



CITY OF RICHMOND

REPORT TO COUNCIL

TO: Richmond City Council

DATE: April 12, 2000

FROM: Danley J. Yip, C.A.
Director of Finance

FILE: -

RE: 5 Year Financial Plan for 2000 to 2004 and Annual Property Tax Rates

STAFF RECOMMENDATION

That each of the following bylaws be introduced and given First, Second and Third readings:

1. 2000 to 2004 – 5 Year Financial Plan Bylaw No. 7128
2. Annual Property Tax Rates Bylaw No. 7129

Danley J. Yip, C.A.
Director of Finance

Att. 1

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law.....	Y <input type="checkbox"/> N <input type="checkbox"/>	_____

STAFF REPORTORIGIN

The new Section 327 of the Municipal Act ("the Act") requires a municipality to adopt a 5 Year Financial Plan bylaw annually before May 15. This bylaw must be adopted before the Annual Property Tax bylaw is adopted and can be amended at any time. Both bylaws can be adopted at the same Council meeting, but the minutes of the meeting should clearly indicate the proper order of the adoption of each of the bylaws.

This report presents the 5 Year Financial Plan for 2000 to 2004 and the appropriate Year 2000 Annual Property Tax Rates for City Council to introduce and give its First, Second and Third Readings prior to their adoption into bylaw.

ANALYSIS

The 2000 Provisional Budget of \$240,693,337 was adopted into bylaw (Bylaw No. 7071) on December 13, 1999 as follows:

2000 Operational Budget	\$126,102,737
2000 Utilities Budget	39,312,400
2000 Capital Budget	38,789,600
1999 Capital Expenditures	<u>36,488,600</u>
	\$240,693,337

At that point in time, the increase in the tax draw was \$3,902,237 representing a 4.61% tax increase from the previous year. Staff was then instructed to review all additional level item requests pertaining to operations and report back to the General Purposes Committee in February 2000. In addition, a review was to be done on all areas of the organization to ascertain further expenditure reductions and/or revenue opportunities prior to the finalization of the current year's budget for inclusion in the 5 Year Financial Plan.

Pursuant to the General Purposes Committee meeting on March 20, 2000 it was determined that the City would impose a 2.75% tax increase based on a tax draw increase of \$2,324,787. Also, staff was instructed to undertake a public consultation process to present the City's 5 Year Financial Plan in accordance to Section 327.1 of the Municipal Act. Since that initial public meeting on March 30, 2000, minor amendments have been made to the Year 2000 Operating Budget of the 5 Year Financial Plan. It was deemed unnecessary to conduct another public consultation meeting to address these minor amendments since there were no significant material changes to expenditures or revenues.

The only departmental request for a budget amendment was Gateway Theatre, who made a request for an additional \$50,000 to address salary increases associated with an organizational restructuring (\$41,000) and for a software maintenance contract (\$9,000). This \$50,000 expense amount can be offset by an increase in a provincial revenue sharing grant for traffic fines, whereby the original budgeted amount of \$445,000 has been increased to \$495,000 by the province.

It should be noted that this is the last year of a 4 year program that the Terra Nova Referendum debt repayment amount collected on the annual property tax notice will be identified separately from the rest of the general property tax amount. The revenue collection for Year 2000 is \$863,393, which is in addition to the 2.75% tax draw increase recommended by staff and agreed by the General Purposes Committee.

Final review of the Year 2000 authenticated tax roll and growth figures have been completed and the property tax revenue is somewhat less than the amount determined for the 2000 Provisional Budget and the original 5 Year Financial Plan introduced to the public. As a result, property tax rates were adjusted accordingly to compensate for the changes to assessed values to ensure that the Year 2000 tax revenue was maintained at the same amount in 1999. Also, in the determination of the Year 2000 property tax rates, the same methodology was used to calculate the current property tax rates as in prior years. Furthermore, the new Annual Property Tax Rates Bylaw includes rates for other agencies (e.g. Greater Vancouver Regional District, Greater Vancouver Transit Authority), where the City must determine an appropriate tax rate based on their tax draw requirements.

As part of the final review to deal with the general property tax revenue decline, staff have had to adjust fiscal balances to ensure that the shortfall did not impact the 2.75% tax draw increase. This entailed an analysis to ensure that interest income, debt repayment and other fiscal expenditures were properly stated in order to maintain the goal of holding the tax increase to only 2.75%.

Throughout the process of amending the Year 2000 Budget, staff have been cognizant about maintaining the same level of service to the public and trying to reduce the tax draw increase. This has been achieved despite the increases in Plant expansion, additional level requests, new contractual agreements, greater expectations for the delivery of services by the public and the impact of annual inflation.

