



City of Richmond

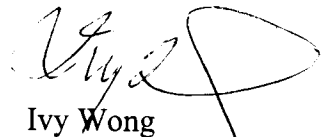
Report to Committee

To: Finance Select Committee
From: Ivy Wong
Manager, Property Taxes
Re: Property Tax

Date: July 24, 2002
File: 0925-01

Staff Recommendation

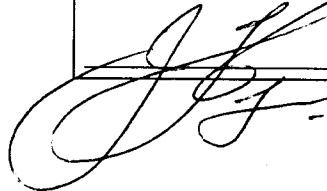
That the report dated July 24, 2002 regarding the levels of service provided by the Property Tax section be received for information.


Ivy Wong
Manager, Property Taxes

At.

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CONCURRENCE OF GENERAL MANAGER



Staff Report

Origin

In response to Council's resolution of February 25, 2002, this report provides the service levels of the Property Tax section for review prior to the 2003 budget process.

Analysis

The services provided by the Tax Section are primarily driven by the needs of Richmond property owners. As stated in Appendix III, the primary objective is the application and collection of taxes in the most efficient and effective manner. In doing so, the Tax section strives to maintain a high level of customer service, as it is important to make the payment process as comfortable as possible for the taxpayer. For many Richmond residents, tax inquiries and payments are the only reasons they would contact the City and therefore it is important to impress upon them our knowledge of property taxes and our willingness to assist them in resolving their issues.

Over the past 10 years, the number of Richmond properties has risen by 27% from 47,691 to 60,683 while staff complement (Appendix II) remains unchanged. Systems, such as the IVR, Kiosk, OpenTax and POS, implemented over time were able to reduce much of the manual processing. However, no system can replace the labour intensive tasks such as reviewing homeowner grant applications, retroactive homeowner grants, and tax deferments. Most importantly, computer systems cannot replace the personal contact many residents require in resolving their tax concerns. The direct correlation between staffing levels and customer service is extremely noticeable in the Tax section. In preparation for the peak season, many municipalities bring in additional temporary staff to assist with processing. Appendix I provides a service level comparison between three other municipalities and the City. It is interesting to note the disparity in ratios between the City of Richmond and the City of Burnaby.

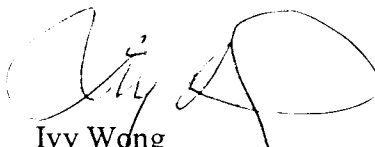
Appendix IV provides a breakdown of the 2002 budget for the Tax section.

Financial Impact

No financial impact

Conclusion

The Property Tax section provides an adequate level of service, meeting the requirements of internal and external customers and regulatory bodies.



Ivy Wong
Manager, Property Taxes

Appendix I

TAX DEPARTMENT - SERVICE LEVEL COMPARISON				
	Surrey	Burnaby	Coquitlam	Richmond
Total Number of Tax Accounts	107,000	63,018	38,000	60,683
Total number of utility bills	90,000	59,066	35,000	51,417
Total number of metered bills	24,000 (a)	84,000 (c)	2,400 (e)	14,000 (g)
Total number of annual bills	221,000	206,084	75,400	126,100
Number of Regular Staff	20 (b)*	12 (d)*	4 (f)*	7 (h)*
Number of Auxiliary Staff for peak season	4	23	6	5
Ratio of tax accounts per staff	4458 **	1801 **	3800 **	5057 **
Ratio of total annual bills per staff	9208 ***	5888 ***	7540 ***	10,508 ***

(a) Surrey sends out 8,000 metered utility bills three times a year.

(b) Surrey has 2.5 cashiers who handle only tax and utility transactions. There are also 2 cashiers in Engineering, 3 in Bylaws, and 3 in Planning. In order to get a true comparison, all cashiers are added to the staff count.

(c) Burnaby has 6,000 commercial refuse disposal accounts and 15,000 metered water accounts that are billed quarterly.

(d) Burnaby has 1 dedicated full time cashier for all City Hall transactions. During peak season, they schedule 4 cashiers to assist in the rush.

(e) Coquitlam has 600 metered utility bills sent quarterly.

(f) Tax staff are also cashiers at the City of Coquitlam.

(g) Richmond sends out 3,500 meter bills each quarter.

