



To: Richmond City Council

Date: April 17, 2009

From: Jerry Chong
Director Finance

File:

Re: 5 YEAR FINANCIAL PLAN (2009-2013) BYLAW 8490

Staff Recommendation

That the 5 Year Financial Plan (2009-2013) Bylaw 8490 be introduced and given first, second and third readings.

Jerry Chong
Director, Finance
(4064)

FOR ORIGINATING DIVISION USE ONLY			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Law.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	for A. NAZARETH	
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	REVIEWED BY CAO	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report

Origin

A 5 Year Financial Plan provides City staff with the authority to pay for services for Richmond residents and to generate required revenues to cover the costs for the services through property taxation, users fees and other types of revenue. It also provides City staff with clear direction on spending levels and ensures that City staff are accountable to Council and the residents. The 5 Year Financial Plan is prepared in accordance with Section 165 of the Community Charter and under section 166 Council must undertake a process of public consultation before it is adopted. The plan must be adopted annually by bylaw before the annual property tax rates bylaw which has a deadline of May 15th.

Analysis

The 5 Year Financial Plan (2009-2013) (hereafter “5YFP”) summarizes the City’s projected financial plans for the next 5 year period. The 5YFP is critical in ensuring that the City is focused on the operations of the current year, while remaining cognizant of the emerging and long-term requirements of the community. The 5YFP includes the City’s operating, utilities and capital budgets and is based on a number of assumptions and the best available information to City staff at the time of preparation. Therefore, in some cases the figures that are used in calculating the budgets are estimates which means that less reliance can be placed upon the rate increases beyond 2009. However, this is mitigated by the fact that the 5YFP is also revised each year as new information becomes available.

For 2009 the increase in the property tax draw will represent a 2.97% average property tax rate increase over 2008.

Financial Impact

Based on the 5 Year Financial Plan (2009-2013), the City’s overall tax base increase and corresponding average tax rate increases are as follows:

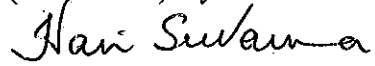
Year	\$ (in 000's)	%
2009	4,172	2.97%
2010	4,672	3.16%
2011	4,660	3.02%
2012	6,633	4.11%
2013	5,365	3.15%

April 17, 2009

- 3 -

Conclusion

That Council introduce and give first, second and third readings to the 5 Year Financial Plan (2009-2013) Bylaw 8490.



Hari Suvarna
Manager, Budgets & Accounting

(604-276-4365)



CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2009-2013)

BYLAW NO. 8490

EFFECTIVE DATE –



5 YEAR FINANCIAL PLAN (2009 - 2013) BYLAW 8490

The Council of the City of Richmond enacts as follows:

- 1. Schedule "A", Schedule "B" and Schedule "C" which are attached and form a part of this bylaw, are adopted as the 5 Year Financial Plan (2009 - 2013).
2. 2008 to 2012 - 5 Year Financial Plan Bylaw No. 8369 is repealed.
3. This Bylaw is cited as "5 Year Financial Plan (2009 - 2013) Bylaw 8490".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signatures corresponding to the reading stages.

Approval stamp: CITY OF RICHMOND, APPROVED for content by originating dept., APPROVED for legality by Solicitor, with a signature.

MAYOR

CITY CLERK

SCHEDULE A to BYLAW 8490
CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2009-2013)
(in \$000's)

EXPENDITURES	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
Municipal Debt:					
Debt Interest	3,085	3,085	3,085	3,030	2,087
Debt Principal	2,946	3,093	3,248	3,411	3,437
Departmental Expenditures:					
Law & Community Safety	70,023	72,201	74,426	76,736	78,676
Parks, Recreation & Cultural Services	43,572	45,207	46,797	48,108	49,140
Engineering & Public Works	41,797	43,051	44,343	45,866	47,438
Utilities (Water, Sewer & Sanitation)	77,759	80,569	82,029	84,337	86,870
Business & Financial Services	6,617	6,855	7,103	7,300	7,439
Planning & Development	10,177	10,545	10,928	11,234	11,451
Corporate Administration	2,635	2,736	2,840	2,923	2,981
Corporate Services	14,351	14,769	15,202	15,557	15,820
Richmond Olympic Business Office and Major Projects	10,727	2,736	1,915	1,978	2,021
Fiscal	16,904	18,679	19,022	20,150	21,652
Transfers To Funds:					
Statutory Reserves	26,205	25,233	25,258	26,932	28,605
Capital Plan					
Current Year Capital Expenditures	72,798	47,840	56,457	66,506	58,046
Carryforward Prior Years	104,530	59,866	45,703	44,087	40,128
TOTAL EXPENDITURES	504,126	436,466	438,355	458,154	455,790
REVENUES	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
Property Taxes	147,875	154,547	161,207	170,340	178,205
Grants in Lieu of Taxes	10,551	10,837	11,012	11,171	11,221
Utilities (Water, Sewer & Sanitation)	77,759	80,569	82,029	84,337	86,870
Fees & Charges	36,431	37,093	37,746	38,406	39,088
Other Revenues:					
Provincial Revenue Sharing	4,522	4,642	4,642	4,642	4,642
Gaming Revenue	11,034	10,042	10,052	10,062	10,072
Fiscal Revenues	26,310	19,309	18,386	17,874	17,489
Investment Income	11,192	10,692	10,092	9,700	9,000
Penalties and Interest on Taxes	1,125	1,030	1,030	1,030	1,030
Capital Plan:					
Transfer from DCC Reserve	13,646	12,091	12,254	9,194	9,450
Transfer From Other Funds and Reserves	59,152	35,749	44,203	57,312	48,596
Carryforward Prior Years	104,530	59,866	45,703	44,087	40,128
TOTAL REVENUES	504,126	436,466	438,355	458,154	455,790
Proposed Property Tax Increase %	2.97%	3.16%	3.02%	4.11%	3.15%

