

FINANCE COMMITTEE

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OVERVIEW

FINANCE COMMITTEE

MANDATE:

The Committee is established to:

- Review the City's current financial status
- Review financial policies, procedures and practices
- Review the status of all reserves
- Review investment policy
- Review debt policy
- Review all budgets vs. actuals on a quarterly basis
- Recommend the financial direction for the City
- Recommend all financial policies, procedures and practices
- Recommend property tax structures
- Recommend an appropriate reserve structure and reserve balances
- Report to Council on all financial matters that have an impact on City operations

FINANCE COMMITTEE

MEMBERSHIP

The Community Charter, under Part 5 - Municipal Government and Procedures, Division 4 - Committees, Commissions and Other Bodies, Subsection 141(1) deals with Standing committees of council.

141 (1) The mayor must establish standing committees for matters the mayor considers would be better dealt with by committee and must appoint persons to those committees.

(2) At least half of the members of a standing committee must be council members.

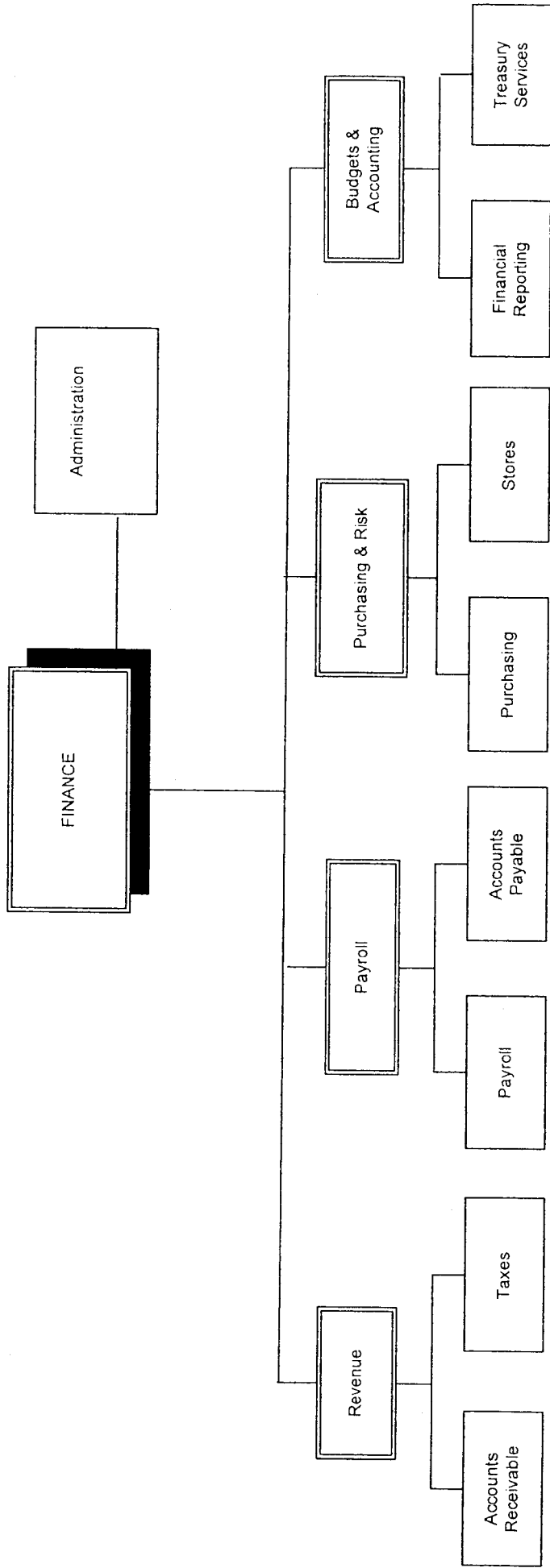
(3) Subject to subsection (2), persons who are not council members may be appointed to a standing committee.

Council, on December 5, 2005 adopted to establish a Finance Committee.

The 2005 – 2008 Committee members are:

- Councillor Evelina Halsey-Brandt (Chair)
- Councillor Derek Dang (Vice Chair)
- All members of Council

FINANCE DEPARTMENT



Finance & Corporate Services Division – Dept. Functions

Finance

Accounts Payable

- Pay invoices for goods & services received
- Administer Purchase card program and employee reimbursements

Accounts Receivable

- Invoice services rendered and prepare various general billings
- Perform collection services and reconcile all revenue received

Budgets & Accounting

- Establish budget policy including the preparation, implementation and monitoring of the City's annual Operating Budget, Utility Budget, Capital Budget and 5 Year Financial Plan
- Prepare annual reports for COR and Library
- Provide financial advice and control of the City's reserves

Finance Administration

- Administrative support
- Record timekeeping, sorting and distribution of pay stubs
- Administration of employee computer purchase plan

Payroll

- Administer employee remuneration, maintain leave balances, and administer deductions and donations
- Report to Canada Revenue Agency, WCB and Pension Corp
- Train and coordinate timekeepers

Purchasing and Risk Management

- Procurement of goods and services
- Manage bidding process for tenders, quotations, proposals and awarding of contracts
- Identify, manage, control and transfer risk

Stores

- Purchase and maintain inventory items and delivery of supplies to City facilities
- Control surplus furniture and lost and found service

Taxes (includes cashiers)

- Administer tax billing and collection, manage annual tax sale, set tax exemptions and calculate annual taxation rates
- Provide tax and property information to public
- Process payments received for all departments

Treasury Services

- Cash, debt and investment portfolio management
- Point of sale accounting and administration including credit and debit card processing
- Manage relationship with banks and investment brokers

Information Technology

Applications

- Maintain and support software applications used at the City and various associations

Integrated Business Solutions

- Integrate core business systems with organizational procedures, implement business process transformation, and develop innovative business solutions

Operations Support and Database Administration

- Help desk assistance, telephone and voicemail, mail processing, sorting and distribution and large volumes of printing.
- Installation and support of databases and software applications including upgrades and technical support

Technical Services

- Provide hardware support for users at the City and various associations

City Clerk's Office

Legislative Services

- Council secretariat, minutes and agenda preparation, and Council support
- Process requests for information under the Freedom of Information & Protection of Privacy legislation

Records & Archives

- Records management (paper and electronic records)
- Making records available to elected officials, staff and the public
- Operation of the City Archives

Elections

- Organize and conduct City elections

Law (includes Lands)

- Provide advice to City Council and staff regarding the City's legal rights and obligations and ensuring bylaws presented to City Council for adoption are legally correct
- Negotiate, prepare and review contracts and other legal documents on behalf of the City ensuring that the City is represented in court proceedings.
- Prepare legal documents for the acquisition, sale or lease of real property

Customer Service

- First contact for all City services, service enquiries by phone, in person or by e-mails
- Organize and coordinate City Hall rentals for special events, weddings, socials and meetings for outside agencies; review and process City Grants
- Administer and enforce business licenses, issue up to 15 different types of permits

Excerpts from the BC Community Charter

Part 4 -- Public Participation and Council Accountability

Division 5 -- Reporting

Annual municipal report

98 (1) Before June 30 in each year, a council must

- (a) prepare an annual report,
- (b) make the report available for public inspection under section 97, and
- (c) have the report available for public inspection at the meeting required under section 99.

(2) The annual report must include the following:

- (a) the audited annual financial statements referred to in section 167 (4) for the previous year;
- (b) for each tax exemption provided by a council under Division 7 [Permissive Tax Exemptions] of Part 7 [Municipal Revenue], the amount of property taxes that would have been imposed on the property in the previous year if it were not exempt for that year;
- (c) a report respecting municipal services and operations for the previous year;
- (d) a progress report respecting the previous year in relation to the objectives and measures established for that year under paragraph (f);
- (e) any declarations of disqualification made under section 111 [application to court for declaration of disqualification] in the previous year, including identification of the council member or former council member involved and the nature of the disqualification;
- (f) a statement of municipal objectives, and the measures that will be used to determine progress respecting those objectives, for the current and next year;
- (g) any other information the council considers advisable.

Annual meeting on report

99 (1) The council must annually consider, at a council meeting or other public meeting,

(a) the annual report prepared under section 98, and

(b) submissions and questions from the public.

(2) The annual meeting must occur at least 14 days after the annual report is made available for public inspection under section 97.

(3) The council must give notice of the date, time and place of the annual meeting in accordance with section 94 [public notice].

Part 6 -- Financial Management

Division 1 -- Financial Planning and Accountability

Fiscal year

164 The fiscal year for a municipality is the calendar year.

Financial plan

165 (1) A municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.

(2) For certainty, the financial plan may be amended by bylaw at any time.

(3) The planning period for a financial plan is 5 years, that period being the year in which the plan is specified to come into force and the following 4 years.

(4) The financial plan must set out the following for each year of the planning period:

(a) the proposed expenditures by the municipality;

- (b) the proposed funding sources;
- (c) the proposed transfers to or between funds.

(5) The total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.

(6) The proposed expenditures must set out separate amounts for each of the following as applicable:

- (a) the amount required to pay interest and principal on municipal debt;
- (b) the amount required for capital purposes;
- (c) the amount required for a deficiency referred to in subsection (9);
- (d) the amount required for other municipal purposes.

(7) The proposed funding sources must set out separate amounts for each of the following as applicable:

- (a) revenue from property value taxes;
- (b) revenue from parcel taxes;
- (c) revenue from fees;
- (d) revenue from other sources;
- (e) proceeds from borrowing, other than borrowing under section 177 [revenue anticipation borrowing].

(8) The proposed transfers to or between funds must set out separate amounts for

- (a) each reserve fund under Division 4 of this Part, and
- (b) accumulated surplus.

(9) If actual expenditures and transfers to other funds for a year exceed actual revenues and transfers from other funds for the year, the resulting deficiency must be included in the next year's financial plan as an expenditure in that year.

Public process for development of financial plan

166 A council must undertake a process of public consultation regarding the proposed financial plan before it is adopted.

Annual financial statements

167 (1) Municipal financial statements for a fiscal year must be

- (a) prepared by the financial officer, and
- (b) presented to council for its acceptance.

(2) Subject to subsection (3), the financial statements must be prepared in accordance with generally accepted accounting principles for local governments.

(3) The inspector may require or authorize, generally or for a specified municipality, that the financial statements vary from or include additional information to the requirements of subsection (2).

(4) By May 15 in each year, a municipality must submit to the inspector its audited financial statements for the preceding year and any other financial information requested by the inspector.

(5) In addition to any requirement under subsection (4), the financial officer must compile and supply information on the financial affairs of the municipality requested by the inspector.

Reporting of council remuneration, expenses and contracts

168 (1) At least once a year, a council must have prepared a report separately listing the following for each council member by name:

- (a) the total amount of remuneration paid to the council member for discharge of the duties of office, including any amount specified as an expense allowance;
- (b) the total amount of expense payments for the council member made to the council member as reimbursement for expenses incurred by the council member or as an allowance that is not reported under paragraph (a);
- (c) the total amount of any benefits, including insurance policies and policies for medical or dental services, provided to the council member or the member's dependants;
- (d) any contracts reported under section 107 [disclosure of contracts with council members and former council members], including a general description of their nature.

(2) If applicable, the report under this section must also list contracts referred to in subsection (1) for each former council member.

Division 2 -- Audit

Municipal auditor

169 (1) A council must appoint an auditor for the municipality.

(2) A municipal auditor must be a person who is qualified to be the auditor of a reporting company under section 180 of the Company Act.

(3) A municipal auditor has the power and duty to conduct the examinations necessary to prepare the reports required under this Division and, for these purposes, has the same authority in relation to the municipality as the auditor of a company under the Company Act.

(4) A municipal auditor who receives information from a person whose right to disclose that information is restricted by law holds that information under the same restrictions respecting disclosure that govern the person from whom the information was obtained.

Audit committee

170 (1) As a limitation on section 154 [delegation of council authority], a council may only delegate its powers, duties and functions under this Division to a committee comprised of council members.

(2) Reports submitted by the municipal auditor to a committee under this section are deemed to have been submitted to council.

Auditor's reports

171 (1) The municipal auditor must report to the council on the annual financial statements of the municipality.

(2) The report under subsection (1) must be in accordance with the form and the reporting standards recommended by the Canadian Institute of Chartered Accountants.

(3) In addition to the report under subsection (1),

(a) the council or the inspector may require further reports from the municipal auditor, and

(b) the municipal auditor may, on the auditor's own initiative, make further reports.

(4) On request by the inspector, the municipal auditor must forward to the inspector copies of

(a) reports under subsections (1) and (3), and

(b) recorded communications in relation to those reports from the auditor to the council, a council committee or a municipal officer.

Complaints to council or auditor about financial affairs

172 (1) A person may complain in writing to the council or to the municipal auditor, if the person considers that

(a) a disbursement, expenditure, liability or other transaction is not authorized by or under this or another Act, or

(b) there has been a theft, misuse or other defalcation or irregularity in the funds, accounts, assets, liabilities and financial obligations of the municipality.

(2) If a complaint is made under subsection (1) to the council, the council must give notice of the matter to the municipal auditor.

(3) If a complaint is made under subsection (1) to the municipal auditor, the auditor must give notice of the matter to the council and must report to the council on the subject matter of the complaint.

Division 3 -- Expenditures, Liabilities and Investments

Limit on expenditures

173 (1) A municipality must not make an expenditure other than one authorized under subsection (2) or (3).

(2) A municipality may make an expenditure that is included for that year in its financial plan, so long as the expenditure is not expressly prohibited by or under this or another Act.

(3) A municipality may make an expenditure for an emergency that was not contemplated for that year in its financial plan, so long as the expenditure is not expressly prohibited by or under this or another Act.

(4) The following apply in relation to the authority under subsection (3):

(a) the council must establish procedures to

(i) authorize expenditures under that subsection, and

(ii) provide for such expenditures to be reported to the council at a regular meeting;

(b) if an expenditure is made under that subsection, as soon as practicable, the council must amend the financial plan to include the expenditure and the funding source for the expenditure;

(c) the authority under that subsection does not include the authority to borrow for the purpose of making the expenditure.

Limit on borrowing and other liabilities

174 (1) A municipality may only incur a liability as expressly authorized by or under this or another Act.

(2) A municipality may not incur a liability if incurring the liability would cause the municipality to exceed a limit established under subsection (3) unless this is approved under subsection (4).

(3) For the purposes of subsection (2), the Lieutenant Governor in Council may make regulations

(a) establishing a limit on the aggregate liabilities and the method for determining that limit, and

(b) establishing a limit on the annual cost of servicing the aggregate liabilities and the method for determining that limit.

(4) With the approval of the inspector, a municipality may exceed the limit established under subsection (3).

(5) Except for borrowing under section 177 [revenue anticipation borrowing], a municipality must not incur a liability for which expenditures are required during the planning period for its financial plan, unless those expenditures are included for the applicable year in the financial plan.

Liabilities under agreements

175 (1) A council may, under an agreement, incur a liability if

- (a) the liability is not a debenture debt, and
- (b) the period of the liability is not longer than the reasonable life expectancy of the activity, work or service under the agreement.

(2) Subject to subsections (4) and (5), if an agreement under subsection (1) is

- (a) for more than 5 years, or
 - (b) for a period that could exceed 5 years by exercising rights of renewal or extension,
- the council may only incur the liability with the approval of the electors.

(3) The matter put before the electors under subsection (2) must identify the other parties to the agreement and the nature, term and amount of the liability.

(4) Approval of the electors is not required under subsection (2) for the following:

- (a) a liability to be incurred under an employment contract or collective agreement;
- (b) a liability to be incurred for the supply of materials, equipment or services under an agreement referred to in section 3 of the Police Act;

(c) a liability to be incurred in circumstances prescribed by regulation or in relation to an agreement or class of agreement prescribed by regulation, subject to any conditions established by regulation.

(5) If

(a) the concept for a partnering agreement has received the approval of the electors, and

(b) within 5 years after that approval, the municipality enters into a partnering agreement that is in accordance with that approved concept,

approval under subsection (2) is not required for the partnering agreement.

(6) For the purposes of subsection (5), the concept for the agreement to be put before the electors must identify the following:

(a) the nature of the activity, work or facility to be provided under the partnering agreement;

(b) the maximum term of the agreement;

(c) the maximum liability that may be incurred by the municipality under the agreement;

(d) any other information required by regulation.

Liabilities imposed under prescribed enactments

176 (1) A municipality may incur a liability that is within a class prescribed under this section.

(2) The authority to incur a liability under this section is not authority to borrow for the purposes of the liability.

(3) The Lieutenant Governor in Council may make regulations prescribing classes of liability that are imposed by or under an enactment as liabilities to which this section applies.

Revenue anticipation borrowing

177 (1) A council may, by bylaw, provide for the borrowing of money that may be necessary to

- (a) meet current lawful expenditures, and
- (b) pay amounts required to meet the municipality's taxing obligations in relation to another local government or other public body.

(2) The debt outstanding under this section must not exceed the total of

- (a) the unpaid taxes for all purposes imposed during the current year, and
- (b) the money remaining due from other governments.

(3) Before the adoption of the annual property tax bylaw in any year, the taxes in that year are deemed to be 75% of all property taxes imposed for all purposes in the preceding year.

(4) When collected, revenue from property taxes must be used as necessary to repay money borrowed under this section.

Short term capital borrowing

178 (1) A council may, by bylaw adopted with the approval of the inspector, contract a debt for any purpose of a capital nature.

(2) A bylaw and the debt under this section must comply with the following:

- (a) the debt must not cause the municipality to exceed the limit prescribed by regulation;
- (b) the debt and securities for it must be payable no later than the lesser of
 - (i) 5 years from the date on which the securities were issued, and
 - (ii) the reasonable life expectancy of the capital asset for which the debt is contracted;

(c) the bylaw must set out

(i) the amount of the debt intended to be incurred, and

(ii) in brief and general terms, the purpose for which the debt is to be incurred.

Loan authorization bylaws for long term borrowing

179 (1) A council may, by a loan authorization bylaw adopted with the approval of the inspector, incur a liability by borrowing for one or more of the following:

(a) any purpose of a capital nature;

(b) lending to any person or public authority under an agreement;

(c) guaranteeing repayment of the borrowing, or providing security for the borrowing, of a person or public authority, if this is provided under an agreement with the person or public authority;

(d) complying with an order or requirement to pay money into the Supreme Court as security

(i) for payment of a judgment or other debt,

(ii) for damages or costs, or

(iii) for the costs of an appeal from the decision of a court or an arbitrator;

(e) satisfying a judgment or other order of a court against the municipality;

(f) satisfying an award resulting from an arbitrator's determination of liability or quantum of damages against the municipality, including orders of the arbitrator related to that determination;

(g) paying compensation in respect of property expropriated or injured or carrying out works referred to in section 32 (3) [entry on land to mitigate damage].

(2) A loan authorization bylaw must set out the following:

- (a) the total amount proposed to be borrowed under the bylaw;
- (b) in brief and general terms, each of the purposes for which the debt is to be incurred;
- (c) the amount allocated by the bylaw to each of the purposes for which the debt is to be incurred;
- (d) the maximum term for which the debentures may be issued.

(3) A loan authorization bylaw may not be included as part of a general bylaw.

- (4) The authority to borrow under a loan authorization bylaw ends,
- (a) in the case of a loan authorization bylaw under subsection (1) (b) or (c), at the end of the term of the agreement required by that subsection, and
 - (b) in other cases, 5 years from the date of adoption of the bylaw,
- for any part of the amount authorized by the bylaw that has not already been used to secure borrowing under section 181 [temporary borrowing under loan authorization bylaw] or 182 [municipal financing through regional district].

(5) The maximum term of a debt that may be authorized by a loan authorization bylaw is as follows:

- (a) in the case of a bylaw under subsection (1) (a), the lesser of
 - (i) 30 years, and
 - (ii) the reasonable life expectancy of the capital asset for which the debt is contracted;
- (b) in the case of a loan authorization bylaw under subsection (1) (b) or (c), the remaining term of the applicable agreement;
- (c) in all other cases, 30 years.