FINANCIAL IMPACT

The Year 2000 Budget provides for general operating expenditures of \$127,665,328. Meanwhile, the tax revenue required to balance the current year's Budget is \$89,538,628. In both figures, there is an amount for the debt repayment of the Terra Nova referendum borrowing of \$20.0 million and the tax rates necessary to meet those funding requirements have been clearly identified on the annual property tax statements.

Property tax rates are calculated based on average assessed values for each assessment class. With the general decrease in the assessed property values in Year 2000, the actual tax rates of the classes had to be adjusted accordingly to compensate for the decline. Then, the adjusted property tax rates were used to achieve the targeted 2.75% tax draw increase in the year.

CONCLUSION

That City Council introduce and give three readings to the new bylaws for the City's 5 Year Financial Plan for 2000 to 2004 as well as the Year 2000 Annual Property Tax Rates.

Danley J. Yip, C.A.
Director of Finance

DJY:djy

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN FOR 2000 TO 2004
BYLAW NO. 7128

EXPENDITURE SUMMARY	2000	2001	2002	2003	2004
Debt Interest & Fiscal Services	\$ 4,313,200	\$ 8,118,698	\$ 5,598,961	\$ 5,748,077	\$ 5,919,419
Department Expenditures	147,730,642	151,352,983	155,302,427	159,095,565	162,813,399
Provisions and Allowances	3,917,941	-	3,500,000	4,700,000	4,800,000
Debt Principal Repaid	2,262,900	3,086,245	2,802,297	2,958,352	3,124,088
Net Transfer to Reserves	8,874,400	9,115,180	9,062,975	8,027,700	8,411,949
TOTAL EXPENDITURES	\$ 167,099,083	\$ 171,673,106	\$ 176,266,660	\$ 180,529,694	\$ 185,068,855

REVENUE SUMMARY	2000	2001	2002	2003	2004
Taxation	\$ 87,213,841	\$ 90,501,774	\$ 93,216,827	\$ 96,013,332	\$ 98,893,732
Grants-in-lieu	8,426,200	8,425,600	8,474,122	8,529,414	8,591,715
Investment Income	3,958,300	4,006,780	4,161,568	4,322,411	4,489,545
Penalties and Interest on Taxes	850,000	850,000	850,000	850,000	850,000
Provincial Revenue Sharing	808,000	445,000	445,000	445,000	445,000
Department Revenues	60,049,755	61,589,976	63,382,045	64,872,600	66,119,473
Fiscal Revenues	3,468,200	3,405,000	3,406,000	3,407,333	3,412,389
INCREASE IN TAX DRAW	2,324,787 2.75%	2,448,976 2.81%	2,331,098 2.58%	2,089,604 2.24%	2,267,001 2.36%
TOTAL REVENUES	\$ 167,099,083	\$ 171,673,106	\$ 176,266,660	\$ 180,529,694	\$ 185,068,855

CITY OF RICHMOND
BYLAW 7128
5 YEAR FINANCIAL PLAN FOR 2000 TO 2004

The Council of the City of Richmond enacts as follows:

1. Schedule 'A' which is attached and forms a part of this bylaw, is adopted as the 5 Year Financial Plan for 2000 to 2004.
2. This bylaw may is cited as **“2000 to 2004 - 5 Year Financial Plan Bylaw No. 7128”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CITY CLERK

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN FOR 2000 TO 2004
BYLAW NO. 7128

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CITY OF RICHMOND

ANNUAL PROPERTY TAX RATES BYLAW NO. 7129

The Council of the City of Richmond enacts:

- (a) Parts 1 through 7 excluding part 4, pursuant to the Municipal Act; and
- (b) Part 4 pursuant to the Municipalities Enabling and Validating Act.

PART ONE: GENERAL MUNICIPAL RATES

1.1 General Purposes

- 1.1.1 The tax rates appearing in column A of Schedule A are hereby imposed and levied on the assessed value of all land and improvements taxable for general municipal purposes, to provide the monies required for all general purposes of the City, including due provision for uncollectible taxes, and for taxes that it is estimated will not be collected during the year, but not including the monies required under bylaws of the City to meet payments of interest and principal of debts incurred by the City, or required for payments for which specific provision is otherwise made in the Municipal Act.

1.2 Terra Nova Property Acquisition

- 1.2.1 The tax rates appearing in column B of Schedule A are hereby imposed and levied on the assessed value of all land and improvements taxable for general municipal purposes, to provide monies required during the current year for the purpose of acquiring lands in the Terra Nova district by the City, for which other provision has not been made.

