



Finance Committee

Date: Tuesday, April 8, 2008
Place: Room 2.004
Richmond City Hall
Present: Councillor Rob Howard, Chair
Councillor Linda Barnes
Councillor Derek Dang
Councillor Sue Halsey-Brandt
Councillor Bill McNulty
Councillor Harold Steves
Mayor Malcolm D. Brodie
Absent: Councillor Cynthia Chen, Vice-Chair
Councillor Evelina Halsey-Brandt
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 Committee held on Thursday, November 29, 2007, be adopted as circulated.

CARRIED

DELEGATION

2. Robert McCullough, 5831 Cedarbridge Way, Senior Property Manager, Swordfern Management Ltd., expressed concern over the tax increase in the Brighthouse area and the following was noted:
 - the 2008 tax increase was over 100%, and this increase is additional to the 2007 tax increase; and

1.

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- by the end of 2009, there will be approximately 180,000 square feet of space up for lease, as the existing tenants will not be renewing their leases due to the rise in property taxes.

Mr. McCullough voiced the opinion that the vacant properties could become problematic in terms of attracting crime and other undesirable activity.

Paul McCrea, representing 5440 Hollybridge Way, stated that in 2007 the property was assessed at \$9 million, and in 2008, the property was assessed at \$25.5 million. Mr. McCrea believed that this rise in property assessment is due to the Richmond Official Community Plan.

Mr. McCrea also noted that of the 84,000 square feet his company holds, 8,500 square feet is being occupied by the City. The City's lease holds that any excess taxes over the 2007 rate that affected the subject property would be rebated. Mr. McCrea expressed the opinion that this should be offered to businesses in similar situations.

Mr. McCrea emphasized that the rise in property taxes will require his company to relocate, meaning the space currently occupied by the City would no longer be available.

Mack Foster, 12633 No. 2 Road, owner of the RONA store on Elmbridge Way, stated that his 2008 property taxes are approximately \$380,000. Mr. Foster also highlighted that his business makes less than \$100,000 annually in net profit. Mr. Foster believes that this tax increase will oblige him to shutdown his business.

Robert Walsh, 6851 Elmbridge Way, representing Can-Pacific Trading Company Inc., noted that this is a small business with 42 employees. Mr. Walsh noted that the company is facing a 31% increase in basic costs each month; this increase will require the company to shutdown and relocate to another municipality.

Tim Moore, 5440 Hollybridge Way, representing SYNEX Canada Limited, stated the company is facing a 236% tax increase in 2008. Mr. Moore emphasized that the costs cannot be passed onto the clients as the company operates with contract pricing in order to stay competitive. Mr. Moore also noted that he cannot relocate due to his lease, and he cannot sublet as the costs would be prohibitive for any new tenant.

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Michael Bailey, 5871 Minoru Boulevard, representing Lang's Glass (Richmond) Ltd., stated that the business has been operating at that site for 30 years. Mr. Bailey noted that the company has been affected by the property tax increase in the past years and that the 2008 tax increase would force him to close his doors.

Roy Van Hest, 7780 Alderbridge Way, representing Art Knapp Home and Garden, noted that his family has been doing business in Richmond for 42 years. Mr. Van Hest mentioned that the property tax rate for his area has risen 400% during the last three years. Mr. Van Hest also stated that the property tax rate on similar zoned properties elsewhere in Richmond has increased only 20%. Mr. Van Hest cited that he cannot sustain this tax increase.

Discussion ensued between the Committee and staff, and the following was noted:

- the Brighthouse area is a 'hot-spot' and has seen a significant increase in property assessments;
- property taxes are based on assessment values, and all those in the same class have the same tax rate;
- property assessments are determined by the BC Assessment Authority (BC Assessment);
- BC Assessment is independent from the City and offers an appeals process;
- half of the property taxes collected by the City is on behalf of other organizations such as the School District, and Metro Vancouver;
- for the 2008 property taxes, the City has no legal options available;
- for the 2009 property taxes, Council could elect to use the assessment averaging or phase-in options to aid 'hot-spot' areas; in doing so, property taxes would be averaged out based on assessment values for the past three years and the cost would be spread to other commercial properties within the same class;
- the City Centre Area Plan (CCAP) is no different than any other area plan; it is a tool for planning communities;
- the province establishes the tax classes that are available;
- owners and tenants may appeal their property assessment with BC Assessment each year by January 31; and
- any assistance given to one group would be paid by another group as a balanced budget is required.

