



Finance Select Committee

Date: Wednesday, February 5th, 2003
Place: Anderson Room
Richmond City Hall
Present: Councillor Kiichi Kumagai, Chair
Councillor Harold Steves, Vice-Chair
Councillor Evelina Halsey-Brandt
Councillor Rob Howard
Councillor Bill McNulty
Mayor Malcolm D. Brodie (4:04 p.m.)
Also Present: Councillor Linda Barnes
Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

1. It was moved and seconded
That the minutes of the meeting of the Finance Select Committee held on Thursday, September 26th, 2003, be adopted as circulated.

CARRIED

It was moved and seconded
That the Terms of Reference for the proposed Richmond Economic Advisory Task Force be added to the agenda as an additional item.

CARRIED

Finance Select Committee

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FINANCE & CORPORATE SERVICES DIVISION

2. **2003 OPERATING BUDGET SUPPLEMENTAL INFORMATION**
(Report: Jan. 31/03; File No.: 0970-01) (REDMS No. 956361)
3. **CALCULATION OF PROPERTY TAXES**
(Report: Jan. 30/03; File No.: 0925-01) (REDMS No. 955111)

The Director of Finance, Andrew Nazareth, gave a PowerPoint presentation on (i) the level of taxation faced by the average BC resident and Richmond property owner, and (ii) how property taxes were calculated. Also circulated to the Committee was a copy of the "Assessment Change Analysis Summary". A copy of the presentation and the additional information is attached as Schedule A and forms part of these minutes.

Discussion then ensued among Committee members and Mr. Nazareth on:

- proposed property tax increases and what comprised these increases (i.e. with or without 'community safety buildings')
- the impact of RCMP and firefighter contracts on the City budget, and the feasibility of identifying in a separate line on the property tax bill, the cost of providing protective services
- the feasibility of sending out a separate tax notice for protective services as a way of not delaying the adoption of the City's budget by on-going community safety issues
- the timing of the report to Committee with recommendations on funding options for the replacement of the community safety buildings
- the need to improve the City's revenue sources by encouraging more businesses and industry to locate in Richmond
- the amount of casino revenue being used as part of the City's operating budget
- how the mill rate was determined for the City.

It was moved and seconded

That the reports (dated January 30th and 31st, 2003, respectively, from the Director, Finance), regarding 2003 Operating Budget Supplemental Information and the Calculation of Property Tax Rates, be received for information.

CARRIED

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4. TERMS OF REFERENCE – RICHMOND ECONOMIC ADVISORY COMMITTEE

The Manager, Business Liaison & Development, Marcia Freeman, circulated to the Committee, a copy of the revised Terms of Reference for the Richmond Economic Advisory Committee. A copy of the Terms of Reference is attached as Schedule B and forms part of these minutes.

Discussion then ensued among Committee members and Ms. Freeman on the proposed Terms of Reference. Concern was expressed about the composition of the membership of the proposed Task Force, it being felt that rather than nominating one person from a specific group, that an invitation should be issued to all organizations, businesses and individuals in the City to submit nominations, with Council selecting eleven members from the names submitted. Concern was expressed that there were many other organizations within the business community who were not represented and who could provide valuable insight. It was also felt that the individuals appointed to the Task Force should be appointed 'at large' rather than as a representative of the organization which made the nomination. The concern was expressed that a person nominated, for example, by the Chamber of Commerce, might feel obligated to represent the views of that organization.

During the discussion, comments were made by the Mayor that he did not feel it necessary that he nominate a business person as recommended in the proposed Terms of Reference. The Mayor also suggested that a member of Council should be appointed to the Task Force as a non-voting member, and that the facilitator could be a member of staff.

