



To: Richmond City Council

Date: April 28, 2008

From: Jerry Chong
Director Finance

File:

Re: 5 YEAR FINANCIAL PLAN (2008-2012) BYLAW 8369

Staff Recommendation

That the 5 Year Financial Plan (2008-2012) Bylaw 8369 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..... <i>D</i>	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	<i>[Signature]</i>
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO
			<i>[Signature]</i> 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 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 (2008-2012) (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 2008. However, this is mitigated by the fact that the 5YFP is also revised each year as new information becomes available.

For 2008 the increase in the property tax draw will represent a 3.92% average property tax rate increase over 2007.

Financial Impact

Based on the 5 Year Financial Plan (2008-2012), the City’s overall tax base increase and corresponding average tax rate increases are as follows:

Year	in 000's	%
2008	\$5,078	3.92
2009	\$4,527	3.22
2010	\$5,437	3.65
2011	\$5,857	3.69
2012	\$6,036	3.58

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Conclusion

That Council introduce and give first, second and third readings to the 5 Year Financial Plan (2008-2012) Bylaw 8369.

A handwritten signature in cursive script that reads "Hari Suvarna".

Hari Suvarna
Manager, Budgets & Accounting

(4365)



CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2008 TO 2012)

BYLAW NO. 8369

EFFECTIVE DATE –



5 YEAR FINANCIAL PLAN (2008 - 2012) BYLAW 8369

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 (2008 - 2012).
2. 2007 to 2011 – 5 Year Financial Plan Bylaw No. 8216 is repealed.
3. This Bylaw is cited as "5 Year Financial Plan (2008 - 2012) Bylaw 8369".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CITY CLERK

SCHEDULE A to BYLAW 8369
CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2008-2012)
(in \$000's)

	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$
EXPENDITURES					
Municipal Debt:					
Debt Interest	3,085	3,085	3,085	3,085	3,030
Debt Principal	2,806	2,946	3,093	3,248	3,410
Departmental Expenditures:					
Law & Community Safety	69,353	71,780	75,253	78,764	81,341
Parks, Recreation & Cultural Services	40,651	41,871	43,602	45,351	47,182
Engineering & Public Works	40,481	42,448	44,449	46,507	48,811
Utilities (Water, Sewer & Sanitation)	72,018	74,589	77,840	80,705	85,113
Business & Financial Services	6,427	6,696	6,948	7,207	7,484
Planning & Development	10,067	10,373	10,801	11,220	11,664
Corporate Administration	2,146	2,286	2,399	2,517	2,646
ROBO & Major Projects	5,273	9,984	9,794	11,009	11,691
Corporate Services	13,621	13,859	14,270	14,800	15,408
Fiscal	14,590	15,239	15,694	16,307	16,906
Transfers to Statutory Reserves	24,511	24,511	24,511	24,511	26,161
Capital Plan	166,188	42,746	32,844	45,781	45,432
TOTAL EXPENDITURES	471,217	362,413	364,583	391,014	406,279
REVENUES					
Property Taxes	140,508	149,110	158,871	168,541	178,454
Grants in Lieu of Taxes	10,320	10,560	10,590	10,680	10,680
Utilities (Water, Sewer & Sanitation)	72,018	74,589	77,840	80,705	85,113
Fees & Charges	40,973	46,149	46,075	48,624	49,708
Other Revenues:					
Provincial Revenue Sharing	4,356	4,356	4,356	4,356	4,356
Gaming Revenue	11,017	11,017	11,017	11,017	11,017
Fiscal Revenues	13,664	11,483	10,412	8,561	8,590
Investment Income	11,163	11,373	11,548	11,719	11,899
Penalties and Interest on Taxes	1,010	1,030	1,030	1,030	1,030
Capital Plan:					
Transfer from DCC Reserve	17,953	10,700	12,316	16,653	13,531
Transfer From Other Funds and Reserves	148,235	32,046	20,528	29,128	31,901
TOTAL REVENUES	471,217	362,413	364,583	391,014	406,279
Property Tax Increase %	3.92%	3.22%	3.65%	3.69%	3.58%

SCHEDULE B to BYLAW 8369
CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2008 – 2012
(in \$000's)

	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$
<u>DCC Reserve</u>					
Drainage	1,491	165	483	5,259	566
Parks Acquisition	5,076	2,726	3,384	2,820	2,450
Parks Development	3,836	1,763	2,421	2,021	2,313
Roads	5,995	5,308	5,775	5,622	6,441
Sanitary Sewer	931	100	188	185	1,737
Water	624	638	65	746	24
TOTAL	17,953	10,700	12,316	16,653	13,531
<u>Reserves and Other Sources</u>					
<u>Statutory Reserves</u>					
Affordable Housing Reserve Fund	4,000	-	-	-	-
Capital Building and Infrastructure Reserve Fund	11,504	-	400	-	-
Capital Reserve Fund	18,931	12,541	7,861	10,766	9,872
Child Care Development Reserve Fund	316	-	-	-	-
Drainage Improvement Reserve Fund	3,389	3,999	3,151	5,294	4,705
Equipment Replacement Reserve Fund	2,972	1,566	2,739	1,600	1,600
Community Legacy & Land Rep'l Reserve Fund	61,300	-	-	-	-
Leisure Facilities	282	-	-	-	-
Local Improvements Reserve Fund	500	500	500	500	500
Neighbourhood Improvement Reserve Fund	80	-	-	-	-
Public Art Program Reserve Fund	100	-	-	-	-
Sanitary Sewer Reserve Fund	2,301	1,959	2,333	2,157	1,267
Waterfront Improvement Reserve Fund	500	500	500	500	500
Watermain Replacement Reserve Fund	7,106	6,801	2,799	7,692	5,661
Subtotal Statutory Reserves	113,281	27,866	20,283	28,509	24,105
<u>Other Sources</u>					
Appropriated Surplus/Surplus	2,145	-	-	-	-
Grant, Developer and Community Contributions	30,809	2,180	245	619	7,796
Water Metering Provision	2,000	2,000	-	-	-
Subtotal Other Sources	34,954	4,180	245	619	7,796
TOTAL OTHER FUNDS & RESERVES	148,235	32,046	20,528	29,128	31,901
TOTAL CAPITAL PLAN CONTRIBUTIONS	166,188	42,746	32,844	45,781	45,432

**SCHEDULE C to BYLAW 8369
CITY OF RICHMOND
REVENUES, PROPERTY TAX and EXEMPTIONS**

Proportions of total revenue

Figure one shows the proportion of total revenue proposed to be raised from each funding source in 2008. 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. Many municipal services, such as water and sewer usage, 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.

Figure 1:

Revenue Source	% of Total Revenue*
Property Taxes	46%
User Fees & Charges	36%
Investment Income	4%
Gaming Revenue	4%
Grants in Lieu of Taxes	3%
Other Sources	7%
Total	100%

**Total Revenue consists of general and utility revenues.*

Distribution of property taxes

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

Figure 2:

Property Class	% of Total Property Tax
Residential (1)	50%
Business (6)	42%
Light Industry (5)	7%
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.