



# City of Richmond

# Report to Committee

**To:** General Purposes Committee

**Date:** April 2, 2007

**From:** Jerry Chong  
Director, Finance

**File:**

**Re:** Revenues from Revenue Producing Assets

## Staff Recommendation

That the report on Revenue Producing Assets be received for information.

Jerry Chong  
Director, Finance  
(4064)

<b>FOR ORIGINATING DEPARTMENT USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

## **Staff Report**

### **Origin**

Pursuant to Council Referral at the Council meeting on December 11, 2006, Part (3) of Resolution No. R06/21-14, "That the revenue realized through the Bell Mobility agreement be directed to the special sports reserve sub-fund for sports field development", was referred to staff to examine the implications of directing revenue generated from all revenue producing assets into specialized reserve funds.

The purpose of this report is to provide information on the advantages and disadvantages of directing these revenues to either General Revenues or specialized reserve funds.

### **Analysis**

A proposal has been submitted by Bell Mobility Incorporated ("Bell") to install one telecommunication pole at each of two park sites; Hugh Boyd Park and King George Park. As part of their proposal, the City of Richmond ("City") will receive revenues from Bell for allowing the installations. The revenues consist of a larger, initial lump-sum amount plus smaller, annual payments over the term of an agreement.

The proposal from Bell follows the recent success of a similar installation by Rogers Wireless Inc. ("Rogers") and revenues received by the City. Revenues received from Rogers have been directed to a Special Sports Reserve sub-fund to fund future sports field developments.

Following is an analysis of the advantages and disadvantages of directing these revenues to either General Revenues or specialized reserve funds:

#### **Revenues Directed to General Revenues**

##### **Advantages**

- May decrease annual tax draw required from taxpayers;
- Provides flexibility to allow Council to direct funds where necessary;
- Avoids bias towards specific groups; and
- Alternative revenue source.

##### **Disadvantages**

- Uneven payments (ie. larger, initial lump-sum payment and smaller annual payments) result in variable tax impact; and
- Reduced funds are available in reserves to fund future capital projects;

#### **Revenues Directed to Specialized Reserve Funds**

##### **Advantages**

- Ensures a regular stream of revenue for specific reserve funds.

**Disadvantages**

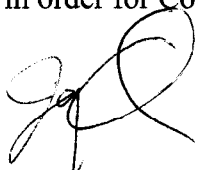
- Funds are restricted only for special, capital purposes;
- Time delay in receiving funds over several years makes funding capital projects difficult and
- May provide limited benefit.

**Financial Impact**

The financial implication of directing revenues from revenue producing assets to General Revenues is that the annual tax draw required from taxpayers could be reduced.

**Conclusion**

Staff recommend that revenues from revenue producing assets be directed to General Revenues, in order for Council to have the ability to direct funds where necessary.



Jerry Chong  
Director, Finance  
(4365)