As a result of the discussion, the following resolution was introduced:

It was moved and seconded

- (1) *That the Terms of Reference for the Richmond Economic Advisory Task Force (dated February 5th, 2003, from the Manager, Business Liaison & Development), be endorsed, with amendments to:*
 - (a) *"Membership" by deleting the proposed membership in its entirety, and substituting the following, "The 11 members of this Advisory Task Force are appointed by City Council";*
 - (b) *add the appointment of a Council Liaison as a non-voting member of the Task Force; and*
 - (c) *"Staff" by inserting after the words "one facilitator", the following, "who may be a staff member";*
- (2) *That membership on the Task Force be advertised on the City's web site and through a press release, and that all organizations, businesses and interested parties be invited to submit nominations for membership to the Task Force by Friday, February 28th, 2003; and*

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- (3) *That Council select the 11 members of the Richmond Economic Advisory Task Force from the names submitted.*

CARRIED

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:12 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Select Committee of the Council of the City of Richmond held on Wednesday, February 5th, 2003.

Councillor Kiichi Kumagai
Chair

Fran J. Ashton
Executive Assistant

LEVEL OF TAXATION – 2002

Average BC Resident & Richmond Property Owner

	Partner 1	Partner 2	Household	% of Income
Gross Income	48,000	48,000	96,000	100.00%
Federal Tax*	7,101	7,101	14,202	14.79%
Provincial Tax**	2,774	2,774	5,548	5.78%
Other ded's (ex. EI)*	3,148	3,148	6,296	6.56%
Net Income	34,977	34,977	69,954	72.87%

LEVEL OF TAXATION – 2002

Average BC Resident & Richmond Property Owner

	Partner 1	Partner 2	Household	% of Income
Net Income	34,977	34,977	69,954	72.87%
PST @ 7.5%**	1,312	1,312	2,623	2.73%
GST @ 7.0%*	1,224	1,224	2,448	2.55%
Fuel Taxes @44% *&**			792	0.83%
After at source taxes	32,441	32,441	64,090	66.76%

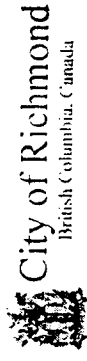
LEVEL OF TAXATION – 2002

Average BC Resident & Richmond Property Owner

93

	Partner 1	Partner 2	Household	% of Income
After at source taxes	32,441	32,441	64,090	66.76%
General Property Tax***			944	0.98%
Utility Taxes (Water/Sewer/Sani)***			568	0.59%
School Board Taxes**			843	0.88%
Other Taxes (ex. Translink)**			126	0.13%
Household Income (after all taxes)			61,609	64.18%

LEVEL OF



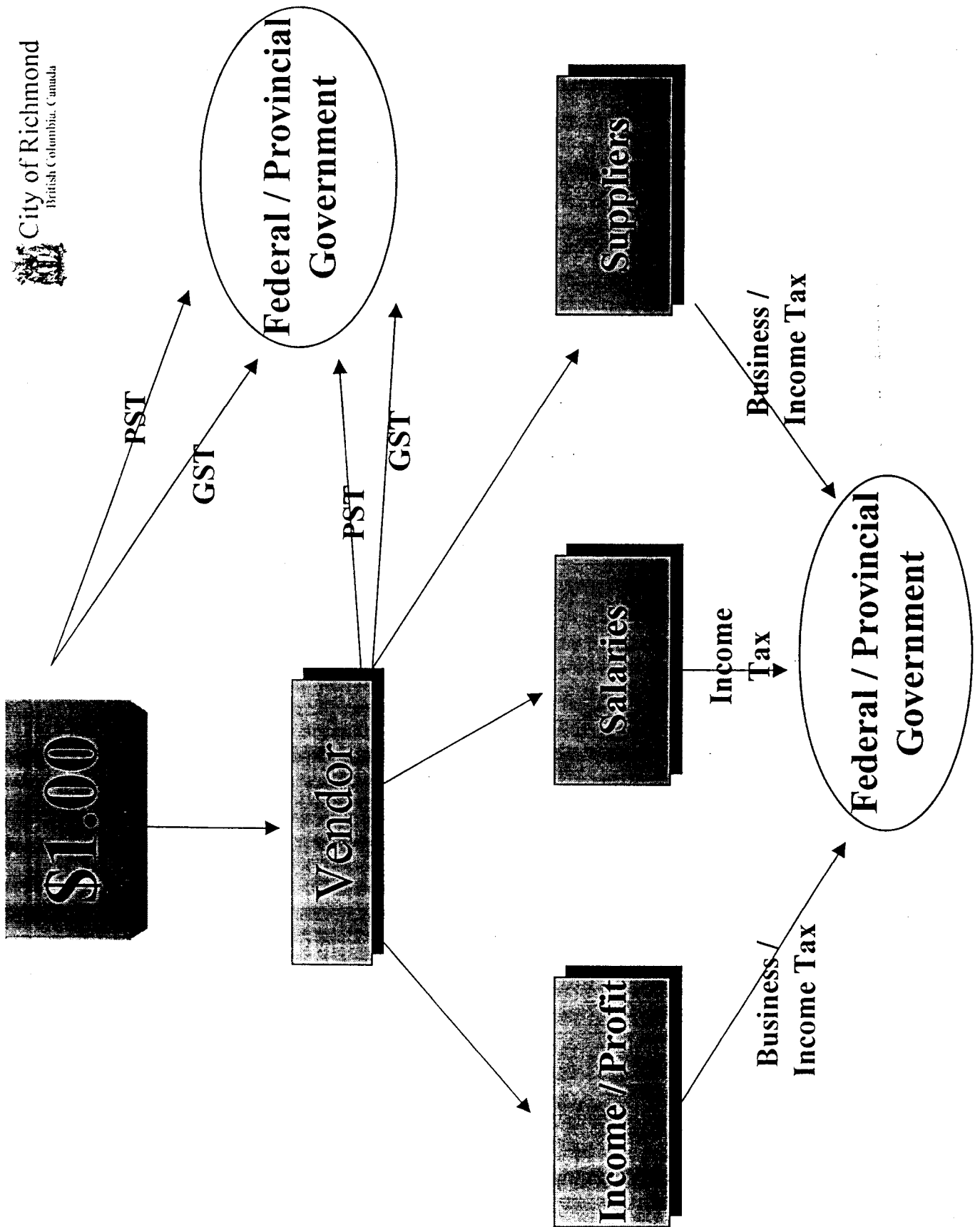
City of Richmond
British Columbia, Canada

