are designed to:

- a) support the implementation of the District's Cash Management and Investment Policy, ### ## #####;
- b) provide direction on the management of District cash;
- c) provide clear investment parameters and limitations to support the District in meeting its defined investment objectives;
- d) designate responsibility for investing and reporting; and
- e) define required investment controls and processes.

2.0 Definitions

2.1 In this administrative procedure:

"CAO" means the Chief Administrative Officer of the District of West Vancouver;

"District" means the District of West Vancouver;

"Director" means the Director of Financial Services of the District of West Vancouver;

"Funds" means amounts set aside from surplus or other revenues or sources and designated by Council for specific uses;

"Investment Officer" means any person appointed or contracted to manage the investment of District funds;

APPENDIX B

Cash Management and Investment Guidelines #, year

2

"Monies" means any cash or monetary instrument held in the care of or managed by the District of West Vancouver on its own behalf, and legally belonging to the District (i.e. not held 'in trust' for others);

"MFA" means the Municipal Finance Authority of BC;

"MFA Funds" means the investment funds available to participant municipalities through MFA;

"Operating Entities" means the self-balancing accounting units established by the District in order to facilitate budgeting and segregate the recording of transactions. Current examples include operating funds (General fund, Golf fund), reserves (Endowment, Public Art, Asset Management), and utilities (Water, Sanitary/Storm);

"Policy" means the District's "Cash Management and Investment Policy" as it may be amended from time to time; and

"Reserves" means funds set aside pursuant to statutes in the *Community Charter*, the use of which is regulated by the *Community Charter* or other provincial or federal statute.

3.0 Responsibility of the Director

- 3.1 The Director of Financial Services is responsible to administer the District's Cash Management and Investment Policy and ensure conformance to these guidelines.
- 3.2 The Director of Financial Services is responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate employees.

4.0 Management of Funds

- 4.1 These guidelines are intended to provide guidance in the management of the District's cash and invested monies to any investment officer of the District. They apply to both internal and external investment management.
- 4.2 The District may choose to manage investments internally, by using a member of staff as an investment officer, or externally, by either availing itself of the MFA funds, or by contracting services with an external provider of investment services.

APPENDIX B

Cash Management and Investment Guidelines #, year

3

- 4.3 The District may use a combination of internal and external investment management, at the discretion of the Director.

5.0 Allowable Investments

- 5.1 Allowable investments for the District are outlined in the Cash Management and Investment Policy ~~###-##-###~~.
- 5.2 Within the established parameters, the quality of fixed income investments is defined as:
- a) securities with a maturity date of one year or less must be rated by at least one of the rating agencies with a minimum of R-1 or BBB- or equivalent rating;
 - b) securities with a maturity date of longer than one year must be rated by at least one of the rating agencies with a minimum of BBB- or equivalent rating; and
 - c) the rating used will be the average rating used by two of the three ratings agencies.
- 5.3 Rating agencies referred to in Section 5.2 are:
- a) Dominion Bond Rating Service (DBRS);
 - b) Standard & Poor's (S&P); or
 - c) Moody's.
- 5.4 In the event the rating of a security held by the District is downgraded below the minimum acceptable rating, no new investments may be made in that security, but existing investments may be retained or disposed of at the discretion of the Director with the approval of the CAO, giving full consideration to market conditions at the time and the liquidity/price level of the security.

6.0 Internal Investment Management

- 6.1 Assuming that the District chooses to manage all or a portion of its investments internally, a list will be maintained of approved financial institutions and investment dealers authorized to provide investment transaction opportunities.

APPENDIX B

Cash Management and Investment Guidelines #, year

4

- 6.2 In order to be approved, all qualified bidders for investment transaction opportunities will be members in good standing of the Investment Industry Regulatory Organization of Canada (IIROC) or its successor and will provide certification of having read and understood Cash Management and Investment Policy ###-##-### and Cash Management and Investment Guidelines ###-##-###.
- 6.3 Internal investment officers must familiarize themselves with and must abide by the CFA Institute's Code of Ethics & Standards of Professional Conduct.

7.0 External Investment Management

- 7.1 If a decision is made to use an external investment management service, other than MFA, the Director of Financial Services shall conduct a service acquisition process consistent with the District's Purchasing Policy, consisting at a minimum of a Request for Expression of Interest for provision of investment services, consideration of no less than three (3) options from those submitted, and entrance into a contractual relationship as defined and determined by these guidelines.
- 7.2 In order to be approved, all qualified bidders for the provision of external investment management services must:
- a) be members in good standing of IIROC or its successor;
 - b) provide certification of having read and understood Cash Management and Investment Policy ###-##-### and Cash Management and Investment Guidelines ###-##-###; and
 - c) provide evidence that any investment manager who will be handling District funds is familiar with and will abide by the CFA Institute's Code of Ethics & Standards of Professional Conduct.
- 7.3 The Director of Financial Services shall be responsible for ensuring that any firm so engaged fulfills its mandate in accordance with the contractual obligations negotiated which shall be consistent with the District's Cash Management and Investment Policy and Cash Management and Investment Guidelines.

8.0 Portfolio Constraints

- 8.1 To the extent possible, the District of West Vancouver will match its investments with anticipated cash flow requirements to the next taxation due date.

APPENDIX B

Cash Management and Investment Guidelines #, year

5

- 8.2 Monies required for immediate use shall be maintained in one of the District's bank accounts. In order to maintain proper records and control over cash, all cash or other financial instruments received by the District shall be placed in one of the District's bank accounts as expeditiously as possible. Other than authorized petty cash funds, no District funds are to be held outside of these accounts. Investment of cash, if appropriate, will be made by disbursement from the District bank account.
- 8.3 Working capital – monies required within one year shall be maintained in a short term fund. Short term funds may be invested in term deposits, bank paper, or securities with a maximum maturity of one year. Securities callable within one year are eligible for inclusion in the short term fund.
- 8.4 Contingent Funds – monies which are or may be required within two years, or may be required to meet contingent liabilities, shall be maintained in an intermediate fund. Short term funds may be invested in term deposits, bank paper, or securities with a maximum maturity of two years. Securities callable within two years are eligible for inclusion in the intermediate fund.
- 8.5 Bond Fund – monies held in reserve and not required to meet foreseeable or contingent requirements in the next two years, may be invested in a bond portfolio. The District will not directly invest in securities maturing more than ten (10) years from the date of purchase, but may invest in a bond fund containing longer bonds.
- 8.6 Constraints on issuer/financial institutions for the combined portfolio are defined as:
- a) minimum 50% Federal/Provincial government Issuer or Federal/Provincial government guarantee (Crown Corporations);
 - b) maximum 25% Schedule 1 Bank;
 - c) maximum 25% Schedule 2 Bank/Credit Union;
 - d) no more than 10% of the market value of the total portfolio maybe invested in the securities of a single issuer, other than the Canadian Federal treasury.

APPENDIX B

Cash Management and Investment Guidelines #, year

6

9.0 Benchmarks

- 9.1 The benchmarks used shall be the most current MFA published benchmarks. MFA benchmarks are published monthly. The use of these benchmarks shall be reviewed annually in conjunction with the overall investment portfolio review.
- 9.2 For working capital investments, the benchmark shall be the MFA Money Market benchmark. Currently, this is:
- a) to exceed the DEC 30 Day Treasury Bill index by 15 basis points, net of all expenses.
- 9.3 For contingent funds, the benchmark shall be the MFA Intermediate Fund benchmark. Currently, this is:
- a) to achieve a total return of 30 basis points over the one-year DEC 365 Day Treasury Bill Index, net of all expenses.
- 9.4 For bond funds, the benchmark shall be the MFA Bond Fund benchmark. Currently, this is:
- a) to achieve a return of 40 basis points over the DEX Short Term Bond Index, net of all expenses.
- 9.5 For each category of investment, the strategy shall seek to equal or exceed the benchmark.

10.0 Safekeeping and Custody

- 10.1 All securities trades will be executed through an approved list of brokers and delivery is to take place at an authorized and approved safekeeper for proper custodianship. Securities will be held by a third party custodian as evidenced by safekeeping receipts and records. All transaction settlements will be maintained through the safekeeper in the Central Deposit System (CDS) as a book entry purchase.
- 10.2 Authorization – the third party custodian shall not accept delivery or payment without prior authorization and instructions from the District.
- 10.3 Evidence – all transactions shall be evidenced by a contract advice from the investment dealer, as well as a settlement advice from the third party custodian.
- 10.4 Registration – all securities that are in registerable form shall be registered in the name of the District of West Vancouver, or the nominee of the District's third party custodian.

APPENDIX B

Cash Management and Investment Guidelines #, year

7

11.0 Internal Control

- 11.1 An internal control structure, designed to ensure that assets of the District are protected from loss, theft or misuse, shall be established and maintained by the Director of Financial Services.
- 11.2 The internal control structure shall be designed to provide reasonable assurance that the objectives of the District's Cash Management and Investment Guidelines are met. The concept of reasonable assurance recognizes that costs of a control should not exceed the benefits likely to be derived.
- 11.3 The external auditors will, as part of their annual audit program, review the internal control procedures to ensure compliance with these Cash Management and Investment Guidelines ~~## #####~~ and the related Cash Management and Investment Policy ~~## #####~~.

12.0 Internal Financing

- 12.1 The District may, from time to time, as approved by Council resolution, internally finance borrowings for capital projects.
- 12.2 Such borrowing shall be documented, and must be repaid, over an agreed-upon term, at a rate comparable to a commercially available instrument. For example, repayment of a 10 year loan should be calculated using a 10 year bond rate.

13.0 Cash Management and Investment Portfolio Review

- 13.1 The District's cash management and investment portfolio, guidelines, and investment performance shall be reported annually by the Director of Financial Services to the District's Finance Committee.
- 13.2 The Director of Financial Services shall review the Cash Management and Investment Guidelines annually and make recommendations to the Finance Committee if it is determined that any changes to the Guidelines are required.

<p>Approval Date: Month, day, year</p>	<p>Approved by: Executive Committee Member(s)</p>	<p>(space for signatures)</p>
---	--	-------------------------------

APPENDIX C



MEMORANDUM

Date: June 20, 2016
 To: Finance Committee
 From: Reserves & Investments Task Group
 Re: **Interim Report**

Our File: 0116-20-RITG

RECOMMENDED:

THAT the interim report dated June 20, 2016 from the Reserves and Investments Task Group, be received for information.

Purpose

To provide the Finance Committee with an interim report on work completed to date by the Reserves and Investments Task Group.

Background

Pursuant to *Community Charter*, section 141, Mayor Smith established the Reserves and Investments Task Group to assist the Finance Committee in fulfilling its oversight responsibilities related specifically to investment and reserve policies and practices as outlined in the attached terms of reference (**Appendix A**).

The Task Group was originally established for a one year term commencing August 2015, and was then granted an extension to November 2016 in order to allow sufficient time for preparation of the Task Group's final report to the Finance Committee. At the April 19, 2016 Reserves and Investments Task Group meeting, members agreed to submit an interim report to the Finance Committee on progress to date.

Progress Report

After a short period of procedural delay, the Task Group commenced on February 23, 2016 with the first order of business being the election of Councillor W. Soprovich as Chair and Ms. J. Guenther as Vice Chair. The Task Group then proceeded to review the terms of reference and establish a work plan.

APPENDIX C

Date: June 20, 2016
To: Finance Committee
From: Reserves & Investments Task Group
Re: Interim Report

Page: 2

At the March 29, 2016 Task Group meeting, members reviewed the Public Amenity Contribution policy and the Development Cost Charge policy with J. Bailey, Director of Planning and Development Services and I. Gordon, Director of Financial Services. The policy review involved discussion related to the current policies and practices of similar municipalities, alternative policy options, and allocation of funds based on needs assessment and Council priorities. The Task Group also considered the provincial government's best practice guides for both Community Amenity Contribution and Development Cost Charge policy development.

On April 19, 2016 the Task Group completed their review of the Public Amenity Contribution (**Appendix B**) and Development Cost Charge (**Appendix C**) policies and agreed that both policies would benefit from revision to ensure that they reflect current best practices and legislation.

To that end, the Reserves and Investments Task Group passed the following resolutions for the Finance Committee's consideration:

THAT the Finance Committee consider the Reserves and Investments Task Group recommendation that Public Amenity Contribution Policy (#02-80-30) be revised as part of the Official Community Plan review.

THAT the Finance Committee consider the Reserves and Investments Task Group recommendation that Development Cost Charge Bylaw No. 3801, 1993 be revised.

At the June 28, 2016 Task Group meeting, members reviewed the Endowment Fund (**Appendix D**) and concluded that the Fund is currently functioning with differing purposes - an endowment purpose and a land purpose. Members agreed that the Endowment Fund should retain its 'endowment' features but would benefit from restructuring to improve upon its objective of preservation of capital with an emphasis on transparency and accountability. Task Group members also agreed that the creation of a new Land Fund would allow the municipality to more effectively transact in land in order to provide services, develop the community, and serve the public interest.

The following resolution was passed for the Finance Committee's consideration:

THAT the Finance Committee consider the Reserves and Investments Task Group recommendation that two separate statutory reserve funds be created by restructuring the current Endowment Fund and creating a new Land Fund.

