



Finance Select Committee

Date: Thursday, September 18th, 2003
Place: Anderson Room
Richmond City Hall
Present: Councillor Kiichi Kumagai, Chair
Councillor Harold Steves, Vice-Chair
Councillor Rob Howard
Councillor Bill McNulty
Mayor Malcolm D. Brodie
Absent: 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 Select Committee held on Thursday, May 29th, 2003, be adopted as circulated.

CARRIED

2. **2003 OPERATING BUDGET COMPARATIVE REPORTS AS AT JUNE 30TH, 2003**
(Report: Sept. 8/03, File No.: 0970-01) (REDMS No. 1061945)

The Director of Finance, Andrew Nazareth, accompanied by Revenue Manager Ivy Wong, provided the following information in response to questions from the Committee:

- the City's expenditures and revenues were in line with projections made for the year
- with respect to the amount of taxes collected, an amount of approximately \$5.5 Million, which represented 2.47% of the total amount of property taxes due to the City, was still outstanding

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- 102 properties would be auctioned by the City due to the non-payment of delinquent property taxes
- the revenue collected as tax information fees had increased significantly because of (i) the volume of requests received, which were tied to the current market boom, and (ii) the increase in tax search fees; much of the revenue was Internet Self-serve
- with respect to development application, when development application fees were higher, the result was that expenses could also increase, however, it was expected that revenue and expenses would almost even out by the end of the year, with a small surplus resulting
- Development Cost Charges were not reflecting the increase in development as a majority of the projects were small residential developments rather than large projects, such as large high-rise towers.

It was moved and seconded

That the report (dated September 8th, 2003, from the Director of Finance, regarding the 2003 Operating Budget Comparative Reports as at June 30th, 2003, be received for information.

CARRIED

3. **GENERAL GOVERNMENT EXPENDITURES – 1998 - 2002**

(Report: Sept. 10/03, File No.: 0970-01) (REDMS No. 1063207)

Councillor Howard referred to the staff report, and advised that he asked that this matter be placed on the agenda for discussion by the Committee.

Discussion then ensued among Committee members and staff on the expenditures, and in response to questions, the following information was provided:

- with respect to the centralizing of training expenses, although the final result is ‘zero’ for the City’s overall budget, the “General Government” line would show an increase, while at the same time, individual departments would show a decrease
- with respect to ‘internal recoveries’, such as benefits, that expenditure would be charged against the salaries in each department; departments were reporting based on an estimate; when this report is produced, you would see only the expenditure side and not the corresponding revenue (the comment was made during discussion on this issue that perhaps this should be amended in the City’s Annual Report to include expenditures and revenues for this item)
- with respect to the ‘capital budget’ and whether the City charged itself for work done by individuals in an another area, the City at the present time, charged an overhead for capital and undertook ‘charge backs’ for benefits and vehicle recovery; at some point in the future, the City would like to charge back for space/lease expenses

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- with respect to the IT Department, the PeopleSoft program was now in use in every City department; in addition, the Works Yard used the Hansen system which is integrated with PeopleSoft
- the City would continue to use PeopleSoft until a better program was developed; at the present time, the PeopleSoft program was the best program available to meet the City's needs
- with respect to increased expenditures in the Law Department, it was noted that an additional lawyer had been hired and that legal fees had increased.

Reference was made to the Annual Report, and the term used - "General Government", which was felt to imply that it was only for Council, and did not include individual departments. Discussion ensued on this issue, during which it was noted that the Provincial Government insisted that this classification be used so that all municipalities report consistently. The request was made that an asterisk be placed by this "General Government" amount in the Annual Report to indicate that this classification was required by the Provincial Government, and that there were individual departments as well as Council included in this line item.

It was moved and seconded

That the report (dated September 8th, 2003, from the Director of Finance, regarding General Government Expenditures – 1998-2003, be received for information.

CARRIED

4. **2004 PERMISSIVE EXEMPTION – BYLAW 7590**

(Report: Sept. 10/03, File No.: 8060-20-7590) (REDMS No. 1063479, 1062138, 1063205, 10622483)

Ms. Wong reported to the Committee that she had visited each of the church sites which were required to farm a portion of their properties to qualify for 'permissive exemptions'. She stated that with the exception of the Richmond Jewish Day School, all those churches which were to be farming a portion of their sites, were doing so.

Ms. Wong referred to the Richmond Jewish Day School and advised that instead of planting fruit trees in the orchard, the school was seeking the permission of the City for a vegetable garden which they had created for their Grade 4 students and for use as a teaching tool for science classes.

During the discussion which ensued on this matter, advice was given by Cllr. McNulty that the original intention of the school operators had been to plant a vegetable garden to teach gardening to their students. Further advice was given by Ms. Wong that the operators wished to expand the garden even further. She added that the area which had been allotted for the fruit trees was small in size and would only have allowed two rows of trees.

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In concluding the discussion on this particular matter, there was general agreement among Committee members that the use of the back lands as a vegetable garden would be acceptable.

Ms. Wong referred to the Shia Muslim Community church facility, and advised that trees had been planted as promised, however, no attempt had been made to weed around the trees and the weeds were now as high as the trees. She stated that by making the visit to the facility emphasized to the operators that better care of the trees was required.

Reference was made to the Vedic Cultural Society, and advice was given that the Society had planted blueberry bushes, with potatoes planted between the rows of bushes, and had created a 'meditation path' on what had once been a large mound of soil. Ms. Wong added that various vegetable plants had been planted and were hanging off the sides of this 'path'.