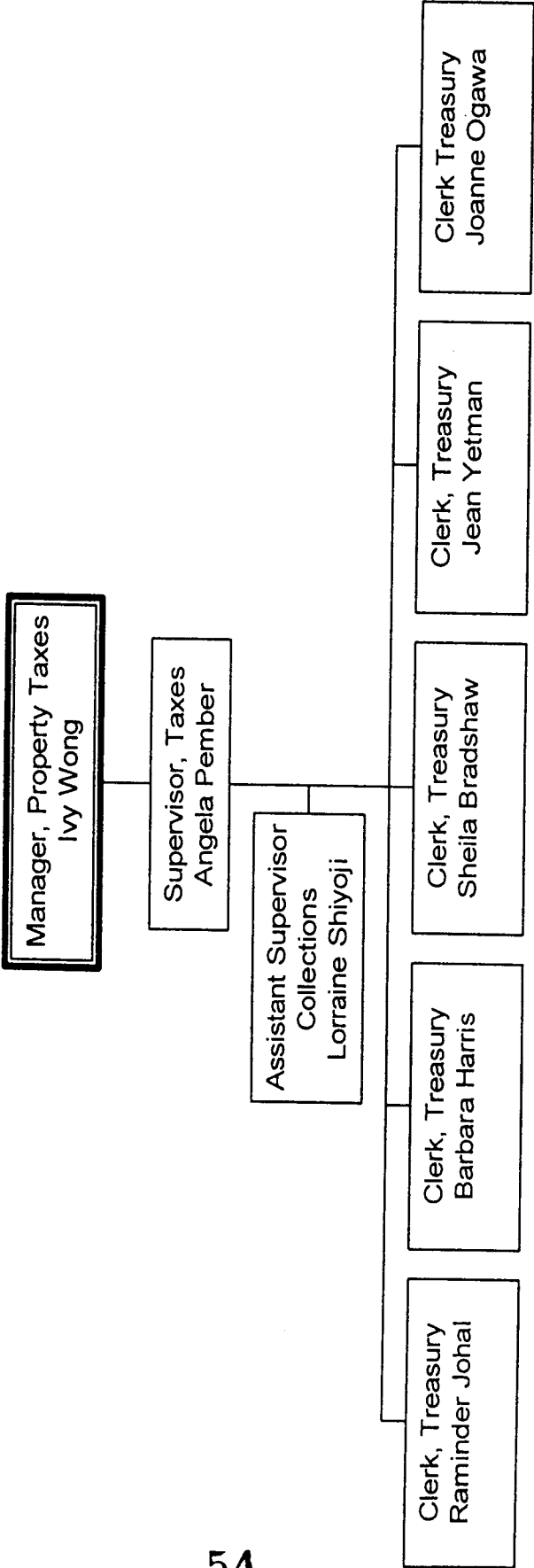
(h) Cashiers in Richmond take payments for all City related transactions. Currently we are training all tax staff to perform cashiering duties.

* Departmental managers are excluded from the figures

** Total tax folio divided by number of regular and auxiliary staff

*** Total annual bills divided by number of regular and auxiliary staff

Finance - Property Taxes



PROPERTY TAX

Primary Objective:

Primary focus of the Tax section is the application and collection of City taxes while providing timely and accurate tax and other related information to external and internal customers.

FUNCTION AREA:

Property Taxes:

Statistics:

- Over 60,000 taxable properties in 2002
- Over 65,000 tax bills generated in-house and sent in 2002
- \$215 million billed in 2002 on behalf of the City and various Other Agencies
- Over 85% of the current billing was collected by July 2nd
- 39,000+ Homeowner Grants manually processed within a 6-week period
- Currently 4,910 Installment Payment Plan customers generating monthly prepayments of over \$1 million
- Over 1,000 supplemental tax adjustments arising from the BC Assessment appeal process is billed annually
- Approximately 300 tax deferments processed annually
- An average of 250 retroactive homeowner grants annually

Services:

- Prepare annual property tax rates and bylaw.
- Ongoing development of new services for improved customer service
- Update and reconcile records within the OpenTax system to ensure accurate accounting of financial records for 60,000+ property tax accounts
- Reconcile and maintain records to ensure accurate accounting of financial records between the OpenTax system and Peoplesoft general ledgers
- Ongoing contact with external clients responding to general and specific tax and Homeowner Grant inquiries
- Provide suggestions or solutions to external customers with financial difficulty
- Create supplemental tax adjustments and billings when advised by BC Assessment
- Preparation of notice to specific property owners regarding new Local Improvement charges and the application of charges to tax accounts
- Preparation of adjustments and yearend entries to OpenTax
- At developers' request, coordinate with BC Assessment to apportion taxes to individual strata units and manually maintain payment records until the following year when the units are assessed individually
- Collection of supporting data for and preparation of retroactive homeowner grants
- Ongoing maintenance of Installment Payment accounts and monthly transmissions of payment files to our Bank for clearing

- Facilitate the collection of receivables for a number of other departments by creating a charge to the tax roll for the outstanding amounts
- Process tax deferment applications to the Provincial Government and the eventual application of payment to the various accounts
- Administration and collection of Grants-in-Lieu of taxes on Provincial and Federal properties
- Ongoing correspondence with BC Assessment regarding various assessment issues and continuous discussions relating to new methods of doing business in an effort to streamline the dataflow from both organizations