APPENDIX C

Date: June 20, 2016
To: Finance Committee
From: Reserves & Investments Task Group
Re: Interim Report

Page: 3

At the June 28 meeting, the Task Group also reviewed the current status of the non-statutory reserves and agreed that further examination is necessary to ensure that each reserve is relevant to current operations. This examination will take place at a future Task Group meeting.

Next Steps

Over the next several months, the Reserves and Investments Task Group will review the District's investment management activity, with a focus on:

- investment policies and practices;
- appropriate matching of investments with fund requirements;
- performance of investments; and
- structure and asset mix of the investment portfolio.

Recommendations regarding the District's investment management activity will be presented to the Finance Committee for consideration at their November 22, 2016 meeting in conjunction with the Task Group's final report.



Councillor W. Soprovich, Chair
Reserves and Investments Task Group

- Appendix A: Reserves and Investments Task Group Terms of Reference
- Appendix B: Memo titled "Community Amenity Contributions (CACs)" from the Director of Planning and Development Services
- Appendix C: Memo titled "Development Cost Charge Allocations and Proposed Expenditure Bylaws" from the Director of Financial Services
- Appendix D: Memo titled "Review of Endowment Fund" from the Director of Financial Services



Reserves and Investments Task Group Terms of Reference Policy 02-30-358 (2015)

Effective Date: July 21, 2015

Consolidated for Convenience Only

For convenience, the original policy (or "parent" policy) has been updated to include the amendments. This consolidation is for convenience only. The original policy and amendments should be consulted for all interpretations and applications of the policy.

Original Policy: 02-30-358	Effective Date: July 21, 2015
Amendments: 02-30-358 02-30-358	Effective Date: December 3, 2015 March 30, 2016

Amendments to the original policy are shown in the margin of this consolidation.

CONSOLIDATED TERMS OF REFERENCE

District of West Vancouver CORPORATE POLICY

Financial Services Division	Council Committee Terms of Reference Reserves and Investments Task Group
Policy 02-30-358	
File: 0116-20-FIN	

Purpose

- 1.0** The Reserves and Investments Task Group is an advisory group to assist the Finance Committee to fulfill its oversight responsibilities related specifically to investment and reserve policies and practices. The Task Group's recommendations will be reported to the Finance Committee

Policy

2.0 Duties

- 2.1** The Task Group will review each reserve fund as follows:

- a) **Statutory Funds**
 - Endowment Reserve;
 - Capital Facilities Reserve;
- b) **Non-Statutory Reserves**
 - Infrastructure Reserve;
 - Capital Reserves;
 - Amenity Contributions Reserve;
 - Operating Reserves;
 - Golf Development Reserve;
 - Sewer Capital Reserve;
 - Cemetery Development Fund;
- c) **Community Amenity Contributions; and**
- d) **Development Cost Charges**

2.2 The Task Group will review investment management activity as follows:

- a) Investment policies and practices;
- b) Performance of investments; and
- c) Structure and asset mix of the investment portfolio.

2.3 The Task Group will review all relevant background documents and similar documents and practices in other jurisdictions, including relevant legislation and bylaws.

2.4 The Task Group will report its recommendations to the Finance Committee.

3.0 Origin of Work

To assist the Finance Committee to fulfill its oversight responsibilities related specifically to investment and reserve policies and practices.

4.0 Membership

4.1 Voting members are appointed by the Mayor as follows:

- a) A minimum of two Council members;
- b) A maximum of three volunteers.

4.2 Staff Liaison: as determined by the Chief Administrative Officer.

4.3 The Chair must be a Council member. A Vice-Chair shall be elected from among the members.

5.0 Quorum

5.1 A quorum is a majority of the voting members, at least half of which must be Council members.

6.0 Term

6.1 The term for the Task Group shall be 15 months, commencing in August 2015.

Section 4.1(a) amended
December 3, 2015

Section 6.1 amended
March 30, 2015

7.0 Meeting Schedule and Meeting Location

7.1 The meeting schedule shall be determined by the Chair, in conjunction with Task Group members.

7.2 Task Group meetings shall be held in a District facility.

8.0 Rules of Procedure

Meetings shall be conducted in accordance with the General Council Committees Policy, the Council Procedure Bylaw, and the *Community Charter*.

9.0 Support Services

A designated staff person will provide support services.

10.0 Conflict of Interest

Members shall declare possible conflicts of interest to the Chair and the Task Group. (The General Council Committees Policy references conflict of interest.)

Approved: July 21, 2015	Approved by: Mayor Smith
Amended: December 3, 2015 <i>[Amendment to section 4.1(a) to change from "A minimum of two Council members from the Finance Committee" to "A minimum of two Council members"]</i>	Approved by: Mayor Smith
Amended: March 30, 2016 <i>[Amendment to section 6.1 to change term from 12 to 15 months]</i>	Approved by: Mayor Smith

Date: July 5, 2016
 To: Reserves and Investments Task Group
 From: Jim Bailey, Director of Planning and Development Services
 David Hawkins, Manager of Community Planning
 Re: Community Amenity Contributions (CACs)

Page: 2

- Planning for CACs: CAC policies should be developed in conjunction with OCPs and be "forward looking" to ensure that potential contributions respond to development impacts and meet the community's priorities / needs.
- Nexus and Proportionality: There should be a demonstrable and proportional link between the CACs and the impact and scale of new development.
- Transparency: Local governments should be transparent about CACs and how they will be used, so the community understands the benefits of new development and developers can determine project viability.

The provincial guidelines recommend two approaches for obtaining amenities (in order):

1. "Pre-zone" land to a fixed density bonus zone, where developers may build to either the "base" density or to a higher density if specified amenities / affordable housing are provided.
2. Set preferred CAC amounts or targets (e.g. a "rate" on a per square foot basis) and be open to negotiation at time of rezoning.

Negotiating CACs based on the "lift" in land value (current DWV practice) is not recommended due to its assumed complexity and uncertainty.

Options / Practices

In practice, universally pre-zoning or setting a blanket "fixed rate" CAC can be challenging where the individual merit and unique land economics of increased density on a specific (often large or complex) project can be better considered through an individual rezoning application. For this reason, many municipalities (e.g. City of Vancouver, District of North Vancouver) adopt a "hybrid" approach that includes:

- "Pre-zoning" areas where certainty of development is desired and where anticipated amenities are not complex.
- Establishing a "fixed-rate" CAC per square foot of net new floor space for defined areas or standardized building types, where redevelopment is not anticipated to be significant or complex.
- Preparing neighbourhood or centre specific CAC policies and public benefits strategies where unique existing conditions and planning objectives exist.
- Identifying expectations to negotiate 70-80% of the increase in land value when rezoning in areas undergoing significant change, where in-kind amenities are desired, and where developments are of a significant scale.

Provincial guidelines, available options / practices, and the legislative context would all be considered in reviewing West Vancouver's CAC policy (anticipated 2016/7).

Recommendation

THAT the District's Community Amenity Contribution Policy be updated as part of the Official Community Plan review.

District of West Vancouver ADMINISTRATIVE POLICY

Planning Lands & Permits Division	Public Amenity Contribution Policy
Policy #02-80-303	
File: 0282-20-303	

1.0 Purpose

1.1 The purpose of this policy is to define in policy form a public amenity contribution framework for the District of West Vancouver.

1.2 Definitions:

- a) “Community Benefit” refers to the overall contribution that a new development could make to the community – i.e., how well a proposal responds to OCP policies, and contributes to enhancing community livability by providing basic services, mitigation actions, and public amenities.
- b) A “Public Amenity” is a feature that improves the quality of life in the community, over and above the basic development; and may fall within a broad range of categories including: public realm enhancements, arts and cultural facilities, public art, parks and environment, heritage conservation, greater housing choice, and adaptable design features, child care facilities, and similar features or facilities.

A public amenity contribution is one type of community benefit from new development.

2.0 Policy

2.1 Community Benefit Objectives

All new development shall meet the community goals outlined in the OCP, and provide the following:

- a) basic services to accommodate the development;
- b) works to centreline of abutting streets;
- c) mitigation actions to address any direct negative impacts on the community; and

- d) under certain conditions, as outlined in Section 2.3, the provision of *public amenities* or a financial contribution toward the cost of such *amenities*.

2.2 Provision of Infrastructure Services

The requirements for basic services, works to centreline and mitigation actions to be provided by the property owner will be determined during the development application process.

2.3 *Public Amenities*

A *public amenity* contribution is provided:

- a) As part of a site-specific rezoning;
- b) As part of an amenity bonus provision in the Zoning Bylaw; and
- c) When considering significant variances from zoning regulations.

2.4 Securing *Amenity* Contributions

Public amenities can be secured through one or more of the following methods:

1. A comprehensive phased development agreement, under proposed Section 905.1 of the *Local Government Act*, which includes the contribution of amenities;
2. Zoning for amenities and affordable housing, under Section 904 of the *Local Government Act*;
3. A housing agreement for affordable and special needs housing, under Section 904 and/or 905 of the *Local Government Act*;
4. As articulated in the terms of a sale agreement for projects involving the disposition of an interest in land owned by the District;
or
5. Other methods as recommended by the Municipal Solicitor.

2.5 Type and Scale of *Public Amenity* Contributions

A description of *public amenity* categories may be identified by Council, or determined through a community planning process for a specific area of the municipality. The appropriate scale of *public amenity* contributions shall reflect, in part, the size of the project and its impacts on the community; how well it responds to OCP and other policy objectives; and

factors impacting project viability, such as extraordinary risk or difficulty of land assembly.

In the case of Section 904 zoning-based bonus density, the value of the amenity being provided shall reflect a percentage of the increased value of the land associated with the bonus density, or other value determined by Council (for example, on a 'per buildable square foot' basis).

In the case of larger area plans for new development (e.g., Rogers Creek in the Upper Lands, or an 'Evelyn Drive' type project), the use of comprehensive phased development agreements may be considered, with overall benefits and amenities, or the cash equivalent for same, provided as a result of the larger area planning discussions.

In regard to amenity zoning, Council shall have discretion in determining whether in-kind amenities or a cash contribution in respect of the amenity is to be provided. If cash is contributed, it will be deposited to an amenity reserve fund if not going immediately to pay for the amenity.

Approval Date: December 03, 2007	Approved by: Council
--	--------------------------------



MEMORANDUM

Date: April 6, 2016 Our File: 0116-20-RITG
 To: Reserves and Investments Task Group
 From: I. Gordon, Director of Financial Services
 Re: **Development Cost Charge Allocations and Proposed Expenditure Bylaws**

Development Cost Charges (DCCs) are intended to offset capital costs of offsite services necessitated by development. DCCs are charged equally to all new development in the municipality and are restricted to offsite services for roads, drainage, sewers, water and parkland.

The table in Appendix 1 illustrates how development cost charge funds are allocated and provides some historical context with respect to the annual charges collected, interest earned and use of DCCs for capital works. As of December 31, 2015, the District of West Vancouver had \$22.4 million in available DCC funds as illustrated in the pie chart broken down by service category.

The expenditure of DCC funds requires bylaw approval. In 2016 the District of West Vancouver plans to use \$1.3 million of DCC funds collected to fund eligible capital works. Included as Appendix 2 are the proposed 2016 Development Cost Charge Expenditure Bylaws.



Appendix 1: Historical Development Cost Charge Activity
 Appendix 2: Proposed 2016 Development Cost Charge Expenditure Bylaws