Reference was made by the Chair to statements made in the staff report that *'Church properties represent the largest number of tax exempted properties and accounts for approximately \$109,000 in direct municipal taxes in 2003. Other exempted properties on the tax exemption bylaw in 2003 accounted for approximately \$1,285,000 in direct municipal taxes for a total of approximately \$1,394,000.'* Discussion ensued on this statement and on the possibility of staff identifying all those properties and organizations which receive tax exemptions from the City, as it was felt that this information would be useful to the Committee. The request was made during the discussion that the Committee be provided with information on not only the identify of all properties and organizations which receive tax exemptions, but also the value of the property if it was available on the open market. Advice was given that this information would be made available as part of the 2004 budget process.

Discussion continued on 'permissive' and 'statutory' tax exemptions, during which the opinion was expressed that Richmond taxpayers' should be aware that City Council permitted these types of exemptions. Advice was given however, that Council could only focus on 'permissive' exemptions, and discussion ensued on whether it would be possible to obtain information on those properties, including City owned properties leased to various organizations, which received 'permissive' and 'statutory' exemptions and the value of these exemptions. The suggestion was made as a result of the discussion, that staff prepare a report on this matter to the Finance Select Committee rather than waiting for the budget process. The suggestion was also made that letters should be sent to these properties and organizations to provide information on the exemptions which they receive and value of such exemptions. The Chair asked that staff find a way to follow this suggestion, and advice was given that the information could be included in the letter sent out by the City each year to those organizations receiving exemptions to confirm if the information provided was correct.

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It was moved and seconded

That Property Tax Exemption Bylaw No. 7590 be introduced and given first, second and third readings.

CARRIED

5. **COUNCIL PROVISION AND COUNCIL CONTINGENCY EXPENDITURES AND BALANCES**

(Report: Sept. 8/03, File No.: 0970-01) (REDMS No. 1061750)

It was moved and seconded

That the report (dated September 8th, 2003, from the Director of Finance, regarding Council Provision and Council Contingency Expenditures and Balances, be received for information.

CARRIED

6. **ESTABLISHMENT OF A COMMUNITY LEGACY RESERVE FUND AND EXPENDITURE GUIDELINES**

(Report: Sept. 8/03, File No.: 1075-01) (REDMS No. 1061787)

The Chair advised that while he was not opposed to the establishment of a legacy fund, he was concerned with Parts (3) and (4) of the staff recommendation. He suggested that these recommendations should be tabled and staff work on the development of a policy, to be vetted by the Committee at a later date. Cllr. Kumagai expressed concern that once the public became aware that a Community Legacy fund had been created, they would see it as another source of potential funding.

During the discussion which took place among Committee members, the General Manager, Finance & Corporate Services, Jim Bruce and Andrew Nazareth, on the proposed fund and accompanying guidelines, the following issues were addressed:

- the meaning of ‘unappropriated surplus funds’
- the rationale for creating a legacy fund
- how funds would be deposited into the legacy account, and how the funds in the account could be used
- the rationale for the proposed guideline which would allow staff and not Council to approve expenditures which did not exceed \$5,000
- the feasibility, if any, of a decision being made to spend funds currently held in a statutory reserve fund, following adoption of that year’s budget.

During the discussion, Committee reiterated the concerns expressed by the Chair that the creation of the fund would be seen by organizations as another source of funding.

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Support was given for the overall proposal, however, it was felt that the guidelines required a detailed review; that the guidelines should be more open and flexible to permit the spending of more than \$100,000 if necessary; that 'capping' should not be applied to any of the accounts; and that all expenditures, and not just those over \$5,000, should be approved by Council.

As a result of the discussion, the following **referral** motion was introduced:

It was moved and seconded

That the report (dated September 8th, 2003, from the Director of Finance), regarding the establishment of a Community Legacy Reserve Fund and Expenditure Guidelines, be referred to staff for further discussion.

CARRIED

7. **ODLINWOOD FINANCIAL UPDATE**

(Oral Report)

The General Manager, Finance & Corporate Services, Jim Bruce reported that only 24 lots remained to be sold in the Odlinwood development; that it was anticipated that the remaining properties would soon be sold; and that the City's involvement should end by the middle of 2004. He further advised that the revenue generated from the sale of the properties would exceed revenue projections, however, expenses were slightly higher than originally projected.

Mr. Bruce stated that Council made the right decision in developing and selling the development. In response to questions, he advised that a more formal report would be submitted to Committee on both the Odlinwood and City Hall projects to detail the final project costs.

8. **REQUEST FOR FUNDING – SISTER CITY COMMITTEE**

(Oral Report)

Cllr. Howard, as the Council Liaison to the Sister City Committee, advised that the Committee was seeking an additional \$6,500 to cover additional costs with respect to the upcoming 30th anniversary celebrations of the Committee.

A brief discussion ensued, during which concern was expressed that a written report from the Committee had not been submitted, providing budget information and an explanation for the request. As a result, the following **referral** motion was introduced:

It was moved and seconded

That the request for additional funding from the Sister City Committee for the upcoming 30th anniversary celebrations, be referred to staff for a report to Council on Monday, September 22nd, 2003.

CARRIED

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9. **UNSPENT FUNDS FROM THE FORMER MAYOR'S TASK FORCE
ON DRUGS AND CRIME**

(Oral Report)

Reference was made by Mr. Bruce to a resolution adopted at the September 11th, 2003 meeting of the Committee Safety Committee regarding the above unspent funds, that the matter be referred to the Finance Select Committee for a discussion on how these funds should be disposed of.

It was moved and seconded

That the \$50,000 in unspent funds from the former Mayor's Task Force on Drugs and Crime be transferred into the Council Provision Account.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:24 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Select Committee of the Council of the City of Richmond held on Thursday, September 18th, 2003.

Councillor Kiichi Kumagai
Chair

Fran J. Ashton
Executive Assistant, City Clerk's Office