



Finance Committee

Date: Thursday, November 8th, 2007

Place: Anderson Room
Richmond City Hall

Present: Councillor Rob Howard, Chair
Councillor Cynthia Chen, Vice-Chair
Councillor Evelina Halsey-Brandt
Councillor Sue Halsey-Brandt
Councillor Bill McNulty
Councillor Harold Steves
Mayor Malcolm D. Brodie

Absent: Councillor Linda Barnes
Councillor Derek Dang

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 Wednesday, July 18th, 2007, be adopted as circulated.

CARRIED

NEXT COMMITTEE MEETING DATE

2. The next meeting of the Committee will be held on Thursday, **November 22nd, 2007**, at 4:00 p.m. in the Anderson Room.

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COUNCILLOR ROB HOWARD

3. TAXATION EQUITY

(Report: November 2, 2007, File No.: 03-1240-01) (REDMS No. 2298880, 2269210)

Cllr. Howard referred to Part (2) of the proposed motion, and advised that this part should be deleted from the recommendation.

Discussion then took place among Committee members regarding the proposed motion, during which information was provided on a similar resolution to be submitted to an upcoming meeting of the Union of British Columbia Municipalities (UBCM). Reference was also made to a resolution adopted by the Board of Directors for Metro Vancouver, which dealt with taxation equity. The suggestion was made that rather than referring the proposed motion to staff, that these recommendations, including Part 2, should be endorsed and forwarded to Council on November 13th, 2007 for adoption.

Concern was expressed about the need for additional background information and the suggestion was made that staff could be directed to prepare additional background material which related to this matter.

Discussion continued, with Committee members voicing their support for the suggestion that the proposed motions be endorsed now rather than referring the matter to staff. Comments were made that the City could 'not do it alone' as the proposed action, if approved, would result in a fundamental change in the way in which taxation was managed. The comment was also made that Metro Vancouver, the UBCM and Federation of Canadian Municipalities (FCM) should be the key players in this action, with the local level governments gathering statistics to be passed on to the next level of government. Further comments were made that the end result of any action should not be an increased tax burden for taxpayers; and that any action taken should be sooner rather than later.

During the discussion, the Chair advised that he intended to pursue this matter with the Lower Mainland Local Government Association (LMLGA), as well as endeavouring to encourage provincial chambers of commerce and other organizations to not only put pressure on the Provincial Government, but also to initiate similar strategies.

Discussion continued, with reference being made to the resolution adopted by Metro Vancouver. Comments were also made that the UBCM had the ability to take the matter forward to the Provincial Government; and that any background information provided should be specific to the problems being experienced by the City as a result of federal and provincial funding cutbacks over the past ten to fifteen years. However, the opinion was also voiced that the City should take the lead, and that correspondence should be sent out asking British Columbia municipalities to adopt similar resolutions.

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

It was moved and seconded

- (1) *Whereas Municipalities are front line public service providers facing an undue burden of costs as a result of ageing infrastructure and provision of critical services such as police, fire protection, roads, recreation, parks, water, sewer, garbage and recycling, and a major source of municipal revenue is property tax which is not directly responsive to economic activity; therefore, be it resolved that Municipalities work with senior levels of Government to determine a more equitable manner of cost and revenue sharing, and immediately revisit the tax structure without increasing the overall taxes.*
- (2) *Whereas Municipalities are best equipped and qualified to host events and programs that result in positive economic spin-offs with limited direct financial benefit to the Municipalities, therefore, be it resolved that the Municipalities work with senior levels of Government to determine a share in the direct tax gains (GST/PST/Corporate/Personal taxes) associated with the event in order to provide some funding and incentive for event hosting.*
- (3) *That the above resolutions and the accompanying background paper be immediately submitted to UBCM, FCM, LMLGA and other area associations, the Government of BC, the Government of Canada and appropriate business and community groups across the Province and the country.*
- (4) *That staff be requested to assemble further materials in support of the above resolutions which can be forwarded to these organizations in the future.*

CARRIED

BUSINESS & FINANCIAL SERVICES DEPARTMENT

4. **2007 2ND QUARTER FINANCIAL INFORMATION**
(Report: October 25, 2007, File No.: 03-0970-09-01) (REDMS No. 2251882)

It was moved and seconded

That the report (dated October 25, 2007, from the Director of Finance), regarding Financial Information for the 2nd quarter (ending June 30, 2007), be received for information.

CARRIED

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5. **2007 3RD QUARTER FINANCIAL INFORMATION**
(Report: November 8, 2007, File No.: 03-0970-09-01) (REDMS No. 2295741)

It was moved and seconded

That the report (dated November 8, 2007, from the Director of Finance), regarding Financial Information for the 3rd quarter (ending September 30, 2007), be received for information.

CARRIED

6. **2008 UTILITY BUDGETS**
(Report: Oct. 25/07, File No.: 0970-01) (REDMS No. 2285380)

It was moved and seconded

(1) *That the 2008 Utility Expenditure Budgets (outlined in Option 3 of the report dated October 25, 2007, from the Managers of Revenue, Water, Sewerage & Drainage, and Fleet & Environmental Programs), be approved as the basis for establishing the 2008 Utility Rates.*

(2) *That staff report directly to Council with the necessary amendment bylaws to bring into effect the proposed Sewer Connection Charges, amendments to the Waterworks and Water Rates Bylaw, changes outlined in the staff report to the Solid Waste and Recycling Regulation Bylaw and the 2008 Utility Rates option recommended by Committee.*

The question on the motion was not called, as in response to questions with regard to the water rate stabilization fund, information was provided on the rationale for the establishment of the fund; that there was approximately \$5 Million in the fund, and that the fund was being used this year to help offset the increase in water rates set by Metro Vancouver.