(6) A decision of the inspector refusing to approve a loan authorization bylaw may be appealed in accordance with section 1024 [appeal from inspector's decisions in relation to borrowing] of the Local Government Act.

Elector approval required for some loan authorization bylaws

180 (1) Subject to subsection (2), a loan authorization bylaw may only be adopted with the approval of the electors.

(2) Approval of the electors is not required for the following:

(a) money borrowed for a purpose referred to in section 179 (1) (d) to (g) [loan authorization bylaws for court, arbitration and expropriation requirements];

(b) money borrowed for works required to be carried out under an order of the Inspector of Dikes, an order under section 32 of the Waste Management Act or an order of the minister responsible or the Lieutenant Governor in Council under the Environment Management Act;

(c) money borrowed for a purpose prescribed by regulation or in circumstances prescribed by regulation, subject to any conditions established by regulation.

(3) In addition to the exception provided by section 137 (2) [power to amend or repeal], a loan authorization bylaw may be amended or repealed without the approval of the electors if the inspector approves and subject to any terms and conditions the inspector considers appropriate.

Temporary borrowing under loan authorization bylaw

181 (1) A council that has adopted a loan authorization bylaw may, by bylaw, temporarily borrow money not exceeding the difference between the total amount authorized by the loan authorization bylaw and the amount already borrowed in relation to that bylaw.

(2) To the extent necessary, the proceeds of the borrowing under section 182 [municipal financing through regional district] must be used to repay the money temporarily borrowed.

Municipal financing through regional district

182 (1) Except as permitted by section 181 [temporary borrowing under loan authorization bylaw] or the Municipal Finance Authority Act, a municipality must not borrow money under a loan authorization bylaw unless

(a) the financing is undertaken by the applicable regional district under section 824 [financing municipal undertakings] of the Local Government Act through the Municipal Finance Authority of British Columbia, and

(b) the regional district board has consented to undertake the financing.

(2) In giving consent referred to in subsection (1), the board may

(a) separately consent to financing each amount proposed to be borrowed under the authority of the loan authorization bylaw, or

(b) consent to financing all the borrowing authorized by the loan authorization bylaw or all the remaining amount that has not already been financed by the regional district.

(3) In relation to regional district financing under section 824 of the Local Government Act after giving consent under subsection (2) of this section, the municipal loan authorization bylaw is the regional district's authority to proceed under that section and must not be amended or repealed without the consent of the board.

Investment of municipal funds

183 Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- (a) securities of the Municipal Finance Authority;
- (b) pooled investment funds under section 16 of the Municipal Finance Authority Act;
- (c) securities of Canada or of a province;
- (d) securities guaranteed for principal and interest by Canada or by a province;
- (e) securities of a municipality, regional district or greater board;
- (f) investments guaranteed by a chartered bank;
- (g) deposits in a savings institution, or non-equity or membership shares of a credit union;
- (h) other investments specifically authorized under this or another Act.

Property accepted in trust

184 (1) All money that is held by a municipality and is subject to a trust must be invested in accordance with section 183 until it is required for the purposes of the trust.

(2) If, in the opinion of a council, the terms or trusts imposed by a donor, settlor, transferor or testator are no longer in the best interests of the municipality, the council may apply to the Supreme Court for an order under subsection (3).

(3) On an application under subsection (2), the Supreme Court may vary the terms or trusts as the court considers will better further both the intention of the donor, settlor, transferor or testator and the best interests of the municipality.

(4) Section 87 [discharge of trustee's duty] of the Trustee Act applies to an order under subsection (3).

Ownership of corporations

185 (1) A municipality may only

(a) incorporate a corporation other than a society, or

(b) acquire shares in a corporation

with the approval of the inspector or as authorized by regulation.

(2) An incorporation or acquisition under subsection (1) applies as an exception to the restriction under section 183 [investment of municipal funds].

Self insurance

186 A municipality may self insure, but may only enter into a scheme of self insurance protection involving other participants in accordance with section 300 [self insurance by local authorities] of the Local Government Act.

Indemnification against proceedings

187 A council may only provide for the indemnification of municipal officials referred to in section 287.2 [indemnification against proceedings] of the Local Government Act in accordance with that section.

Division 4 -- Reserve Funds

Establishment of reserve funds

188 (1) A council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.

- (2) If a municipality receives money in respect of any one of the following, the council must establish a reserve fund for the applicable purpose:
- (a) money received from the imposition of a development cost charge, which must be placed to the credit of a reserve fund in accordance with section 935 [use of development cost charges] of the Local Government Act;
 - (b) money received
 - (i) from the sale of park land,
 - (ii) under section 27 (2) (b) [disposal of park land], or
 - (iii) under section 941 (12) [provision of park land on subdivision] of the Local Government Act, which must be placed to the credit of a reserve fund for the purpose of acquiring park lands;
 - (c) money received under section 41 (1) (d) [disposal of highway property that provides access to water], which must be placed to the credit of a reserve fund in accordance with that section;
 - (d) money received under section 906 (3) [parking space requirements] of the Local Government Act, which must be placed to the credit of a reserve fund for the purpose of providing off-street parking spaces;
 - (e) except for tax sale proceeds, money received from the sale of land and improvements, which must be placed to the credit of a reserve fund for the purposes of paying any debt remaining in relation to the property and of acquiring land, improvements and other assets of a capital nature.

Use of money in reserve funds

189 (1) Subject to this section, money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established.

(2) If the amount to the credit of a reserve fund is greater than required for the purpose for which the fund was established, the council may, by bylaw, transfer all or part of the amount to another reserve fund.

(3) If the current municipal revenue is not sufficient for the amount required to pay compensation in respect of property expropriated or injured or to carry out works referred to in section 32 (3) [entry on land to mitigate damage], the council may, by bylaw, use money from a reserve fund to the extent required.

(4) As a restriction on subsection (2), a transfer from a reserve fund established for a capital purpose may only be made to another reserve fund established for a capital purpose.

(5) As a restriction on subsections (2) and (3), a council may not transfer amounts or use money from a fund required under section 188 (2) (a) [development cost charge reserve fund] or (b) [park land acquisition reserve fund] unless the bylaw is approved by the minister.

Division 5 -- Restrictions on Use of Municipal Funds

Purposes for which borrowed money may be used

190 (1) Subject to this section, money borrowed by a municipality under any Act must not be used for a purpose other than that specified in the bylaw or agreement authorizing the borrowing.

(2) A council may, by bylaw adopted with the approval of the electors, use all or part of money borrowed for a specific purpose and not repayable in the current year for any other lawful purpose of the municipality.

(3) If some of the money borrowed for a specified purpose remains unused after payment of the costs related to that purpose, a council may, by bylaw, provide for the use of the unused money for one or more of the following:

- (a) to retire debentures issued for the purpose;
- (b) to purchase and cancel debentures issued for the purpose;
- (c) for expenditures of a nature similar to the purpose in the bylaw authorizing the money to be borrowed;
- (d) for a reserve fund for matters in paragraph (a), (b) or (c).

Liabilities for use of money contrary to Act

191 (1) A council member who votes for a bylaw or resolution authorizing the expenditure, investment or other use of money contrary to this Act or the Local Government Act is personally liable to the municipality for the amount.

(2) As an exception, subsection (1) does not apply if the council member relied on information provided by a municipal officer or employee and the officer or employee was guilty of dishonesty, gross negligence or malicious or willful misconduct in relation to the provision of the information.

(3) In addition to any other penalty to which the person may be liable, a council member who is liable to the municipality under subsection (1) is disqualified from holding local government office for the period established by section 110 (2).

(4) Money owed to a municipality under this section may be recovered for the municipality by

- (a) the municipality,
- (b) an elector or taxpayer of the municipality, or
- (c) a person who holds a security under a borrowing made by the municipality.

Part 7 -- Municipal Revenue

General revenue sources

192 Municipalities have the following revenue sources:

- (a) fees under Division 2 [*Fees*];
- (b) taxes under Division 3 [*Property Value Taxes*];
- (c) taxes under Division 4 [*Parcel Taxes*];
- (d) taxes under Division 5 [*Local Service Taxes*];
- (e) taxes under section 353 [taxation of utility company property] of the Local Government Act;
- (f) fines and other penalties referred to in section 261 [payment of fines and other penalties to municipality];
- (g) revenues raised by other means authorized by or under this or another Act;
- (h) revenues received by way of agreement, enterprise, gift, grant or otherwise.

Authority for fees and taxes

193 (1) A municipality may not impose fees or taxes except as expressly authorized by or under this or another Act.

(2) Section 12 (1) [authority to establish variations] does not apply in relation to bylaws imposing taxes referred to in section 192 (b), (c), (d) and (e).

(3) A council may only provide an exemption from property taxes if expressly authorized by this Part or another Act.

(4) For the purposes of assessment, taxation, recovery of taxes and tax sale, parcels combined under the Assessment Act to form one parcel are deemed to constitute one parcel.

Division 2 -- Fees

Municipal fees

194 (1) A council may, by bylaw, impose a fee payable in respect of

- (a) all or part of a service of the municipality,
- (b) the use of municipal property, or
- (c) the exercise of authority to regulate, prohibit or impose requirements.

(2) Without limiting subsection (1), a bylaw under this section may do one or more of the following:

- (a) apply outside the municipality, if the bylaw is in relation to an authority that may be exercised outside the municipality;
- (b) base the fee on any factor specified in the bylaw and, in addition to the authority under section 12 (1) [variation authority], establish different rates or levels of fees in relation to different factors;
- (c) establish fees for obtaining copies of documents that are available for public inspection.

(3) As exceptions, a council may not impose a fee under this section

- (a) in relation to Part 3 [Electors and Elections] or 4 [Other Voting] of the Local Government Act, or
- (b) in relation to any other matter for which this or another Act specifically authorizes the imposition of a fee.

(4) A municipality must make available to the public, on request, a report respecting how a fee imposed under this section was determined.

(5) A municipality may not impose a highway toll unless specifically provided by a Provincial or federal enactment.

Fees in relation to soil removal and deposit

195 (1) A council may, by bylaw, do one or both of the following:

(a) impose rates or levels of fees for a permit required under a municipal bylaw for

(i) the removal of soil from, or

(ii) the deposit of soil or other material on

any land in the municipality or in any area of the municipality;

(b) impose rates or levels of fees for the activities referred to in paragraph (a).

(2) Without limiting section 12 (1) [variation authority], fees under subsection (1) may vary according to the quantity of soil removed or the quantity of soil or other material deposited and may be different for different areas of the municipality.

(3) A bylaw under subsection (1) has no effect until it is approved by the minister.

Fees in relation to fire and security alarm systems

196 (1) In relation to fire alarm systems and security alarm systems, a council may, by bylaw, impose fees that are to be paid

(a) by the owner or occupier of real property to which services are provided by or on behalf of the municipality, including policing services under section 3 (2) of the Police Act, in response to a false alarm of a system, or

(b) by the persons who lease or otherwise provide these systems to the owners or occupiers of real property, if services referred to in paragraph (a) are provided in response to a false alarm of a system.

(2) Without limiting section 12 (1) [variation authority], a fee under subsection (1) may vary in relation to the number of occasions on which services referred to in that subsection are provided.

(3) As an exception, a bylaw under this section does not apply to fire alarm systems that are intended to alert only the occupants of the dwelling unit in which they are installed.

Division 3 -- Property Value Taxes

Annual property tax bylaw

197 (1) Each year, after adoption of the financial plan but before May 15, a council must, by bylaw, impose property value taxes for the year by establishing tax rates for

(a) the municipal revenue proposed to be raised for the year from property value taxes, as provided in the financial plan, and

(b) the amounts to be collected for the year by means of rates established by the municipality to meet its taxing obligations in relation to another local government or other public body.

(2) Unless otherwise permitted by this or another Act, a property value tax under subsection (1) must be imposed

(a) on all land and improvements in the municipality, other than land and improvements that are exempt under this or another Act in relation to the tax, and

(b) on the basis of the assessed value of the land and improvements.

(3) For the purposes of subsection (1) (a), the bylaw may establish for each property class

(a) a single rate for all revenue to be raised, or

(b) separate rates for revenue to be raised for different purposes but, in this case, the relationships between the different property class rates must be the same for all purposes.

(4) For the purposes of subsection (1) (b), for each local government or other public body in relation to which the amounts are to be collected,

(a) the bylaw must establish separate rates for each property class, and

(b) the relationships between the different property class rates must be the same as the relationships established under subsection (3) unless otherwise required by or under this or another Act.

(5) If the amount of revenue raised in any year for a body under subsection (1) (b) is more or less than the amount that is required to meet the municipality's obligation, the difference must be used to adjust the rate under subsection (1) (b) for the next year.

(6) The minimum amount of tax under subsection (1) in any year on a parcel of real property is \$1.

(7) Property value taxes under subsection (1) are deemed to be imposed on January 1 of the year in which the bylaw under that subsection is adopted, unless expressly provided otherwise by the bylaw or by the enactment under which they are imposed.

Assessment averaging and phasing options

198 (1) Instead of imposing tax rates on the assessed value of land, an annual property tax bylaw may impose rates applicable to one or more property classes by assessment averaging or assessment phasing in accordance with the regulations under subsection (2).

(2) For the purpose of allowing municipalities to moderate the impact of sudden changes in the assessed value of land, the Lieutenant Governor in Council may make regulations as follows:

- (a) establishing formulas for determining modified assessed values that are to be used to impose property value taxes and authorizing variation of those formulas;
- (b) exempting, or authorizing the exemption of, particular types of property within a property class, or of property in prescribed circumstances, from the application of a bylaw under this section;
- (c) providing for a process to review and correct errors made in applying a bylaw under this section to any property;
- (d) establishing restrictions, conditions and requirements relating to the imposition of tax rates under this section;
- (e) in relation to taxes that are imposed under other enactments and collected by a municipality, providing that, despite the other enactments,
 - (i) the values imposed under this section apply, and
 - (ii) the rates to be imposed are to be determined using those values.

Property tax rates regulations

199 The Lieutenant Governor in Council may make regulations respecting tax rates that may be established by an annual property tax bylaw, including regulations doing one or more of the following:

- (a) prescribing limits on tax rates;
- (b) prescribing relationships between tax rates;
- (c) prescribing formulas for calculating the limits or relationships referred to in paragraph (a) or (b);
- (d) allowing the inspector under prescribed circumstances to vary, by order, a limit, relationship or formula prescribed under this section.

Division 4 -- Parcel Taxes

Parcel tax bylaw

200 (1) A council may, by bylaw, impose a parcel tax in accordance with this Division to provide all or part of the funding for a service.

(2) A bylaw under subsection (1) must do the following:

- (a) state the service for which the tax is imposed;
- (b) state the years for which the tax is imposed;
- (c) identify the parcel tax roll under this Division that is to be used to impose the tax;
- (d) state the basis on which the tax is to be imposed, as referred to in section 202 (2) [basis of taxation for parcel taxes];
- (e) impose the tax in accordance with subsection (3).

(3) A bylaw under subsection (1) must impose the parcel tax as follows:

- (a) in the case of a tax to be imposed on the basis provided under section 202 (2) (a) [single amount per parcel], by establishing the amount to be paid as tax;
- (b) in the case of a tax to be imposed on the basis provided under section 202 (2) (b) or (c) [taxable area or taxable frontage], by establishing either
 - (i) the rate of tax to be paid per unit of taxable area or taxable frontage, or
 - (ii) rates of tax to be paid for different ranges of taxable area or taxable frontage.

(4) The municipality must make available to the public, on request, a report respecting how amounts or rates were determined for the purposes of subsection (3).

(5) In each year that a parcel tax is imposed under this Division, it is deemed to be imposed on January 1 of the year, unless expressly provided otherwise by the bylaw under subsection (1).

Property subject to parcel tax

201 (1) Unless otherwise permitted by or under this or another Act, a parcel tax under this Division must be imposed on all parcels within the municipality, other than those that are exempt from the tax.

(2) In the case of a service that is provided to land or improvements, a parcel tax under this Division may be imposed only on parcels that have the opportunity to be provided with the service, whether or not they are in fact being provided with the service.

(3) A bylaw under section 200 [parcel tax bylaw] may provide for waiving or reducing the tax if the owner or a previous owner of the parcel has

(a) provided all or part of the service at the owner's expense, or

(b) already paid towards the cost of the service on terms and conditions specified in the bylaw.

Parcel tax roll for purpose of imposing tax

202 (1) A council may, by bylaw, direct the preparation of a parcel tax roll for the purposes of imposing a parcel tax.

(2) A bylaw under subsection (1) must establish the basis on which a parcel tax may be imposed using the parcel tax roll, which may be on the basis of one or more of the following:

(a) a single amount for each parcel;

(b) the taxable area of the parcel;

(c) the taxable frontage of the parcel.

(3) If the bylaw provides a basis under subsection (2) (b) or (c), it must establish how the taxable area or taxable frontage of a parcel is to be determined, subject to the following:

(a) the methods for determination must be based on the physical characteristics of the parcel and may be different for parcels having different classes of physical characteristics;

(b) the basis established for parcels having one class of physical characteristics must be fair and equitable as compared with the basis established for parcels having other classes of physical characteristics.

Content of parcel tax roll

203 (1) A parcel tax roll must set out the following:

(a) the parcels on which the tax is to be imposed;

(b) the name and address of the owner of each parcel;

(c) unless the tax is imposed on the basis of a single amount for each parcel, the taxable area or the taxable frontage of each parcel, as applicable;

(d) if the name of a holder of a registered charge is included on the assessment roll under section 4 of the Assessment Act for a parcel, the name and address of that person.

(2) The collector may correct errors on the parcel tax roll at any time before the roll is authenticated under section 206.

(3) Once it has been prepared by the collector, the parcel tax roll must be available for public inspection.

(4) If requested by an owner, the collector must amend a parcel tax roll that is to be available for public inspection by omitting or obscuring the address of the owner or other information about the owner in order to protect the privacy or security of the owner.

(5) A request under subsection (4) continues to apply to other parcel tax rolls under this Division until the request is rescinded.

Parcel tax roll review panel

204 (1) Before a parcel tax is imposed for the first time, a parcel tax roll review panel must consider any complaints respecting the parcel tax roll and must authenticate the roll in accordance with this Division.

(2) For the purposes of this Division, the council must

- (a) appoint at least 3 persons as the members of the parcel tax roll review panel,
- (b) establish the time and place for the sitting of the panel, and
- (c) have advance notice of the time and place published in accordance with section 94 [public notice].

(3) At least 14 days before the date set for the sitting of the parcel tax roll review panel, the collector must mail to the owner of every parcel of land that is to be taxed a notice stating

- (a) the service in relation to which the parcel tax is to be imposed,
- (b) the taxable area or the taxable frontage, if applicable,
- (c) the time and place of the first sitting of the review panel, and
- (d) that the parcel tax roll is available for inspection at the municipal hall during its regular office hours.

Review panel to hear complaints and make corrections

205 (1) Subject to subsection (2), a person may make a complaint to the parcel tax roll review panel on one or more of the following grounds:

- (a) there is an error or omission respecting a name or address on the parcel tax roll;
- (b) there is an error or omission respecting the inclusion of a parcel;
- (c) there is an error or omission respecting the taxable area or the taxable frontage of a parcel;
- (d) an exemption has been improperly allowed or disallowed.

(2) A complaint must not be heard by the parcel tax roll review panel unless written notice of the complaint has been given to the municipality at least 48 hours before the time set for the first sitting of the review panel.

(3) The parcel tax roll review panel may direct the correction of the parcel tax roll respecting any matter referred to in subsection (1).

(4) As a limit on subsection (3), a correction that would

- (a) include a parcel on the parcel tax roll that had not been included before, or
- (b) increase the taxable area or taxable frontage of a parcel on the parcel tax roll

must not be directed until 5 days after notice has been mailed to the owner of the parcel.

(5) The notice under subsection (4) must state

- (a) the intention of the parcel tax roll review panel, and
- (b) the time and place set for the panel to give its direction.