TAXATION - SUMMARY

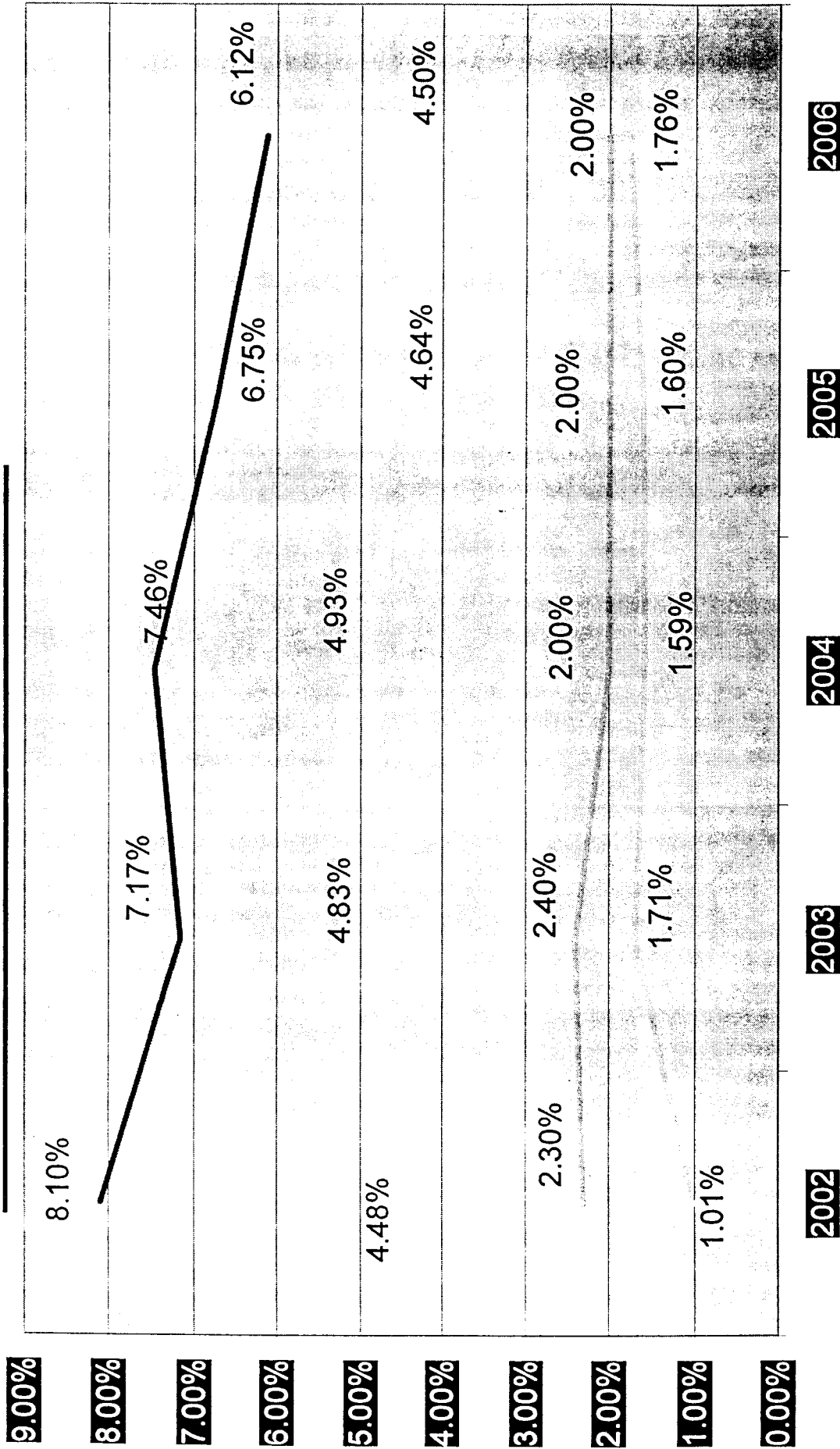
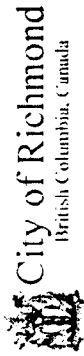
	Household	% of Income
*Federal	\$23,342	24.31%
**Provincial	\$9,536	9.93%
***Municipal	\$1,512	1.58%
Total Taxes	\$34,391	35.82%

