



To: Intergovernmental and Administration Committee

From: Simon Cumming, Stakeholder Engagement Division Manager,
External Relations Department

Date: June 24, 2013 Meeting date: July 11, 2013

Subject: **Future of the Region Sustainability Dialogues and Post-Dialogue Forum: Paying for Our Cities**

RECOMMENDATION

That the Board direct staff to develop a proposed approach to establish a more formalized structure to engage the business community and key stakeholders around a regional economic strategy and forward a copy of the *Future of the Region Sustainability Dialogues and Post-Dialogue Forum: Paying for Our Cities* report to member municipalities and other related agencies for their information and comment.

PURPOSE

To provide the Intergovernmental and Administration Committee with an update on Metro Vancouver's recent Sustainability Dialogues series and Post-Dialogue Forum on "Paying for Our Cities".

BACKGROUND

In April 2013, building on the discussions of the November 2012 Regional Finance Symposium, Metro Vancouver hosted a dialogue series on the topic of paying for local government, in which dialogue participants were presented with and discussed the following scenario:

By most accounts the Metro Vancouver region is in an enviable position – renowned for its livability, natural beauty and pursuit of a sustainable future. Yet, the pressure to compete in a global economy combined with a growing population, expanding cities, and aging infrastructure is creating significant regional challenges for local governments and citizens. Services that keep people healthy, safe and active every day – such as transit systems, parks, playgrounds, clean drinking water, recycling services, garbage disposal and waste reduction – are costly. They need infrastructure that must be maintained, renewed and replaced over time. But who pays and how? Are increases in property taxes, user fees or government transfers in the form of grants the answer, and if so, what is the role of different levels of government in easing the burden on citizens? Are there other roles to be played by businesses? What might be the full range of financing and design strategies that can keep our region healthy, safe, livable and sustainable?

Dialogues were hosted in Vancouver (April 9), Surrey (April 10), North Vancouver (April 16) and the Central Northeast sector (April 17), followed by a post-dialogue forum (April 25). Details on the dialogue panelists and discussions, including a video link, can be found in the Attachment - *Dialogues Summary Document – Paying for Our Cities*.

Dialogue Discussion Highlights

The discussions were wide-ranging but focused on two major themes: the role of cities and the funding challenges in meeting expectations. Cities must be competitive in attracting new business and talent but building new infrastructure to accommodate growth while replacing aging systems cannot be accommodated by the existing tax base. The challenge is to develop an equitable and sustainable

method for paying for the range of services provided by local governments. This would involve aligning funding sources with the appropriate services in a financially sustainable and transport manner.

Specific challenges identified by participants included:

1. Across Canada, city regions are accommodating 90% of population growth.
2. Municipalities are compelled to compete against - rather than collaborate with - regional neighbours for limited funding from senior levels of government.
3. Downloading of responsibilities by other orders of government is not accompanied by adequate funding support.
4. Building new and replacing aging infrastructure is creating significant pressure on regional budgets.
5. Federal priorities - i.e. building the national economy and reducing deficit - leaves little scope for funding major infrastructure projects.
6. Canadians increasingly expect their cities to compete globally, but our tax base is much less than other global cities.
7. User pay is not always equitable, so are citizens willing to pay more taxes to invest in infrastructure?
8. What roles should the different levels of government play in easing the burden on individual citizens?
9. Are senior level government grants an efficient way of funding much needed infrastructure upgrades?
10. Governments need to explore opportunities for better collaboration.

Post-Dialogue Forum

At the April 25 post-dialogue forum, it was noted that the dialogue discussion could have benefited from a broader range of views and opinions, in particular engagement of the provincial and federal governments. In addition, some participants felt the lack of a regional economic strategy (an issue also identified at the Shaping Regional Prosperity and Competitiveness dialogues) hampered a fulsome discussion on what services local governments need to provide and how those costs could be recovered. Concluding that “we’re missing a forum to take this to a broader discussion that engages all stakeholders including the provincial and federal governments”, participants suggested an important role for Metro Vancouver would be to convene a forum of interested stakeholders – businesses and business associations, local governments, and others – to discuss what a regional economic strategy might encompass. The request was for Metro Vancouver to act as a facilitator in the process of developing a regional economic strategy that would define the various roles the stakeholders would assume in implementing a strategy. It was recognized that economic development is traditionally the responsibility of the province and a keen interest of municipalities.

