



Finance Committee

Date: Tuesday, December 2, 2014

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Derek Dang
Councillor Carol Day
Councillor Ken Johnston
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:30 p.m.

AGENDA ADDITION

It was moved and seconded
That the Army, Navy and Air Force No. 284 Clubhouse – Tax Exemption be added to the agenda as Item No. 5.

CARRIED

MINUTES

It was moved and seconded
That the minutes of the meeting of the Finance Committee held on Monday, October 6, 2014, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DEPARTMENT

1. DONATION OF SURPLUS COMPUTER EQUIPMENT

(File Ref. No.) (REDMS No. 4314809)

It was moved and seconded

That the donation of computer equipment detailed in the staff report titled "Donation of Surplus Computer Equipment" be approved.

The question on the motion was not called as Grant Fengstad, Director, Information Technology, advised that Reboot Vancouver will report bi-annually on the distribution of the computer equipment and have committed to 50% being provided to Richmond residents and non-profit agencies. He further advised that Reboot Vancouver provides the equipment free-of-charge to non-profit agencies and operates a storefront in order to sell the equipment to low income families at a minimal cost.

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

2. 2014 AUDIT ENGAGEMENT

(File Ref. No. 03-0905-01) (REDMS No. 4428700)

It was moved and seconded

That the 2014 Audit Planning Letter from KPMG, LLP dated November 14, 2014 be received for information.

CARRIED

3. FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2014

(File Ref. No.) (REDMS No. 4408713)

It was moved and seconded

That the staff report titled Financial Information – 3rd Quarter September 30, 2014, dated November 6, 2014, from the Director, Finance be received for information.

The question on the motion was not called as Committee expressed appreciation for staff's effort to simplify the financial information through the use of graphs and explanatory bullets. In reply to a query from Committee, Jerry Chong, Director, Finance, commented that the expected surplus of approximately \$637,000 for policing services will be used to offset the funding of future liability costs.

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

RICHMOND OLYMPIC OVAL CORPORATION

4. **3RD QUARTER 2014 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL CORPORATION**
(File Ref. No.)

It was moved and seconded

That the report on Financial Information for the Richmond Olympic Oval Corporate for the third quarter ended September 30, 2014 from the Controller of the Richmond Olympic Oval Corporate be received for information.

CARRIED

COUNCILLOR LINDA MCPHAIL

5. **ARMY, NAVY AND AIR FORCE NO. 284 CLUBHOUSE – TAX EXEMPTION**
(File Ref. No.)

Councillor McPhail referenced a *Richmond News* article (attached to and forming part of these minutes as Schedule 1) regarding the possibility of a tax relief to the Army, Navy and Air Force No. 284 (ANAF #284) for its Steveston clubhouse. Also, Cllr. McPhail commented that other municipalities in the Lower Mainland are examining how they can work with veteran associations to mitigate property taxes.

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

It was moved and seconded

- (1) *That staff examine all available options to mitigate the property tax impact on veteran associations for the 2016 tax year; and*
- (2) *That staff contact the ANAF #284 and the Royal Canadian Legion - Richmond Branch No. 291(RCL #291) to discuss the matter.*

The question on the referral was not called as discussion ensued regarding potential tax exemptions for the ANAF #284 and RCL #291.

Staff were requested to examine (i) past correspondence related to property tax exemption; (ii) the current business structure, such as the Maples Residences vis-a-vis the clubhouse and their other holdings, as well as the holdings of the RCL #291; (iii) best business practices; (iii) actions taken by other municipalities (i.e., permissive tax exemption, grant, loan, tax deferral, and expertise); and (iv) the potential impact of additional permissive tax exemption requests from other non-profit organizations.

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In reply to a query from Committee, Andrew Nazareth, General Manager, Finance and Corporate Services, advised that the October 31st deadline for permissive tax exemptions is in accordance with Section 224 of the *Community Charter*, and therefore no additional permissive tax exemptions can be made for 2015. The consideration of any future permissive tax exemption by Council would be for the 2016 taxation year.

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

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:47 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 Tuesday, December 2, 2014.

Mayor Malcolm D. Brodie
Chair

Heather Howey
Committee Clerk



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Officials at the ANAF #284 clubhouse in Steveston are hoping for some tax relief from the city to keep its operations viable. Photo submitted

The countdown clock is ticking to July 1, 2015 in Steveston, but it's not for the annual Salmon Festival celebrations.

The calendar watching is being done by officials at the ANAF 284 (Army, Navy & Air Force) club and the Canada Day zero hour is the deadline to submit payment of it's municipal tax bill which the veterans' association says is putting the organization into serious debt unless it can get a tax exemption from the city.

Sharon Boyce, the unit's secretary told the *News* the ANAF has struggled in past years to meet the bill, which for the last tax year totalled \$64,614.56

That was covered by a loan from a private source under the condition a business management company be hired to revamp the club's bar and lounge operations to start providing an adequate revenue stream to meet all of its financial obligations.

While that revamping is underway, the financial turnaround isn't expected for at least another year. The concern is how ANAF 284 will continue operating until then.

"The management firm has done extensive work so far in formulating a business plan and making changes to how the business is run. The hope is that the changes will get the ANAF on solid footing and operating profitably," said Boyce in an email. "The problem is that change is gradual and whether they can or cannot meet next year's taxes will again be anyone's guess."

Boyce said that previously, assets have been sold — an adjacent parcel of land was liquidated a few years back — to cover any shortfalls. But with no more assets to tap into, the fear is ANAF 284 could be facing a financial crisis as early as mid-2015.

The organization cannot enlist financial support from its adjacent, 144-unit seniors' housing facility, the Maple Residences, which was built at the rear of its property and opened in 2012 as part of a \$36 million re-development project.

Boyce said the Steveston 284 Seniors Housing Society, which runs The Maple Residences, is a not-for-profit organization and a registered charity. As such, it is unable to allocate funds to the ANAF club, which is also a not-for-profit organization.

However, the housing society has a 60-year lease with ANAF that pays for the clubhouse's portion of the mortgage.

Still, even without that monthly expense, and a membership of around 1,300, ANAF has run into money problems.

"Without that loan to cover last year's taxes, the ANAF would have had to shut its doors last August," said Boyce, adding that a tax exempt status from the city is way out of the red ink.

It's a road tried back in 2006 when re-development of the site was first being considered. Back then, city council denied the request. That has ANAF 284 president Dave Gurney puzzled since some other veterans' associations and community groups in B.C. do not pay municipal taxes.

"When you have the Richmond Lawn Bowling Club having an exemption, I don't see why a veterans' club can't get it," he said, adding veterans' associations play an important role in returning a great deal of funds through donations to charities and community groups.

Concerns over municipal tax bills are also shared by those legion branches that have not been able to get exempt status.

"They absolutely threaten the continued existence of some of them," said Inga Krause, executive director of the Royal Canadian Legion, BC/Yukon Command.

Currently, the legion is going to bat for a long list of branches to get a tax break or exemption with Richmond's #291 on Bridgeport Road in the top five being put forward.

That location had a city tax bill of around \$22,000 last year, Krause said.

"That's quite a lot to pay," she said, adding it contributes to a slow, but steady decline of the financial viability of legions which are prevented from using funds raised by annual Remembrance Day poppy sales to cover operating costs of clubhouses.

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