PART TWO: GREATER VANCOUVER TRANSPORTATION AUTHORITY (GVTA) AND REGIONAL DISTRICT RATES

2.1 Greater Vancouver Transportation Authority (GVTA)

- 2.1.1 The tax rates appearing in column A of Schedule B are hereby imposed and levied on the assessed value of all land and improvements taxable for hospital purposes, for Greater Vancouver Transportation Authority purposes.

2.2 Regional District

- 2.2.1 The tax rates appearing in column B of Schedule B are hereby imposed and levied on the assessed value of all land and improvements taxable for hospital purposes, for Greater Vancouver Regional District purposes.

PART THREE: STEVESTON SPECIFIED AREA RATES

- 3.1** The tax rate of 0.77428 is hereby imposed and levied on the taxable land and improvements of all benefitting properties in the area declared a specified area by Bylaw No. 4755.

PART FOUR: TRUNK SEWERAGE RATES

- 4.1** The tax rates appearing in Schedule C are hereby imposed and levied on the assessed values of all land only of all real property, which is taxable for general municipal purposes, within the following benefitting areas, as defined by the Greater Vancouver Sewerage & Drainage District:

- (a) Area A, being that area encompassing those portions of sewerage sub-areas and local pump areas contained in the Lulu Island West Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Lulu Island West Sewerage Area; and
- (b) Area B, being that area encompassing Sea, Mitchell, Twigg and Eburne Islands, which is that part of the City of Richmond contained in the Vancouver Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Vancouver Sewerage Area; and
- (c) Area C, being that part of the City of Richmond contained in the Fraser Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Fraser Sewerage Area.

and the total amount raised annually is to be used to retire the debt (including principal and interest) incurred for a sewage trunk system, which includes the collection, conveyance and disposal of sewage, including, without limiting the generality of the foregoing, forcemain sewers and their pumphouses and such ancillary drainage works for the impounding, conveying and discharging the surface and other waters, as are necessary for the proper laying out and construction of the said system of sewerage works, provided however that land classified as "Agricultural District" in Section 221 of the Zoning and Development Bylaw No. 5300 of the City, is exempt from any tax rate imposed or levied pursuant to this Part.

PART FIVE: GENERAL PROVISIONS

5.1 Imposition of Penalty Dates and Percentage Additions

- 5.1.1** Instead of the 2nd day of July, as prescribed in the Municipal Act as the day on or after which a percentage is to be added to the unpaid taxes of the current year, the following other dates and percentage additions are hereby established:

- (a) As soon as practicable on or after the 2nd day of July, 2000, 5% of the amount unpaid on the 3rd day of July, 2000 is to be added to the unpaid taxes of the current year, for each parcel of land and the improvements thereon, shown on the real property tax roll; and

- (b) As soon as practicable on or after the 2nd day of September, 2000, 5% of the amount unpaid on the 3rd day of September, 2000 is to be added to the unpaid taxes of the current year, each parcel of land and the improvements thereon, shown on the real property tax roll.

5.2 Designation of Bylaw Schedules

5.2.1 Schedules A, B and C are attached and designated a part of this bylaw.

PART SIX: PREVIOUS BYLAW REPEAL

6.1 The following bylaw is repealed:

- (a) Annual Property Tax Rates Bylaw No. 7016 (1999);

PART SEVEN: BYLAW CITATION

7.1 This bylaw is cited as “**2000 Annual Property Tax Rates Bylaw No. 7129**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CITY CLERK

SCHEDULE A to BYLAW NO. 7129

PROPERTY CLASS	COLUMN A GENERAL PURPOSES	COLUMN B TERRA NOVA PROPERTY ACQUISITION	TOTAL
1. Residential	3.52077	0.03589	3.55666
2. Utility	44.69617	0.35329	45.04946
4. Major Industry	9.50003	0.09866	9.59869
5. Light Industry	12.41120	0.11819	12.52939
6. Business/other	9.83355	0.09099	9.92454
8. Recreation/non profit	1.22821	0.01449	1.24270
9. Farm	6.53532	0.06660	6.60192

SCHEDULE B to BYLAW NO. 7129

PROPERTY CLASS	COLUMN A GREATER VANCOUVER TRANSPORTATION AUTH.	COLUMN B REGIONAL DISTRICT
1. Residential	0.2096	0.11155
2. Utilities	2.1085	0.39042
4. Major industry	2.0498	0.37926
5. Light industry	2.0498	0.37926
6. Business/other	1.4755	0.27329
8. Rec/non profit	0.2096	0.11155
9. Farm	0.2096	0.11155

SCHEDULE C to BYLAW NO. 7129

AREA		RATES
A	Sewer Debt Levy (land only)	0.50092
B	Sewer Debt Levy (land only)	0.50092
C	Sewer Debt Levy (land only)	0.52597