Other potential areas for collaboration discussed by participants included:

1. Addressing the funding gap – better align funding sources to responsibilities.
2. Increasing local governments’ capacity to generate revenues for service delivery.
3. Finding appropriate balance between the use of property taxes, user fees, and other sources of revenue to fund local services/infrastructure.
4. Ensuring that funding from higher levels of government is sustainable.
5. Increasing transparency - dedicating specific taxes to specific budget line items.
6. Doing things differently
 - Finding new ways to deliver services;
 - Improving asset management strategies;
 - Improving methods of financing infrastructure;
 - Enhancing the involvement of the business community.

7. Encouraging greater regional collaboration: transition from funding through grants to less competitive processes.
8. Sharing the allocation of funding across the region

ALTERNATIVES

1. Direct staff to develop a proposed approach to establish a more formalized structure to engage the business community and key stakeholders around a regional economic strategy and forward a copy of the *Future of the Region Sustainability Dialogues and Post-Dialogue Forum: Paying for Our Cities* report to member municipalities and other related agencies for their information and comment.
2. Receive this report for information and take no further action at this time.

FINANCIAL IMPLICATIONS

The Future of the Region Sustainability Dialogues and Post-Dialogue Forums form part of the approved 2013 budget for the External Relations Department.

OTHER IMPLICATIONS

At its March 14, 2013 meeting, the Intergovernmental and Administrative Committee directed staff to investigate the value of creating a regional economic development “web-based clearing house” that would provide one window for accessing high quality economic development data and information for both the private sector and all levels of government in the region.

SUMMARY / CONCLUSION

The Future of the Region Sustainability Dialogues play a key role in stimulating broad discussions on topics of critical importance to the Metro Vancouver region, and in positioning Metro Vancouver as a high-level convener of stakeholders to engage in such discussions. The Paying for Our Cities dialogues and post-dialogue forum continued the discussions of the November 2012 Regional Finance Symposium, discussing the challenges and opportunities to developing an equitable and sustainable method for paying for our cities. Highlights include the need to increase local governments’ capacity to generate revenues for service delivery, finding appropriate balance between the use of property taxes, user fees, and other sources of revenue, ensuring that funding from higher levels of government is sustainable, increasing transparency, and “doing things differently” in areas such as service delivery asset management, financing infrastructure and enhancing the involvement of the business community. A key element noted as missing from the discussion was a regional economic strategy.

Adoption of Alternative 1 is recommended.

ATTACHMENT: Metro Vancouver Future of the Region Sustainability Dialogues Summary Document – Paying for Our Cities (*Orbit # 7340024*)

Metro Vancouver Future of the Region Sustainability Dialogues Summary Document

Paying for Our Cities

Metro Vancouver hosted four dialogues on the topic of “Paying for Our Cities”: April 9, 2013 in Vancouver; April 10 in Surrey; April 16 in North Vancouver (serving the North Shore sub-region) and April 17 in Coquitlam (serving the Central Northeast sub-region). The following is a high-level snapshot of dialogue discussions, captured under “challenges” that served as the basis for discussion at a Post-dialogue Forum held April 25, 2013 where specific areas for action and collaboration were identified by the Post-dialogue Forum participants.

Dialogue Descriptor:

By most accounts the Metro Vancouver region is in an enviable position – renowned for its livability, natural beauty and pursuit of a sustainable future. Yet, the pressure to compete in a global economy combined with a growing population, expanding cities, and aging infrastructure is creating significant regional challenges for local governments and citizens. Services that keep people healthy, safe and active every day – such as transit systems, parks, playgrounds, clean drinking water, recycling services, garbage disposal and waste reduction – are costly. They need infrastructure that must be maintained, renewed and replaced over time. But who pays and how? Are increases in property taxes, user fees or government transfers in the form of grants the answer, and if so, what is the role of different levels of government in easing the burden on citizens? Are there other roles to be played by businesses? What might be the full range of financing and design strategies that can keep our region healthy, safe, livable and sustainable?