SCHEDULE B to BYLAW 8490
CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2009 – 2013
(in \$000's)

	2009	2010	2011	2012	2013
DCC Reserve					
Drainage	287	787	1,106	1,294	1,566
Parks Acquisition	5,076	3,384	2,820	2,450	2,450
Parks Development	1,809	2,186	1,974	1,397	1,504
Roads	4,834	4,062	4,155	3,519	3,508
Sanitary Sewer	1,037	916	1,524	-	-
Water	603	756	675	534	422
TOTAL	13,646	12,091	12,254	9,194	9,450
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	195	-	-	-	-
Capital Building and Infrastructure Reserve Fund	8,016	400	3,700	4,900	6,100
Capital Reserve Fund	13,427	12,018	14,681	14,644	12,461
Child Care Development Reserve Fund	57	180	-	-	-
Community Legacy & Land Rep'l Reserve Fund	-	-	-	13,200	10,000
Drainage Improvement Reserve Fund	6,135	4,488	4,489	4,359	4,483
Equipment Replacement Reserve Fund	900	1,706	2,960	1,600	1,600
Leisure Facilities	150	-	-	-	-
Local Improvements Reserve Fund	-	-	-	500	500
Neighbourhood Improvement Reserve Fund	1,311	1,149	1,096	1,109	-
Public Art Program Reserve Fund	300	100	-	-	-
Sanitary Sewer Reserve Fund	1,848	2,400	2,396	2,322	2,397
Waterfront Improvement Reserve Fund	500	500	500	500	500
Watermain Replacement Reserve Fund	9,019	7,437	12,552	13,339	10,216
Subtotal Statutory Reserves	41,858	30,378	42,374	56,473	48,257
Other Sources					
Appropriate Surplus	468	-	-	-	-
Enterprise	727	1,310	347	-	-
Grant, Developer and Community Contributions	13,349	4,061	1,482	839	339
Library Provision	250	-	-	-	-
Utility Levy	500	-	-	-	-
Water Metering Provision	2,000	-	-	-	-
Subtotal Other Sources	17,294	5,371	1,829	839	339
TOTAL RESERVES & OTHER SOURCES	59,152	35,749	44,203	57,312	48,596
TOTAL CAPITAL PLAN CONTRIBUTIONS	72,798	47,840	56,457	66,506	58,046

**CITY OF RICHMOND
2009-2013 FINANCIAL PLAN
STATEMENT OF OBJECTIVES AND POLICIES
SCHEDULE C to BYLAW 8490**

In accordance with Section 165(3.1) of the *Community Charter*, the City of Richmond (“City”) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2009. It excludes utility revenues such as water, sewer and sanitation charges as they are billed separately on cost recovery basis.

Property taxes are the largest portion of revenue for the City. Taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as community safety, general government, libraries and park maintenance.

User fees and charges form the second largest portion of planned revenue. These include many municipal services, such as aquatics, sports fields, building permits, business licenses, development applications etc. that can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

Objective:

- Maximise alternative revenues to lessen the burden on property taxes.

Policies:

- Review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce tax rate.

Table 1:

Revenue Source	% of Total Revenue*
Property Taxes	67%
User Fees & Charges	13%
Investment Income	5%
Gaming Revenue	5%
Grants in Lieu of Taxes	5%
Other Sources	5%
Total	100%

**Total Revenue consists of general revenues.*

Distribution of Property Taxes

Table 2 provides the 2009 distribution of property tax revenue among the property classes. This approximate distribution has been maintained to provide stability to the various classes of properties.

Objective:

- Maintain the City's business to residential tax ratio in the middle in comparison to other municipalities. This will ensure that the City will remain competitive with other municipalities in attracting and retaining businesses.

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.
- Continue economic development initiatives to attract businesses to the City of Richmond which will offset the tax burden.

Table 2:

Property Class	% of Total Property Tax
Residential (1)	50%
Business (6)	41%
Light Industry (5)	8%
Others (2,4,8 & 9)	1%
Total	100%

Permissive Tax Exemptions

Each year, Council passes a permissive exemption bylaw exempting certain properties from property tax. The Property Tax Exemptions Policy 3561 sets out the guidelines for permissive exemptions to churches, private schools, hospitals and charities as stated in Sections 220 and 224 of the Community Charter.

Objective:

The City will review its current policy of permissive exemption to include and encourage green development that will meet our commitment to Climate Action Charter.