1093566v1

APPENDIX 1

District of West Vancouver
Development Cost Charge Activity
To December 31, 2015

Row Labels	Highways (Widening 21st, Marine Dr. Improvements Taylor Way & Marine Dr	Highways Area 3 - Cypress Crk Crossing	Highways Area 4 - Cypress Crk Crossing, McDonald Creek Crossing	Parks - Ambleside	Parks - Local	Parks - Major	Underground Wiring	Water Area's 4,5 (Metro Vancouver)	Drainage Area 2-6	Grand Total
Opening Balance	1,068,863	933,891	741,602	808,883	8,838,093	3,188,632	697,515	238,340	4,188,844	17,882,474
Contributions										
2003	55,728	0	250,223	276,042	276,962	896,550	50,568	724,865	267,546	2,799,229
2004	27,212	0	117,130	134,792	174,781	437,846	24,892	278,236	130,658	1,325,345
2005	46,224	0	143,728	230,049	403,350	743,650	41,944	512,111	221,918	2,342,974
2006	10,584	0	4,420	52,675	131,781	170,275	9,604	33,443	50,813	463,575
2007	11,232	0	19,890	55,900	43,024	180,700	10,192	46,403	53,924	421,265
2008	5,184	0	22,100	25,800	64,536	83,400	4,704	54,726	24,868	285,338
2009	3,840	0	37,165	3,619,153	24,201	61,913	3,492	80,598	18,476	3,848,804
2010	5,184	0	23,505	25,800	32,268	83,400	4,704	63,226	24,868	282,977
2011	32,184	0	23,267	160,175	387,216	517,775	29,204	135,355	154,513	1,439,889
2012	19,440	0	8,105	96,750	209,742	397,688	17,640	98,822	93,330	938,517
2013	5,602	0	29,674	27,880	90,124	90,124	5,083	123,450	26,895	306,708
2014	3,672	0	19,880	18,275	45,713	59,075	3,332	46,912	17,629	214,498
2015	22,032	0	80,909	109,650	172,098	354,450	19,992	213,458	105,774	1,078,359
Contributions Total	248,126	0	780,004	4,832,941	1,965,655	4,076,846	225,151	2,409,303	1,191,251	15,729,277
Interest										
2003	49,464	42,581	39,518	43,179	270,586	107,451	32,960		194,897	780,436
2004	80,547	50,284	56,125	61,568	325,928	92,781	40,860		228,123	916,218
2005	58,427	47,124	58,585	66,073	305,615	109,089	39,821		204,264	888,998
2006	47,456	37,475	49,175	57,478	241,481	99,539	32,567		153,102	718,273
2007	72,182	58,583	74,841	89,517	382,558	157,486	49,659	368	213,742	1,076,816
2008	76,724	59,793	80,189	46,831	384,407	171,401	52,876	1,442	207,894	1,081,557
2009	101,420	78,813	107,600	614	509,538	208,749	69,959	6,243	244,127	1,327,063
2010	85,801	66,497	92,330	93,564	248,112	153,054	59,236	8,927	187,676	995,187
2011	47,977	36,795	51,715	6,171	142,907	73,711	33,231	7,601	103,734	503,842
2012	87,047	65,834	93,263	17,041	269,634	130,443	60,552	18,021	182,051	924,886
2013	32,202	24,199	34,591	7,286	98,404	51,948	22,444	8,798	62,164	342,036
2014	57,010	42,743	61,605	13,527	166,028	93,882	39,762	17,967	103,310	588,034
2015	45,512	35,632	52,686	12,754	136,527	80,247	33,416	17,985	85,237	489,986
Interest Total	821,770	644,333	852,423	515,603	3,461,725	1,529,781	567,344	88,352	2,170,121	18,851,451
Use										
2003					-69,357	-2,557,037		-982,845	-105,829	-3,895,268
2004					-133,964	-101,890		-278,235	-361,825	-875,914
2005					-436,863	-114,966		-512,111	-405,735	-1,489,675
2006					-187,601	-66,241		-18,411	-402,181	-675,444
2007					-62,873			-80,000	-383,969	-506,842
2008				-1,948,786		-71,775			-400,000	-2,420,561
2009					-3,600,000	-608,607			-574,788	-4,783,395
2010				-3,588,945		-443,371			-187,745	-4,220,061
2011						-977,148				-977,148
2012								-400,000		-400,000
2013					-296,009			-300,000		-596,009
2014					-269,452			-200,000		-469,452
2015					-137,422	-241,727				-579,149
Use Total	-200,000	-200,000	-5,537,731	-5,193,341	-5,182,762	-1,490,010	-1,832,702	-3,722,182	-21,868,717	
Grand Total	1,926,759	1,678,134	2,373,930	619,696	6,064,131	3,610,497	1,490,010	903,294	3,828,033	22,394,484

APPENDIX C

APPENDIX C

Director	CAO
----------	-----

COUNCIL AGENDA	
Date: _____	Item: _____



DISTRICT OF WEST VANCOUVER
750 17TH STREET WEST VANCOUVER BC V7V 3T3

COUNCIL REPORT

Date:	March 24, 2016
From:	Isabel Gordon, Director of Financial Services
Subject:	Proposed 2016 Development Cost Charge Expenditure Bylaws
File:	0895-01

RECOMMENDATION

THAT

1. Proposed "Development Cost Charge (Underground Wiring) Expenditure Bylaw No. 4896, 2016", be read a first, second and third time; and
2. Proposed "Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016", be read a first, second and third time.

1.0 Purpose

The purpose of this report is to introduce expenditure bylaws authorizing the use of Development Cost Charge (DCC) funds collected for parks and underground wiring for projects qualified to be carried out using these funds.

2.0 Executive Summary

The District's 2016-2020 Five Year Financial Plan provides for specific types of projects to be funded from the development cost charge funds collected by the District. In the past, such expenditures have been considered to be authorized by the passage of the Financial Plan bylaw; however, best practice is to have a specific bylaw authorizing DCC expenditures. This provides the greatest level of transparency and accountability in the use of these funds, which have been collected in the course of development for the purpose of funding specific works and services.

3.0 Legislation/Bylaw/Policy

Implementation, collection, and expenditure of development cost charge funds are governed by Division 19 of the *Local Government Act*.

Division 19, Section 566, states:

Use of Development Cost Charges

566(2) Money in development cost charge reserve funds, together with interest on it, may be used only for the following:

Date: March 24, 2016
 From: Isabel Gordon, Director of Financial Services
 Subject: Proposed 2016 Development Cost Charge Expenditure Bylaws

Page 2

(a) to pay the capital costs of providing, constructing, altering or expanding sewage, water, drainage, and highway facilities, other than off-street parking, that relate directly or indirectly to the development in respect of which the charge was collected;

(b) to pay the capital costs of

(i) acquiring park land or reclaiming land as park land, or

(ii) providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land.

566(3) Authority to make payments under subsection (2) must be authorized by bylaw.

567(6) Despite section 566(2), interest earned on money in the park land development cost charge reserve fund may be used by the local government to provide for fencing, landscaping, drainage, and irrigation, trails, restrooms and changing rooms, playground and playing field equipment on park land owned by the local government or owned by the Crown and managed by the local government.

The District's DCC bylaw (Appendix A), which has been approved by the Ministry, authorizes the collection of DCC funds for highways, parks, and underground wiring, for works in specific neighbourhoods and for the various classes of works in the community generally.

4.0 Analysis

4.1 The following development cost charge funds are available for funding non-utility works in 2016:

Non-utility DCC amounts available as of December 31, 2015

				<u>Total</u>
Highway works, Neighbourhood 2				\$ 1,578,134
Highway works, Neighbourhood 4				\$ 2,373,930
Highway works, Community				\$ 1,926,759
Underground wiring, Community				\$ 1,490,010
				<u>\$ 7,368,833</u>
		<u>Principal</u>	<u>Interest</u>	
Parks – Major (other than Ambleside)	\$ 2,348,224	\$ 1,262,273		\$ 3,610,497
Parks - Ambleside	\$ 468,738	\$ 150,958		\$ 619,696
Parks - Local	\$ 4,556,874	\$ 1,507,256		\$ 6,064,130
	<u>\$ 7,373,836</u>	<u>\$ 2,920,487</u>		<u>\$ 10,294,323</u>
				<u>\$ 17,663,156</u>

1091077v1

Date: March 24, 2016
 From: Isabel Gordon, Director of Financial Services
 Subject: Proposed 2016 Development Cost Charge Expenditure Bylaws

Page 3

As the chart indicates, some funds are restricted to certain areas, and all of the funds are specific as to the types of works that may be funded. These restrictions are set out in the DCC Bylaw. Parks funds are set out separately as to principal and interest, as section 567(6) allows the interest on Parks funds to be used in the community generally, regardless of the specific park definitions that restrict the principal.

- 4.2 The following projects are proposed to be funded using development cost charge funds in 2016:

Proposed 2016 DCC Expenditures

From Principal, Ambleside Park DCC:

Ambleside Waterfront Park Redevelopment	\$ 100,000
---	------------

From Interest, Parks DCC:

Ambleside Park Playground Replacement	\$ 317,400
Eagle Harbour Drainage and Irrigation Replacement	\$ 131,000
Altamont Park Completion	\$ 100,000
West Bay Park Washroom Replacement	\$ 32,126
	\$ 580,526

From Underground Wiring DCC:

Underground Wiring – 1000 and 2100 blocks Marine Drive	\$ 600,000
--	------------

There is sufficient funding in the various DCC funds to allow the appropriation of the above amounts.

Ambleside Waterfront Park Redevelopment

This project provides funding toward reclaiming as park the District-owned land currently occupied by the three houses to the east of Millennium Park. The houses will be removed, and park, foreshore, and walkway enhancements will be created.

Ambleside Park Playground Replacement

This playground is being replaced in three phases, due to the large size of the playground and heavy use of the equipment. Phase 1 was completed in 2013, and replaced some of the oldest play equipment. Phase 2, which commenced in 2015 and is carrying on into 2016, is providing newer, more imaginative play elements. Phase 3 will replace the current water cannon feature with a new water feature, and provide accessibility improvements to the playground pathways.

Date: March 24, 2016
From: Isabel Gordon, Director of Financial Services
Subject: Proposed 2016 Development Cost Charge Expenditure Bylaws

Page 4

DCC funding will specifically cover eligible playground equipment, landscaping, drainage and irrigation, and pathways. Other funding for the project is already approved from external sources and the infrastructure fund.

Eagle Harbour Drainage and Irrigation Replacement

This project involves the installation of new drainage and irrigation lines in the entire area of Eagle Harbour field. This is part of a multi-year plan to improve the playability of community soccer and baseball fields, identified as a priority in the 2011 Sports Field Master Plan. DCC funding will specifically cover eligible drainage and irrigation expenditures on District property. Other funding for the project is already approved from the infrastructure fund.

Altamont Park Completion

This project is being completed in conjunction with a group of residents who have raised over \$160,000 to contribute to this multi-year project. Staff have worked extensively with local residents to redesign the park to include playground equipment, a multi-use sports court, retaining walls, fencing, and drainage improvements.

DCC funding will specifically cover eligible items such as landscape, drainage and irrigation, fencing, and/or playground equipment.

West Bay Park Washroom Improvements

This project is the replacement of the washroom building at West Bay Park that has reached the end of its serviceable life. The 2012 Parks Master Plan Recommendation 3.10.1 references the West Bay Park Washroom building directly and recommends the replacement of the building with a smaller building.

DCC funding will specifically cover the eligible washroom replacement expenditures. Other funding for the project is already approved from the infrastructure fund.

Underground Wiring

The 1000 and 2100 blocks of Marine Drive are some of the highest visibility and most visited locations in West Vancouver. The District also records some of the highest pedestrian volumes in the District near these locations. As a result, this project will benefit a large number of users. With pedestrian and recreational cyclist volumes expected to grow along Marine Drive, it also opens up the potential for future walking and biking space on Marine Drive without encroaching on green space.

1091077v1

Date: March 24, 2016
 From: Isabel Gordon, Director of Financial Services
 Subject: Proposed 2016 Development Cost Charge Expenditure Bylaws

Page 5

Finally, underground lines are much more resilient in the face of wind and storm events.

4.3 Sustainability

The collection of development cost charge funding is supported by the *Local Government Act* in order to provide funding for growth-related works related to specific developments either directly, or in the community generally.

The District uses accumulated DCC funding, together with donations, grants and infrastructure capital funding to make highway and park improvements on District lands. The eligible costs of the improvements reflect the changing needs of the community. Parks improvements are supported by the Parks Master Plan 2012 and the 2011 Sport Field Master Plan.

The use of these funds helps to sustain the long term serviceability of the community's assets, and to meet the increased needs caused by community growth.

5.0 Options

5.1 Recommended Option

Council give three readings to proposed "Development Cost Charge (Underground Wiring) Expenditure Bylaw No. 4896, 2016" (Appendix B) and proposed "Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016" (Appendix C). This option would support the 2016 capital program.

5.2 Considered Options

1. Council may request more information on the proposed DCC funding appropriations.
2. Council may not approve the requested appropriations.

6.0 Conclusion

Staff recommend that the proposed 2016 Development Cost Charge Expenditure Bylaws be given three readings.

Author: _____

Appendix A: Development Cost Charge Bylaw No. 3801, 1993

Appendix B: Proposed "Development Cost Charge (Underground Wiring) Expenditure Bylaw No. 4896, 2016"

Appendix C: Proposed "Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016"

APPENDIX C

THE CORPORATION OF THE DISTRICT OF WEST VANCOUVER

DEVELOPMENT COST CHARGE BYLAW NO. 3801, 1993

A bylaw to impose development cost charges.

WHEREAS, pursuant to Sections 983 and 984 of the Municipal Act the Council may, by bylaw, impose development cost charges;

AND WHEREAS the Council has, in fixing development cost charges in this Bylaw, considered future land use patterns and development, the phasing of works and services and the provision of park land described in the Official Community Plan and whether the charges:

- (a) are excessive in relation to the capital cost of prevailing standards of service,
- (b) will deter development, and
- (c) will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land in the Municipality.

NOW THEREFORE the Council of The Corporation of the District of West Vancouver, in open meeting assembled, enacts as follows:

1. In this Bylaw unless the context otherwise requires:

"Council" - means the Council of the Municipality.

"Municipality" - means The Corporation of the District of West Vancouver.

"Highway Facility, Community" - means a highway intended for use for pedestrian and vehicular purposes by all the inhabitants of the Municipality.

"Highway Facility, Neighbourhood" - means a highway intended for use for pedestrian and vehicular purposes primarily by the inhabitants of an area containing an ascertainable number of parcels or dwelling units.

"Parcel" - means any lot, block or other area in which land is held or into which it is subdivided, but does not include a highway.

"Park, Ambleside Waterfront" (formerly "Park, Community") - means park land on the Ambleside Waterfront, between 14th and 18th Streets intended for use for play and recreation by all the inhabitants of the Municipality

APPENDIX C

"Park, Local" - means park land intended for use for play and recreation primarily by the inhabitants of a group of dwellings and includes a pedestrian way.

"Park, Major" (formerly "Park, Neighbourhood") - means park land intended for use for play and recreation but which is not considered "Park, Local" nor "Park, Ambleside Waterfront".

"Unit" - where construction is for:

- (a) residential purposes means a dwelling unit as defined by "Zoning Bylaw No. 2200, 1968", as amended;
- () commercial purposes means a gross floor area of 186 square metres or less.