(6) The following sections of the Assessment Act apply to a parcel tax roll review panel:

section 32 (3), (4) and (5) [complaints by local government or assessor];

section 33 (3) [contents of notice of complaint];

section 35 (1) (b) and (c) and (2) [notice of hearing to complainant];

section 36 [daily schedule of review panel];

section 37 [notice of withdrawal of complaint];
section 38 (2) (a), (7) and (9) [review panel procedures];
section 40 [burden of proof].

(7) For the purposes of subsection (6), a reference in those sections to a review panel is deemed to be a reference to a parcel tax roll review panel and a reference to an assessor is deemed to be a reference to the collector.

Authentication of parcel tax roll

206 (1) The chair of the parcel tax roll review panel must review the parcel tax roll to confirm that the directed corrections have been made and must report this to the review panel.

(2) After receiving the report, the review panel must confirm and authenticate the parcel tax roll by certificate signed by a majority of its members.

(3) Within 10 days after a parcel tax roll is authenticated, the collector must mail notice of the decision made by the parcel tax roll review panel, or of its refusal to adjudicate the complaint made, to

(a) the owner of the property to which the decision relates, and

(b) the complainant, if the complainant is not the owner.

(4) Notice under subsection (3) must include a statement that the decision may be appealed to the Supreme Court in accordance with section 207.

Appeal to Supreme Court from review panel decision

207 (1) A decision of the parcel tax roll review panel may be appealed to the Supreme Court by a person entitled to notice under section 206 (3) or by the municipality.

(2) In order for a person entitled to notice to appeal a decision, within 10 days after the notice is mailed or otherwise delivered to the person, the person must serve on the municipality a written notice of intention to appeal that

(a) is signed by the person, or by the person's solicitor or an agent authorized in writing, and

(b) sets out the grounds of appeal.

(3) In order for the municipality to appeal a decision, within 10 days after the date on which the parcel tax roll is authenticated, it must serve a written notice as described in subsection (2) on the property owner affected by the appeal and, if applicable, on the complainant.

(4) The court must set a date for hearing the appeal, notice of which must be given to the municipality, the property owner and, if applicable, the complainant.

(5) On an appeal under this section,

(a) the collector must produce before the court the parcel tax roll and all records in that officer's possession affecting the matter, and

(b) the court must hear the appeal, including evidence given on oath before it, in a summary manner.

(6) The court may adjourn the hearing of an appeal under this section and defer judgment in its discretion, but so that all appeals may be determined within 30 days from the authentication of the parcel tax roll by the parcel tax roll review panel.

(7) If an appeal is not decided within the time referred to in subsection (6), the decision of the parcel tax roll review panel stands.

(8) A decision of the Supreme Court under this section may be appealed on a question of law to the Court of Appeal with leave of a justice of the Court of Appeal.

Updating the parcel tax roll

208 (1) The collector may amend the parcel tax roll in relation to a matter referred to in section 205 (1) [grounds for complaints to review panel] on receiving a request under subsection (2) or on the collector's own initiative.

(2) A person who owns a parcel included on a parcel tax roll may request that the roll be amended under this section respecting a matter referred to in section 205 (1), but only in relation to the person's own property.

(3) In each year after the first year in which a parcel tax is imposed, the municipality must publish in a newspaper a notice indicating the following:

(a) the parcel tax roll is available for inspection at the municipal hall during its regular office hours;

(b) a person who owns a parcel included on the parcel tax roll may request that the roll be amended respecting a matter referred to in section 205 (1) [complaints to review panel], but only in relation to the person's own property;

(c) the time by which a request must be made in order to be considered for that year.

(4) A request under subsection (2) must be made in writing to the municipality before the time specified in the notice.

(5) Notice of an amendment, or a refusal to make an amendment requested under subsection (2), must be mailed to the owners of parcels in relation to which the amendment was made or the

request received, and for the purposes of sending notices to these owners, section 205 (4) and (5) [notice of sitting by review panel] applies.

(6) A person who is an owner referred to in subsection (5) may make a complaint on one or more of the grounds set out in section 205 (1) [complaints to review panel], but only in relation to the person's own property.

(7) A complaint under subsection (6) is made by giving written notice of the complaint to the municipality within 30 days after the date on which the notice under subsection (5) was delivered.

(8) If a municipality receives a complaint in accordance with subsection (7), it must establish a parcel tax roll review panel to deal with the complaint, and for these purposes sections 205 to 207 [review panel process] apply.

(9) A parcel tax roll review panel under subsection (8) only has authority to amend the parcel tax roll in relation to parcels in respect of which a complaint under subsection (6) has been made.

(10) If no complaints under subsection (6) are received, the parcel tax roll as it is amended under subsection (1) is deemed to have been authenticated by a parcel tax review panel.

Validity of parcel tax roll

209 Subject to amendment under section 207 [appeal to Supreme Court] and despite any omission, defect or error in procedure, in a parcel tax roll, in a notice or in the omission to deliver a notice,

(a) the initial parcel tax roll, as authenticated by the parcel tax roll review panel, is valid and binding on all parties concerned until amended under section 208 [updating the parcel tax roll], and

(b) any subsequent parcel tax roll prepared under section 208 that is authenticated or deemed to be authenticated by a parcel tax roll review panel under that section is valid and binding on all parties concerned until any further amendments are made under that section.

Division 5 -- Local Service Taxes

Authority for local area services

210 (1) A local area service is a municipal service that is to be paid for in whole or in part by a local service tax under section 216 [local service taxes].

(2) The only services that may be provided as local area services are

(a) services that the council considers provide particular benefit to part of the municipality, and

(b) business improvement area services under section 215 [business improvement areas].

(3) Nothing in this Division restricts a municipality from recovering part of the costs of a local area service by means of any other source of municipal revenue.

Requirements for establishing a local area service

211 (1) A municipality must adopt a bylaw to establish a local area service, and may only do this if

(a) the service and its cost recovery methods have been proposed by petition in accordance with section 212 [petition for local area service],

(b) the service and its cost recovery methods have been proposed by council initiative in accordance with section 213 [local area service on council initiative -- subject to petition against], or

(c) the bylaw has received assent of the electors in accordance with section 214 [local area service on council initiative -- subject to elector assent].

(2) The bylaw establishing a local area service must

(a) describe the service,

(b) define the boundaries of the local service area,

(c) identify the methods of cost recovery for the service, including the form of local service tax and the portion of the costs of the service that are to be recovered by the local service tax, and

(d) if applicable, identify the portion of the costs of the service that are to be recovered by a general property tax.

(3) If the minister exercises authority under section 137 (2) [power to amend or repeal bylaws] in relation to a bylaw establishing a local area service, the restriction in subsection (1) of this section does not apply.

Petition for local area service

212 (1) The persons who may petition for a local area service are the owners of parcels that would be subject to the local service tax for the service.

(2) Each page of a petition for a local area service must do the following:

(a) describe the service in general terms;

(b) define the boundaries of the local service area;

(c) provide an estimate of the costs of the service;

(d) if it is proposed that the municipality borrow for the purposes of the service and all or part of the costs of the borrowing are to be recovered by means of the local service tax, indicate

(i) the total amount proposed to be borrowed under the bylaw,

(ii) the maximum term for which the debentures may be issued, and

(iii) the portion of those costs that are to be recovered by a local service tax;

(e) indicate the proposed methods of cost recovery for the service, including the form of local service tax and the portion of the costs of the service that are to be recovered by the local service tax;

(f) if applicable, indicate what portion of the costs are proposed to be recovered by a general municipal tax;

(g) include any other information that council requires.

(3) In order for a petition for a local area service to be certified as sufficient and valid,

(a) the petition must be signed by the owners of at least 50% of the parcels that would be subject to the local service tax, and

(b) the persons signing must be the owners of parcels that in total represent at least 50% of the assessed value of land and improvements that would be subject to the local service tax.

(4) The corporate officer must determine the sufficiency and validity of a petition to a council and must certify this determination.

(5) A certified determination under subsection (4) is final and conclusive.

(6) The following apply for the purposes of a petition under this section:

(a) if 2 or more persons are owners of a parcel,

(i) they must be considered as one owner only,

- (ii) they are not entitled to petition unless a majority of them concurs, and
- (iii) unless a petition is signed by a majority of them, their signatures must be disregarded in determining whether the petition is sufficient;
- (b) a person who would be liable for a local service tax by reason of being the holder or occupier of land held in the manner referred to in Division 8 [Tax Liability of Occupiers] of this Part may sign the petition as if the person were the owner;
- (c) in relation to persons referred to in paragraph (b), in computing the values of the land and improvements, only the assessed value of the person's interest in them is to be used.

Local area service on council initiative -- subject to petition against

213 (1) If a council proposes to undertake a local area service on its own initiative in accordance with this section, it must give notice of this intention

- (a) in accordance with section 94 [public notice], and
- (b) to the owners of parcels that would be subject to the local service tax.

(2) The notice under subsection (1) must include

- (a) the information required under section 212 (2) [information requirements for petition],
- (b) if the council is proposing that all or part of the costs may be waived or reduced in accordance with section 201 (3) [property subject to parcel tax], the amount that the property owner will be required to pay for this purpose, and
- (c) a statement indicating that the council may proceed with establishing the service unless a petition against the service is presented within 30 days after notice has been given in accordance with this section.

(3) For the purposes of subsection (1) (b), the corporate officer must mail the notice to the applicable address as set out in the last authenticated assessment roll.

(4) Council may proceed with the local area service in accordance with the notice unless it receives a sufficient petition against the service within 30 days after the second publication under subsection (1) (a).

(5) Section 212 (3) to (6) [rules respecting petitions for local service] applies to a petition under this section.

(6) If a council has been prevented from undertaking a local area service because of a petition under this section, the council must not propose the same service on its own initiative within a period of one year after the presentation of the petition.

(7) As an exception to subsection (6), a council may again propose a local area service on its own initiative within the period referred to in that subsection if the service is varied from or less expensive than that originally proposed to be undertaken.

Local area service on council initiative -- subject to elector assent

214 (1) If a council proposes to undertake a local area service on its own initiative in accordance with this section, the bylaw establishing the service may only be adopted with the assent of the electors in the local service area.

(2) As an exception, a council may not undertake a business improvement area service under this section.

Business improvement areas

215 (1) In this section:

"business improvement area" means the local service area for a service under this section;

"business improvement area service" means the provision of grants under subsection (2);

"business promotion scheme" means

(a) carrying out studies or making reports respecting one or more areas in the municipality where business or commerce is carried on,

(b) improving, beautifying or maintaining streets, sidewalks or municipally owned land, buildings or structures in one or more business improvement areas,

(c) the removal of graffiti from buildings and other structures in one or more business improvement areas,

(d) conserving heritage property in one or more business improvement areas, and

(e) encouraging business in one or more business improvement areas.

(2) A council may grant money to a corporation or other organization that has, as one of its aims, functions or purposes, the planning and implementation of a business promotion scheme.

(3) All or part of a grant paid under subsection (2) must be recovered by means of a local service tax.

(4) The authority under subsection (2) is an exception to section 25 (1) [prohibition against assistance to business].

(5) In addition to the requirements under section 211 (2) [requirements for establishing a local area service], the bylaw establishing a business improvement area service

(a) must identify the business promotion scheme for which and the organization to which the money will be granted under subsection (2),

(b) must establish the maximum amount of money to be granted and the maximum term over which it may be granted, and

(c) may set conditions and limitations on the receipt and expenditure of the money.

(6) Money granted under this section must be expended only

(a) by the organization to which it is granted,

(b) in accordance with the conditions and limitations set out in the bylaw, and

(c) for the business promotion scheme described in the bylaw.

Local service taxes

216 (1) In all cases, all or part of the costs of a local area service may be recovered, in accordance with the establishing bylaw for the service, by means of either or both of

(a) a property value tax under Division 3 of this Part, which may be imposed on land, on improvements, or on both, and

(b) a parcel tax under Division 4 of this Part,

that are imposed only within the local service area.

(2) In the case of a business improvement area service, in addition to the taxes referred to in subsection (1), all or part of the costs of the service may be recovered by means of a tax, based on any factor set out in the establishing bylaw, that is imposed only within the business improvement area.

(3) A local service tax under subsection (1) or (2) in relation to a business improvement area

(a) may only be imposed on land or improvements, or both, that are

(i) used during the year to operate a business of a class specified in the bylaw, or

(ii) classified as Class 5 [light industry] or 6 [business and other] property class, and

(b) may have different rates for different classes of business, as those classes are established by the bylaw.

(4) Subject to this section, the other provisions of this Part apply in respect of a local service tax.

(5) Revenue from a local service tax may only be expended for the local area service in relation to which it is imposed.

Borrowing in relation to a local area service

217 (1) If all of the costs of borrowing for the purposes of a local area service are to be recovered by a local service tax, the loan authorization bylaw does not require the approval of the electors under section 180 [elector approval required for some loan authorization bylaws], but it may only be adopted if

(a) the borrowing has been proposed by petition in accordance with section 212 [petition for local area service],

(b) the borrowing has been proposed by council initiative in accordance with section 213 [local area service on council initiative -- subject to petition against], or

(c) the bylaw has received assent of the electors in accordance with section 214 [local area service on council initiative -- subject to elector assent].

(2) If part of the costs of borrowing for the purposes of a local area service are to be recovered by a local service tax,

(a) a separate loan authorization bylaw is required for the borrowing in relation to which costs are to be recovered by the local service tax, with the bylaw adopted in accordance with subsection (1), and

(b) a separate loan authorization bylaw is required for the borrowing in relation to which costs are to be recovered by any other means, with the bylaw adopted in accordance with Part 6 [Financial Management].

Enlargement or reduction of local service area

218 (1) This section applies to the amendment of the bylaw establishing a local area service that has the effect of enlarging or reducing the size of the local service area.

(2) The requirements under section 211 (1) [requirements for establishing a local area service] apply only in relation to the area to be included or excluded from the local service area and not to the rest of the local service area.

(3) If a local service area has been enlarged or reduced under this section, the liabilities incurred on behalf of the area as it was before enlargement or reduction must be borne by all the owners of parcels of land in the area as enlarged or reduced.

Merging of local service areas

219 (1) A council may, by bylaw, merge 2 or more local service areas into one local service area.

(2) A bylaw under subsection (1) may provide that repayment of any debt of one or more of the merged local service areas that is outstanding at the time of merger is to continue to be borne by the applicable former local service area as if that area continued to exist.

(3) Section 211 (1) [requirements for establishing a local area service] does not apply to the bylaw under subsection (1) of this section if

(a) there is no outstanding debt of any of the local service areas being merged,

(b) the outstanding debt of each of those local service areas is kept separate under subsection (2),
or

(c) the bylaw establishing the service currently includes a provision for merger with one or more other local service areas and the merger is in accordance with the provision.

(4) If section 211 (1) applies to a bylaw under this section, the approval of the electors must be obtained separately for each local service area being merged.

Division 6 -- Statutory Exemptions

General statutory exemptions

220 (1) Unless otherwise provided in this Act or the Local Government Act, the following property is exempt from taxation to the extent indicated:

- (a) land, improvements or both vested in or held by the Provincial government;
- (b) land, improvements or both vested in or held by
 - (i) the municipality, or
 - (ii) the municipality jointly with another municipality or a regional district;
- (c) land, improvements or both exempt from municipal taxation by another Act;
- (d) land, improvements or both
 - (i) of a public library under the Library Act, or
 - (ii) vested in or held by a municipality and occupied by a public library under the Library Act;
- (e) land, improvements or both of an Indian, in a municipality incorporated under section 12 (1) of the Local Government Act, who is an owner under the letters patent, except for taxation under section 197 (1) (a) [municipal property taxes];
- (f) land, improvements or both in a municipality, other than a municipality incorporated under section 12 (1) of the Local Government Act, that
 - (i) are held in trust by the Crown for a band of Indians, and
 - (ii) are not leased to or occupied by a person who is not a member of the band;
- (g) the land of a cemetery under the Cemetery and Funeral Services Act actually used and occupied for the interment of the dead or designated as an approved interment area by the

registrar under that Act, together with the improvements included as part of the cemetery under that Act, other than

(i) funeral homes within the meaning of that Act,

(ii) crematoriums within the meaning of that Act, and

(iii) premises, or that part of premises, used primarily for the sale of cemetery services or funeral services within the meaning of that Act;

(h) a building set apart for public worship, and the land on which the building stands, if title to the land is registered in the name of

(i) the religious organization using the building,

(ii) trustees for the use of that organization, or

(iii) a religious organization granting a lease of the building and land to be used solely for public worship;

(i) a building that was constructed or reconstructed with the assistance of aid granted by the Provincial government after January 1, 1947 but before April 1, 1974 and that is owned and used exclusively without profit by a corporation to provide homes for elderly citizens, together with the land on which the building stands;

(j) a building set apart and used solely as a hospital under the Hospital Act, except a private hospital under that Act, together with the land on which the building stands;

(k) land and improvements for future hospital requirements that are

(i) designated for the purposes of this section by the minister responsible for the Hospital Act, and

(ii) vested in, or held by, a society or corporation that is not operated for profit and that has as an object the operation of a hospital;

(l) a building owned by an incorporated institution of learning that is regularly giving children instruction accepted as equivalent to that given in a public school, in actual occupation by the

institution and wholly in use for the purpose of giving the instruction, together with the land on which the building stands;

(m) fruit trees;

(n) improvements, other than dwellings and the fixtures, machinery and similar things mentioned in paragraph (o), erected on farm land and used exclusively to operate a farm, up to but not exceeding an assessed value of \$50 000;

(o) fixtures, machinery and similar things located on farm land and used exclusively to operate the farm that, if erected or placed, in or on land, a building or fixture or structure in or on it, would, as between landlord and tenant, be removable by the tenant;

(p) an improvement designed, constructed or installed to provide emergency protection for persons or domestic animals in the event of a disaster or emergency within the meaning of the Emergency Program Act;

(q) sewage treatment plants, manure storage facilities, effluent reservoirs, effluent lagoons, deodorizing equipment, dust and particulate matter eliminators;

(r) a floating dry dock, other than the onshore facilities of the floating dry dock, if the floating dry dock has a lift capacity greater than 20 000 tonnes.

(2) Septic disposal systems are not exempt from taxation under subsection (1) (q).

(3) An exemption under subsection (1) (b) to (p) does not include exemption from a fee.

(4) An exemption under subsection (1) (b), (d), (g), (h), (i) or (l) extends only to taxation under section 197 (1) (a) [municipal property taxes].

Grandparented pollution abatement exemptions

221 (1) In this section:

"final determination under the Assessment Act" means a determination on the assessment roll for a taxation year, subject to any change that is finally determined under the Assessment Act by supplementary assessment roll, by correction of a property assessment review panel, on complaint to a property assessment review panel or on further appeal;

"pollution abatement provision" means section 339 (1) (q) of the Local Government Act, section 15 (1) (s) of the Taxation (Rural Area) Act or section 396 (1) (e.01) of the Vancouver Charter, as those provisions read before their repeal and replacement by the Budget Measures Implementation Act, 1997.

(2) Land and improvements that were exempt for the 1996 taxation year under a pollution abatement provision are exempt to the extent established by subsection (3), if

(a) the land and improvements were exempt under that provision for the 1996 taxation year on final determination under the Assessment Act, and

(b) as applicable,

(i) for an exemption in relation to land only, the land continues to be exclusively or primarily used for the purpose of abating pollution,

(ii) for an exemption in relation to improvements only, the improvements continue to be exclusively or primarily used for the purpose of abating pollution, or

(iii) for an exemption in relation to land and improvements, the land and improvements continue to be exclusively or primarily used for the purpose of abating pollution.

(3) The amount of an exemption under subsection (2) for a taxation year is limited to the portion of the assessed value of land and improvements that is the least of the following:

(a) the portion that the assessment commissioner, in his or her discretion, determines is attributable to the use of pollution abatement for that taxation year, subject to final determination under the Assessment Act;

(b) the portion that was exempt for pollution abatement purposes for the immediately preceding taxation year on final determination under the Assessment Act;

(c) the portion that was exempt for the 1996 taxation year on final determination under the Assessment Act.