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It was moved and seconded

That the following be referred to staff as soon as possible to consider options and solutions to the tax increases in the Brighthouse area as raised by the commercial tenants in the area;

- (a) staff engage and work in conjunction with landlords, tenants and the BC Assessment Authority;*
- (b) investigate whether similar situations are occurring in other cities and what solutions were applied;*
- (c) determine the areas which are affected by this situation in Richmond; and*
- (d) analyse the effect that the city centre area plan process has had on the situation and whether adjustments are needed as a result.*

CARRIED

Discussion further ensued between the Committee and staff, and the following was noted:

- the City can provide permissive exemptions and revitalization exemptions to specific organizations / properties, but these must be approved by October 31 of the prior year; and
- mill rates are applied to all groups in the same class, not just one particular sub-set within the class.

It was moved and seconded

That a letter be sent to the Premier, the appropriate Ministers, and the local MLA in regard to the commercial property tax situation in the Brighthouse area.

CARRIED

RECESSED – 7:05 p.m.

The Finance Committee meeting reconvened (7:41 p.m.) with Councillors Barnes, Dang, S. Halsey-Brandt, Howard, McNulty, Steves, and Mayor Brodie present.

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FINANCE DEPARTMENT

3. **FIVE YEAR FINANCIAL PLAN (2008-2012)**

(Report: March 3, 2008, File No.: 03-0970-01/2008-Vol 01) (REDMS No. 2400783, 2358762)

Discussion ensued between the Committee and staff, and the following was noted:

- the City is not required to borrow from the Municipal Finance Authority (MFA); and
- a surplus occurred as many vacant RCMP positions were not filled; however, the RCMP has made the filling of Richmond's vacancies a top priority therefore, such a significant surplus should not result in future.

It was moved and seconded

- (1) *That the proposed 5 Year Financial Plan (2008 – 2012) be approved; and*
- (2) *That staff undertake a process of public consultation regarding this Plan before it is adopted by Council as per the requirement of Section 165 of the Community Charter.*

CARRIED

Councillor Barnes and Mayor Brodie left the meeting and did not return (7:49p.m.).

4. **LATECOMER PAYMENT INTEREST RATE BYLAW AMENDMENT**

(Report: March 27, 2008, File No.: 12-8060-20-8362) (REDMS No. 2347942, 2362474)

It was moved and seconded

That Excess or Extended Services and Latecomer Payment Interest Rate Establishment Amendment Bylaw No. 8362 be introduced and given first, second, and third readings.

CARRIED

Councillor Dang left the meeting and did not return (7:50p.m.).

5. **WEST CAMBIE SANITARY AND STORM SEWER WORKS RESERVE FUNDS TRANSFER**

(Report: February 25, 2008, File No.: 03-1200-00/Vol 01) (REDMS No. 2347920, 2362557, 2341876)

It was moved and seconded

That the West Cambie Alexandra Neighbourhood Sanitary and Storm Sewer Works Reserve Fund Transfer Bylaw No. 8363 be introduced and given first, second and third readings.

CARRIED

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6. **2007 4TH QUARTER FINANCIAL INFORMATION**
(Report: March 14, 2008, File No.: 03-0970-09-01) (REDMS No. 2343786)

It was moved and seconded

That the report on Financial Information for the 4th quarter ended December 31st, 2007 be received for information.

The question on the motion was not called as Phyllis L. Carlyle, General Manager, Law & Community Safety, advised that with the addition of 20 new recruits in the Fall of 2007, Richmond Fire Rescue's overtime budget is significantly lower.

The question on the motion was then called and it was **CARRIED**.

7. **MANAGER'S REPORT**

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (8:03 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Tuesday, April 8, 2008.

Councillor Rob Howard
Chair

Hanieh Floujeh,
City Clerk's Office