Dialogue Panelists

- *Raymond Louie, Vice Chair, Metro Vancouver Board of Directors and Councillor, City of Vancouver*
- *Derek Corrigan, Director, Metro Vancouver Board of Directors, and Mayor, City of Burnaby*
- *Linda Hepner, Director, Metro Vancouver Board of Directors and Councillor, City of Surrey*
- *Richard Walton, Director, Metro Vancouver Board of Directors, and Mayor, District of North Vancouver*
- *Wayne Wright, Director, Metro Vancouver Board of Directors, and Mayor, City of New Westminster*
- *Casey Vander Ploeg, Senior Policy Analyst, Canada West Foundation*
- *Ian Jarvis, Chief Executive Officer, Translink*
- *Winnie Shi, Partner, KPMG Management Consulting*
- *Siku Adam, Partner, KPMG Management Consulting,*
- *Michael Buda, Director, Policy and Research, Federation of Canadian Municipalities*
- *Alastair Nimmons, Partner, KPMG Management Consulting*
- *Cathy McClay, Chief Financial Officer and Executive VP, Finance and Corporate Services for TransLink*
- *Julius Pataky, Partner, KPMG Management Consulting*
- *Cathy McClay, Chief Financial Officer and Executive VP, Finance and Corporate Services for TransLink*



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Dialogue Attendance:

- In person attendance included: Vancouver, 114; Surrey, 22; North Shore, 57; Central Northeast, 21; Post-Dialogue Forum, 35.
- The dialogues were also livestreamed, bringing in another 75 viewers and the April 9th Vancouver dialogue was aired on Shaw, Delta, Novus from June 5 - June 19 engaging another 6–10,000 viewers.

To view the dialogue discussions, please click here <http://bcove.me/5ita18n3>

Challenges:

1. Across Canada, city regions are accommodating 90% of population growth.
2. Municipalities are compelled to compete against - rather than collaborate with - regional neighbours for limited funding from senior levels of government.
3. Downloading of responsibilities by other orders of government is not accompanied by adequate funding support.
4. Building new and replacing aging infrastructure is creating significant pressure on regional budgets.
5. Federal priorities - i.e. building the national economy and reducing deficit - leaves little scope for funding major infrastructure projects.
6. Canadians increasingly expect their cities to compete globally, but our tax base is much less than other global cities.
7. User pay is not always equitable, so are citizens willing to pay more taxes to invest in infrastructure?
8. What roles should the different levels of government play in easing the burden on individual citizens?
9. Are senior level government grants an efficient way of funding much needed infrastructure upgrades?
10. Governments need to explore opportunities for better collaboration.

Areas for Collaboration:

1. Addressing the funding gap – better align funding sources to responsibilities.
2. Increasing local governments' capacity to generate revenues for service delivery.
3. Finding appropriate balance between the use of property taxes, user fees, and other sources of revenue to fund local services/infrastructure.
4. Ensuring that funding from higher levels of government is sustainable.
5. Increasing transparency - dedicating specific taxes to specific budget line items.
6. Doing things differently:
 - (a) Finding new ways to deliver services.
 - (b) Improving asset management strategies.
 - (c) Improving methods of financing infrastructure.
 - (d) Enhancing the involvement of the business community.
7. Encouraging greater regional collaboration: transition from funding through grants to less competitive processes.
8. Sharing the allocation of funding across the region.



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Recommended Next Steps:

Convening of a high-level forum of interested stakeholders – businesses and business associations, local governments, and others – to discuss the regional economy, what a regional economic strategy might look like, and what role(s) the various stakeholders could take on to help deliver that strategy.



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