Every person who obtains:

- (a) approval of a subdivision, or
- (b) a building permit authorizing the construction, alteration or extension of a building or structure

shall pay to the Municipality at the time of the approval of the subdivision or the issue of the building permit, as the case may be, the applicable development cost charges as set out in Schedules "A" and "A1" in accordance with the areas specified in Schedule "B" as attached hereto and forming an integral part of the Bylaw.

No charge is payable where:

- (a) the building permit authorizes the construction, alteration or extension of a building or part of a building that is, or will be, after the construction, alteration or extension, exempt from taxation under section 398(1)(h) of the Municipal Act,
- (b) the building permit authorizes the construction, alteration or extension of a building that will, after the construction, alteration or extension,
 - (i) contain less than four self-contained dwelling units, and
 - (ii) be put to no other use other than the residential use in those dwelling units, or
- (c) the value of the work authorized by permit does not exceed \$50,000 (or any other amount the Minister may, by regulation, prescribe).

- 3 -

4. A development cost charge is not payable where:
 - (a) the development does not impose new capital cost burdens on the Municipality, or
 - (b) a development cost charge has previously been paid for the same development unless, as a result of further development, new capital cost burdens will be imposed on the Municipality.
5. Where the Municipality has imposed a charge or made a requirement under Division (7) of the Municipal Act for park land or for specific works and services outside the boundaries of land being subdivided or developed, that are included in the calculations used to determine the amount of a development cost charge, the amount of the charge imposed or the value of the requirement made under Division (7) shall be deducted from those classes of development cost charges which are applicable to the types of works and services or the park land for which the charge was imposed or the requirement was made.
6. Where an owner has, with the approval of the Municipality, provided or paid the cost of providing park land or specific works and services outside the boundaries of land being subdivided or developed, that are included in the calculations used to determine the amount of a development cost charge, the value of the park land or cost of the works and services, as the case may be, shall be deducted from those classes of development cost charges which are applicable to the park land or works and services as the case may be.
7. Where land is developed under a registered land use contract, no development cost charges shall be payable under this Bylaw.
8. "Development Cost Charge Bylaw No. 3151" shall apply to applications for subdivision or building permits that have been received and all applicable fees paid for on or before the date of adoption of this bylaw. This bylaw shall apply to all applications received or paid for after adoption of this bylaw.

- 4 -

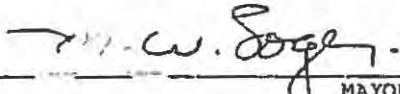
9. This Bylaw may be cited for all purposes as "Development Cost Charge Bylaw No. 3801, 1993".

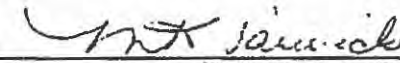
FIRST READING by the Council on 1993 March 08.

AMENDED AND PASSED by the Council on 1993 March 08.

RECEIVED THE APPROVAL of the Inspector of Municipalities on 1993 April 05.

RECONSIDERED AND ADOPTED on 1993 April 19.


MAYOR


MUNICIPAL CLERK

1993 February 26

Schedule "A"

DEVELOPMENT COST CHARGES - \$ PER UNIT
effective 1994 February 28

Area (a)	Total	Water	Drainage	Hi hway Facilities			Public Open Spaces		
				Neighbourhood	Community	Underground Wiring	Ambleside Waterfront	Major	Local
1. Caulfeild Plateau	Development under Land Use Contract.								
2. West of Nelson Creek, and N. of Upper Levels; N. of Horseshoe Bay	11,768	3,688	1,037	*	216	196	1,075	3,159	2,397
3. East of Nelson Creek, West of Cypress Creek and N. of Upper Levels	14,931	3,688	1,037	3,153	216	196	1,075	3,159	2,397
4. East of Cypress Creek, West of Existing Development and N. of Upper Levels	15,049	4,760	1,037	2,210	216	196	1,075	3,159	2,397
5. Infill - apartment, single family, and non-residential (b)	8,589	509	1,037	*	216	196	1,075	3,159	// 2,397

(a) Areas are designated on Schedule "B"; the official detailed map is lodged with the Municipal Clerk as part of this Bylaw.

(b) Charges for non-residential units are calculated on the gross floor area, with each 186 square metres (approximately 2,000 square feet) or portion thereof equal to one unit.

* No charges.

dcc.chl

1993 February 26

Schedule "A1"

DEVELOPMENT COST CHARGES - \$ PER UNIT
effective 1994 March 1

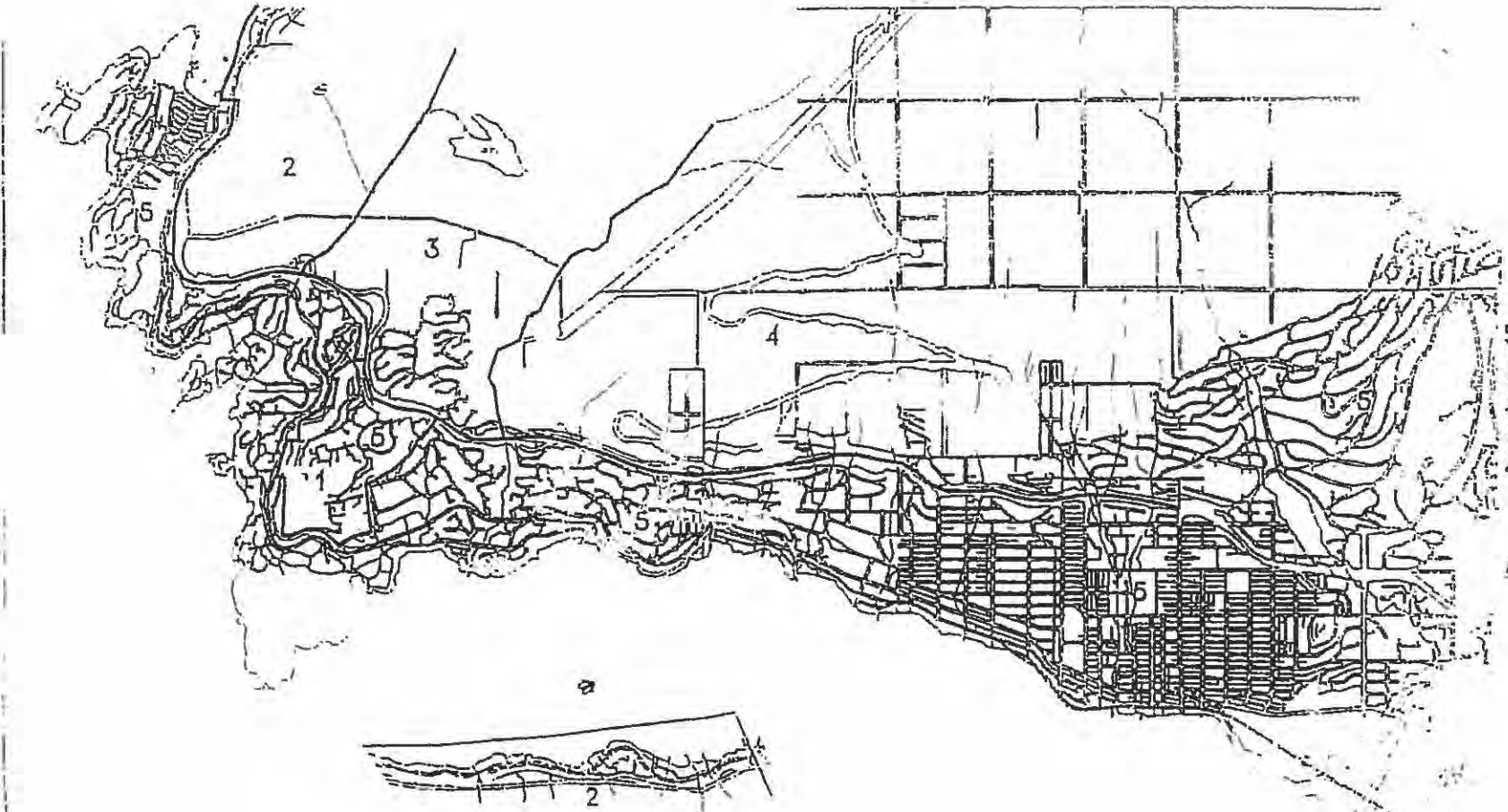
Area (a)	Total	Water	Highway Facilities			Public Open Spaces			
			Drainage	Neighbourhood	Community	Underground Wiring	Ambleside Waterfront	Major	Local
1. Caulfeild Plateau	Development under Land Use Contract.								
2. West of Nelson Creek, and N. of Upper Levels; N. of Horseshoe Bay	12,376	3,688	1,037	*	216	196	1,075	3,475	2,689
3. East of Nelson Creek, West of Cypress Creek and N. of Upper Levels	15,538	3,688	1,037	3,163	216	196	1,075	3,475	2,689
4. East of Cypress Creek, West of Existing Development and N. of Upper Levels	15,657	4,760	1,037	2,210	216	196	1,075	3,475	2,689
5. Infill - apartment, single family, and non-residential (b)	9,196	509	1,037	*	216	196	1,075	3,475	2,689

(a) Areas are designated on Schedule "B"; the official detailed map is lodged with the Municipal Clerk as part of this Bylaw.

(b) Charges for non-residential units are calculated on the gross floor area, with each 186 square metres (approximately 2,000 square feet) or portion thereof equal to one unit.

* No charges.

dcc.cht



NOTE: This schedule is for convenience only.
The full size document is on file with the Municipal Clerk.

Agenda pg. 18

APPENDIX C

APPENDIX C



District of West Vancouver

**Development Cost Charge (Underground
Wiring) Expenditure Bylaw
Bylaw No. 4896, 2016**

Effective Date:

1091658v1

District of West Vancouver

**Development Cost Charge (Underground
Wiring) Expenditure Bylaw
Bylaw No. 4896, 2016**

Table of Contents

Part 1	Citation.....	1
Part 2	Severability	1
Part 3	Unappropriated Balance	1
Part 4	Use of Funds	2

Development Cost Charge (Underground Wiring)
Expenditure Bylaw No. 4896, 2016

1

District of West Vancouver

Development Cost Charge (Underground Wiring) Expenditure Bylaw Bylaw No. 4896, 2016

A bylaw to authorize expenditures from the Development Cost Charge
(Underground Wiring) reserve fund.

WHEREAS the Council of The Corporation of the District of West Vancouver
deems it expedient to provide for the expenditure of funds from the Development
Cost Charge (Underground Wiring) reserve fund;

NOW THEREFORE, the Council of The Corporation of the District of West
Vancouver enacts as follows:

Part 1 Citation

- 1.1 This bylaw may be cited as Development Cost Charge (Underground
Wiring) Expenditure Bylaw No. 4896, 2016.

Part 2 Severability

- 2.1 If a portion of this bylaw is held invalid by a Court of competent
jurisdiction, then the invalid portion must be severed and the remainder of
this bylaw is deemed to have been adopted without the severed section,
subsection, paragraph, subparagraph, clause or phrase.

Part 3 Unappropriated Balance

- 3.1 As of December 31, 2015, the following balance in the Development Cost
Charge (Underground Wiring) reserve fund was unappropriated:

- 3.1.1 Unappropriated balance: \$1,490,010



District of West Vancouver

**Development Cost Charge (Parks)
Expenditure Bylaw
Bylaw No. 4900, 2016**

Effective Date:

District of West Vancouver

**Development Cost Charge (Parks)
Expenditure Bylaw
Bylaw No. 4900, 2016**

Table of Contents

Part 1	Citation.....	1
Part 2	Severability	1
Part 3	Unappropriated Balance	1
Part 4	Use of Funds	2

APPENDIX 2

Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016

1

District of West Vancouver

**Development Cost Charge (Parks)
Expenditure Bylaw
Bylaw No. 4900, 2016**

A bylaw to authorize expenditures from the Development Cost Charge (Parks)
reserve fund.

WHEREAS the Council of The Corporation of the District of West Vancouver
deems it expedient to provide for the expenditure of funds from the Development
Cost Charge (Parks) reserve fund;

NOW THEREFORE, the Council of The Corporation of the District of West
Vancouver enacts as follows:

Part 1 Citation

- 1.1 - This bylaw may be cited as Development Cost Charge (Parks)
Expenditure Bylaw No. 4900, 2016.

Part 2 Severability

- 2.1 If a portion of this bylaw is held invalid by a Court of competent
jurisdiction, then the invalid portion must be severed and the remainder of
this bylaw is deemed to have been adopted without the severed section,
subsection, paragraph, subparagraph, clause or phrase.

Part 3 Unappropriated Balance

- 3.1 As of December 31, 2015, the following balances in the Development Cost
Charge (Parks) reserve fund were unappropriated:

APPENDIX 2

Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016

2

3.1.1 Unappropriated balances:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Parks – Major (other than Ambleside)	\$ 2,348,224	\$ 1,262,273	\$ 3,610,497
Parks - Ambleside	\$ 468,738	\$ 150,958	\$ 619,696
Parks - Local	\$ 4,556,874	\$ 1,507,256	\$ 6,064,130
	<u>\$ 7,373,836</u>	<u>\$ 2,920,487</u>	<u>\$ 10,294,323</u>

Part 4 Use of Funds

- 4.1 The following capital expenditures are qualified to be funded using the Development Cost Charge (Parks) reserve fund, and it is therefore deemed to be desirable to appropriate \$680,526 in funding as indicated:

From Principal, Ambleside Park DCC:

Ambleside Waterfront Park Redevelopment	<u>\$ 100,000</u>
---	-------------------

From Interest, Parks DCC:

Ambleside Park Playground Replacement	\$ 317,400
Eagle Harbour Drainage and Irrigation Replacement	\$ 131,000
Altamont Park Completion	\$ 100,000
West Bay Park Washroom Replacement	<u>\$ 32,126</u>
	<u>\$ 580,526</u>

- 4.2 If any of the appropriated funding remains unexpended at December 31, 2017, then such unexpended funding shall be returned to the Development Cost Charge (Parks) reserve fund.