Tax Sale & Redemption:

Statistics:

- In 2001, 280 properties were identified for tax sale and 56 properties eventually sold

Services:

- Preparation of list of delinquent properties for sale with outstanding values
- Co-ordination with the media for advertisement of list
- Discussions with property owner regarding the reason for the delinquency and explanation of property owner's rights and the City's next course of action
- Preparation of final list of tax sale properties and coordination of the Tax Sale event
- Facilitate property redemption and issue refunds to purchasers

Permissive Tax Exemption:

Services:

- Annually, conduct site visits to a random selection of exempted properties to ensure the activities conducted on the premises are as reported to the City.
- Meet with new organizations inquiring to apply for Permissive Tax Exemptions and understanding their business in order to determine their eligibility for exemption
- Calculate areas of exemption for new properties and prepare annual report to Council recommending properties for exemption
- Ongoing discussions and coordinating efforts with BC Assessment pertaining to religious properties.

Tax Certificates:

Statistics:

- City currently maintains 273 tax certificate prepaid accounts
- In 2001, 4,333 requests totaling over \$100,000 were made through the IVR and Web system for tax certificates.

Services:

- Assisting lawyers and legal assistants with property information and the familiarization of the IVR internet fax-back system
- Ongoing monitoring of system to insure data integrity
- Recommend system changes to the IT Department to enhance the product for a more informative document to external customers

Flat Rate and Metered Utility

Statistics:

- 51,417 Flat Rate and 3,500 Metered Utility accounts currently in the OpenTax system
- Over 50,000 Flat Rate Utility bills generated in 2002 for over \$29,000,000
- Approximately 14,000 bills are generated annually for metered utility accounts

Services:

- Providing ongoing customer service to property owners regarding meter readings and flat rate services
- Ongoing maintenance to accounts for service changes and tenant information changes
- Annual setup of new accounts and services for utility customers
- Preparation and collection of annual and quarterly utility taxes
- Ongoing discussions with the Meter Department and external customers concerning disputed meter readings

Cashier

Statistics:

- 67,955 transactions totaling over \$300,000,000 processed through the three cash tills in the Tax Section

Services:

- Responsible for the collection and deposit of all monetary instruments from the general public and all departments within the City and associated facilities
- Ensure that payments are allocated to the correct revenue accounts for all Departments
- Act as liaison between the Bank and the City regarding daily matters
- Provide quality customer service to both external and internal customers

PROPERTY TAXATION LEVELS OF SERVICE

Program	Service	Level of Service	FTE	Total No of Units	Cost of Service	FTE Total	Cost of Service
Collection of Property Taxes	Printing, reviewing & collection of property taxes, customer service	Annually	2.35		132,556		
	Permissive Tax Exemptions	Annually	0.15		8,461		
	Property Tax Sales	Annually	0.2	175	11,281		
	Approving Home Owner Grants	Annually	0.3		16,922		
	Retroactive Home Owner Grants	Daily	0.2		11,281		
	Tax Deferment Requests	Daily	0.2		11,281		
	Supplementary Tax adjustments	Daily	0.2		11,281	3.6	203,065
Overhead	Postage for bills mailed out		0.0		42,500		
	Printing costs for bills		0.0		29,800		
	Advertising for property taxes and property tax sales		0.0		9,200		
	Copier, fax machine		0.0		6,800		
	General Operating expenses		0.0		2,600		
Tax revenue	School Tax Commission	Annually	0.0		(93,000)	0.0	90,900
	Returned Cheques	Daily	0.0		(9,100)		
	Tax Information	Daily	0.0		(85,000)		
						0.0	(187,100)
Collection of Utility Taxes						3.6	106,865
	Printing, reviewing & collection of payment of utility taxes, customer service	Annually	2.0		112,814	2.0	112,814
Accounting functions and analysis						1.0	56,407
	Journal entries, Y/E audit, reconciliations	Daily & Y/E	1.0		56,407		
Other	Property Tax Searches	Daily	0.2	4,888	11,281		
	Cashiering/Deposits: Property & Utility	Daily	1.5	110,000	84,611		
	Taxes and other payments						
	Utility Connection Maintenance	Daily	0.3		16,922		
	Turn - offs			136			
						2.0	112,814
Grand Total						8.6	388,900

Note* Aux. Staff brought in during Property Tax Season (represents 0.6 FTE)

2 Cashiers - 1 staff (end of May to end of August) and 1 staff (June to mid-August)

3 Tax Staff - 2 staff (end of May to end of August) and 1 staff (mid-June to mid-mid July)