ASSUMPTIONS

- 2 working persons per household earning the BC average wage
- live in an average residential dwelling in Richmond (assessment \$240,460)
- household spends 50% of their net income on PST & GST taxable items
- household spends \$1,800 annually on fuel
- capital gains, dividend taxes, business taxes and cigarette/alcohol taxes not factored



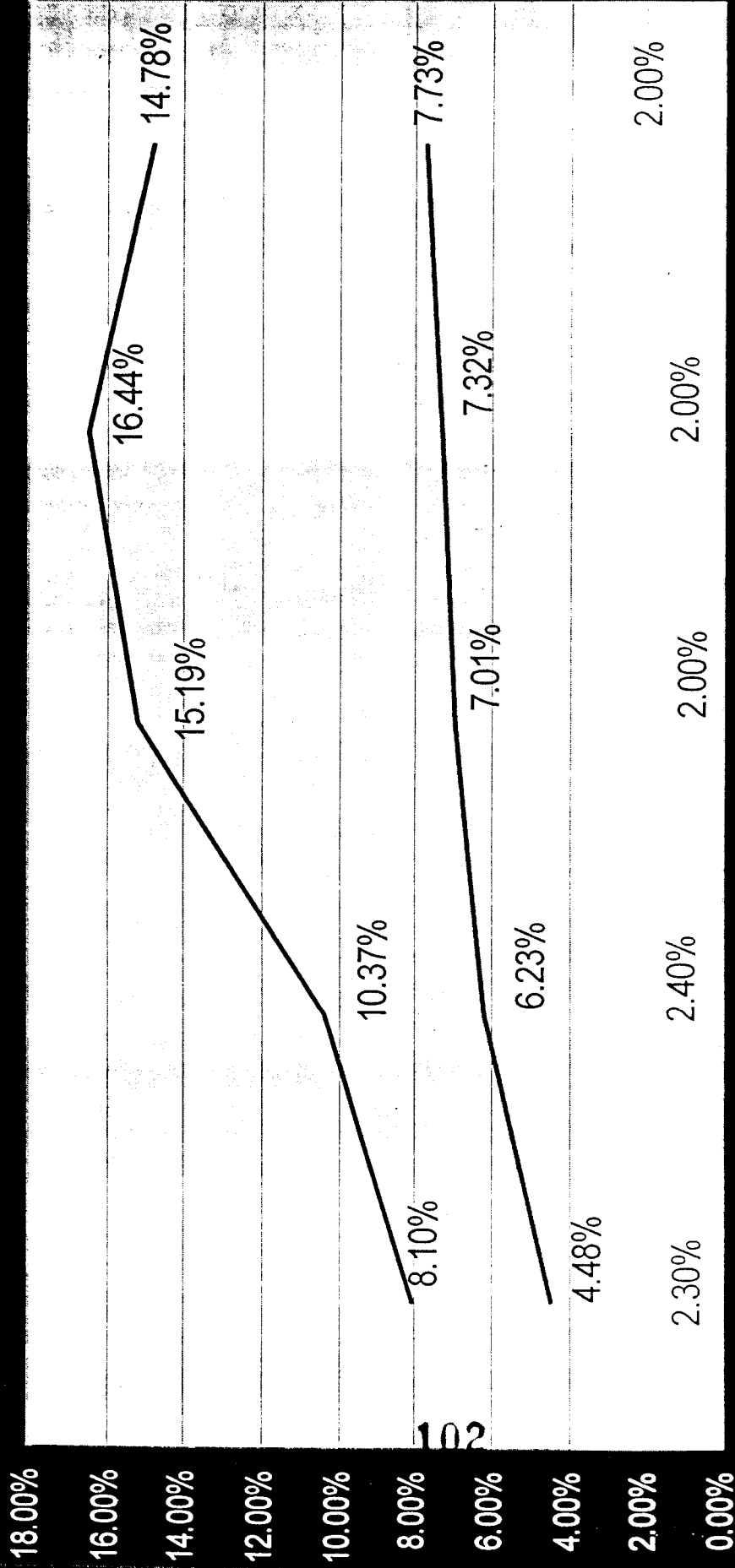
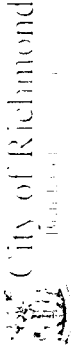
TAX ANALYSIS (WITH/WITHOUT COMM SAFETY SERVICES)



TAX INCREASES OVERALL CITY
TAX INCREASES - CITY (EXCLUDING FIRE & RCMP)