APPENDIX 2

Development Cost Charge (Parks) Expenditure Bylaw No. 4900, 2016

3

READ A FIRST TIME on

READ A SECOND TIME on

READ A THIRD TIME on

ADOPTED by the Council on

Mayor

Municipal Clerk

Date: June 14, 2016
 To: Reserves and Investments Task Group
 From: I. Gordon, Director of Financial Services
 Re: Review of Endowment Fund

APPENDIX D

In 2010, the current bylaw establishing the Endowment Fund was passed by Council (Appendix 1).

The new bylaw made the following changes:

- Addition of a definitions section.
- Additions of a provision to transfer funds from the current Endowment Fund to the new Endowment Fund (since the 2010 bylaw repealed the existing Endowment Fund bylaw).
- Removal of outdated provisions in the bylaw which were addressed under current legislation.
- Additional conditions regarding acquisition of real property, governing use of Endowment Fund money, and governing use of Endowment fund money in excess of the threshold value (sections 6.1 to 6.4)
- Additional repayment provisions governing use of any Endowment funds, whether above or below threshold.

At that time, the threshold value was \$20.7 million.

Subsequent to that date, it appears that conflicts may have arisen between the requirements to maintain the Endowment Fund threshold and comply with the Endowment Fund repayment requirements, and directions from Council to carry out certain land acquisition and capital projects. It further appears that these conflicts led to the Endowment Fund being excluded as a source of funds for land and other capital transactions, and the District beginning instead to borrow against its future anticipated surplus.

Mr. Hayre, Financial Controller and I have worked diligently to recreate the transactions that took place, by searching the accounting records available to us. The transactions as recorded indicate that since 2010 (Appendix 2):

- real property on Argyle Avenue and Gordon Street (former VCH building) was acquired using \$21.1 million from the Endowment Fund;
- gains on municipal land sales, consisting of the sea to sky lands expropriated by the Province, 1300 block of Marine Drive, and a number of smaller properties, generating net proceeds of \$44.2 million, were credited to the Endowment Fund;
- lease revenues from the 320 Taylor Way lease and the physiotherapy premises lease at the Aquatic Centre of \$1.8 million were credited to the fund, and

Date: June 14, 2016
 To: Reserves and Investments Task Group
 From: I. Gordon, Director of Financial Services
 Re: Review of Endowment Fund

APPENDIX D

- in 2011, the property on the corner of 22nd and Marine Drive, commonly referred to as the Wetmore property, was leased to Pacific Arbour Communities for a period of 125 years; a prepaid lease arrangement was made, and \$14.5 million in cash was received. As a lease transaction, the cash received was recorded as deferred revenue, which is to be recognized over the life of the lease (i.e. \$116 thousand per annum). The annual lease recognition amount is being credited to the Endowment Fund.

Over the same time period, future anticipated surplus was borrowed against (**Appendix 3**) to fund West Vancouver Community Centre enhancements, Eagle Lake water utility enhancements, Gleneagles Golf Course Clubhouse enhancements, and the acquisition of another property on Argyle Ave for future Ambleside Park development purposes.

The Land Transaction Sheets (**Appendix 4**) provide additional detail on each of these transactions.

Finally, in 2015, Council decided to borrow \$28 million to fund the Police Building and Municipal Hall project, and committed to repaying this loan over 30 years using "above threshold" monies in the Endowment Fund.

Land Funds and Endowment Funds

Community Charter Section 188(2) requires that proceeds from the sale of land be deposited to a reserve fund, and used only for the purchase of land, improvements, or other assets of a capital nature. A Land Reserve Fund is therefore required to be established by any municipality that sells land.

There are no specific sections in either the *Community Charter* or the *Local Government Act* that govern the creation or use of an Endowment Fund. Council has the general power, under Section 188(1), to set up a reserve fund for a 'specified purpose'. The District's Endowment Fund has been created using Section 188(1).

The generally understood meaning of an endowment fund is that it is set up to preserve a specified amount of capital, which cannot be drawn down except under restricted circumstances, with specific terms for repayment. Usually, the funds are invested, with the investment earnings providing the source of funds for expenditures in accordance with the governing principles of the fund. Endowment funds are generally used in the non-profit sector to codify obligations to funders, who may have given money, either as a bequest or other donation, based on their understanding of the terms governing the fund.

The District's Endowment Fund, in its current bylaw, contains a mix of endowment-like terms and terms more suitable to a statutory land fund.

Like an endowment fund, it:

- specifies a threshold base capital amount for the fund;

Date: June 14, 2016
 To: Reserves and Investments Task Group
 From: J. Gordon, Director of Financial Services
 Re: Review of Endowment Fund

APPENDIX D

- specifies a formula for annual adjustment of the threshold to avoid inflationary erosion of the base capital;
- sets out requirements for repayment of funds if money from the base capital is used; and
- sets out requirements for the use of funds in excess of the base capital.

Like a land fund, it:

- specifies that certain net rental receipts be placed in the fund;
- specifies that net proceeds from the sale of real property be placed in the fund, unless otherwise directed; and
- restricts the use of the funds to acquisition of real property, reduction of debt for a real property purchase, or a capital project for the use and enjoyment of citizens of the District.

Since the Endowment Fund bylaw was set up in this way in 2010, these two different purposes have co-existed, and it is apparent from the history of the fund since 2010, that the purposes have also come into conflict. In particular, the flexibility and ease of access to funds which ordinarily is provided by the municipal land fund has been frustrated by the Endowment Fund's repayment and threshold maintenance requirements. The result appears to have been that an alternative source of land acquisition funding which was not so restricted has been sought, leading to the use of surplus for land acquisition and other major capital priorities.

Options for the Endowment Fund

There are three options moving forward:

1. Continue with the current fund.
2. Replace the current fund with a land fund.
3. Amend the current fund to create a 'pure endowment', and create a separate land fund for all future land transactions.

Date: June 14, 2016
 To: Reserves and Investments Task Group
 From: I. Gordon, Director of Financial Services
 Re: Review of Endowment Fund

APPENDIX D

1. Continue with the current fund

The current fund contains a confusing series of terms which govern the use of the money in the fund. While the terms under which funds can be used and under which they must be repaid could be clarified through amendment, the basic problem remains, which is that the endowment purpose is incompatible with the land fund purpose. The endowment, which aims at the preservation of capital, frustrates the land purchase and sales objective, which is to transact in land for the good of the municipality in order to provide services, develop the community, and serve the public interest.

Staff, therefore, do not recommend this alternative.

2. Replace the current Endowment Fund with a Land Fund

Through powers of zoning and regulation, municipalities have been granted unique abilities with respect to land. Although these powers are generally used to regulate the use of privately owned lands, they can also, of course, be used to rezone and regulate lands owned by the municipality.

There is a strong public interest served by the municipality in transacting in land. Land can be acquired that is strategically useful for providing municipal facilities and services; it can also be acquired to be resold, or leased, for public goods such as affordable housing.

Other values, such as heritage preservation may also come into play. Instances exist, for instance, where a heritage structure about to be demolished has been purchased by a municipality, and then resold to a buyer willing to accept a heritage preservation covenant. Land has also been purchased, rezoned to higher density, and then resold, with the funds obtained directed at replacement of municipal buildings. The public interest may even, in certain cases, exceed the right to private property, which the municipality can acquire through expropriation, for park purposes, for instance. All of these opportunities and more may arise in certain circumstances, creating a requirement for access to funds.

Opportunities to make strategic land acquisitions can arise at unpredictable times and under various circumstances. The need to act quickly or lose the opportunity is often paramount. Thus, preservation of capital, per se, is not usually a land fund requirement, as the availability of funds can be a key determinant in whether a land transaction takes place. Also, holdings in land can be a better investment than simply holding funds in investable cash. In both the short and long term, the land fund supports the municipality's land strategy as determined by Council.

Staff recommend that the District establish a land fund. However, turning the current Endowment Fund into a land fund may not be the best way to do this.

Date: June 14, 2016
 To: Reserves and Investments Task Group
 From: I. Gordon, Director of Financial Services
 Re: Review of Endowment Fund

APPENDIX D

It is clear from the 1991 historical records showing how the Endowment Fund was created, and from practice since that time, that the concept of the Endowment Fund threshold and preservation of capital has had the support of Council over the years.

Also, recently, the borrowing for the PBMH project has been supported by Council based on using revenues from the Endowment Fund for repayment.

Therefore, the most acceptable alternative going forward would be an approach that would leave the current Endowment Fund intact, with revenues to support the current borrowing, but to establish a land fund using future land revenues.

3. Amend the current Endowment Fund; create a separate Land Fund

Staff have completed an analysis (**Appendix 5**) which provides a forecast of the effect on the Endowment Fund if no further land sales revenues are contributed.

Appendix 5 (A) shows that if no further land sales funds are contributed, but the threshold with the inflation factor is maintained, the fund will be stable until approximately 2033, at which point, all other things being equal, the threshold and fund balance will begin to diverge. By 2046, when the last payment on the PBMH loan is scheduled to be made, the fund will be approximately \$9 million below threshold, at \$21.5 million.

Appendix 5 (B) shows that if the threshold is frozen at the current level of \$22.1 million, the fund will remain stable until 2045, ending at approximately \$650,000 below threshold.

Appendix 5 (C) shows that if the threshold is reset at \$20 million, and remains at that level, the fund can repay the entire loan without going below the threshold.

Staff recommend that consideration be given to structuring the Endowment Fund as a \$20 million protected capital fund, transferring \$2 million from the fund to provide 'seed capital' for a new Land Reserve.

The Endowment Fund could be structured such that the \$20 million threshold was maintained, current lease revenues would continue to be contributed, and the loan was repaid without further contributions to the fund. Borrowing restrictions currently in the fund could be maintained, and even strengthened, so that no borrowing could take place which would impair the ability to repay the loan or go below the threshold.

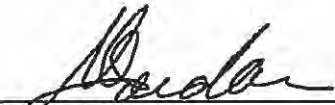
A new Land Fund could be designated to receive any future land sales revenues or contributions such as rental or lease revenue, and made available for future land purchases or major facility replacement projects.

Date: June 14, 2016
To: Reserves and Investments Task Group
From: I. Gordon, Director of Financial Services
Re: Review of Endowment Fund

APPENDIX D

Recommended Option

The recommended option is the creation of two separate funds, one for each purpose. This would be accomplished by restructuring the current Endowment Fund and creating a new Land Fund.



Isabel Gordon,
Director, Financial Services

- Appendix 1: Endowment Fund Bylaw No. 4642, 2010
- Appendix 2: Summary of Endowment Fund Transactions 2010-2015
- Appendix 3: Summary of Unappropriated Deficit Transactions 2010-2015
- Appendix 4: Land Transaction Sheets
- Appendix 5: Endowment Fund Balance Analysis
 - (A) Endowment Fund Balance – Threshold with Inflation Factor Applied
 - (B) Endowment Fund Balance – Freeze Threshold at Current Level
 - (C) Endowment Fund Balance – Freeze Threshold at \$20 Million



District of West Vancouver

**Endowment Fund
Bylaw No. 4642, 2010**

Effective Date – May 3, 2010

District of West Vancouver

**Endowment Fund Bylaw
No. 4642, 2010**

Table of Contents

Part 1	Citation	1
Part 2	Severability.....	1
Part 3	Previous Bylaw Repeal	2
Part 4	Definitions	2
Part 5	Endowment Fund	2
Part 6	Use of Money in the Endowment Fund	3
Part 7	Transfer.....	4

Endowment Fund Bylaw No. 4642, 2010

District of West Vancouver

Endowment Fund Bylaw No. 4642, 2010

A bylaw to continue a reserve fund to be known as the
Endowment Fund.

WHEREAS the Council of the Corporation of the District of West Vancouver may, by bylaw, establish a reserve fund for a specified purpose that is within the powers of the municipality:

AND WHEREAS on February 10, 1992, Council adopted Endowment Fund Bylaw No. 3699, 1991 to establish a reserve fund;

AND WHEREAS Council wishes to continue the Endowment Fund by enacting a new Endowment Fund Bylaw that is updated under existing municipal legislation, and by transferring the amount to the credit of the reserve fund ("1991 Fund") to the new capital reserve fund established under this bylaw;

AND WHEREAS Council considers that as of the date of adoption of this bylaw, the amount of the credit of the 1991 Fund is greater than required for the purpose for which the 1991 Fund was established;

NOW THEREFORE, the Council of the Corporation of the District of West Vancouver in open meeting assembled enacts as follows:

Part 1 Citation

1.1 This bylaw may be cited as "Endowment Fund Bylaw No. 4642, 2010".

Part 2 Severability

2.1 If a portion of this bylaw is held invalid by a Court of competent jurisdiction, then the invalid portion must be severed and the remainder of this bylaw is deemed to have been adopted without the severed section, subsection, paragraph, subparagraph, clause or phrase.