Phased farm property tax exemption

222 (1) This section applies to real property

(a) that is in a newly incorporated municipality, or in an area newly included in a municipality, and

(b) that was, immediately before the incorporation or inclusion, exempt from taxation because of section 15 (1) (f) of the Taxation (Rural Area) Act but that, after the incorporation or inclusion, is not exempt from taxation under this Act.

(2) Real property referred to in subsection (1) is exempt from taxation for the first 5 years after incorporation or inclusion, to the indicated percentage of the exemption that would have applied had the incorporation or inclusion not taken place, as follows:

year after incorporation	% of exemption that would have applied
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

Exemptions under regulations

223 (1) In addition to the provisions of any other Act, the Lieutenant Governor in Council may make regulations prescribing exemptions from property taxes under any Act in respect of one or more of the following:

- (a) prescribed industrial or business improvements;
- (b) prescribed improvements at prescribed community airports;
- (c) prescribed land or improvements at prescribed community ports.

(2) Without limiting section 283 [variation authority], regulations under subsection (1) may be different for different community airports and different community ports.

(3) An exemption under subsection (1) (b) or (c) applies to an airport or port only for a taxation year in which it is operated as a community airport or community port, as applicable.

Division 7 -- Permissive Exemptions

General authority for permissive exemptions

224 (1) A council may, by bylaw in accordance with this section, exempt land or improvements, or both, referred to in subsection (2) or (3) from taxation under section 197 (1) (a) [municipal property taxes], to the extent, for the period and subject to the conditions provided in the bylaw.

(2) Tax exemptions may be provided under this section for the following:

- (a) land or improvements that
 - (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and
 - (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation;
- (b) land or improvements that

- (i) are owned or held by a municipality, regional district or other local authority, and
- (ii) the council considers are used for a purpose of the local authority;
- (c) land or improvements that the council considers would otherwise qualify for exemption under section 220 [general statutory exemptions] were it not for a secondary use;
- (d) the interest of a public authority, local authority or any other corporation or organization in land or improvements that are used or occupied by the corporation or organization if
 - (i) the land or improvements are owned by a public authority or local authority, and
 - (ii) the land or improvements are used by the corporation or organization for a purpose in relation to which an exemption under this Division or Division 6 of this Part would apply or could be provided if the land or improvements were owned by that corporation or organization;
- (e) the interest of a public authority, local authority or any other corporation or organization in land or improvements that are used or occupied by the corporation or organization if
 - (i) the land or improvements are owned by a person who is providing a municipal service under a partnering agreement,
 - (ii) an exemption under section 225 [partnering and other special tax exemption authority] would be available for the land or improvements in relation to the partnering agreement if they were used in relation to the service,
 - (iii) the partnering agreement expressly contemplates that the council may provide an exemption under this provision, and
 - (iv) the land or improvements are used by the corporation or organization for a purpose in relation to which an exemption under this Division or Division 6 of this Part would apply or could be provided if the land or improvements were owned by that corporation or organization;
- (f) in relation to property that is exempt under section 220 (1) (h) [buildings for public worship],
 - (i) an area of land surrounding the exempt building,
 - (ii) a hall that the council considers is necessary to the exempt building and the land on which the hall stands, and

- (iii) an area of land surrounding a hall that is exempt under subparagraph (ii);
- (g) land or improvements used or occupied by a religious organization, as tenant or licensee, for the purpose of public worship or for the purposes of a hall that the council considers is necessary to land or improvements so used or occupied;
- (h) in relation to property that is exempt under section 220 (1) (i) [seniors' homes], (j) [hospitals] or (l) [private schools], any area of land surrounding the exempt building;
- (i) land or improvements owned or held by an athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes;
- (j) land or improvements owned or held by a person or organization and operated as a private hospital licensed under the Hospital Act or an institution licensed under the Community Care Facility Act;
- (k) land or improvements for which a grant has been made, after March 31, 1974, under the Housing Construction (Elderly Citizens) Act before its repeal.

(3) The authority under subsection (2) (e) and (g) to (j) is not subject to section 25 (1) [prohibition against assistance to business].

(4) Subject to subsection (5), a bylaw under this section

(a) must establish the term of the exemption, which may not be longer than 10 years,

(b) may only be adopted after notice of the proposed bylaw has been given in accordance with section 227 [notice of permissive tax exemptions], and

(c) does not apply to taxation in a calendar year unless it comes into force on or before October 31 in the preceding year.

(5) Subsection (4) (a) and (b) does not apply in relation to exemptions under subsection (2) (f) and (h).

(6) If only a portion of a parcel of land is exempt under this section, the bylaw under this section must include a description of the land that is satisfactory to the assessment commissioner.

(7) A bylaw under this section ceases to apply to property, the use or ownership of which no longer conforms to the conditions necessary to qualify for exemption and, after this, the property is liable to taxation.

Partnering, heritage, riparian and other special exemption authority

225 (1) In this section:

"eligible property" means property that is eligible under subsection (2);

"exemption agreement" means an agreement under subsection (5).

(2) The following property is eligible for a tax exemption under this section:

(a) eligible partnering property, being property that

(i) is owned by a person or public authority providing a municipal service under a partnering agreement, and

(ii) the council considers will be used in relation to the service being provided under the partnering agreement;

(b) eligible heritage property, being property that is

(i) protected heritage property,

(ii) subject to a heritage revitalization agreement under section 966 of the Local Government Act,

(iii) subject to a covenant under section 219 of the Land Title Act that relates to the conservation of heritage property, or

(iv) if property referred to in subparagraphs (i) to (iii) is a building or other improvement so affixed to the land as to constitute real property, an area of land surrounding that improvement;

- (c) eligible riparian property, being property that
 - (i) is riparian land,
 - (ii) is subject to a covenant under section 219 of the Land Title Act that
 - (A) relates to the protection of the property as riparian property, and
 - (B) has the municipality granting the exemption under this section as a covenantee in whose favour the covenant is made, and
 - (iii) meets any other requirements prescribed by regulation;
- (d) eligible cemetery property, being land held for cemetery purposes;
- (e) eligible golf course property, being land maintained as a golf course.

(3) A council may, by bylaw, exempt eligible property from taxation under section 197 (1) (a) [municipal property taxes] to the extent provided in the bylaw and subject to the conditions established by exemption agreement.

(4) The authority under subsection (3) is not subject to section 25 (1) [prohibition against assistance to business].

(5) For the purposes of this section, the council may enter into an agreement with the owner of property that is exempt or is to be exempt under this section, respecting the extent of the exemption and the conditions on which it is made.

(6) Without limiting subsection (5), an exemption agreement may do one or more of the following:

- (a) require the eligible property to be subject to a covenant under section 219 of the Land Title Act in favour of the municipality;
- (b) provide that the exemption is subject to specified conditions;

(c) provide that, if

- (i) a condition is not met,
- (ii) a required covenant under section 219 of the Land Title Act is discharged, or
- (iii) any other circumstances specified in the agreement occur,

the property owner must pay to the municipality an amount determined in accordance with the agreement.

(7) A bylaw under this section

- (a) must establish the term of the exemption,
- (b) may only be adopted after notice of the proposed bylaw has been given in accordance with section 227 [notice of permissive tax exemptions],
- (c) may only be adopted by an affirmative vote of at least 2/3 of all council members, and
- (d) does not apply to taxation in a calendar year unless it comes into force on or before October 31 in the preceding year.

(8) An exemption under this section ceases to apply to property, the use or ownership of which no longer conforms to the conditions necessary to qualify for exemption and, after this, the property is liable to taxation.

Revitalization tax exemptions

226 (1) A revitalization tax exemption may be provided under this section if

- (a) the property is in a revitalization area designated under subsection (2),
- (b) the exemption would be in accordance with a revitalization tax exemption program bylaw under subsection (4),
- (c) an agreement under subsection (6) applies, and
- (d) a tax exemption certificate for the property has been issued under subsection (7).

(2) A council may, for the purpose of encouraging revitalization of an area of the municipality, designate an area as a revitalization area in either the annual financial plan under section 165 or an official community plan.

(3) The designation under subsection (2) must include statements of the reasons for the designation and the objectives of the designation.

(4) For an area designated under subsection (2), the council may, by bylaw, establish a revitalization tax exemption program which may include the following:

- (a) the kinds of property revitalization that will be eligible for a tax exemption under this section;
- (b) the extent of the revitalization tax exemption available;
- (c) the conditions on which a tax exemption certificate may be issued;
- (d) provision for a recapture amount that must be paid by the owner of the property to the municipality if the conditions on which a tax exemption certificate is issued are not met.

(5) A bylaw under subsection (4)

(a) may only provide for exemptions in respect of

- (i) the construction of a new improvement, or
- (ii) the alteration of an existing improvement,

(b) may only provide for a maximum exemption that does not exceed the increase in the assessed value of land and improvements on the parcel between

- (i) the year before the construction or alteration began, and
- (ii) the year in which the tax exemption certificate is issued,

- (c) must establish the amounts of exemptions that may be provided under the bylaw, by specifying amounts or by establishing formulas by which the amounts are to be determined, or both,
- (d) must establish the maximum term of a revitalization tax exemption, which may not be longer than 5 years,
- (e) may provide for a single renewal of a revitalization tax exemption for a term not longer than 5 years,
- (f) may be different for
 - (i) different property classes under the Assessment Act,
 - (ii) different classes of improvements as established by the bylaw,
 - (iii) different classes of property as established by the bylaw, and
 - (iv) different uses as established by zoning bylaw, and
- (g) may only be adopted after notice of the proposed bylaw has been given in accordance with section 227 [notice of permissive tax exemptions].

(6) For the purposes of this section, the council may enter into an agreement with the owner of property respecting the provision of an exemption under this section and the conditions on which it is made.

(7) Once the conditions established in the bylaw under subsection (4) and the agreement under subsection (6) have been met, a revitalization tax exemption certificate must be issued for the property in accordance with the agreement.

(8) A revitalization tax exemption certificate must, in accordance with the bylaw under subsection (4) and the agreement under subsection (6), specify the following:

- (a) the amount of the tax exemption or the formula for determining the exemption;

- (b) the term of the tax exemption;
- (c) if applicable, the conditions on which the tax exemption is provided;
- (d) if applicable, that a recapture amount is payable if the certificate is cancelled and how that amount is to be determined.

(9) So long as a revitalization tax exemption certificate has not been cancelled, the land and improvements subject to the certificate are exempt, to the extent, for the period and subject to the conditions provided in the certificate, from taxation under section 197 (1) (a) [municipal property value taxes].

(10) A revitalization tax exemption certificate may be cancelled by the council

- (a) on the request of the property owner, or
- (b) if any of the conditions in the tax exemption certificate are not met.

(11) A revitalization tax exemption certificate or cancellation does not apply to taxation in a calendar year unless it is issued or cancelled, as applicable, on or before October 31 in the preceding year.

(12) The designated municipal officer must

- (a) provide a copy of a revitalization tax exemption certificate to the relevant assessor as soon as practicable after it is issued, and
- (b) if applicable, notify that assessor as soon as practicable after a revitalization tax exemption certificate is cancelled.

(13) The authority to provide a tax exemption under this section is not subject to section 25 (1) [prohibition against assistance to business].

Notice of permissive tax exemptions

227 (1) A council must give notice of a proposed bylaw under this Division in accordance with section 94 [public notice].

(2) Subject to subsection (3), the notice under subsection (1) must

- (a) identify the property that would be subject to the bylaw,
- (b) describe the proposed exemption,
- (c) state the number of years that the exemption may be provided, and
- (d) provide an estimate of the amount of taxes that would be imposed on the property if it were not exempt, for the year in which the proposed bylaw is to take effect and the following 2 years.

(3) In the case of a bylaw under section 226 (4) [revitalization tax exemption program bylaw], the notice under subsection (1) must

- (a) identify the designated area for the program,
- (b) describe the reasons for and the objectives of the program,
- (c) describe how the proposed program is intended to accomplish the objectives, and
- (d) state the maximum term of exemptions that may be provided under the program.

Division 8 -- Tax Liability of Occupiers

Taxation of Crown land used by others

228 (1) Subject to this section, land and its improvements are liable to taxation if the land is

- (a) owned in fee simple by the Crown or some person or organization on behalf of the Crown, and
- (b) held or occupied other than by or on behalf of the Crown.

(2) This section does not make the following liable to taxation:

(a) land or improvements otherwise exempt under section 220 (1) (b) to (m) [general statutory exemptions];

(b) land and improvements that are exempt under Division 7 [Permissive Exemptions] of this Part;

(c) a highway occupied by

(i) a gas, electric light, telephone, telegraph, power, pipeline, water, motor bus, electric trolley bus, radio or television broadcasting or closed circuit television company, or

(ii) a company that, in addition to any other function, provides a service similar in nature to a service referred to in subparagraph (i).

(3) Except as provided under the Veterans' Land Act (Canada) and subsection (4), the taxes imposed on land and improvements referred to in subsection (1)

(a) are a liability only of the holder or occupier, recoverable in the manner set out in this Act, and

(b) are not a lien or charge on the land and improvements that are not liable to tax sale.

(4) In the case of land disposed of by the Provincial government for which the Crown grant has not been registered,

(a) the land, together with its improvements, is liable to tax sale,

(b) the taxes imposed are a lien and charge on the land and its improvements, and

(c) the provisions of this Act and the Local Government Act for assessment, taxation, recovery of taxes and tax sales apply for the purposes of this subsection.

(5) If a supplementary assessment roll has been prepared under the Assessment Act for land held or occupied in the manner referred to in subsection (1),

- (a) the holder or occupier is liable to real property tax in the calendar year in which the holding or occupancy began for the portion of the calendar year the land was held or occupied, and
 - (b) section 241 [taxation based on supplementary roll] applies for the purposes of this subsection.
- (6) This section also applies to
- (a) improvements owned, held or occupied by or leased to, a person other than the Crown, located on land the fee of which is vested in the Crown or in some other person or organization on behalf of the Crown, and
 - (b) land held in trust for a band of Indians and occupied, other than in an official capacity, by a person who is not an Indian.

Taxation of municipal land used by others

229 If the fee simple of land is vested in a municipality, but the land is held or occupied other than by or on behalf of the municipality, the rules for taxation of Crown land used by others, as set out in section 228 (1), (2), (3) and (6) (a), apply to the land and its improvements and make them liable for taxation.

Taxation of occupier of exempt land

230 An occupier of land in the municipality assessed under section 27 of the Assessment Act is subject to taxation in the same manner as an occupier of land taxed under section 229.

Division 9 -- General Revenue Collection Authority

Recovery of taxes and fees

231 (1) Taxes and fees owed to a municipality, together with any applicable interest or penalties, are a debt due to the municipality recoverable in any court of competent jurisdiction.

(2) In addition to recovery under subsection (1), amounts referred to in that subsection may be recovered by any other method authorized under this or another Act and, unless otherwise provided, the use of one method does not prevent seeking recovery by one or more other methods.

Collection agreements with other taxing authorities

232 (1) A council may, by bylaw, enter into an agreement with any other authority having taxing powers in respect of land, or land and improvements, located in the municipality respecting the exercise of the powers of the municipality and of the other authority in relation to the collection of taxes, recovery of unpaid taxes and related matters.

(2) An agreement under subsection (1) may provide that a party to the agreement may exercise a power of another party to the agreement in relation to matters referred to in that subsection.

Division 10 -- Property Tax Due Dates and Tax Notices

Options for tax due dates

233 Property taxes are due as follows:

- (a) if the municipality has not established an alternative scheme, in accordance with the general tax collection scheme under section 234;
- (b) if the municipality has established an alternative scheme under section 235, in accordance with the election of the owner under section 236.

General tax collection scheme

234 (1) If this section applies, property taxes for a year are due on July 2 of the year.

(2) The Lieutenant Governor in Council may make regulations establishing penalties and interest that must be applied by municipalities in relation to payments made after the tax due date under subsection (1).

Alternative municipal tax collection scheme

235 (1) A council may, by bylaw, establish one or more dates on which all or part of the property taxes under this Part are due.

(2) A bylaw under subsection (1) must establish an annual period during which owners may make elections under section 236 [owner may elect which scheme to use].

(3) A bylaw under subsection (1) may do one or more of the following:

- (a) establish procedures for determining the amount of taxes due on each of the due dates;
- (b) provide for
 - (i) estimating, before the adoption of the annual property tax bylaw, the amount of taxes payable in the year, and
 - (ii) making adjustments to payments due after the adoption of that bylaw in order to take into account variations between the estimated and actual taxes payable;
- (c) establish discounts to be applied in relation to payments made before a tax due date established by the bylaw;
- (d) establish penalties and interest to be applied in relation to payments made after a tax due date established by the bylaw;
- (e) set terms, conditions and procedures in relation to payments, which may be different for different classes of owners as established by the bylaw.

(4) As a limitation on subsection (3) (a), there must not be more than 12 months between the first

and last due dates for annual taxes for any year.

Owner may elect which scheme to use

236 (1) If an alternative municipal tax collection scheme is established under section 235, the applicable scheme is determined in accordance with the following:

(a) if an owner has elected in accordance with subsection (2) to pay under the municipal scheme, that scheme applies;

(b) if an owner has elected in accordance with subsection (2) to pay under the general tax collection scheme, that scheme applies;

(c) if paragraph (a) or (b) does not apply and the municipal tax collection scheme

(i) has not established due dates that are before July 2,

(ii) has not established any interest, or has established interest that does not exceed the interest for the general tax collection scheme prescribed under section 234 (2), and

(iii) has not established any penalty, or has established penalties that do not exceed the penalties for the general tax collection scheme prescribed under section 234 (2),

the municipal tax collection scheme applies;

(d) if no other paragraph applies, the general tax collection scheme applies.

(2) An owner may make an election, or change an election, referred to in subsection (1) (a) or (b) by giving written notice of the election to the municipality within the period established under section 235 (2) [alternative municipal tax collection scheme].

(3) If the land title registration of a property indicates that there is more than one registered owner of the property, a person giving notice under subsection (2) may only do so with the written consent of the number of those persons who, together with the person giving notice, are a majority of the registered owners.

(4) As a limit on subsection (2), after an election or change has been made under this section, no further change in election may be made for the same year.

(5) Once an election or change has been made under this section, the owner is liable to make payments in accordance with the applicable scheme until the owner has made a subsequent change in election under this section.

General tax notices

237 (1) Each year a municipality must mail a tax notice in accordance with this section to each owner of property subject to tax under this Act.

(2) A tax notice must include the following:

- (a) a short description of the property;
- (b) the taxes imposed under this Act for the current year, separately stated for
 - (i) property value taxes imposed under section 197 (1) (a) [municipal property taxes],
 - (ii) each property value tax imposed under section 197 (1) (b) [property taxes for other bodies],
 - (iii) each property value tax collected by the municipality on behalf of another local government or other public body on the basis of tax rates imposed by the other body, and
 - (iv) each parcel tax imposed under Division 4 [Parcel Taxes] of this Part;
- (c) other taxes or fees that are payable in relation to the property;
- (d) any credit or abatement authorized by this or another Act;
- (e) when the penalties under this Division will be added if taxes are not paid;
- (f) other information that may be prescribed by regulation.

(3) The tax notice must include or have enclosed with it an application for a grant under the Home Owner Grant Act.

(4) A tax notice under this section must also be mailed to each holder of a registered charge in relation to the property whose name is included on the assessment roll.

(5) For the purposes of this section, the tax notice is to be mailed to the owner or other person at the address on the assessment roll.

(6) If a number of parcels are assessed in the name of the same owner,

(a) any number of those parcels may be included in one tax notice, and

(b) if several of the parcels are assessed at the same value, the tax notice is sufficient if it clearly identifies the property assessed and taxed as a block, parts of a block or a series of lots, without the full description for each parcel.