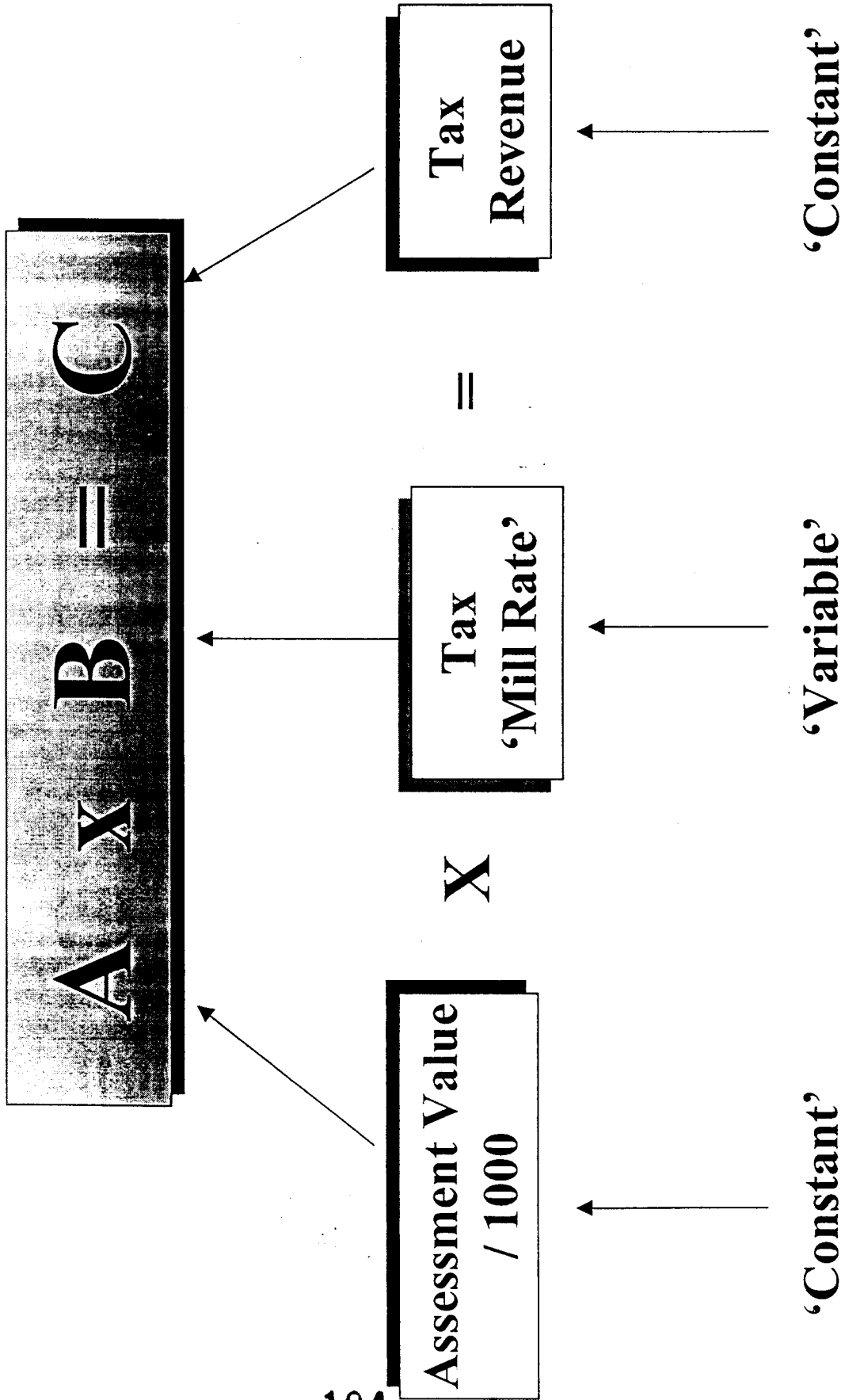
— INCREASES - FIRE RESCUE & RCMP
- - - CONSUMER PRICE INDEX

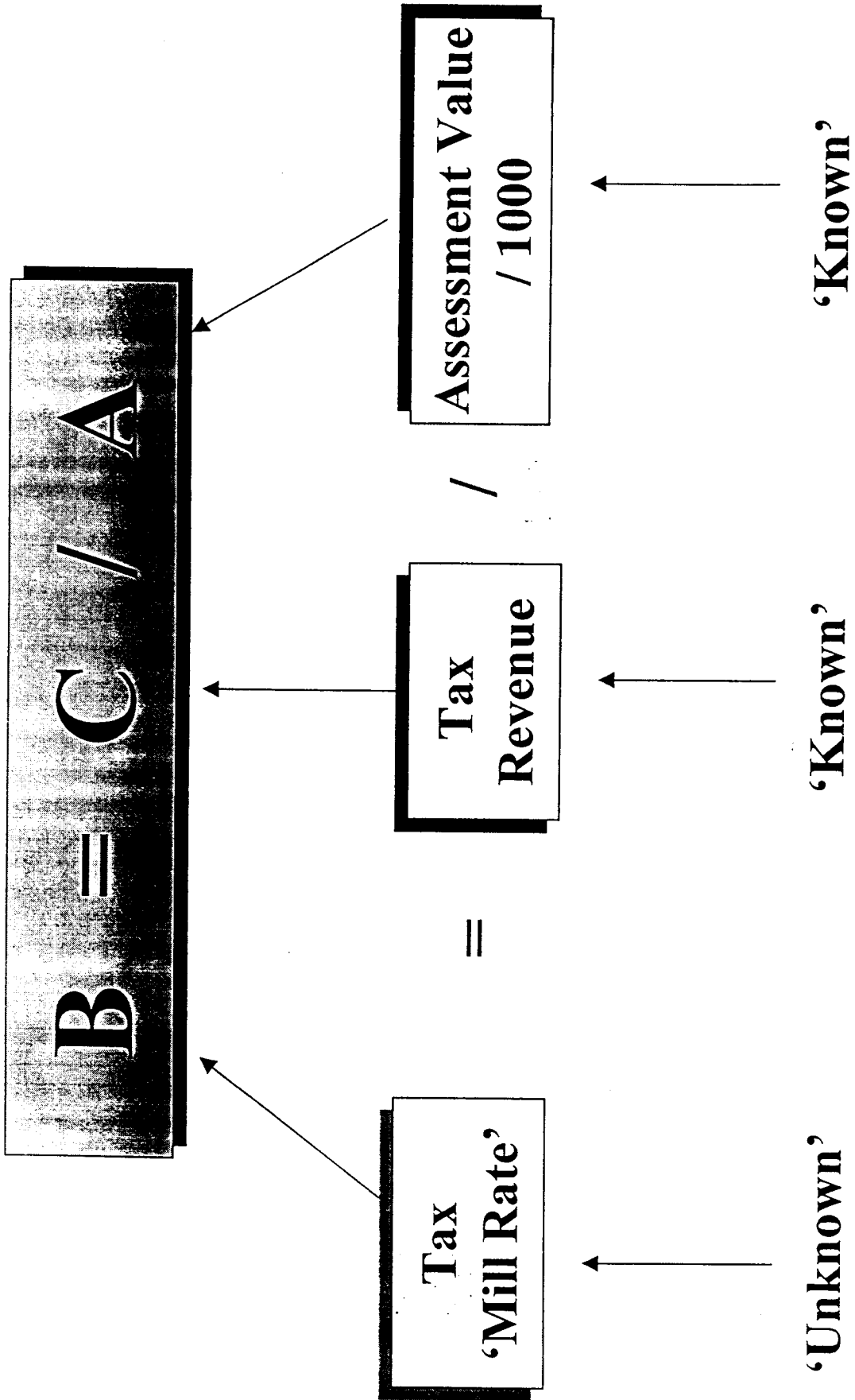
TAX ANALYSIS (ADJUSTED FOR NEW RCMP & FIRE RESCUE 5YFP)



— TAX INCREASES RELATED TO NEW RCMP & FIRE RESCUE 5YFP
 - - - REVISED TAX INCREASES CITY (including NEW RCMP & FIRE RESCUE 5YFP)
 CONSUMER PRICE INDEX

CALCULATION OF PROPERTY TAX RATES





EXAMPLE

2002:

$$(100,000 / 1000) \times 3.9278 = \$392$$

2003 (at 2002 Mill Rates):

$$(111,000 / 1000) \times 3.9278 = \$436$$

2003 (new Mill Rate, Tax Revenue required):

$$(111,000 / 1000) \times 3.7185 = \$413$$

EXAMPLE WITH RELATIVE DATA

2002:

$$(12,686,049,099/1000) \times 3.9278 = \$49,829,025$$

2003 (at 2002 Mill Rates):

$$(14,048,566,683/1000) \times 3.9278 = \$55,180,803$$

2003 (new Mill Rate, Tax Revenue at 4.83% > 2002):

$$(14,048,566,683/1000) \times 3.7185 = \$52,240,262$$

Assessment Change Analysis Summary

[illegible]

Assessment Change Analysis Summary

Class 04 - Major Industry	% of Assessment Change	Assessment Decrease	Assessment Change 0%	Assessment Change >0% and <=0.79%	Assessment Change >0.79% and <=10%	Assessment Change >10% and <=20%	Assessment Change >20% and <=25%	Assessment Change >25% and <=30%	Assessment Change >30% and <=35%	Assessment Change >35% and <=40%	Assessment Change >40% and <=45%	Assessment Change >45% and <=50%	Assessment Change >50% and <=55%	Assessment Change >55% and <=60%	Assessment Change >60% and <=65%	Assessment Change >65% and <=70%	Assessment Change >70% and <=75%	Assessment Change >75% and <=80%	Assessment Change >80% and <=85%	Assessment Change >85% and <=90%	Assessment Change >90% and <=95%	Assessment Change >95% and <=100%	Assessment Change >100%
Total Number of Properties	21	3	2	9	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Assessment Change by %	0.79%																						
% of Properties in Range		14.29%	9.52%	42.86%	28.57%	4.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Assessment Change Analysis Summary