Endowment Fund Bylaw No. 4642, 2010

2

Part 3 Previous Bylaw Repeal

3.1 Endowment Fund Bylaw No. 3699, 1991, is repealed.

Part 4 Definitions

4.1 In this bylaw:

"CPI" means the Vancouver, All Items, Consumer Price Index for December of the applicable calendar year, as determined by Statistics Canada, or such other body or index that replaces Statistics Canada or the Consumer Price Index;

"Endowment Fund" means the reserve fund established under section 5.1;

"Market Value of the Fund" is to be determined consistently with the recommendations and guidelines issued by the Public Sector Accounting Board as authorized by The Canadian Institute of Chartered Accountants;

"Threshold Value" means

- (a) as of December 31, 2009, \$20,665,308;
- (b) in respect of each subsequent calendar year, the sum of the previous calendar year's Threshold Value plus the product of
 - (i) the previous calendar year's Threshold Value, and
 - (ii) the percentage change over the previous calendar year in CPI

Part 5 Endowment Fund

5.1 There is established a reserve fund to be known as the "Endowment Fund".

Deposits to Endowment Fund

5.2 The Director of Finance must deposit to the credit of the Endowment Fund:

- 5.2.1 as of the date of adoption of this bylaw and further to section 7.1, the amount to the credit of the reserve fund established by Endowment Fund Bylaw No. 3699, 1991;

- 5.2.2 net rental receipts from the lease of the real property located at 320 Taylor Way, to the extent the rental is set out in the lease agreement dated May 25, 1988, as amended;
- 5.2.3 amounts from existing funds as directed by bylaw;
- 5.2.4 net proceeds from the sale of real property owned by the District, except as otherwise directed by Council resolution relating to the disposal of specific real property,
- 5.2.5 subject to the financial plan, net rentals and net concession fees from other real property leased by the District after deducting the cost of capital improvements carried out in respect of rental or concession real property, including net rentals from District-owned real property on Argyle Avenue, except as otherwise directed by Council resolution relating to the specific real property;
- 5.2.6 all income earned by the Endowment Fund; and
- 5.2.7 an amount that Council transfers to the Endowment Fund

Part 6 Use of Money in the Endowment Fund

Acquisition of Real Property

- 6.1 Subject to section 6.2, money in the Endowment Fund may be used to acquire real property unless the real property is:
 - 6.1.1 subject to a financial encumbrance after acquisition;
 - 6.1.2 acquired for a highway, school or park; or
 - 6.1.3 after acquisition, reserved for, dedicated for, conveyed to or held in trust for a school board.
- 6.2 Council must return to the Endowment Fund within ten years of the property acquisition referred to in Section 6.1:
 - 6.2.1 the amount of money used under section 6.1; and
 - 6.2.2 interest calculated at market interest rates.

Endowment Fund Bylaw No 4642, 2010

4

Conditions Governing Use of Endowment Fund Money for Real Property Acquisition

6.3 At the time of real property acquisition under section 6.1, the total fair market value of real property acquired using money from the Endowment Fund must not be more than 75% of the lesser of the:

6.3.1 Threshold Value, or

6.3.2 Market Value of the Fund at the end of the preceding calendar year.

Use of Endowment Fund Money in Excess of Threshold Value

6.4 To the extent the amount of the Endowment Fund and value of real property acquired under section 6.1 exceeds the Threshold Value for a calendar year, money in the Endowment Fund may be used to pay for

6.4.1 acquisition of real property for municipal purposes;

6.4.2 reduction of municipal debt for a real property purchase; or

6.4.3 a capital project for the use and enjoyment of citizens of the District

if the amount of money remaining in the Endowment Fund after the expenditure or transfer under paragraphs 6.4.1 to 6.4.3 is maintained at or above the Threshold Value for the calendar year.

Part 7 Transfer

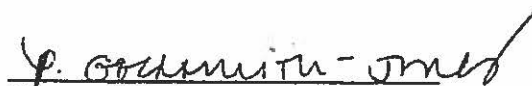
7.1 Council transfers to the Endowment Fund the amount to the credit of the reserve created under Bylaw No. 3699, 1991.

READ A FIRST TIME on April 26, 2010.

READ A SECOND TIME on April 26, 2010.

READ A THIRD TIME on April 26, 2010.

ADOPTED on May 3, 2010



 Mayor



 Municipal Clerk

Document # 392617v1

District of West Vancouver
 Summary of Endowment Fund Transactions
 January 1, 2010 to December 31, 2015

Endowment Fund	Contributions	Uses	Balance
Opening Cash Balance, Jan 1, 2010			10,183,445 Cr
Contributions			
Land Sale Appropriation Sea to Sky	6,275,920		
Land Sale 1300 Marine Dr.	19,687,059		
Land Sale 1300 Marine Dr. (LOC)	15,073,871		
Land Sale other (net proceeds)	3,154,579		
Lease Revenues - 320 Taylor Way	1,241,356		
Lease Revenues - Physio/Aquatic Centre	184,334		
Lease Revenues - Wetmore	347,568		
Interest Earned	4,315,891		
Transfer of Property Acquisition Reserve	114,702		
Uses			
Acquisition of Gordon St (former VCH site)		16,067,860	
Acquisition of properties Argyle Avenue		5,000,992	
Police Services Municipal Hall Project		6,916,885	
Closing Balance December 31, 2015			32,592,988 Cr

District of West Vancouver
 Summary of 2015 Unappropriated Deficit
 To December 31, 2015

Fund	Unappropriated Surplus Before		
	Internal Borrowing	Internal Borrowing ¹	Unappropriated Surplus
General Fund	3,709,689	\$ (28,157,852)	\$ (24,448,163)
Water Fund	722,867	-	722,867
Sewer Fund	1,968,886	-	1,968,886
Total Unappropriated surplus/(deficit)	\$ 6,401,442	\$ (28,157,852)	\$ (21,756,410)

The unappropriated surplus/(deficit) is the amount of accumulated surplus remaining after deducting the various appropriated surplus balances (ie: reserves) and investment in non-financial assets. It is available to temporarily finance specific operations until planned revenues are received. The unappropriated surplus may also be used for other operating or capital purposes as determined by Council. The District has been in an unappropriated deficit position since 2012.

How did this happen?

Up until 2012, the District had planned to borrow \$26.9 million from the Municipal Finance Authority to fund the construction of the leased spaces at the community centre, Gleneagles Golf Course Clubhouse and the Eagle Lake Development. Due to large inflow of cash in 2011 from the prepayment of the Wetmore Lease, the municipality made a decision not to borrow from the MFA and fund these projects internally. As a consequence this contributed to the general fund going into an unappropriated deficit, because the revenue from the \$14.5 million lease prepayment was to be recognized over 125 years. In effect, the municipality essentially borrowed against future surpluses to meet the capital funding requirements for the projects mentioned.

Outstanding Balances of Funds borrowed from future surplus	
West Vancouver Community Centre - Leased Spaces	\$ 9,715,261
Water Utility - Eagle Lake Development	9,677,123
Glen Eagles Golf Course Clubhouse	905,568
Acquisition of Argyle properties	7,859,900
Outstanding Balance Internally borrowed funds	\$ 28,157,852

Wetmore Lease - Pacific Arbour Retirement Community
District of West Vancouver



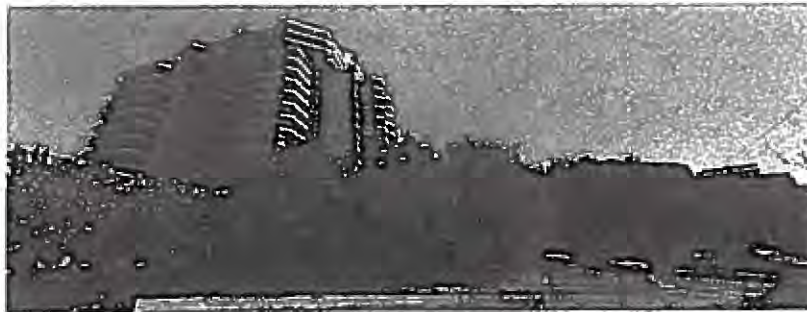
Location:	Northwest corner of Marine Dr. and 22nd Street
Current Status	Leased to Pacific Arbour Retirement Communities. Pacific Arbour prepaid \$14.5 million in 2011, for a 125 year lease of the property and paid the District \$500k towards development of the park adjacent to the property. \$116k revenue recognized annually and transferred to the Endowment Fund.
History	The District acquired land between years 2001 to 2003. \$5.6 million acquisition, funded from Endowment Fund. Real property held in the Endowment Fund in 2014. Real property holdings removed from the Endowment Fund in 2015, and held in Investment in Non-Financial Assets.
Council Decisions:	Council approved prepayment of \$14.5 million with revenue to be recognized over the lease term. No Council resolution requiring proceeds to be appropriated into the Endowment Fund. (Minutes December 13, 2010)
Annual Revenue	\$116,000
Revenue Allocation	Endowment Fund - Appropriated Surplus
Summary Impact	<p>The 2002 land acquisition had \$0 impact on surplus; use of funds from the Endowment Fund were replaced with the holding of real property in the Endowment Fund. Subsequent rents and contributions (2003-2015) resulted in earnings of \$1 million to be credited to the Endowment Fund</p> <p>The lease proceeds of \$14.5 million received in 2011, were set up as a deferred liability. \$116k of revenue is recognized on an annual basis and transferred to appropriated surplus. Annual rents are not contributed to unappropriated surplus.</p> <p>The lease prepayment proceeds were used to fund the capital spending on the Community Centre, Eagle Lake and Gleneagles Clubhouse. This net result of the use of these prepaid rents for capital funding was to increase the unappropriated deficit.</p>

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Total
2001	Payments on Wetmore option - Feb	900,000	300,000	-
2001	Payments on Wetmore option - Apr	(1,260,000)	1,260,000	-
2003	Additional costs re Wetmore	(4,007,913)	4,007,913	-
2003	Wetmore net rentals	74,432		74,432
2004	Wetmore net rentals	85,045		160,477
2005	Wetmore net rentals	66,070		226,547
2006	Wetmore net rentals	87,777		314,324
2007	Wetmore net rentals	92,328		406,652
2008	Wetmore net rental	82,213		488,865
2009	Wetmore net rentals	70,138		559,003
2010	Wetmore net rentals	27,391		586,394
2011	Net Proceeds Wetmore Lease ¹	(245,542)		340,852
2012	Wetmore Lease	127,759		468,611
2013	Wetmore Lease	116,000		584,611
2014	Wetmore Lease	116,000		700,611
2015	Wetmore Lease	116,000		816,611
	Totals	(4,751,302)	(5,567,913)	(4,751,302)

¹ Legal & Business Consulting Costs associated with Wetmore Lease funded from Endowment Fund.

320 Taylor Way
District of West Vancouver

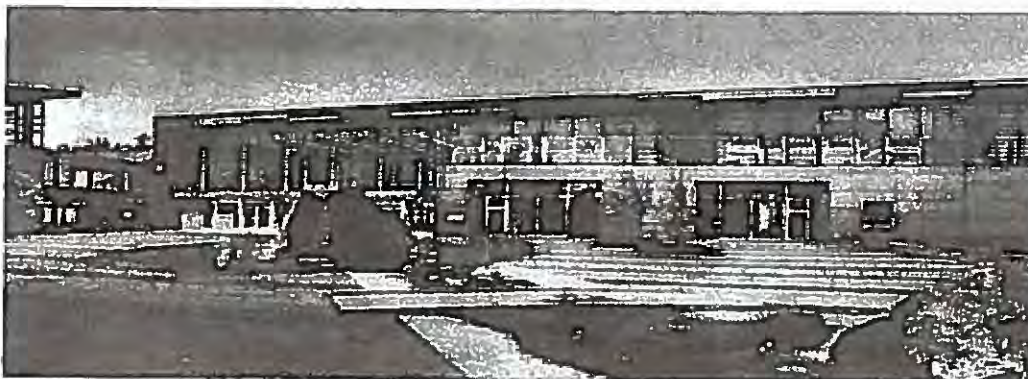


Location	Taylor Way & Marine Drive
Current Status	Leased to Wynford Group to year 2087 Annual proceeds of \$125k (plus adjustment for inflation starting 1999) 2015 Annual proceeds \$221k
History	3.5 acre parcel, corner of Taylor & Marine Drive. Site historically owned by West Vancouver. Was site of public works yard with a portion leased to Royal Motors. 1981 Council rezoned site for highrise with principal objective of earning revenue. Site use put out to referendum in 1988.
Council Decisions	
Annual Revenue	\$221k (regular inflation adjustment)
Revenue Allocation	Endowment Fund - Appropriated Surplus
Summary Impact	To date the 320 Taylor Way site has contributed \$7.9 million to the Endowment Fund. It continues to be an annual source of funds for the Endowment Fund.