Persons may request copies of tax notices

238 (1) The collector must mail a copy of a tax notice under section 237 [general tax notices] and any statement under section 248 [statement of outstanding taxes] to all persons who have requested this during the current year in accordance with subsection (2).

(2) For the purposes of this section, a person must make a written request to the municipality and include in it a description of the property for which the tax notice is requested that is sufficient to allow the property to be identified.

Division 11 -- Adjustments to Taxes

Interest on overpayment of taxes

239 (1) If a person is refunded an amount of taxes paid under this Act, the municipality must pay the person interest at the rate prescribed under subsection (2).

(2) The Lieutenant Governor in Council may prescribe a rate of interest for the purposes of this section.

Adjustments for assessment changes

240 (1) If an assessment is set aside or varied after the annual property tax bylaw is adopted, the collector must make the necessary adjustments to the taxes imposed on the affected property.

(2) The amount of any tax as amended under this section is the amount of taxes imposed for the current year on the property affected and, despite the terms of a receipt given by the collector, any excess paid must be refunded and any balance unpaid is tax due and payable.

Taxation based on supplementary roll

241 (1) If taxes are to be imposed on the basis of a supplementary roll under the Assessment Act, 30 days' notice must be given for payment of those taxes and a penalty must not be added in that period.

(2) If an assessment on a supplementary roll is set aside or the assessed value reduced under the Assessment Act, the collector must refund to an owner the excess amount of taxes, and any penalty and interest on that excess, paid by the owner, less any taxes in arrear or delinquent taxes the person owes to the municipality.

Apportionment of property value taxes if land subdivided

242 (1) If a plan of subdivision is deposited in the land title office after November 30 in any year and before June 1 in the next year, the collector may

- (a) apportion the property value taxes payable in that next year between the parcels created by the subdivision in the same proportions as taxes would have been payable in respect of the parcels had the subdivision occurred on or before November 30 in the first year, and
- (b) on making an apportionment under paragraph (a), record the apportionment in the manner that the collector considers necessary.

(2) Taxes apportioned to a parcel under subsection (1) are the taxes payable in respect of the parcel in the year for which they are apportioned.

(3) The assessor for the area in which the land is located must provide the collector with the assessed values necessary to calculate the proportions of taxes referred to in subsection (1).

Apportionment of parcel taxes if land subdivided

243 (1) If a parcel of land subject to tax under Division 4 [Parcel Taxes] of this Part is subdivided, the collector must apportion the parcel taxes payable between the parcels created by the subdivision in the same proportions as taxes would have been payable in respect of the parcels had the subdivision occurred before the parcel tax roll was authenticated.

(2) Taxes apportioned to a parcel under subsection (1) are the taxes payable in respect of the parcel.

(3) An apportionment or reapportionment of a parcel tax under this section does not

(a) require authorization or confirmation by bylaw or by a parcel tax roll review panel,

(b) operate as a new parcel tax assessment, or

(c) in any way invalidate, reopen or affect the parcel tax roll other than for the land in respect of which the apportionment or reapportionment has been made.

Division 12 -- Payment of Taxes

Application of tax payments

244 (1) Payments for taxes must be credited by the collector against the following in the indicated order:

- (a) delinquent taxes, including interest, from past years;
- (b) taxes in arrear, including interest, from the preceding year;
- (c) a penalty added in the current year;
- (d) taxes imposed under the School Act for the current year;
- (e) taxes under Division 5 [Local Service Taxes] of this Part in the current year;
- (f) any unpaid municipal taxes for the current year.

(2) Acceptance of a payment on account of taxes does not affect the liability of a person for full payment or of the land or improvements to be sold for the amount of taxes unpaid.

Taxes in arrear

245 (1) The taxes for the current year on land or improvements, or both, together with any applicable penalties, that are unpaid on December 31 in the year imposed

- (a) are taxes in arrear on that date, and
- (b) bear interest from that date at a rate prescribed by the Lieutenant Governor in Council under section 11 (3) of the Taxation (Rural Area) Act.

(2) Taxes

- (a) imposed by a municipality under section 197 (1) (b) [property taxes for other bodies], or

(b) collected by the municipality on behalf of another local government or other public body on the basis of tax rates imposed by the other body that are unpaid on December 31 in the year imposed, together with any applicable penalties, become municipal taxes in arrear under subsection (1) on that date.

(3) The interest under subsection (1) (b) is part of the taxes in arrear, and the total amount of the taxes in arrear is a charge on the land or improvements, or both, as if the penalties and interest had originally formed part of the taxes imposed.

Delinquent taxes

246 (1) Any taxes in arrear remaining unpaid on December 31 in the year following the year in which they became taxes in arrear

(a) are delinquent on that date, and

(b) bear interest from that date at a rate prescribed by the Lieutenant Governor in Council under section 11 (3) of the Taxation (Rural Area) Act until paid or recovered.

(2) The added interest under subsection (1) (b) is part of the delinquent taxes and is a charge as in section 245 (3) [taxes in arrear].

Treatment of outstanding taxes on subdivision or cancellation of subdivision

247 (1) If a parcel of land appears on the assessment roll to have been subdivided, the collector must apportion taxes in arrear and delinquent taxes in the same proportion as the assessment for each new parcel bears to the total assessment.

(2) The assessor for the area in which the land is located must provide the collector with the assessment apportionment required for the purpose of subsection (1).

(3) Subsections (1) and (2) also apply if part of a parcel on which taxes are due has been sold and the transfer has been delivered to the purchaser.

(4) If a plan of subdivision has been cancelled, the amount of any taxes in arrear or delinquent taxes against a parcel in the plan or subdivision cancelled are taxes in arrear or delinquent taxes against the parcel of land as it appears after cancellation.

Statement of outstanding taxes

248 (1) No later than the date on which the tax notice under section 237 [general tax notices] is mailed, the collector must mail a statement of the amount of the taxes in arrear and of delinquent taxes to each assessed owner of

(a) property for which there are taxes in arrear or delinquent taxes, or

(b) property sold by tax sale under the Local Government Act, but remaining subject to redemption under section 417 [redemption by owner] of that Act.

(2) A statement under subsection (1) must also be mailed to each holder of a registered charge in relation to the property whose name is included on the assessment roll.

(3) If applicable, the statement under subsection (1) must be in the form prescribed by regulation.

Certificate of outstanding taxes

249 (1) On demand and without charge, the collector must give the owner of real property whichever of the following is applicable to the property:

(a) a written statement showing the amount of all unpaid taxes;

(b) a certificate that all taxes and fees imposed against the real property identified in the certificate have been fully paid.

(2) The collector must provide, to any person who requests this, a certificate showing

- (a) the amount of unpaid taxes charged against specified real property,
- (b) whether the real property has been sold for taxes, and
- (c) if the property has been sold for taxes, the time if any remaining for redemption and the amount required to redeem it.

(3) An error in a statement or certificate given under this section does not subject the municipality to damages.

Division 13 -- Recovery of Taxes

Taxes are a special charge on the land

250 (1) Taxes accrued and to accrue on land and its improvements, and a judgment under section 231 [recovery of taxes and fees] for the taxes, are a charge that

- (a) is a special charge on the land and improvements,
- (b) has priority over any claim, lien, privilege or encumbrance of any person except the Crown, and
- (c) does not require registration to preserve it.

(2) If it is necessary or advisable to protect or enforce a charge under subsection (1) by a proceeding, this may be done by order of the court, on application and on notice the court considers appropriate.

Liability of assessed owner

251 (1) A person who, in any year, is an assessed owner of land, improvements or both in a municipality, or of a taxable interest in them, is liable to the municipality for

(a) all taxes imposed by the municipality under any Act or former Act on the land, improvements or both during the year, and

(b) all unpaid taxes imposed in a previous year.

(2) The liability referred to in subsection (1) is a debt owed to the municipality, and a copy of the tax notice under section 237 [general tax notices] that refers to the taxes payable by the person, certified as a true copy by the corporate officer, is evidence of that debt.

(3) The liability referred to in subsection (1) must not be enforced by action against a person whose name appears on an assessment roll only as a personal representative or trustee of an estate, except to the extent and value of the assets of the estate that have come into that person's hands.

Recovery of taxes by the legal remedy of distress

252 (1) Despite any Act, with the approval of the council, a collector may, directly or by agent, levy the amount of taxes due, with costs, by distress of one or more of the following:

(a) the output of the taxed property;

(b) goods and chattels of the person liable to pay the taxes;

(c) any goods and chattels in British Columbia in the possession of the person liable to pay the taxes;

(d) any goods and chattels found on the premises of the person liable to pay the taxes;

(e) any goods and chattels found on the property of or in the possession of another occupant of the premises of the person liable to pay the taxes that would be subject to distress for arrears of rent due to a landlord.

(2) Subject to subsection (3), the costs chargeable on distress under this section are those payable as between landlord and tenant.

(3) A council may, by bylaw, regulate and alter the scale of costs payable in cases of distress under this section.

(4) A collector who makes distress must give notice in accordance with section 94 [public notice] of

(a) the time and place of the sale, and

(b) the name of the taxpayer whose property is to be sold.

(5) At the time given in the notice under subsection (4), the collector or agent must sell at public auction the seized property or as much as may be necessary.

(6) If there is a surplus from the sale over the amount of the taxes and costs, the surplus must be paid to the person in possession of the property when it was seized, unless claim to it is made by another person on the ground that the property sold belonged to the other person, or that the other person was entitled by lien or other right to the surplus.

(7) If a claim is made by the person for whose taxes the property was distrained and the claim is admitted, the surplus must be paid to the claimant.

(8) If the claim referred to in subsection (7) is contested, the surplus must be retained by the collector until the rights of the parties have been determined.

(9) A person receiving a surplus under this section must give a receipt for it.

Power to accept real property in place of taxes

253 (1) A council may, by bylaw, accept, in place of all unpaid taxes, rates, interest and costs against otherwise unencumbered real property in the municipality, an absolute conveyance to the municipality of the whole of the real property from its registered owner.

(2) Delivery of the conveyance must be made to the municipality and, after receipt, the designated municipal officer must promptly apply to the proper land title office for registration of the municipality as owner.

(3) Registration of the municipality as owner of the land or real property is deemed to be in payment of and discharges all taxes, rates, interest and costs assessed and chargeable against the land or real property at the date of the conveyance.

Tax sales

254 If applicable, a municipality must recover unpaid property taxes, including any interest and penalties owing on those taxes, by tax sale in accordance with Part 11 [Tax Collection] of the Local Government Act.

Notice of delinquent taxes on Crown land

255 If taxes become delinquent on land that the Provincial government has agreed to sell under an agreement to purchase,

- (a) the collector must notify the minister responsible for the administration of the Land Act within 3 months after taxes with respect to the person holding the land became delinquent, and
- (b) that minister must cause a suitable notation to be made on the record of purchase and may take any other steps considered advisable.

Recovery of taxes on Crown land subject to an agreement for sale

256 (1) This section applies if the Provincial government has agreed to sell land in a municipality on terms of deferred payment and the holder of the agreement for sale

(a) has defaulted in payment for the land, or has abandoned the land with the title remaining in the Provincial government, and

(b) has defaulted in payment of municipal taxes against the land.

(2) The municipal taxes referred to in subsection (1) (b) are a first charge against the land and, following the sale of the land, the Provincial government must pay the municipal taxes out of the proceeds of the sale, subject to the limit that the amount paid must not exceed the amount received by the Provincial government for the sale.

Recovery of taxes on Crown land held under lease or licence

257 (1) The collector must not sell land the fee simple of which is vested in the Provincial government and which is held under lease, licence, permit or location.

(2) Within 5 months from the date when taxes on land referred to in subsection (1) become delinquent, the collector must give written notice to the person liable for them, either by serving the notice or by sending it by registered mail, that the lease, licence, permit or location will be cancelled if the person does not pay the delinquent taxes, together with interest and all subsequent taxes, within 6 months from the date when the taxes became delinquent.

(3) The collector must send a copy of the notice under subsection (2) to the minister responsible for the administration of the Land Act.

(4) If payment of the delinquent taxes, with interest, and all subsequent taxes is not made within the 6 months,

(a) the collector must forward to the minister referred to in subsection (3) a list of defaulting lessees, licensees, permittees or locators, and

(b) that minister must at once cancel the leases, licences, permits or locations.

(5) Until the minister referred to in subsection (3) notifies the collector of cancellation under subsection (4), the collector must not cancel an amount due.

(6) On cancellation of a lease, licence, permit or location, the minister referred to in subsection (3) must notify the collector, who must then cancel the amount due.

(7) If good reasons are shown to the satisfaction of the minister referred to in subsection (3) that the defaulting person, from poverty, sickness or other cause, has been unable to pay the amount due within the time limit, the minister may extend the time within which payment must be made before cancellation takes effect.

Division 14 -- Recovery of Special Fees

Special fees may be collected as property taxes

258 (1) This section applies to the following:

- (a) fees imposed, under this Act or the Local Government Act, for work done or services provided to land or improvements;
- (b) fees imposed under section 196 (1) (a) [fire and security alarms systems];
- (c) amounts that a municipality is entitled to recover for work done or services provided to land or improvements under any other provision of this Act or the Local Government Act that authorizes the municipality to recover amounts in the event of default by a person.

(2) An amount referred to in subsection (1)

- (a) may be collected in the same manner and with the same remedies as property taxes, and
- (b) if it is due and payable by December 31 and unpaid on that date, is deemed to be taxes in arrear.

- (3) If an amount referred to in subsection (2) (b) is a fee referred to in section 194 (2) (a) [municipal fees for services outside the municipality],
- (a) the collector must promptly, after December 31, forward a statement showing the amount of the fee
 - (i) to the Surveyor of Taxes in the case of real property that is not in a municipality, or
 - (ii) to the applicable municipal collector in other cases, and
 - (b) the Surveyor of Taxes or collector must add the amount of the fee to the taxes payable on the property.
- (4) If an amount is added under subsection (3) (b),
- (a) the amount is deemed to be a municipal tax or Provincial tax, as applicable, and must be dealt with in the same manner as taxes against the property would be under this Act, the Local Government Act or the Taxation (Rural Area) Act, and
 - (b) when it is collected, the collecting municipality or Minister of Finance must pay the amount to the municipality to which it is owed.
- (5) If an amount is added under subsection (3) (b) and is not paid at the time the property is sold by tax sale,
- (a) if the upset price is obtained at the time of the tax sale, the minister or municipality referred to in subsection (4) must pay out of the proceeds of the sale the amount due under this section to the municipality to which it is owed, or
 - (b) if the upset price is not obtained and subsequently the property is sold, the proceeds of sale must be applied according to the respective interests in the upset price.

Special fees that are liens against property

259 (1) This section applies to amounts that are referred to in section 258 (1) [special fees that may be collected as property taxes].

(2) An amount referred to in subsection (1)

(a) is a charge or lien on the land and its improvements in respect of which the charge is imposed, the work done or services provided,

(b) has priority over any claim, lien, privilege or encumbrance of any person except the Crown, and

(c) does not require registration to preserve it.

(3) An owner of land or real property aggrieved by the creation of a charge or lien under this section may, on 10 days' written notice to the municipality, apply to the Supreme Court for an order that the charge be removed or that the amount for which it was imposed be varied.

(4) On an application under subsection (3), if the court is satisfied that any of the amount for which the charge or lien was created was imposed improperly, it may order that the charge or lien be removed or that the amount be varied, or make another order it considers appropriate.

LTFMS



Policy 3707:

It is Council Policy that:

1. **Tax Revenue**

Tax increases will be at Vancouver's CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0 % towards infrastructure replacement needs.

2. **Gaming Revenue**

Gaming revenues will go directly to the capital reserves, the grants program and a community legacy project reserve.

3. **Alternative Revenues & Economic Development**

Any increases in alternative revenues and economic development beyond all the financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

4. **Changes to Senior Government Service Delivery**

Any additional costs imposed on the City as a result of mandatory senior government policy changes should be identified and added to that particular year's taxes above and beyond the CPI and infrastructure percentage contribution.

5. **Capital Plan**

Ensure that long term capital funding for infrastructure (e.g. parks, trails, facilities, roads etc.) is in place in order to maintain community liveability and generate economic development.

6. **Cost Containment**

Staff increases should be achieved administratively through existing departmental budgets, and no pre-approvals for additional programs or staff beyond existing budgets should be given, and that a continuous review be undertaken of the relevancy of the existing operating and capital costs to ensure that the services, programs and projects delivered continue to be the most effective means of achieving the desired outcomes of the City's vision.



7. **Efficiencies & Service Level Reductions**

Savings due to efficiencies or service level reductions identified in the strategy targets should be transferred to the capital reserves. Any savings due to efficiencies beyond the overall strategy targets can be utilized to reduce the tax rate or for increased levels of service.

8. **Land Management**

Sufficient proceeds from the sales of City land assets will be used to replenish or re-finance the City's land inventory. Any funds in excess of such proceeds may be used as directed by Council.

9. **Administrative**

As part of the annual budget process the following shall be undertaken:

- all user fees will be automatically increased by CPI;
- the financial model will be used and updated with current information, and
- the budget will be presented in a manner that will highlight the financial strategy targets and indicate how the budget meets or exceed them.

10. **Debt Management**

Utilize a "pay as you go" approach rather than borrowing for financing infrastructure replacement.



To: General Purposes Committee

Date: July 31, 2003

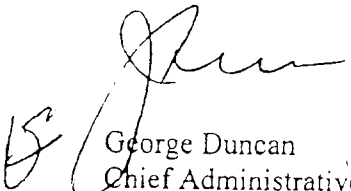
From: TAG


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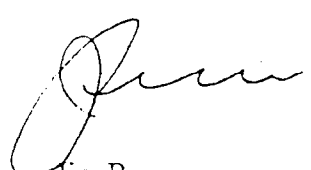
Re: Long Term Financial Management Strategy

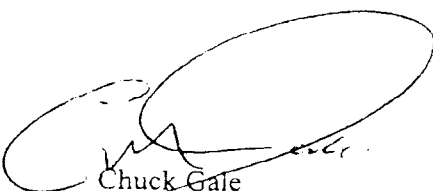
Staff Recommendation

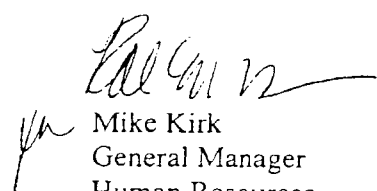
1. That the policies for the Long Term Financial Management Strategy included on Attachment 1 to this report dated July 31, 2003 from TAG be adopted.
2. That staff proceed with the implementation of "Approach 3" as outlined in the Implementation Strategy of this report dated July 31, 2003 from TAG.
3. That staff work towards the full implementation of Scenario Option "B1" contained in this report for the 2005 budget.

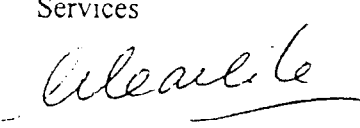

George Duncan
Chief Administrative Officer

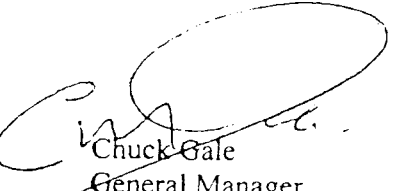

Jeff Day
General Manager
Engineering & Public Works


Jim Bruce
General Manager
Finance & Corporate
Services


Chuck Gale
Acting, General Manager
Urban Development


Mike Kirk
General Manager
Human Resources


Cathy Volkering-
Carlile
General Manager
Parks, Recreation
& Culture


Chuck Gale
General Manager,
Community Safety

Staff Report

Background

Similar to other Canadian cities, Richmond is not alone with its past and continued struggles with insufficient revenue sources, ageing infrastructure, provincial downloading, rapid infrastructure expansion associated with urban growth, fluctuating market conditions, decreasing reserves and a lack of control over external costs.