Reference was made to the metered water rates, and information was provided that the flat water rates were slightly higher than metered rates to encourage homeowners to switch to water meters. Reference was made to the increase in the per cubic rate to dispose of yard and garden trimmings, and advice was given that Richmond residents were not charged for the first 1 cubic yard of yard waste and would only be charged for any yard waste over that amount. However, commercial operators would be charged for any yard waste taken to the City's recycling depot.

Reference was made to the proposal to include language in the amending bylaws to address increasing concerns relating to the installation of service connections for sewer and water lines. Advice was given that small developers would be required to ensure that the service connections for their projects had been designed by professional engineers. It was explained that small developers would have the option of obtaining the services of a private professional engineering company, or to avail themselves of the professional engineering design services offered by the City.

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Reference was made to Option 3, and in answer to questions, information was provided that if approved, Option 3 would allow the hiring of an additional regular full-time environmental specialist as well as a part-time resource assistant.

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

7. **2008 OPERATING BUDGET**

(Report: November 1, 2007, File No.: 0970-01) (REDMS No. 2290057)

The Director of Finance, Jerry Chong, accompanied by the Manager, Budgets & Accounting, Hari Suvarna, talked about the change in the budget process which had been initiated which would now require the review of the proposed operating budget to take place prior to consideration of the capital budget. He explained that the new process would allow Council to evaluate 'affordability' before dealing with the capital budget.

Mr. Chong then reviewed the staff report with the Committee, following which the Chair indicated that the top portion of the Tax Impact Options table would be dealt with first.

Discussion then took place among Committee members and staff on the proposed base tax options, and in particular, on:

- how the predicted \$3.7 Million estimated revenue surplus fit into the proposed tax impact options
- the RCMP surplus which had resulted previously from not having a full complement of officers and whether this situation would occur for 2008; the funding of positions from 'gap funding'
- whether the amount of the City's revenue surplus should be reduced
- whether zero-based budgeting, which had been followed in the past, was continuing for the 2008 budget process
- Fire-Rescue sick time and whether this amount would be reduced in the future.

Discussion then took place on the matters of '*Increased Plant (Development)*' and '*Increased Plant (Capital)*', during which questions raised were about those projects which were being included in the 2008 Capital budget. Concern was voiced that the Committee was being asked to approve the 2008 operating budget without having the benefit of knowing which projects were being included in the 2008 capital budget. Discussion ensued on this issue, during which the suggestion was made that the capital component be referred to the next meeting of the Finance Committee. Comments were also made that the capital budget should be in front of the Committee when considering the operating budget, and before making a decision on any tax increase.

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Reference was then made to the program costs related to the Sister City Committee, and as a result of the discussion which took place, the following motion was introduced:

It was moved and seconded

That Item No. 5 – Sister City Committee – Program Costs, as detailed in the revised Priority 1 Additional Levels, be removed from the Priority 1 additional levels list, and referred to the next Finance Committee meeting for discussion.

The question on the motion was not called, as discussion ensued on the rationale for requesting the removal of Item No. 5. It was noted during the discussion that Priority 1 items included those items which had been previously approved by Council for inclusion in the 2008 operating budget, and that while the Sister City program costs had not yet been approved, approval would most likely be given at the upcoming Council meeting.

The question on the motion was then called, and it was **CARRIED** with Cllr. McNulty opposed.

Discussion then took place on how the proposed tax rate of 2.01% was arrived at. As a result of the discussion, the following motion was introduced:

It was moved and seconded

- (1) *That the base budget increase, the increased plant from development, the estimated tax growth and the revised priority 1 additional programs, excluding No. 5 – Sister City Committee – Program Costs, and levels of service which total 2.01% be approved for inclusion in the 2008 Operating Budget (as outlined in the report dated November 1, 2007 from the Director of Finance);*
- (2) *The remaining additional programs and levels of service including the Oval operating rate stabilization and No. 5 – Sister City Committee – Program Costs, be referred back to staff to be prioritized and brought back to the next Finance Committee meeting.*

The question on the motion was not called, as discussion took place briefly on the Priority 1 additional level requests which had previously been approved by Council. As well, the process which was followed for the Priority 1 and Priority 2 additional level requests was reviewed with the Committee.

Reference was made to the discussion of additional level requests which is proposed to take place at the next meeting of the Finance Committee on November 22nd, 2007, and the request was made that staff provide explanations, including the 'pros' and 'cons', on each request, as well as placing these requests into priority sequence.

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

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Reference was made to the next phase of the Oval Art project, and information was provided that this matter would be dealt with at the next Finance Committee.

With reference to the next meeting, the Chair requested that staff provide information on those additional level requests which were related to growth.

8. MANAGER'S REPORT

There were no reports made.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:44 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 Thursday, November 8th, 2007.

Councillor Rob Howard
Chair

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