Class 06 - Light Industry	% of Properties with Assessment Change	Assessment Decrease	Assessment Change < 0%	Assessment Change > 0% and < 2.73%	Assessment Change > 2.73% and < 10%	Assessment Change > 10% and < 16%	Assessment Change > 16% and < 20%	Assessment Change > 20% and < 25%	Assessment Change > 25% and < 30%	Assessment Change > 30% and < 50%	Assessment Change > 50% and < 100%	Assessment Change > 100%
	401	102	155	77	23	7	13	14	2	1	1	6
Total Number of Properties	401											401
Average Assessment Change by %	2.73%											
% of Properties in Range		25.44%	38.65%	19.20%	5.74%	1.75%	3.24%	3.49%	0.50%	0.25%	0.25%	1.50%
												100.00%

Assessment Change Analysis Summary

Class 06 - Business/Other	% of Total Assessment Change	Assessment Decrease	Assessment Change >0% and <=1.03%	Assessment Change >1.03% and <=10%	Assessment Change >10% and <=15%	Assessment Change >15% and <=20%	Assessment Change >20% and <=25%	Assessment Change >25% and <=30%	Assessment Change >30% and <=50%	Assessment Change >50% and <=100%	Tax change >100%	
Total Number of Properties	6018	1775	2577	649	566	37	231	80	9	18	19	57
Average Assessment Change by %	1.03%											6018
% of Properties in Range		29.49%	42.82%	10.78%	9.41%	0.61%	3.84%	1.33%	0.15%	0.30%	0.32%	0.95%
												100.00%

TERMS OF REFERENCE

RICHMOND ECONOMIC ADVISORY TASK FORCE

PURPOSE

The purpose of the Richmond Economic Advisory Task Force (REATF) is to provide Council with input, feedback and advice on economic development planning and ways to enhance and manage City resources to promote and encourage economic development for the short and long term.

MEMBERSHIP

The members of this Advisory Task Force are appointed by City Council. There are up to 11 members on the Task Force. Members will be canvassed from the following areas:

- One business person will be nominated by the Richmond Chamber of Commerce
- One business person will be nominated by Tourism Richmond
- One executive will be nominated by the Vancouver International Airport Authority
- Seven business people will be nominated by Council
- One business person will be nominated by the Mayor

The Task Force members are selected "at large" and are to represent the interests of the entire City. They are not selected as advocates for the group they are selected from.

The Task Force Chair will be chosen by Council.

TERM

It is estimated that the Task Force will hold monthly meetings for 6 months, with additional unscheduled meetings as required.

EXPERTS AND INVITED GUESTS

The Task Force may from time to time require experts or other representatives to attend meetings as presenters, advisors or observers because of their knowledge of the subject or as part of another project or consultation mechanism. Such invitations will be agreed to in advance by the Chair.

STAFF

One staff member and one facilitator will be appointed to act as a liaison to the committee and to provide support to the Task Force. The Task Force will receive administrative support from the Finance and Corporate Services Division for preparation of minutes, agendas and related communications.

OBJECTIVES

The objectives of the REATF are to provide:

1. A clear understanding of the City's current economic climate.
2. Recommendations for implementation of the City's Economic Development Strategic Plan.
3. Expert advice to Council on key issues related to economic development (opportunities and constraints), including options and recommendations for priority actions.
4. Recommend benchmarks for measuring the effectiveness of economic development initiatives.
5. Make recommendations for soliciting ongoing economic development advice from the community.

The facilitator provided to the Task Force will prepare the draft report for the Task Force. The appointed staff liaison will develop a written staff report to Council on the information provided by the Task Force and include their report as an Appendix.

MEETINGS

Meetings will be at the call of the Chair. Meeting days and times will be established based upon the issue being addressed and after consultation with Task Force members.

If a member is absent for two consecutive meetings, without consent of the Chair, the member will be deemed to have resigned and a confirmation letter will be sent to the member.