Over the last 10 years, City Council have had to make tough budget decisions in order to deal with rising costs, such as the provincial grant reductions in the mid-1990's. During this time, Richmond lost \$5.7 million in provincial grants, and was subject to rising external costs. Some cities chose to increase taxes and fees to deal with the loss of the grants, and rising costs. Richmond chose to absorb the loss of provincial grants and rising costs by reducing contributions to the reserves and finding significant efficiencies in order to require only nominal tax increases to property owners. Unfortunately, there are not the efficiencies available that there were 10 years ago without effecting service levels and staffing levels.

Thus, these past offsetting strategies have put the City in a tight financial situation. Although Richmond is presently in a better financial position than many other cities, this could change given rising external costs and declining reserves.

Recognizing this situation will change unless a proactive strategy is developed which will extend the economic health of Richmond over the long term and leave a positive legacy for future generations. On May 26, 2002, Council directed staff to develop a Long Term Financial Management Strategy.

On June 26, 2003, at a closed General Purposes Committee meeting, Committee reviewed four options that staff created to close the funding gaps and to achieve Council's measures of success for financial sustainability. After discussing the merits of the options, Council created a modified option that included targets that they agreed could realistically meet their measures of success and be acceptable to the community. The targets Council agreed on with the modified option referred to as **Option "B"** include:

<i>Tax increase: CPI+1 %</i>	<i>Total casino revenue: \$10 mil per year</i>
<i>Economic Development: 0.85% per year</i>	<i>Operating Efficiencies: -0.5% per year</i>
<i>New Alternative Revenue: \$1 mil per year</i>	<i>Service Level Reduction: -0.5% - 1st yr. only.</i>
<i>Fire & Police Efficiencies: -0.5%</i>	

After agreeing on the targets of the new option, Committee then directed the Long Term Financial Management Strategy team to report back with the following:

- 1) An analysis of Option "B".
- 2) Two scenarios which are modified versions of Option "B" which strive to achieve Council's measures of success.

- 3) The required policies to implement the strategy.
- 4) Options for a communication strategy.

This report addresses the above referral.

Findings of Fact

All of the options developed as part of the strategy are intended to assist the Corporation to achieve **Council's Measures of Success** which include:

- (1) A Long Term taxation plan that will enable the City to tie property tax increases to a specific relationship with **CPI** beginning this term of office.
- (2) City reserves will be increased to the 1995 level or better.
- (3) The City will have diversified revenue sources, through diversification of its land use, tax base, business base and new alternative sources of funding.
- (4) A Cost Control/Containment Plan, which will control expenditure growth, rationalize resources, and that provides a continuous review of the relevancy of existing operating and capital costs.
- (5) The strategy should enhance the City's economic well being for present and future generations without sacrificing the City's attractiveness, liveability and overall quality of life.

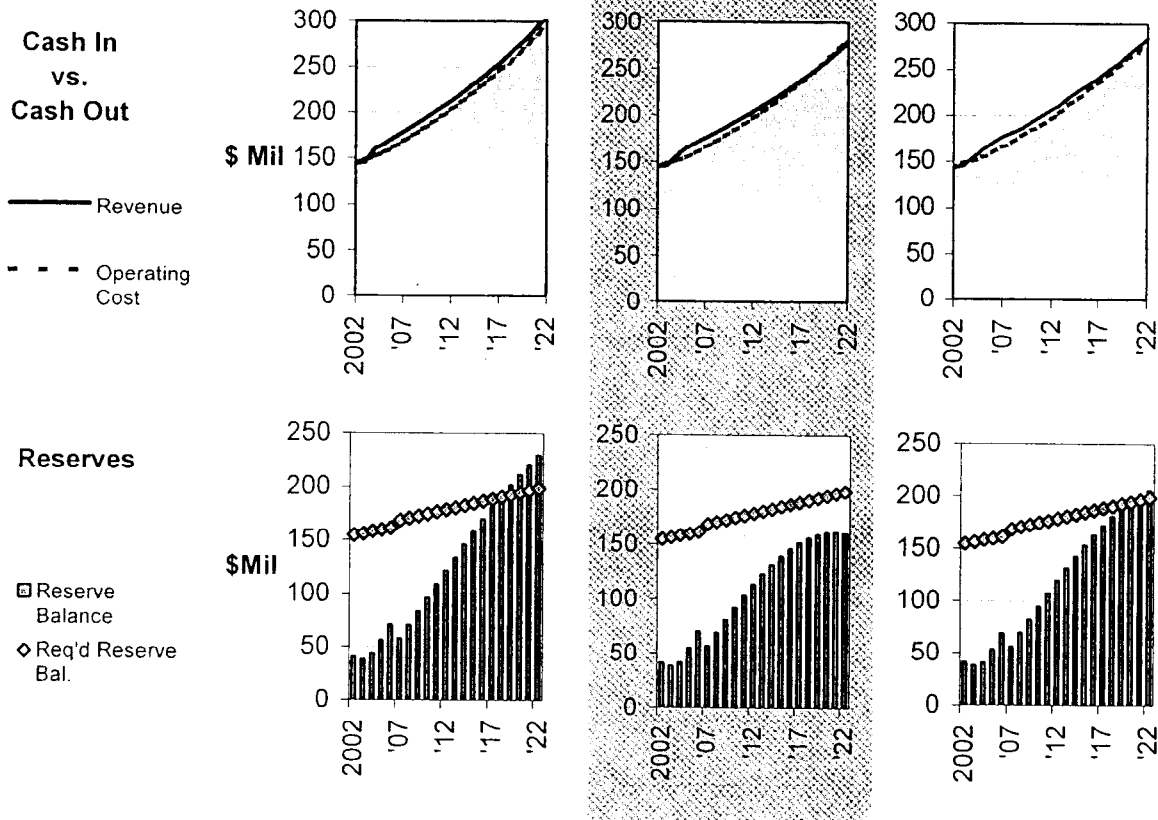
Analysis

A) Option "B" & Scenarios

Council used the financial model to create Option "B" as a potential strategy option and requested that two variations of Option "B" be generated for comparison. The two variations of Option "B" are referred to as Scenario Option "B1" and Scenario Option "B2". The details of the three options and the effect they have on closing the funding gaps are shown in Figure 1.

Figure 1. Options Summary

Variable	Option B1	Option B	Option B2
Tax Increase	CPI + 1% every year	CPI + 1% every year	CPI + 1.3% every year
Economic Development	1.5% per year	0.85% per year	0.7% per year
New Alternative Revenue	\$1 Mil per year by the 5 th year	\$1 Mil per year	\$1 Mil per year by the 4 th year
Total Casino Revenue	\$10 Mil per year by the 2 nd year	\$10 Mil per year	\$10 Mil per year by the 2 nd year
Fire and Police Efficiencies	-0.2% per year start in 3 rd year	-0.5% per year	-0.5% per year
Operating Efficiencies	-0.2% per year start in 3 rd year	-0.5% per year	-0.5% per year
Service Level Reduction	No reduction	-0.5% in the 1 st year only	-0.1% per year for the first 5 years



Option Variables

As part of the development of Scenario Option “B1” and Scenario Option “B2”, the team examined various ways that the variables could be adjusted and still realistically meet Council’s measures of success. A description of the variable combinations used in the options is discussed below.

Tax Rate

The increase in the tax rate was adjusted as little as possible with the two new options. The rate of CPI+1% identified in Option “B” was considered realistic and effective for long term implementation. Thus, Scenario Option “B1” also uses CPI + 1%. Whereas, Scenario Option “B2” uses a slightly higher rate of CPI+1.3% to largely compensate for the reduced economic development and phased growth in alternative and casino revenue.

Economic Development

The 0.85% economic development target used in Option “B” was considered conservative when compared to past performance in the City. Scenario Option “B1” uses the rate of 1.5% which is historically typical. Scenario Option “B2” uses the more conservative or pessimistic value of 0.7%.

New Alternative Revenue

All three options use a long term sustained amount of \$1 Mil per year of new alternative revenue. This represents \$1 Mil in revenue generated each year and is not compounding (i.e. not \$2 Mil in year two). In Option “B” this new revenue is realised in year one. In Scenario Option “B1” the new revenue is more realistically phased in over 5 years, and over 4 years in Scenario Option “B2”.

Total Casino Revenue

All three Options use a long term sustained amount of \$10 Mil per year of total casino revenue. This represents \$10 Mil in revenue generated each year and is not compounding (i.e. not \$20 Mil in year two). In Option “B” this new revenue is realised in year one. More realistically, in Scenario Options “B1” and “B2” the total is \$6 Mil in year one and then \$10 Mil per year.

Current annual casino revenue is approximately \$2 Mil. All new casino revenue will come from the Bridge point Casino development, which could be completed in 2004.

Cost Containment

There are two ways of increasing the City’s funding to cover the costs of providing services and programs. The first is to increase the City’s revenue inputs (e.g. taxes, utilities, alternative revenue etc.). The second is to contain the City’s costs through efficiencies, service level reductions, or new service delivery models. Without cost containment, the addition of new programs beyond current service levels will make it extremely difficult if not impossible to keep the tax increase at CPI+ 1%.

In order to have effective cost containment, a clear Council policy must be developed on staff growth limits and alternate service delivery models. The financial model at this time deals only with the efficiencies and service level reductions components of cost containment.

That is, City operating efficiencies of -0.5% per year are identified in Option “B” and Scenario Option “B2”. In Scenario Option “B1” the efficiency rate is reduced to -0.2%, taking advantage of the increase in economic development. The efficiency targets may be the most challenging targets to achieve. For example, the majority of costs for Fire and Police are personnel related and these costs, and their short term growth rates, are fixed in labour agreements and contracts. Salaries reflect 86% of Fire costs and salaries/contracts reflect 99% of Police costs. The establishment of staff growth limits would however help to contain rising costs.

The service level reductions in all three options have a minor impact on the overall financial picture. The reduction is zero in Scenario Option “B1”, taking advantage of the increase in economic development.

Capital Program Reduction

None of the three options have capital program reductions as deferred capital would generate greater costs in the long term.

B. Supporting Policies

This section of the report outlines the issues, and the resulting policies that are necessary to implement the Long Term Financial Management Strategy. In order to successfully implement the strategy and achieve Council’s measures of success, all the policies need to be adopted and implemented. The policies support Options (B, B1, and B2) contained in this report. Any major changes to the policies will affect the outcomes of the options that were generated by the financial model.

REVENUE

1. Tax Revenue

Issues

- Richmond, like other Canadian cities, relies on general property taxes as a major source of revenue. Property taxes are not indexed to inflation like income taxes are and as a result do not automatically generate as much revenue.
- In addition to collecting property taxes to cover City operations, Richmond is also required to collect taxes for the School Board, BC Assessment Authority and the Regional District. Increases to these taxes are often perceived as increases in City operating expenses.

- Without a Long Term Financial Management strategy to protect the City's present and future economic health, the annual budget process is often reactive and based on crisis management resulting in increased costs in subsequent years.
- There are increasing expectations from the ageing population for the City to provide high service levels with no tax increases.
- Only the water, and sanitary sewer systems have dedicated sources of revenue for operation, maintenance and replacement through utility rates. A utility rate is also in place to fund future dyke and drainage system infrastructure replacement but not operation or maintenance. There is also a dedicated revenue source to fund sanitation and recycling operations. Operation, maintenance and replacement of all other infrastructure are funded through general revenue, which is largely supported by property taxes.
- As a result of rising costs, there is always the temptation of reducing the contribution to the City's reserves in order to minimize the tax increase. As demonstrated in 1995, decreased contributions to the reserves in order to avoid passing on the costs of losing the provincial grants to the tax payers has had a negative compounding effect on the reserve balances.
- Historically, additional new programs and projects have been absorbed, and as a result less funding gets transferred to the reserves.

Policy One

Tax increases will be at Vancouver's CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0 % towards infrastructure replacement needs.

Rationale

- CPI increases are required to cover our current programs and maintain existing infrastructure at the same level of service.
- The provision of additional programs will require a tax increase beyond CPI+1.
- The use of CPI will help to strengthen the perception that the City is operating efficiently. It also demonstrates that city operations are not exempt from the effects of inflation.
- The separate identification of a dedicated percentage for infrastructure replacement clearly shows the City's commitment to protect the long term economic viability of Richmond.
- The use of CPI plus an infrastructure contribution should help to simplify the intent of the financial strategy of building the reserves and keeping City taxes as close as possible to the rate of inflation.
- A simple strategy that is well communicated will help to clarify the difference between City taxes and taxes of other authorities.

2. Gaming Revenue

Issues

- The City is eligible for 10% of net casino revenues.
- It is not sustainable over the long term to utilize gaming revenue in the operating budget as it could be reduced or eliminated at any time by senior levels of government and/or participation rates could decline resulting in less revenue.
- There is flexibility with this revenue source as it is up to individual Councils to set policies as to how these revenues are spent.

Policy Two

Gaming revenues will go directly to the capital reserves, the grants program and a community legacy project reserve.

Rationale

- Due to their variable nature, gaming revenues should be treated as “one time revenues” because the City could lose them at any time so they should go to one time expenditures such as a capital replacement, grants or a community legacy reserve. General Guidelines would need to be created and approved by Council outlining what an appropriate community legacy project could be.
- This approach will help to replenish the capital reserves and provide Council with the flexibility if desired to implement significant community programs as well as to contribute to the community grants program.

3. Alternative Revenues & Economic Development

Issues

- Some of the alternative revenues available to the City such as user fees and pay parking may not be acceptable to some members of the community particularly when they are first introduced. Further debate and clear direction is needed in order to meet the alternative revenue targets of the strategy.
- New economic development and alternative revenues should contribute to the long term vision of the city. For example, although it could generate revenue, corporate billboards at the entrance to the City would not help to achieve the “appealing” component of Richmond’s vision.
- New tax revenue generated from economic development is dependent on variable market conditions.

Policy Three

Any increases in alternative revenues and economic development beyond all the financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

Rationale

- Once all the overall revenue targets of the chosen strategy option are met, there is flexibility to use the additional revenue to reduce the tax rate. (It is important to note, that if a particular revenue variable exceeds its target that it can be used to compensate for a variable that has not met its target.)

- This policy helps to ensure that the necessary revenue targets are met, but also provides an opportunity to help reduce the tax rate if the targets are exceeded.

4. Changes to Senior Government Service Delivery

Issues

- Changes in senior government service delivery models or further reductions in grants could result in increased costs to the City.

Policy Four

Any additional costs to the City as a result of senior government policy changes should be identified and added to that particular year's taxes above and beyond the CPI and infrastructure percentage contribution.

Rationale

- This approach will avoid the problems that occurred in 1995 when the contributions to the reserves were used to cover the cost of the grant reductions.
- A communications strategy will be required to help clarify the source of any additional costs to the taxpayers.

5. Capital Plan

Issues

- There are costs associated with creating a liveable City that is attractive both to residents and businesses.
- Growth also leads to an increased demand for adding new and expanded services and facilities to serve a diverse urban population.

Policy Five

Ensure that long term capital funding for infrastructure (e.g. parks, trails, facilities, roads etc.) is in place in order to maintain community liveability and generate economic development.

Rationale

In order to maintain a strong tax base, remain competitive and stimulate economic development in the City, investment in services and capital infrastructure needs to be made to make the City an attractive place to live and work.

6. Cost Containment

Issues

- Because there are costs associated with creating a highly liveable and viable City, there needs to be a continuous review of the relevancy of the existing operating and capital costs to ensure that the services, programs and projects delivered continue to be the most effective means of achieving the desired outcomes of the City's vision.
- CPI tax increases are required to cover our current programs and maintain existing infrastructure at the same level of service. Whereas, the provision of new or expanded programs provided in addition to existing programs will result in an additional tax increase beyond CPI.

- Cost containment can be achieved through efficiencies, service level reductions and new service delivery models.
- Pre-approval of additional programs without determining if there is another program that can be replaced or provided differently will lead to cost over-runs.

Policy Six

Staff increases should be achieved administratively through existing departmental budgets, and no pre-approvals for additional programs or staff beyond existing budgets should be given.

Rationale

- This policy provides a start to cost containment. It will enable the City to better meet the strategy targets by having controls on cost growth.

7. Efficiencies and Service Level Reductions

Issues

- The continuous search for efficiencies is a sound business practice.
- In the past efficiencies and service level reductions have traditionally been used to reduce the tax rate rather than to replenish the reserves.
- In 1997, the Corporate Efficiency Program was implemented across the organization resulting in \$3.2 million reduction in expenditures. Although staff have continued to search for additional efficiencies, future savings are unlikely to be as significant as they were in 1997.
- Richmond is known for its excellent facilities, open space system and high level of services.

Policy Seven

Savings due to efficiencies or service level reductions identified in the strategy targets should be transferred to the capital reserves. Any savings due to efficiencies beyond the overall strategy targets can be utilized to reduce the tax rate or for increased levels of service.

Rationale

- Once all the required targets of the selected strategy option targets are met, an opportunity exists to reduce tax increases or improve level of services. It is unlikely that there will be additional money available from efficiencies though, because it is going to be difficult enough just to meet the targets and continue to provide high levels of service.
- This policy results in additional money going to the reserves at no additional impact to the taxpayer.
- The ability to use efficiencies beyond the strategy option targets for service level improvements will provide additional incentive at all levels in the organization to rationalize existing resources and to review the relevancy of existing operating and capital costs.

8. LAND MANAGEMENT

Issues

- Land assets have a long term community and economic value.
- Revenue can be realized through rent, and leases in the short term.
- The City has lower holding costs than most private interests.

Policy eight

Land assets should not be sold to finance the purchase of depreciating assets.

Rationale

- This policy will enable the City to utilize the land inventory as a revolving fund, and realize the long term value of an asset.

9. ADMINISTRATIVE

Issues

- Currently, the City does not have a simple report card as to how well the City is doing in terms of financial sustainability.
- The financial model used to create the strategy options, is based on past performance, and an environmental scan, which takes into account current and projected future economic conditions.
- Currently user fees are not adjusted to inflation.

Policy Nine

As part of the annual budget process the following shall be undertaken:

- *all user fees will be automatically increased by CPI;*
- *the financial model will be used and updated with current information, and*
- *the budget will be presented in a manner that will high light the financial strategy targets and indicate how the budget meets or exceed them.*

Rationale

- This policy will ensure that the financial model continues to provide Council with the best information possible to guide the strategy and to demonstrate the City's progress towards achieving long term financial sustainability.

10. DEBT MANAGEMENT

Issues

- There are costs associated with borrowing money to finance infrastructure replacement.

Policy

Utilize a "pay as you go" approach rather than borrowing for financing infrastructure replacement.

Rationale

- This policy will enable the City to contain the payment amounts and continue paying off existing debt. When the debt is retired the same payments could then be transferred to the reserves for infrastructure replacement and to further reduce our reliance on borrowed money.

C. Implications of the Strategy

The implications associated with implementing the strategy are as follows:

- The funding gaps are closed and Council's measures of success are achieved over the long term.
- A cost containment plan needs to be developed and adhered to.
- The need for new economic development will continue to play an important role in the the City's financial situation.
- Some difficult philosophical decisions will need to be made by Council on what are acceptable alternative revenues (e.g. user fees, pay parking, etc.) and alternate service delivery methods.
- Due to the absorption of senior level downloading, and rising external costs combined with nominal tax increases in the early in mid to late-1990's, the City is in a financial position, that there is no room for further operating cost reductions without a corresponding reduction in services or programs. Since 67.9 % of the budget is directly related to salary costs, any reductions to levels of service, programs, customer service will result in reduction of staff. For example, a \$1.5 million dollar cut to the operating budget will result in the termination of 16 to 23 staff on average.
- Significant service level cuts will affect the long term liveability and viability of Richmond, therefore, reducing the attractiveness of future economic development in Richmond.
- No new programs or increases in levels of service will be possible without exceeding the desired tax increase rate of CPI plus 1% unless the economic growth, alternative revenue or efficiency targets are surpassed.
- All the policies contained in this report must be adopted and adhered to as they complement and support each other.

D. Strategy Implementation

Given the implications, staff identify three approaches for implementing the Long Term Financial Management Strategy.