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Total
1992	Proceeds from sales 320 Taylor V	2,024,525		2,024,525
1993	Transfer re: 320 Taylor Way	758,548		2,783,073
1994	Transfer re: 320 Taylor Way	479,983		3,263,056
1994	Proceeds from sales 320 Taylor V	1,217,860		4,481,316
1995	Transfer re: 320 Taylor Way	151,241		4,632,557
1996	Transfer re: 320 Taylor Way	134,573		4,767,130
1997	Transfer re: 320 Taylor Way	112,913		4,880,043
1998	Transfer re: 320 Taylor Way	123,672		5,003,715
1999	Transfer re: 320 Taylor Way	128,711		5,132,426
2000	Transfer re: 320 Taylor Way	133,861		5,266,287
2001	Transfer re: 320 Taylor Way	152,282		5,418,569
2002	Transfer re: 320 Taylor Way	144,880		5,563,429
2003	Transfer re: 320 Taylor Way	150,612		5,714,041
2004	Transfer re: 320 Taylor Way	148,819		5,862,860
2005	Transfer re: 320 Taylor Way	155,198		6,018,059
2006	Transfer re: 320 Taylor Way	161,027		6,179,085
2007	Transfer re: 320 Taylor Way	167,588		6,346,673
2008	Transfer re: 320 Taylor Way	174,211		6,520,884
2009	Transfer re: 320 Taylor Way	181,223		6,702,107
2010	Transfer re: 320 Taylor Way	178,888		6,880,995
2011	Transfer re: 320 Taylor Way	196,081		7,077,076
2012	Transfer re: 320 Taylor Way	203,953		7,281,029
2013	Transfer re: 320 Taylor Way	212,165		7,493,194
2014	Transfer re: 320 Taylor Way	220,699		7,713,893
2015	Transfer re: 320 Taylor Way	229,570		7,943,463

West Vancouver Community Centre
District of West Vancouver



Location:	2121 Marine Drive (21st & Marine Drive)
Current Status	Community Centre 8000 m2 facility Construction completed in 2008. Aquatic Centre completed in 2004, 3,718 m3
History	<p>Council Approved construction in 2005. Project elements consisted</p> <ul style="list-style-type: none"> - community centre, - lease spaces, - a fountain and - contingency allowances <p>Community centre budget \$39.2m (2005). Funding Sources: Community Centre, \$22.9m Endowment Fund, Contingency \$5.6m, combination of Endowment other Capital Reserves and Surplus, Lease Spaces, \$10.7m MFA financing, to be repaid with proceeds from long term leases. Fountain \$0.7m, private contribution</p> <p>In 2012, the intended funding from MFA borrowing was cancelled for the Leased Spaces element of the Community Centre project. Construction costs were internally funded. As a result unappropriated surplus was reduced by \$13,127,000. As a consequence the District's position in an unappropriated fund balance transitioned into a deficit position.</p> <p>Lease revenues received to the end of 2015 of \$3.4 million were held in a Debt Retirement Reserve. In 2015 the funds were unappropriated and applied against the outstanding unappropriated deficit. As of 2015 the outstanding unappropriated deficit associated with the Leased Spaces of the Community Centre is \$9.7 million.</p>
Council Decisions	Project Funding and Elements approved by Council October 3, 2005 Cancellation MFA borrowing - Council Decision to be requested from Clerks Department
Annual Revenue	\$773k from VCH, \$30k Aquatics Physio Rentals
Revenue Allocation	VCH Rental applied to unappropriated deficit. Aquatics Rentals to Endowment Fund.
Summary Impact	2015 Financial Statement Impact is \$9.7 million to unappropriated deficit. Per schedule below appears \$25.9m of community centre construction was funded from Endowment Fund. \$13.1 was funded from surplus. To date \$398k has been repaid to the Endowment Fund with proceeds of Aquatics physio rentals

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Total
2002	Seniors Fundraising re Centre addition	250,000		
2002	Expenditures on RFMP projects	-3,280,784		
2003	Expenditures on RFMP projects	-7,045,647		
2004	Expenditures on RFMP projects	-4,501,404		
2005	Expenditures on RFMP projects	0		
				Recreation Facilities Master Plan Projects Including Aquatic Centre, Gleneagles, Parking Lot Civic site
2006	Community Centre Building	-5,881,528		-5,881,528
2007	Community Centre Building	-2,730,291		-8,611,819
2008	Community Centre Building	-14,745,639		-23,357,458
2009	Community Centre Loan for capital projects	-1,686,393		-25,043,851
2005	Aquatics physio rentals	25,830		-25,018,021
2006	Aquatics physio rentals	25,629		-24,992,392
2007	Aquatics physio rentals	25,830		-24,966,562
2008	Aquatics physio rentals	25,830		-24,940,732
2009	Aquatics physio rentals	28,287		-24,912,445
2010	Aquatics physio rentals	30,750		-24,881,695
2011	Aquatics physio rentals	30,750		-24,850,945
2011	VCH Cost Recovery	89,960		-24,760,985
2012	Aquatics physio rentals	30,584		-24,730,401
2013	Aquatics physio rentals	30,750		-24,699,651
2014	Aquatics physio rentals	30,750		-24,668,901
2015	Aquatics physio rentals	30,750		-24,638,151

APPENDIX D

VCH Building - 2195 Gordon Avenue
 Formerly known as 990 22nd Street
 District of West Vancouver

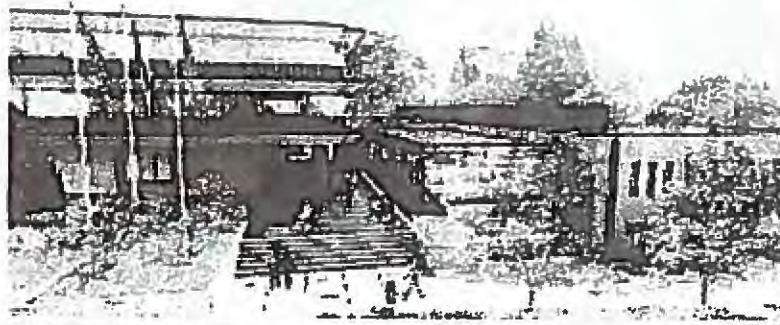


Location	22nd Street & Gordon Ave
Current Status	Acquired in 2014 as strategic investment for \$16.07 million. 0.7 hectares, 2 buildings. Acquisition funding source - Endowment Fund. Unoccupied, VCH responsible for operating costs as long building is not occupied by DWV. Real property held in endowment fund in 2014. Transferred to Investment in Non-Financial Assets in 2015. Amount borrowed to fund acquisition was repaid with proceeds from sale of 1300 block Marine Drive.
History:	Purchased from Vancouver Coastal Health. Site closed on March 28, 2014. Per Council report property has long-term strategic value for the community. District's municipal endowment fund to be repaid within 10 years.
Council Decisions:	March 31, Council Meeting - announcement of purchase.
Annual Revenue	
Revenue Allocation	
Summary Impact	Proceeds from 1300 Marine Drive can be considered to have repaid amount borrowed from Endowment Reserve to acquire VCH property. Net Proceeds from sale of 1300 Marine Dr credited to Endowment Fund - \$34.8m

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Impact	
2014	Acquisition of Gordon St Property	-16,067,860		-16,067,860	
2014	Real Property held in Fund	0	16,067,860	0	
2014	Proceeds from 1300 blk Marine	13,807,508		13,807,508	} 1300 Marine Dr. - sale proceeds
2015	Proceeds from 1300 blk Marine	21,059,673	0	34,867,181	
2015	Property Transferred to Investment in Non Financial Assets		-16,067,860	18,799,321	

Police & Municipal Hall Building
 750 17th Street
 District of West Vancouver



Location:	750 17th Street
Current Status:	New building under construction. Anticipated completion 2017. New building will include a central customer service hub, Police Services and relocation of some staff departments.
History:	Total Budget \$36 million. \$8 million funded from Endowment Fund. \$28 million funded from external borrowing. Interest of external borrowing to be funded with interest earned in Endowment Fund.
Council Decisions:	Construction budget of \$36 million, and borrowing of \$28 million approved by Council.
Annual Revenue	\$0
Revenue Allocation	n/a
Summary Impact	

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Impact
2012	Police/Municipal Hall	-137,643		-137,643
2013	Police/Municipal Hall	-1,664,174		-1,801,817
2014	Police/Municipal Hall	-1,246,866		-3,048,683
2015	Police/Municipal Hall	-3,703,202		-6,751,885

Argyle Street Properties

District of West Vancouver



Location:	1454, 1466, 1468, 1472 Argyle.
Current Status:	These properties have been acquired by the District as part of the Ambleside Waterfront and Town Centre strategy.
History:	Acquisition of these properties has been a priority to achieve a contiguous District owned waterfront. Acquisition facilitated by funding from Surplus, Endowment Fund and CACs. 2012 - 1468/1472 Argyle acquired with \$7.015 funding from surplus (Council approved funding from Endowment Fund) 2012 - 1466 Argyle acquired with \$3.205 funding from Endowment Fund 2015 - 1468/1472 Additional provision for acquisition costs - \$1.775m 2015 - 1454 Argyle acquired with \$4.9m funding from CACs
Council Decisions:	In 2012, Council approved the acquisition of 1466, 1468 & 1472 Argyle with Endowment Fund as funding source. In 2015 Council approved funding for additional costs associated with acquisition of 1468 & 1472 Argyle from Endowment Fund. In 2015 Council approved funding from acquisition of 1454 Argyle from CACs.
Annual Revenue	\$0
Revenue Allocation	n/a
Summary Impact	

Endowment Fund Impact

		Cash Contribution (Use)	Non-Cash Property Acquired	Fund Impact
2012	1466 Argyle	-3,205,000		-3,205,000
2015	1468/1472 Argyle	-1,775,000		-4,980,000

Surplus Impact

		Surplus Use	Non-Cash Property Acquired	Fund Impact
2012	1468/1472 Argyle	-7,015,000		-7,015,000

CACs

		Surplus Use	Non-Cash Property Acquired	Fund Impact
2015	1454 Argyle	-4,900,000		-4,900,000

APPENDIX A (A)

ENDOWMENT FUND BALANCE - THRESHOLD WITH INFLATION FACTOR APPLIED

0 0177

ENDOWMENT RESERVE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2033	2041
Cash Balance, Opening	\$ 32,592,969	\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,261,836	\$ 30,879,499	\$ 30,496,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 28,925,080	\$ 21,785,063
Contributions												
Land Sales Proceeds									\$ -	\$ -	\$ -	\$ -
Net Rentals/Leases	2 \$ 351,031	\$ 356,906	\$ 362,828	\$ 369,100	\$ 375,443	\$ 381,927	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 473,685	\$ 609,281
Interest Earned	3 \$ 568,592	\$ 583,812	\$ 558,528	\$ 551,831	\$ 545,126	\$ 538,416	\$ 531,704	\$ 524,992	\$ 518,283	\$ 511,581	\$ 458,615	\$ 379,457
	\$ 919,623	\$ 920,518	\$ 921,458	\$ 920,932	\$ 920,569	\$ 920,344	\$ 920,278	\$ 920,379	\$ 920,654	\$ 921,133	\$ 932,300	\$ 988,739
Expenditures:												
PSMH Project Expenditures	4	5990 000										
PSMH Loan Payment Tranche 1	5	\$299,291	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556
PSMH Loan Payment Tranche 2	6	\$0	\$74,024	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350
		\$1,289,291	\$1,118,580	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906
		\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,261,836	\$ 30,879,499	\$ 30,496,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 28,967,759	\$ 25,854,484
Cash Balance, Closing												
Endowment Fund Threshold Over/ (Short)	7	\$ 22,120,510	\$ 22,303,836	\$ 22,609,830	\$ 22,858,546	\$ 23,109,990	\$ 23,364,200	\$ 23,621,206	\$ 23,881,039	\$ 24,143,731	\$ 24,409,312	\$ 28,641,875
		\$ 10,102,811	\$ 9,661,424	\$ 9,033,972	\$ 8,403,290	\$ 7,769,509	\$ 7,132,737	\$ 6,493,104	\$ 5,850,744	\$ 5,205,801	\$ 4,558,447	\$ 687,390

- ¹ Includes 1300 BI Proceeds
- ² Taylor Way (1.025 annual inflation factor); Physio (1.5 inflation factor every 5th year)
- ³ 2016 MFA rate of investment return (1.77 %) applied to opening balance and average annual change
- ⁴ Remaining budget for direct payments for PBMH project from Endowment Fund
- ⁵ MFA Repayment schedule established; re-set in 10th year, and every 5th year thereafter
- ⁶ MFA Repayment schedule established; re-set in 10th year, and every 5th year thereafter
- ⁷ CPI factor of 1.011 applied each year

RESERVE RENTAL INCOME	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2033	2041
Net Rentals/Leases												
1.025 Taylor Way	\$ 215,000	\$ 740,875	\$ 246,897	\$ 253,069	\$ 259,396	\$ 265,881	\$ 272,538	\$ 279,341	\$ 286,325	\$ 293,483	\$ 357,560	\$ 497,818
25 Wetmore	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000
1.5 Physio	\$ 31	\$ 31	\$ 31	\$ 31	\$ 47	\$ 47	\$ 47	\$ 47	\$ 47	\$ 70	\$ 105	\$ 353
	\$ 351,031	\$ 956,906	\$ 362,928	\$ 369,100	\$ 375,443	\$ 381,927	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 473,685	\$ 609,281

