



## City of Richmond

## Report to Committee

**To:** General Purposes Committee

**Date:** February 15, 2002

**From:** Councillor Kiichi Kumagai

**File:** 0970-01

**Re:** Use of Casino Gaming Revenue to Reduce Property Taxes

### Recommendation

That \$1.0 million from the 2002 Casino Gaming Revenue be allocated to offset substantial policing costs incurred by the City and to reduce the impact on the municipal tax draw for 2002 on the understanding that it will be a one-time contribution.

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Councillor Kiichi Kumagai

Att. 2

## **Report**

### **Origin**

Staff have brought forward a 2002 Budget including a recommendation for a proposed 5.28% property tax increase. In order to reduce the impact of this increase on the taxpayers of Richmond, I wish to propose a contribution from 2002 casino gaming revenue of \$1.0 million

### **Analysis**

The City has absorbed a \$5.3 million loss of provincial grant revenue (see Attachment 1), a \$2.38 million increase in RCMP costs plus a significant increase in salary costs. This past week, the City also received notice that the province has downloaded \$284,000 in MSP costs. The total value of the above noted cost increases is \$7.964 million with the MSP increase pushing the proposed 2002 property tax increase up to 5.28%. As this increase exceeds the 4.52% property tax increase that was approved in the 5 Year Financial Plan (2001-2005), there is a need to identify means of reducing it to comply with the official plan. The City has made every effort to reduce the 2002 property tax increase through a rigorous Finance Department review of all departmental budgets and a senior management review of all programs and service levels. Therefore, it is proposed that \$1.0 million of 2002 casino gaming revenue be used to offset 1.05% of the proposed 2002 property tax increase to 4.23%.

For the 2002 Operating Budget, \$1.7 million of casino gaming revenue from the Gaming Revenue Provision account has been used to offset the property tax draw. This amount was collected from the province in the 2001 fiscal year. The use of casino gaming revenue to reduce the property tax draw is not a new initiative because a similar amount of \$1.7 million was used to reduce the 2001 property tax increase.

As a result of the above, casino gaming revenue should continue as a revenue funding source and be seen as an unconditional grant from the province. The principal reason is that the casino gaming revenue as well as traffic fine revenue was provided as a means of replacement for the elimination of the Municipal General Grants by the province.

Casino gaming revenue is general revenue from the province and does not come directly from the casino operators, therefore the casino gaming revenue should be recognized as a grant. The casino gaming revenue is to be used for the benefit of the community and therefore can be allocated as an offset to City operating costs and to mitigate the property tax draw to all Richmond residents. Council Policy 3706 (see Attachment 2) regarding Casino Funding Guidelines specifically provides that casino gaming revenue can be used to cover policing costs.

On the subject of the proposed 2002 property tax increase, there should be less emphasis on the overall percentage increase, but instead on the value of the increase. For example, the proposed 2002 property tax increase of 5.28% takes into account a \$1.14 million increase in policing costs over the prior year, which translates to 1.20% as part of the 5.28% increase. Moreover, Fire Rescue costs will rise by \$1.70 million over the prior year, which represents 1.78% as part of the

2002 proposed property tax increase of 5.28%. Therefore, 2.98% of the increase can be directly attributed to Protective Services.

It should be noted that the overall City operations has been run very efficiently and have not been the main cause for the year over year property tax draw increases. In fact, RCMP policing costs and Fire Rescue costs have been the main drivers in the property tax increases over the past 2 years. The following table shows the cost increases relative to the overall property tax draw and percentage increase:

	2001 \$ Increase in Operating Costs over Prior Year	% Increase as Part of Total 2001 Property Tax Draw	2002 \$ Increase in Operating Costs over Prior Year	% Increase as Part of Total 2002 Proposed Property Tax Draw
RCMP	\$1,239,600	1.36%	\$1,143,400	1.20%
Fire Rescue	\$751,800	.83%	\$1,704,600	1.78%
Utilities	\$1,050,000	1.16%	-	-
Infrastructure Reserve Capital	-	-	\$1,000,000	1.05%
City – Other	\$1,356,300	1.49%	\$2,179,434	1.25%
TOTAL	\$4,397,700	4.84%	\$5,027,434	5.28%

Despite the increases, Richmond residents are cognizant that the increased costs in protective services are essential and community safety is a number one priority for many people. So, there is a strong “value for money” belief that expenditures for protective services are being well spent.

### Financial Impact

The financial impact of allocating \$1.0 million from the 2002 casino gaming revenue to offset the proposed 2002 property tax increase of 5.28%, would be a decrease to 4.23%.

## **Conclusion**

Casino gaming revenue should be treated in a similar fashion as a municipal grant from the province and be recognized as general revenue in the year that it is received under the approval and direction of Council.

Also, \$1.0 million from the 2002 casino gaming revenue should be allocated to offset substantial policing costs incurred by the City and to reduce the impact on the municipal tax draw for 2002 on the understanding that it be used as a one-time contribution.

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Councillor Kiichi Kumagai

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**CITY OF RICHMOND**  
**SUMMARY OF UNCONDITIONAL MUNICIPAL GRANTS AND REVENUE**  
**FROM THE PROVINCE OF B.C.**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Municipal Grants from the Province	5,098,913	5,192,404	5,349,759	1,975,569	1,975,569	0	0	0	0
Traffic Fine Revenue Sharing	0	0	0	0	0	444,966	495,156	359,418	360,000
Casino Gaming Revenue	0	0	0	0	0	931,305	1,697,048	2,045,505	1,700,000
<b>Total</b>	<b>5,098,913</b>	<b>5,192,404</b>	<b>5,349,759</b>	<b>1,975,569</b>	<b>1,975,569</b>	<b>1,376,271</b>	<b>2,192,204</b>	<b>2,404,923</b>	<b>2,060,000</b>
Year Over Year \$ Increase (Decrease)		93,491	157,355	(3,374,190)	0	(599,298)	815,933	212,719	(344,923)
Year Over Year % Increase (Decrease)		1.8%	3.0%	-63.1%	0.0%	-30.3%	59.3%	9.7%	-14.3%

2006

**Notes**

1. The financial information from 1994 to 2001 are actual figures
2. The 2002 figures are based on the City's proposed 2002 Budget
3. Casino Gaming Revenue for 1999 is for the period of July to December 1999



# City of Richmond

# Policy Manual

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Adopted by Council: June 12, 2000

**POLICY 3706**

File Ref: 1085-00

**CASINO FUNDING GUIDELINES****POLICY 3706:**

It is Council policy that:

Applications for casino funds can be made by Council or as a result of applications from the community. All community applications must be for **new** community programs, projects or events.

Casino funding may be designated for expenditure in or add to a statutory reserve fund. Funds need not be fully allocated in a period received.

**Casino Funding Focus Areas:**

Casino funds should be targeted to the following focus areas:

- Youth
- Seniors
- Policing in the Community
- Childcare Reserve Fund
- Preventative, alternative and/or educational programs relating to addictive behaviour which could include:
  - I. Drug abuse
  - II. Alcoholism
  - III. Gambling
  - IV. Smoking

Not all organizations meeting the City of Richmond's Casino Funding Program guidelines will automatically receive funding.