- (1) The ***first approach*** calls for implementing Scenario Option "B1" plus additional service level or program cuts as part of the 2004 budget. That is, in order to achieve the CPI + 1% tax increase included in Scenario Option "B1", \$1.5 million would need to be generated from additional service level or program cuts.

The pros of this first approach are:

- It displays a clear signal that Council is taking steps towards achieving long term financial sustainability.
- It is the start of a proactive rather than reactive approach to the budget process.

The cons of this first approach are:

- There will be a significant impact on levels of service or programs resulting in the reduction of 16 to 23 staff members.
- The reductions in levels of service or programs will have a long term negative effect on the attractiveness of the City as a place to live and attract businesses. This in turn will effect the amount of future economic growth, which will impact future budgets significantly.
- There will be no time to implement a transition plan to help the community adapt to the changes in service.

(2) The ***second approach*** calls for implementing Scenario Option “B1” with the 2004 budget. This approach results in a tax increase of CPI plus 1% with the shortfall between what is required for the current level of service and programs to be offset by a corresponding reduction of the current contribution to reserves.

The pros of this second approach are:

- It will provide the City with a start towards implementing the philosophy of a long term financial management strategy.

The cons of this second approach are:

- This is the same offsetting strategy that the City used 10 years ago to deal with the provincial grant reductions
- It is contrary to Council’s goal of starting to replenish reserves.
- There is quite a bit of risk associated with this option because the financial model used to develop the targets for the strategy is based on projections. If the City does not meet all the targets and decreases the contributions to the reserves as well, Richmond’s long term financial situation will be further compromised.

(3) The ***third approach*** calls for proceeding with the 2004 budget in accordance with the 5 year plan and then implementing Scenario Option “B1” with the 2005 budget. With this approach, the financial model’s predictions for economic growth, efficiencies, would be tested. Casino revenues would be confirmed. A plan could be developed for cost containment, and policy decisions would be made on alternative revenue sources.

The pros of this third approach are:

- It is in alignment with the adopted 5 Year Plan which has been communicated to Richmond citizens.
- It provides a strategic start to long term financial sustainability.
- It provides the required time to develop a cost containment plan, review alternative revenues sources, and confirm gaming revenues.

- Any savings from the cost containment plan or increased revenues from gaming or economic development would be directed to the reserves as per Policy 7 contained in this report.
- It provides the time and opportunity to address service level or program reductions and utilize attrition to minimize the impact on staff.
- A smoother transition for service level cuts is provided to the community.
- The projections included in the Long Term Financial model can be tested.

The cons of this third approach are:

- There may be the perception that there is no immediate progress being made on the Long Term Financial Management Strategy of the City.

Given the pros and cons, staff recommends that Council proceed with the “Third Approach” for implementing the Long Term Financial Management Strategy.

E. Communications Plan

A key component of the Long Term Financial Management Strategy is a communications plan. As directed by Council, for discussion purposes, the team has developed a possible framework for a communications plan (see Attachment 2). Once the Long Term Financial Management Strategy is endorsed and the accompanying policies are adopted, staff will develop a comprehensive communication plan, which would be rolled out in stages.

Conclusion

This report contains policies and three strategy options for implementing the Long Term Financial Management Strategy. Staff are recommending that Council adopt the policies and endorse the “Third Approach” contained in this report for implementing the strategy.

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Attachment 1: Long Term Financial Management Policies

- 1) Tax increases will be at Vancouver's CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0 % towards infrastructure replacement needs.
- 2) Gaming revenues will go directly to the capital reserves, the grants program and a community legacy project reserve.
- 3) Any increases in alternative revenues and economic development beyond all the financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.
- 4) Any additional costs to the City, as a result of senior government policy changes, should be identified and added to that particular year's taxes above and beyond the CPI and infrastructure percentage contribution.
- 5) Ensure that long term capital funding for infrastructure (e.g. parks, trails, facilities, roads etc.) is in place in order to maintain community liveability and generate economic development.
- 6) Staff increases should be achieved administratively through existing departmental budgets, and no pre-approvals for additional programs or staff beyond existing budgets should be given.
- 7) Savings due to efficiencies or service level reductions identified in the strategy targets should be transferred to the capital reserves. Any savings due to efficiencies beyond the overall strategy targets can be utilized to reduce the tax rate or for increased levels of service.
- 8) Land assets should not be sold to finance the purchase of depreciating assets.
- 9) As part of the annual budget process the following shall be undertaken:
 - all user fees will be automatically increased by CPI;
 - the financial model will be used and updated with current information, and
 - the budget will be presented in a manner that will highlight the financial strategy targets and indicate how the budget meets or exceed them.
- 10) This policy will enable the City to contain the payment amounts and continue paying off existing debt. When the debt is retired, the same payments could then be transferred to the reserves for infrastructure replacement and to further reduce our reliance on borrowed money.

Attachment 2: Communication Plan

Initial Media Release, Advertising and Publicity Campaign

This portion of the plan could include full-page ads in the Richmond Review and Richmond News and additional advertising in Ming Pao, Sing Tao and the World Journal.

Media personnel could be invited to a briefing of the strategy. As part of the briefing, they could also be invited to participate in “Tax 101” course and a demonstration of the financial model. An interactive presentation of the financial model could also be adapted for the City website.

Communication of the Long Term Financial Management Strategy (LTFMS) through the Initial Budget Cycle

A public survey could be conducted to identify primary financial issues and public understanding of those issues. A four-page brochure could also be developed and delivered to all homes in Richmond explaining the LTFMS and displays in civic open houses or other public events could be held with financial model demonstrations.

To measure performance, a financial report card could be developed for delivery at annual budget meetings.

Tax Cycle

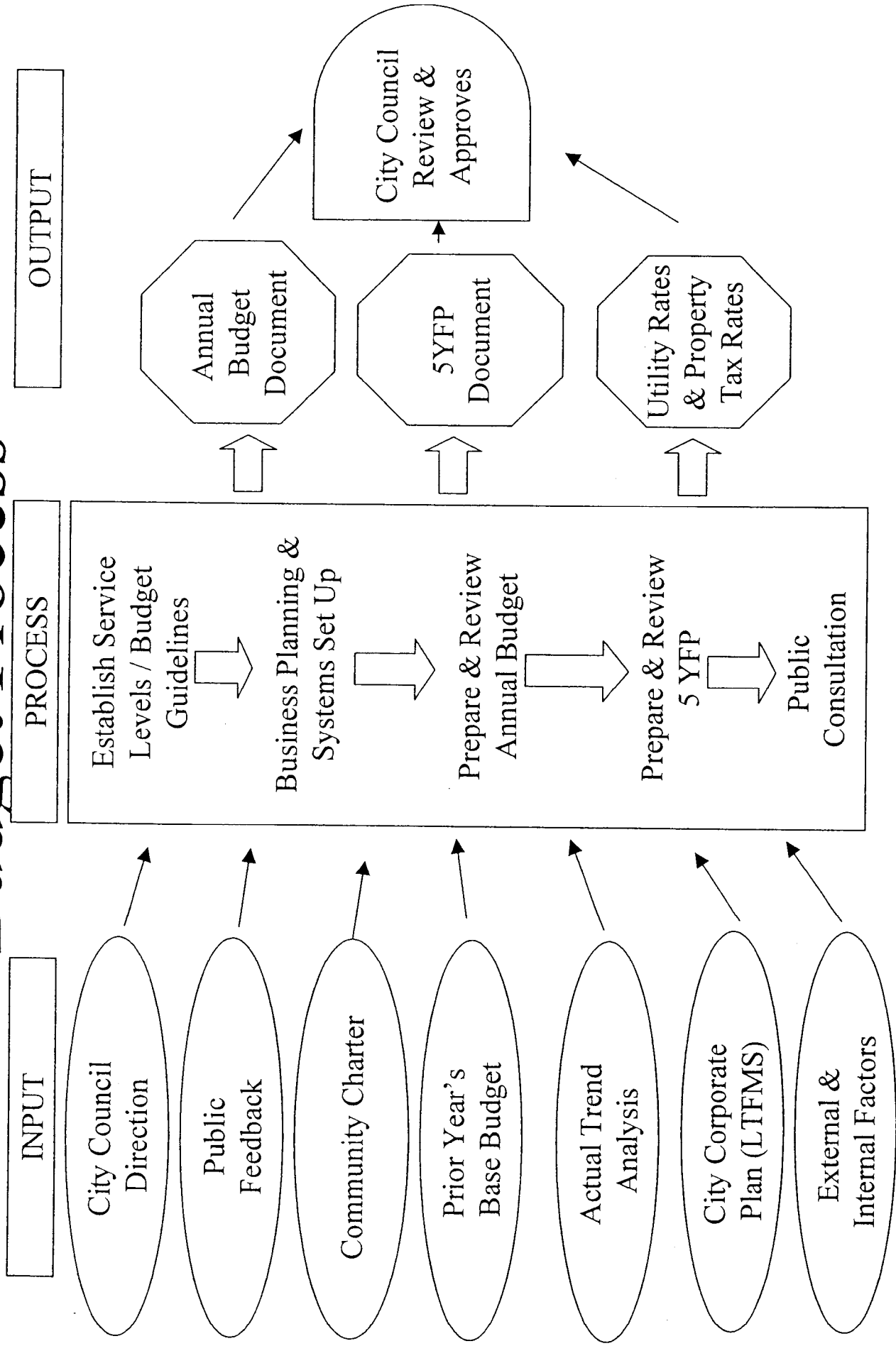
The City Page and website could be used to reinforce the impacts of the LTFMS on resident’s tax bills. The annual tax notice insert could include LTFMS information and a breakdown of the complete bill, rather than just municipal portion.

Communication Strategy Continued Annually

Portions of the communication plan, including the report card and tax notice items, could be repeated and re-developed on an annual cycle. This would both reinforce the general message and allow for strategic adjustments and changes to be communicated in the context of the overall plan.

BUDGETS

Budget Process



City of Richmond Budget 2006

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P.r.v. Chamber Maintenance		471-00000
WATERMAIN MAINTENANCE	Consolidation	472-00000
Yvr 100% Billing		472-47204
Yvr 50% Billing		472-47205
Pipe Maintenance		472-47210
Leak Detection		472-47215
Cathodic Protection		472-47220
Program Flushing		472-47230
Demand Flushing		472-47240
Mapping & Inventory		472-47250
Water Service Downtime		472-47260
VALVE MAINTENANCE	Consolidation	473-00000
Valve Chamber Maintenance		473-47310
Valve Maintenance-preventive		473-47320
Valve Maintenance-demand		473-47330
Nut & Bolt Replacement		473-47340
WATER CONNECTION MAINTENANCE	Consolidation	474-00000
Locating		474-47410
Demand Maintenance		474-47420
FIRE HYDRANT MAINTENANCE	Consolidation	475-00000
Nut & Bolt Replacement		475-47510
Fire Hydrant Relocation		475-47520
Flow Test Design-preventive		475-47530
Flow Test Design-demand		475-47540
Fire Hydrant Maint-preventive		475-47550
Fire Hydrant Maint-demand		475-47560
Motor Vehicle Accidents		475-47570
Hydrant Adapters		475-47580
METER MAINTENANCE	Consolidation	476-00000
Meter Maintenance-preventive		476-47610
Meter Maintenance-demand		476-47615
Meters Supplied		476-47620
Backflow Prevention		476-47630
Meter Testing		476-47640
Residential Metering		476-47650
WATER SPECIALTY TOOLS	Consolidation	477-00000
General Tools		477-47710
Manufacturing Tools		477-47720
Gas Monitoring Tools		477-47730
Traffic Control Signage		477-47740
STANDBY	Consolidation	478-00000
Water Services		478-47810

Duty Manager		478-47820
OTHER WATER PROGRAMS	Consolidation	479-00000
Repair Bins		479-47000
Water Sampling		479-47010
Project Wet/open House		479-47020
Service Renewals		479-47900
Metered Water Administration		479-47910
Asbestos Pipe Testing		479-47920
Blowoff Installations		479-47930
Water Conservation-rain Barrels		479-47940
Valve Installations		479-47950
Shoring Maintenance		479-47960
Barricade Rentals		479-47970
Pave Water Cuts		479-47980
Manufacturing Water Parts		479-47990
Meetings		479-47991
Inspections		479-47992
Scada - Water Utility		479-47993
SANITARY SEWER UTILITY	Consolidation	048-00000
Sewer Utility Administration		481-00000
Sanitary Sewer Mainlines		482-00000
SANITARY SEWER STATIONS	Consolidation	483-00000
Barricade Rentals		483-48020
Pump Station Maintenance		483-48030
Pump Replacement Program		483-48031
Sanitary Sewer Manholes		484-00000
Sanitary Sewer Inspec. Chambers		485-00000
OTHER SANITARY SEWER PROGRAMS	Consolidation	486-00000
Force Main Valves		486-48040
Scada - Sewer Utility		486-48041
Sewer Rentals		486-48050
Shoring Maintenance		486-48060
Video Inspections		486-48070
Sewer Main Break Repairs		486-48201
Flush Trunk Gravity Mains		486-48202
ENGINEERING	Consolidation	049-00000
Engineering Admin		491-00000
Engineering Planning		492-00000
Engineering Design & Construction		493-00000
EMERGENCY AND ENVIRONMENTAL	Consolidation	092-00000
Emergency Services Admin		279-00000
OTHER PUBLIC WORKS	Consolidation	497-00000
Communications		499-00000
URBAN DEVELOPMENT DIVISION	CONSOLIDATION	005-00000
URBAN ADMINISTRATION	Consolidation	050-00000
Administration		500-00000

DEVELOPMENT APPLICATIONS	Consolidation	051-00000
Production Centre		501-00000
Development Applications		510-00000
POLICY PLANNING	Consolidation	052-00000
Policy Planning		520-00000
TRANSPORTATION	Consolidation	055-00000
Transportation Planning		550-00000
Traffic Operations		551-00000
Traffic Signal		556-00000
BUILDING APPROVALS	Consolidation	058-00000
Permits		580-00000
Construction Inspections		582-00000
COMMUNITY BYLAWS	Consolidation	093-00000
Community Bylaws		502-00000
Parking Enforcement		505-00000
Spca Animal Control		509-00000
FISCAL	CONSOLIDATION	006-00000
FISCAL SUMMARY	Consolidation	061-00000
Fringe Benefit Costs		610-00000
City Properties		612-00000
Rental Properties		613-00000
Fiscal Revenues & Expenditures		615-00000
TRANSFERS TO RESERVES	CONSOLIDATION	007-00000
TRANSFERS TO RESERVES	Consolidation	070-00000
Transfer To Statutory Reserves		701-00000
Provisions & Allowances		702-00000
COMMUNITY SAFETY DIVISION	CONSOLIDATION	009-00000
RCMP	Consolidation	025-00000
Rcmp Administration		250-00000
Police Records		251-00000
Police Telecoms		252-00000
Rcmp Information Technology		253-00000
Community Policing-south Arm		254-00000
Community Policing-steveston		255-00000
Crime Prevention		256-00000
Victim Assistance		257-00000
Custodial Guards		258-00000
Youth Family Services		259-00000
FIRE RESCUE	Consolidation	027-00000
Fire Administration		270-00000
Fire Mechanics		271-00000
Fire Prevention		272-00000
Fire Training		273-00000
Fire Shift A		274-00000
Fire Shift B		275-00000
Fire Shift C		276-00000

Fire Shift D		277-00000
FIRE HALLS	Consolidation	278-00000
Fire Hall #1		278-27010
Fire Hall #2		278-27020
Fire Hall #3		278-27030
Fire Hall #4		278-27040
Fire Hall #5		278-27050
Fire Hall #6		278-27060
Fire Hall #7		278-27070
FIRE HALL #8 YVR	Consolidation	090-00000
Fire Hall #8 Yvr Admin		901-00000
Fire Hall #8 Yvr-shift A		974-00000
Fire Hall #8 Yvr-shift B		975-00000
Fire Hall #8 Yvr-shift C		976-00000
Fire Hall #8 Yvr-shift D		977-00000



CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2005 TO 2009)

BYLAW NO. 7939



City of Richmond

Report to Council

To Council Apr 25, 2005

To General Purposes - Apr 18, 2005

To: General Purposes Committee

Date: April 8, 2005

From: Andrew Nazareth
Director of Finance

File: *12-8060-20-7939*

Re: 5 YEAR FINANCIAL PLAN (2005-2009) BYLAW 7939

Staff Recommendation

That the 5 Year Financial Plan (2005-2009) Bylaw 7939 be introduced and given first, second and third readings.

Andrew Nazareth
Director of Finance
(4365)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input type="checkbox"/>	N/A <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/>	N/A <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 bylaw which has a deadline of May 15th.

Analysis

The 5 Year Financial Plan (2005-2009) (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, but 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 2005. However, this is mitigated by the fact that the 5YFP is also revised each year as new information becomes available.

Subsequent to Council's approval of the 2005 Capital plan, there were 3 reports brought forth to Council that increased the 2005 plan by a further \$3,126,500

- 6280 No. 3 Road - \$363,000 (February 14, 2005 (REDMS No. 1421616), \$200,000 April 8, 2005 (REDMS No. 1464717)), funding from the Sanitary Sewer Utility reserve,
- Community Safety Building- \$563,500 (February 14, 2005 (REDMS No. 1364463)), funding from the Capital Building Infrastructure reserve.
- Terra Nova Park - \$2,000,000 will be included in the program, funding from the Provincial Government through the Infrastructure Grant program on March 8, 2005.

For 2005 the increase in the property tax draw will represent a 1.98% average property tax rate increase over 2004. This has been driven primarily by community safety (net of traffic fine revenue sharing of \$1.4 M) related increases of \$2.6 million. Some of these increases have been mitigated by an increase in growth and user fees.

Financial Impact

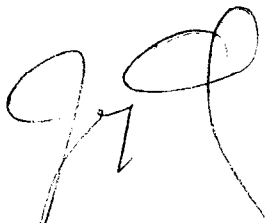
Based on the 5 Year Financial Plan (2005-2009), the City's overall tax base increase and corresponding average tax rate increases are as follows:

Year	in 000's	%
2005	\$2,183	1.98
2006	\$3,411	2.97
2007	\$3,562	2.98
2008	\$3,681	2.97
2009	\$3,809	2.96

For the years 2006-2009 an additional 1% tax increase is to be utilized for transfers to reserves in order to fund future infrastructure needs.

Conclusion

That Council introduce and give first, second and third readings to the 5 Year Financial Plan (2005-2009) Bylaw 7939.