ENDOWMENT FUND BALANCE - FREEZE THRESHOLD AT CURRENT LEVEL

0 0177

Using Endowment fund to make entire repayment; no debt levy

ENDOWMENT RESERVE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Balance, Opening	\$ 32,592,869	\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,251,836	\$ 30,879,499	\$ 30,496,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 22,105,685	\$ 21,785,063
Contributions												
Land Sales Proceeds										\$ -	\$ -	\$ -
Net Rentals/Leases	2 \$ 351,031	\$ 356,906	\$ 362,928	\$ 369,100	\$ 375,443	\$ 381,927	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 597,259	\$ 609,281
Interest Earned	3 \$ 568,592	\$ 563,812	\$ 558,528	\$ 551,831	\$ 545,128	\$ 538,416	\$ 531,704	\$ 524,992	\$ 518,283	\$ 511,581	\$ 385,026	\$ 379,457
	\$ 919,623	\$ 920,718	\$ 921,456	\$ 920,932	\$ 920,569	\$ 920,344	\$ 920,278	\$ 920,379	\$ 920,654	\$ 921,133	\$ 982,284	\$ 988,738
Expenditures												
PSMH Project Expenditures	4	\$ 990,000										
PSMH Loan Payment Tranche 1	5	\$ 299,291	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556	\$ 1,044,556
PSMH Loan Payment Tranche 2	6	\$ 0	\$ 74,024	\$ 258,350	\$ 258,350	\$ 259,350	\$ 258,350	\$ 258,350	\$ 258,350	\$ 258,350	\$ 258,350	\$ 258,350
		\$ 299,291	\$ 1,118,580	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906	\$ 1,302,906
Cash Balance, Closing		\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,261,836	\$ 30,879,499	\$ 30,496,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 28,967,759	\$ 21,470,896
Endowment Fund Threshold Over/ (Short)	7	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510	\$ 22,120,510
		\$ 10,102,817	\$ 9,904,750	\$ 9,523,300	\$ 9,141,320	\$ 8,758,989	\$ 8,376,427	\$ 7,993,800	\$ 7,611,273	\$ 7,229,021	\$ 6,847,249	\$ 6,465,021

- ¹ Includes 1300 BI Proceeds
- ² Taylor Way (1.025 annual inflation factor); Physio (1.5 inflation factor every 5th year)
- ³ 2018 MFA rate of investment return (1.77 %) applied to opening balance and average annual change
- ⁴ Remaining budget for direct payments for PBMH project from Endowment Fund
- ⁵ MFA Repayment schedule established; re-set in 10th year and every 5th year thereafter
- ⁶ MFA Repayment schedule established; re-set in 10th year, and every 5th year thereafter
- ⁷ Frozen - no CPI factor applied

ENDOWMENT RESERVE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Rentals/Leases												
1.025 Taylor Way	\$ 235,000	\$ 248,875	\$ 266,997	\$ 283,069	\$ 298,796	\$ 315,881	\$ 334,528	\$ 354,141	\$ 375,135	\$ 397,000	\$ 420,250	\$ 445,381
.75 Walmsley	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000
1.5 Physio	\$ 31	\$ 31	\$ 31	\$ 31	\$ 47	\$ 47	\$ 47	\$ 47	\$ 47	\$ 70	\$ 95	\$ 123
	\$ 351,031	\$ 356,906	\$ 362,928	\$ 369,100	\$ 375,443	\$ 381,927	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 597,259	\$ 609,281

APPENDIX 5 (C)

APPENDIX D

ENDOWMENT FUND BALANCE - FREEZE THRESHOLD AT \$20 MILLION

0 0177

Using Endowment fund to make entire repayment, no debt levy

ENDOWMENT RESERVE	2015	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Balance, Opening	1 \$ 32,582,989	\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,261,836	\$ 30,879,499	\$ 30,498,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 22,105,885	\$ 21,785,083
Contributions:												
Land Sales Proceeds										\$ -	\$ -	\$ -
Net Rentals/Leases	2 \$ 351,031	\$ 358,908	\$ 362,928	\$ 369,100	\$ 375,443	\$ 381,827	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 597,259	\$ 609,281
Interest Earned	3 \$ 568,592	\$ 563,612	\$ 558,528	\$ 551,831	\$ 545,126	\$ 538,418	\$ 531,704	\$ 524,992	\$ 518,283	\$ 511,581	\$ 385,026	\$ 378,457
	\$ 919,623	\$ 922,518	\$ 921,456	\$ 920,932	\$ 920,569	\$ 920,344	\$ 920,278	\$ 920,379	\$ 920,654	\$ 921,133	\$ 982,284	\$ 986,738
Expenditures												
PSMH Project Expenditures	4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PSMH Loan Payment Tranche 1	5	\$299,291	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556	\$1,044,556
PSMH Loan Payment Tranche 2	6	\$0	\$74,024	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350	\$258,350
		\$1,280,291	\$1,118,580	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906	\$1,302,906
Cash Balance, Closing		\$ 32,223,321	\$ 32,025,260	\$ 31,643,810	\$ 31,261,836	\$ 30,879,499	\$ 30,498,937	\$ 30,114,310	\$ 29,731,783	\$ 29,349,531	\$ 28,867,759	\$ 21,785,083
Endowment Fund Threshold	7	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Over (Short)		\$ 12,223,321	\$ 12,025,260	\$ 11,643,810	\$ 11,261,836	\$ 10,879,499	\$ 10,498,937	\$ 10,114,310	\$ 9,731,783	\$ 9,349,531	\$ 8,867,759	\$ 1,785,083

- ¹ Includes 1300 BI Proceeds
- ² Taylor Way (1.025 annual inflation factor), Physio (1.5 inflation factor every 5th year)
- ³ 2018 MFA rate of investment return (1.77%) applied to opening balance and average annual change
- ⁴ Remaining budget for direct payments for PSMH project from Endowment Fund
- ⁵ MFA Repayment schedule established; re-set in 10th year, and every 5th year thereafter
- ⁶ MFA Repayment schedule established; re-set in 10th year, and every 5th year thereafter
- ⁷ Frozen - no CPI factor applied

ENDOWMENT RESERVE	2015	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Rentals/Leases												
1.025 Taylor Way	\$ 235,000	\$ 240,875	\$ 246,897	\$ 253,069	\$ 259,396	\$ 265,881	\$ 272,528	\$ 279,341	\$ 286,325	\$ 293,483	\$ 480,006	\$ 492,978
1.5 Wetmore	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000
1.5 Physio	\$ 31	\$ 31	\$ 31	\$ 31	\$ 47	\$ 47	\$ 47	\$ 47	\$ 47	\$ 70	\$ 75	\$ 353
	\$ 351,031	\$ 356,908	\$ 362,928	\$ 369,100	\$ 375,443	\$ 381,927	\$ 388,574	\$ 395,388	\$ 402,371	\$ 409,553	\$ 597,259	\$ 609,281



Reserves and Investments Task Group Terms of Reference Policy 02-30-358 (2015)

Effective Date: July 21, 2015

Consolidated for Convenience Only

For convenience, the original policy (or "parent" policy) has been updated to include the amendments. This consolidation is for convenience only. The original policy and amendments should be consulted for all interpretations and applications of the policy.

Original Policy:
02-30-358

Effective Date:
July 21, 2015

Amendments:
02-30-358
02-30-358

Effective Date:
December 3, 2015
March 30, 2016

Amendments to the original policy are shown in the margin of this consolidation.

CONSOLIDATED TERMS OF REFERENCE

**District of West Vancouver
CORPORATE POLICY**

Financial Services Division	Council Committee Terms of Reference Reserves and Investments Task Group
Policy 02-30-358	
File: 0116-20-FIN	

Purpose

1.0 The Reserves and Investments Task Group is an advisory group to assist the Finance Committee to fulfill its oversight responsibilities related specifically to investment and reserve policies and practices. The Task Group's recommendations will be reported to the Finance Committee.

Policy

2.0 Duties

2.1 The Task Group will review each reserve fund as follows:

- a) Statutory Funds
 - Endowment Reserve;
 - Capital Facilities Reserve;
- b) Non-Statutory Reserves
 - Infrastructure Reserve;
 - Capital Reserves;
 - Amenity Contributions Reserve;
 - Operating Reserves;
 - Golf Development Reserve;
 - Sewer Capital Reserve;
 - Cemetery Development Fund;
- c) Community Amenity Contributions; and
- d) Development Cost Charges.

APPENDIX D

Policy 02-30-358

Reserves and Investments Task Group Terms of Reference

Page 2

2.2 The Task Group will review investment management activity as follows:

- a) Investment policies and practices;
- b) Performance of investments; and
- c) Structure and asset mix of the investment portfolio.

2.3 The Task Group will review all relevant background documents and similar documents and practices in other jurisdictions, including relevant legislation and bylaws.

2.4 The Task Group will report its recommendations to the Finance Committee.

3.0 Origin of Work

To assist the Finance Committee to fulfill its oversight responsibilities related specifically to investment and reserve policies and practices.

4.0 Membership

4.1 Voting members are appointed by the Mayor as follows:

- a) A minimum of two Council members;
- b) A maximum of three volunteers.

4.2 Staff Liaison: as determined by the Chief Administrative Officer.

4.3 The Chair must be a Council member. A Vice-Chair shall be elected from among the members.

5.0 Quorum

5.1 A quorum is a majority of the voting members, at least half of which must be Council members.

6.0 Term

6.1 The term for the Task Group shall be 15 months, commencing in August 2015.

Section 4.1(a) amended
December 3, 2015

Section 6.1 amended
March 30, 2016

APPENDIX D

Policy 02-30-358

Reserves and Investments Task Group Terms of Reference

Page 3

7.0 Meeting Schedule and Meeting Location

7.1 The meeting schedule shall be determined by the Chair, in conjunction with Task Group members.

7.2 Task Group meetings shall be held in a District facility.

8.0 Rules of Procedure

Meetings shall be conducted in accordance with the General Council Committees Policy, the Council Procedure Bylaw, and the *Community Charter*.

9.0 Support Services

A designated staff person will provide support services.

10.0 Conflict of Interest

Members shall declare possible conflicts of interest to the Chair and the Task Group. (The General Council Committees Policy references conflict of interest.)

Approved: July 21, 2015	Approved by: Mayor Smith
Amended: December 3, 2015 <i>[Amendment to section 4.1(a) to change from "A minimum of two Council members from the Finance Committee" to "A minimum of two Council members"]</i>	Approved by: Mayor Smith
Amended: March 30, 2016 <i>[Amendment to section 6.1 to change term from 12 to 15 months]</i>	Approved by: Mayor Smith

District of West Vancouver CORPORATE POLICY

Finance	Guidelines for Investments
Policy #02-30-152	
File #0940-00	

1.0 Purpose

To establish a policy for investment guidelines.

2.0 Policy

The following investment policy guidelines are intended to be directing principles, rather than rules, for designated officials to follow:

- 2.1 The investment of Municipal funds are to be undertaken within all legal constraints with the primary investment criteria being the security of invested funds.
- 2.2 Investments should be made to ensure the maximum investment return to the Municipality within these policy guidelines.
- 2.3 Municipal funds which are not immediately required may be invested or reinvested in (as specified in the *Municipal Act*):
- a) securities for Canada or of a Province;
 - b) securities guaranteed for principal and interest by Canada or by a Province;
 - c) securities of a Regional District of British Columbia;
 - d) securities of the Municipal Finance Authority of British Columbia;
 - e) investments guaranteed by a chartered bank; and
 - f) deposits in, or shares or evidence of debt of, a credit union or a trust company.
- 2.4 Maturity dates for short-term investments of general operating funds should be limited to one year. This ensures liquidity and limits opportunity for speculation on interest rate fluctuations.

- 2.5 The maximum commitment to any one firm should be 20% of the investment portfolio at the time of the investment. This provides protection of the Municipal assets and ensures, through competition, market rates.
- 2.6 This guideline excludes late afternoon deposits with our banker, the Royal Bank, because they are the only available borrower at that time. It should be noted that the 20% criteria applies "at the time of investment" and so will not necessarily apply at another time, such as year end, due to subsequent maturity.
- 2.7 The general policy for investment of Municipal funds is that a minimum of three registered brokers or financial institutions dealing with securities in 3 above should be contacted for bids on funds less than \$1 Million and over \$100,000. A minimum of five registered brokers or financial institutions should be contacted above for bids on funds greater than \$1 million. Funds "rolled over" should follow the same general guideline but such guideline may be modified at the discretion of the investing official provided the rollover rates are competitive. The tendering of investments would slow down the process and resulting lost revenues and possible lower interest rates. This guideline is to ensure the best rates are obtained.
- 2.8 The brokers used should be diversified as much as possible. This protects against favouritism and helps ensure better rates.
- 2.9 The obtaining of competitive bids should be documented and such documentation retained for three audited years. This policy is to protect Municipal Officials and ensure adequate audit information.
- 2.10 The only Municipal Officials that are designated to make investments are the Director of Finance, Municipal Treasurer, Deputy Collector, and the Municipal Manager/Comptroller.
- 2.11 The Municipality should receive delivery of all paper that exceeds a maturity of 89 days. Other investment paper may remain in the dealer's safekeeping providing that we have written confirmation from that institution. This will protect Municipal assets.
- 2.12 At one item each year, the external auditors together with Municipal Officials will verify all securities.

Approval Date: July 08, 1985	Approved by: Council
Amendment Date: October 21, 1985	Approved by: Policy and Planning Committee
Amendment Date: November 28, 1988	Approved by: Policy and Planning Committee

This page intentionally left blank



This page intentionally left blank