Jerry Chong
Manager of Budgets & Accounting
(4064)



CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2005 TO 2009)

BYLAW NO. 7939

EFFECTIVE DATE –

CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2005 - 2009) BYLAW 7939

The Council of the City of Richmond enacts as follows:

1. Schedule "A" and Schedule "B" which are attached and form a part of this bylaw, are adopted as the 5 Year Financial Plan (2005 - 2009).
2. 2004 to 2008 - 5 Year Financial Plan Bylaw No. 7726 is repealed.
3. This Bylaw is cited as "5 Year Financial Plan (2005 - 2009) Bylaw 7939".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

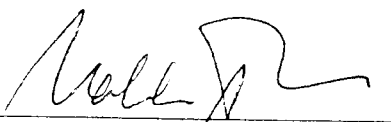
APR 25 2005

APR 25 2005

APR 25 2005

MAY 09 2005

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


MAYOR


CORPORATE OFFICER

SCHEDULE A to BYLAW 7939

CITY OF RICHMOND 5 YEAR FINANCIAL PLAN (2005-2009)

(in 000's)

EXPENDITURES	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Municipal Debt					
Debt Interest	4,086	4,086	4,086	4,086	4,086
Debt Principal	3,034	3,186	3,345	3,512	3,688
Divisional Expenditures:					
Community Safety	54,240	56,772	58,686	60,540	63,044
Parks, Recreation & Cultural Services	37,063	38,176	39,330	40,608	41,780
Engineering & Public Works	26,490	27,226	27,965	28,687	29,417
Utilities (Water, Sewer & Sanitation)	51,847	55,384	58,596	61,466	64,474
Finance & Corporate Services	13,873	14,230	14,517	14,812	15,107
Urban Development	9,266	9,424	9,652	9,884	10,117
Corporate Administration	2,557	2,625	2,689	2,753	2,818
Human Resources	2,184	2,219	2,249	2,280	2,311
Fiscal	15,340	17,154	18,168	19,429	20,487
Transfers To Funds:					
Statutory Reserves	22,375	22,922	24,199	25,455	26,768
Capital Plan	115,558	108,159	137,196	46,638	49,776
TOTAL EXPENDITURES	357,913	361,563	400,678	320,150	333,873
REVENUES	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Property Taxes	114,829	120,145	125,614	131,135	136,841
Grants in Lieu of Taxes	9,889	10,166	10,382	10,599	10,815
Utilities (Water, Sewer & Sanitation)	51,847	55,384	58,596	61,466	64,474
Fees & Charges	28,800	30,797	32,022	33,209	34,561
Other Revenues:					
Provincial Revenue Sharing	3,772	3,693	3,440	3,456	3,530
Gaming Revenue	11,600	11,600	11,600	11,600	11,600
Fiscal Revenues	9,259	9,308	9,358	9,410	9,463
Investment Income	11,289	11,241	11,400	11,567	11,743
Penalties and Interest on Taxes	1,070	1,070	1,070	1,070	1,070
Capital Plan					
Transfer from DCC Reserve	16,886	10,119	11,126	13,074	10,510
Transfer From Other Funds and Reserves	98,672	98,040	126,070	33,564	39,266
TOTAL REVENUES	357,913	361,563	400,678	320,150	333,873
Proposed Property Tax Increase %	1.98%	2.97%	2.98%	2.97%	2.96%

SCHEDULE B to BYLAW 7939

CITY OF RICHMOND 5 YEAR CAPITAL PLAN FUNDING SOURCES 2005-2009

	2005	2006	2007	2008	2009
DCC Reserve					
Roads	\$4,200	\$3,648	\$4,525	\$4,952	\$4,853
Drainage	2,231	931	442	348	753
Sanitary Sewer	238	-	-	-	-
Water	40	-	200	199	102
Parks Acquisition	7,644	3,626	4,018	5,684	2,450
Parks Development	2,533	1,914	1,941	1,891	2,352
TOTAL	\$16,886	\$10,119	\$11,126	\$13,074	\$10,510
Other Funds and Reserves					
Statutory Reserves					
Affordable Housing Reserve Fund	\$1,500	\$1,000	\$500	\$-	\$-
Capital Building and Infrastructure Reserve Fund	4,651	8,424	31,446	1,988	463
Capital Reserve Fund	8,555	5,128	4,981	5,022	4,833
Child Care Development Reserve Fund	50	15	18	-	-
Drainage Improvement Reserve Fund	75	962	370	370	200
Equipment Replacement Reserve Fund	2,353	1,466	1,789	1,533	1,566
Local Improvements Reserve Fund	-	750	750	750	750
Neighbourhood Improvement Reserve Fund	790	-	-	-	-
Public Art Program Reserve Fund	-	100	100	-	-
Sanitary Sewer Reserve Fund	1,863	1,873	1,750	1,950	1,300
Waterfront Improvement Reserve Fund	700	800	900	1,000	1,000
Watermain Replacement Reserve Fund	5,281	6,044	6,206	5,810	6,921
Subtotal Statutory Reserves	\$25,818	\$26,562	\$48,810	\$18,423	\$17,033
Other Sources					
Appropriated Surplus	\$700	\$-	\$-	\$-	\$-
Gaming Revenues	6,931	7,000	7,075	2,075	2,075
Enterprise Fund Provision	-	125	-	-	-
Hamilton Community Association	-	25	-	-	-
Library Surplus	182	-	-	-	-
Other	59,700	60,026	66,672	9,350	17,950
Terra Nova Provision	500	500	1,000	1,000	1,000
Water Metering Provision	1,000	1,000	-	-	-
Grant & Developers	3,841	2,802	2,513	2,716	1,208
Subtotal Other Sources	\$72,854	\$71,478	\$77,260	\$15,141	\$22,233
TOTAL OTHER FUNDS & RESERVES	\$98,672	\$98,040	\$126,070	\$33,564	\$39,266
TOTAL CAPITAL PLAN CONTRIBUTIONS	\$115,558	\$108,159	\$137,196	\$46,638	\$49,776



City of Richmond

Report to Council

To: Richmond City Council
From: Councillor Kiichi Kumagai
Chair, Finance Select Committee
Re: **2005 Operating Budget**

to Council - Nov 22, 2004
Date: November 19th, 2004
File: 03-0970-01

The Finance Select Committee, at its meeting held on November 15th, 2004, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the Grants budget be increased to \$500,000 by transferring the appropriate amount from the Capital Building and Infrastructure account.*
- (2) *That the 2005 Operating Budget report be approved as the basis for preparing the 5 Year Financial Plan (2005 – 2009).*

Councillor Kiichi Kumagai, Chair
Finance Select Committee

Attach.

VARIANCE

Please note that staff recommended Part (2) above.



City of Richmond

Report to Committee

*to Council - Nov 22, 2004.
To Finance Select - Nov 15, 2004*

Finance Select Committee

to Finance Select - Nov. 09, 2004.
Date: November 2, 2004

From: Andrew Nazareth
Director Finance

File: 03-0970-01

Re: 2005 Operating Budget

Staff Recommendation

It is recommended that:

The 2005 Operating Budget report be approved as the basis for preparing the 5 Year Financial Plan (2005-2009).

Andrew Nazareth
Director of Finance
(4365)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
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

The 2005 Operating Budget (the Budget) is required to be approved in order to prepare the Five Year Financial Plan (5YFP) since Subsection 165(1) of The Community Charter requires the City to adopt a 5YFP Bylaw (which forms the base) before May 15th of each year. Approval of the Budget also allows the data-file to be loaded into the City's accounting system, which then allows expenditures to be tracked against the Budget commencing January 1st, 2005.

Analysis

The City's annual Operating Budget cycle begins in May when service levels are established and budget guidelines are set.

On July 28, 2004 the Finance Department conducted the budget rollout and subsequently accounting systems were opened to all departments for their budget input. The input was completed by Sept 30, 2004 and the departmental budgets were then presented by each corresponding department and reviewed by the Finance Department.

Although specific efficiency reductions are not identified in the 2005 Budget, significant efficiencies have been achieved by managing the Olympic Oval Project and Rav Project with existing staffing resources. We have absorbed the additional responsibility and workload with the same staffing resources.

Assumptions

The following assumptions have been used in preparation of the Budget based upon the information available at the time of preparation.

General Assumptions

Consumer Price Index*	2.00%
USD Exchange*	1.30

Specific Assumptions

RCMP Contract	7.40%
ECOMM	18.80%
Fuel	5.00%
Return on Investment	3.50%
Gas and Hydro	10.00%
Tax Growth (net)	1.50%

Salaries

Fire Rescue (2.5% Jan 1 plus 1% July 1)	3.00%
Civic Staff**	2.50%
Library Staff	2.50%

*Information obtained from Province of BC Economic Report

**Salary increases for bargaining unit staff are non-discretionary

Highlights

	Change	Tax Impact
Expenditures:		
RCMP Contract (not ECOMM)	\$1,718,635	1.56%
Fire Rescue salaries	1,239,400	1.12%
Salaries	1,175,100	1.06%
MRN Roads	600,000	0.54%
Public Works Maint(fuel/asphalt)	576,400	0.52%
Facilities Mgmt.(gas/hydro/bldg)	419,700	0.38%
ECOMM (RCMP and Fire)	374,128	0.34%
PST savings	(150,000)	(0.13%)
Fire Rescue (YVR) expenditures	(1,261,900)	(1.14%)
Revenues:		
Traffic Fines sharing	1,414,000	(1.28%)
MRN funding	600,000	(0.54%)
Community Facility revenue	394,600	(0.36%)
Business Licenses and Permits	115,700	(0.10%)
Fire Rescue (YVR) recoveries	(1,427,700)	1.29%
Gaming revenues	8,922,200	(8.07%)
Trans to Reserves (Gaming Rev)	(8,922,200)	8.07%

Expenditures

Contracts - RCMP contract cost increased by \$1,718,635, based on maintaining a force of 189 officers.

Fire salaries - increase of \$1,239,400 due to standard increases previously negotiated.

Salaries - increase of \$1,175,100, due to standard increases previously negotiated.

Public Works Maintenance - increase of \$1,176,400 due mainly to increases in the following programs;

- a. MRN Roads (offset by additional MRN revenue) \$600,000

Non-discretionary inflation costs

- b. Roads and Construction (increases in cost of asphalt) \$267,900
- c. Fleet Operations (increases in fuel and supplies) \$308,500

Facilities Management - expenditures have increased due to increases in utility charges and building maintenance.

ECOMM - increase in contract costs of \$374,128 for both Fire (\$63,000) and RCMP (\$311,128).

Fire (YVR) - reduction in expenditures due to the loss of the contract with YVR.

November 2, 2004

- 4 -

Included in our expenditures is the estimated savings (\$150,000) from the reduction in the Provincial Sales Tax of .5%.

Revenues

Gaming revenues - an increase of \$8,922,200 in Gaming Revenues to \$11,600,000, that will be utilized as outlined in the the table below.

Increase in traffic fine sharing of \$1,414,000

Increase in Major Road Network (MRN) funding of \$600,000.

Community Facilities - Increase in revenues of \$394,600 due to an increase in fees and an expected increase in usage of arenas and aquatic centres.

Business Licenses & Permits - Increase due to Business Licences and Permits rate and volume increase of \$115,700.

Service Charges - Reduction mainly due to the loss of the YVR contract (\$1,427,700) with Fire Rescue.

Tax Growth (net) - estimated to be \$1,657,392 or 1.5%. The 1.5% increase has been maintained based on the most recent information from the BC Assessment Authority.

Other

In order to comply with the standards of the Public Sector Accounting Board (PSAB) of the Institute of Chartered Accountants, the City has modified its accounting policy with respect to capital assets to record acquisitions as expenditures. In conjunction with this change the City has also modified the recording of transfers to reserves and appropriated surplus to ensure that the amounts flow through the statement of financial activities. The 2005 Transfers to Reserves have increased \$12,993,800 due to the increase in estimated gaming revenues and the flow through of interest income to the reserve accounts.

Allocation of Gaming Revenues

Estimated Receipts – 2005 <i>(based on Sept. 30/04 receipt)</i>		\$ 11,600,000
Revolving Fund Reserve		(2,339,209)
Capital		
Infrastructure Capital Program	(675,000)	
Parks Capital Program	(225,000)	
Building Capital Program	(855,500)	
Equipment Capital Program	(175,300)	
		(1,930,800)
Capital Building & Infrastructure		(2,013,491)
Oval Capital Project Reserve		(5,000,000)
Grants		(316,500)
		<u>\$ -</u>

Financial Impact

Division	2004 Adjusted Budget Bylaw	2005 Budget Draft	Change (\$)	Change (%)	Tax Impact
Community Safety	45,089,050	48,624,600	3,535,550	7.8%	3.20%
Parks, Rec.Cultural	27,634,300	28,586,600	952,300	3.4%	0.86%
Eng'g & P. Works	17,246,700	17,731,400	484,700	2.8%	0.44%
Finance & Corporate	9,905,600	10,334,100	428,500	4.3%	0.39%
Urban Development	3,912,600	3,972,400	59,800	1.5%	0.06%
Human Resources	2,147,100	2,183,300	36,200	1.7%	0.03%
Corp Administration	2,226,300	2,249,900	23,600	1.1%	0.02%
Corp Prog Projects	285,009	307,400	22,391	7.9%	0.02%
Fiscal	(118,011,759)	(132,936,100)	(14,924,341)	(12.6%)	(13.51%)
Transfer to Reserve	9,565,100	22,558,900	12,993,800	135.8%	11.76%
Balance		\$3,612,500	\$3,612,500		3.27%
	Add Tax Growth (1.5%)		(1,657,392)		(1.50%)
	Net Tax Increase		\$1,955,108		1.77%

The 2005 Budget results in an overall increase of \$1,955,108 from the 2004 Budget. The area with the largest increase year over year (\$3,535,550) is Community Safety. The budget reflects the organizational changes to Community Safety which were recently presented to Council.

	Change	Tax Impact
Fire	\$ 1,507,550	1.36%
RCMP	2,028,000	1.84%
Traffic Fine Revenues	(1,414,000)	(1.28%)
City	1,490,950	1.35%
	3,612,500	3.27%
Net Growth	(1,657,392)	(1.50%)
	\$ 1,955,108	1.77%

2005 Capital Plan and operating expenditure impact

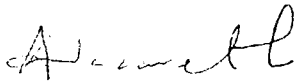
The Budget includes the operating impact from the proposed 2005 Capital Plan, which is \$239,062 or .22% tax impact.

November 2, 2004

- 6 -

Conclusion

The current proposed 2005 Operating Budget contains a shortfall of \$1,955,108 or a 1.77% tax increase.



Jerry Chong
Budgets and Accounting Manager
(4064)

per



City of Richmond

Report to Committee

to Council - Nov 22, 2004.

to Finance Select - Nov. 09, 2004.

Date: November 2, 2004

File: 03-0970-01.

To: Finance Select Committee

From: Andrew Nazareth -
Director Finance

Re: 2005 Capital Budget

Staff Recommendation

It is recommended that:

- 1) The 2005 Capital Budget be adopted for inclusion in the 2005 Five Year Financial Plan (2005 – 2009) Bylaw; and
- 2) That staff be authorized to commence construction of the 2005 capital projects effective January 1, 2005.

Andrew Nazareth
Director Finance
(4365)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
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

Subsection 165(1) of The Community Charter requires the City to adopt a Five Year Financial Plan Bylaw (which includes operating, utility and capital expenditures) before May 15th of each year. The bylaw is required to identify all expenditures for the current year (i.e. 2005) and provide estimates for the remainder of the five-year program. The 2005 Five Year Financial Plan Bylaw provides the City with the authority to proceed with spending to the limits outlined in the bylaw. The purpose of this report is to present the proposed 2005 Capital Budget and to obtain Council's approval to commence construction of these projects in a timely manner.

Analysis

Background and Process

The Land and Capital Team ("the Team"), which contain members from all divisions within the City, prepared the plan. The Team utilized a ranking system (in conjunction with comments and recommendations from all stakeholders) that is contained within the Long Range Capital Planning Model ("the Model"), which has been used since 1998. The ranking criteria include:

- The level of need for a project i.e. health/safety, opportunity, etc.
- Consistency with Council approved plans or direction.
- Financial costs and benefits.
- Financial risk associated with a project.
- Social/environmental/liveability benefits.
- Funding sources and availability.

The Model allows the Team to recommend to TAG a Capital Budget that matches the City's needs for investment in capital with its available financial resources and to ensure consistency with Council's term priorities. Staff is currently preparing the details for the years 2006 to 2009 which will be brought forward to Council in the near future; the Capital Budget for these years is intended to be a planning tool that will be reviewed and refined annually based on financial and other trends.

2005 Capital Budget Trends and Highlights

- The Capital Budget has a total value of \$82,831,822.
- "Olympic Oval" and related projects amount to \$36,700,100 which includes: \$15,000,000 for construction, \$11,480,000 for architect, engineering and design fees and \$10,220,100 for site development costs.
- The River Road re-alignment project has been allocated \$3,000,000.

2005 Capital Budget Trends and Highlights (Continued)

- Consistent with Council's endorsement, \$1,000,000 has been allocated towards the volunteer residential water-metering program for single-family dwellings.
- The Maddock Sub-Division's AC watermain was installed in the early 1950's and is now approaching the end of its operational life span. \$1,061,200 has been allocated for the replacement of the AC watermain.
- \$3,837,299 for the replacement of the existing Fire Hall No. 5 located on Westminster Hwy in Hamilton, East Richmond
- \$1,000,000 for the sanitary gravity sewer assessment replacement and rehabilitation for the Broadmoor area sanitary sewers.
- Park works are proposed in areas that have experienced, and are currently experiencing, rapid residential growth, including:
 - i) Construction work in the McLennan North Community Park.
 - ii) Development of the Terra Nova North West Quadrant Park.
 - iii) Redevelopment of Steveston Park.

The value of these 3 projects total \$1,850,000.

- Provision of \$700,000 has been made to continue Waterfront Improvement Projects as opportunities arise.
- Richmond Fire and Rescue fire truck replacement in the amount of \$901,000.

Financial Impact

A summary of approved projects and funding sources are listed below.

Funding		
Unappropriated Surplus	\$ 34,700,100	41.9%
Developer Cost Contribution's	13,063,773	15.8%
Reserves/Provisions	11,427,296	13.8%
Gaming Revenue	6,930,784	8.4%
Utilities	6,655,820	8.0%
Capital Reserve	4,977,069	6.0%
Equipment Replacement	2,353,100	2.8%
Grants/Developers	1,841,880	2.2%
Appropriated Surplus	882,000	1.1%
	<hr/>	
	\$82,831,822	100.00%
	<hr/>	

Program category		
Major Building	\$ 42,418,399	51.2%
Roads	9,801,128	11.8%
Water Main Replacement	6,055,450	7.3%
Land Acquisition	4,134,000	5.0%
Parkland Acquisition	3,900,000	4.7%
Major Parks/Streetscapes	3,585,200	4.3%
Drainage	1,865,250	2.3%
Minor Building	1,860,175	2.2%
Sanitary Sewer	1,500,000	1.8%
Affordable Housing Project	1,500,000	1.8%
Annual Fleet Replacement	1,082,000	1.3%
Minor Parks	990,000	1.1%
Fire Dept Vehicles	901,000	1.1%
LIP/NIC	790,000	1.0%
Technology	652,100	0.8%
Minor Public Works	625,000	0.8%
Computer Capital/Software	575,300	0.7%
Infrastructure Advanced Design & Land	546,820	0.7%
Child Care Program	50,000	0.1%
	<hr/>	
	\$82,831,822	100.00%
	<hr/>	

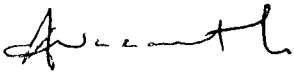
The ongoing impact of the proposed plan on the Operating Budget is estimated at \$239,062; this amount has been incorporated into the draft 2005 Operating Budget and will increase the tax base by approximately 0.22%.

Financial Impact (continued)

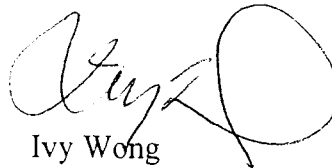
Program Name-Operating Budget Impact (OBI)	
A. Infrastructure Program	\$ 35,000
B. Building Program	57,845
C. Land Program	0
D. Parks Program	143,217
E. Equipment Program	3,000
Totals for Recommended Projects with Impact	<u>\$ 239,062</u>

Conclusion

The 2005 Capital Budget, which has a total value of \$82,831,822, was strategically developed to best represent the interests of all stakeholders while meeting our corporate vision.



per
Jerry Chong
Budgets and Accounting Manager
Chair, Land and Capital Team



Ivy Wong
Revenue and Tax Manager
Vice-Chair, Land and Capital Team

Att.

**CITY OF RICHMOND
PROPOSED 2005 CAPITAL PROGRAM**

PROGRAM DESCRIPTION	PROJECT NAME	2005 BUDGET
INFRASTRUCTURE PROGRAM		
Roads	T1368/1369 - No. 2 Road Bridge	\$2,030,000.00
Roads	Arterial Road Crosswalk Improvement Program	\$100,000.00
Roads	Bicycle Lane Program	\$721,760.00
Roads	Computerized Traffic Signal System Replacement	\$237,368.00
Roads	Neighbourhood Traffic Safety Enhancement Program	\$100,000.00
Roads	No. 4 Road/Westminster Hwy eastbound left turn	\$212,000.00
Roads	River Road Realignment - Phase 1	\$3,000,000.00
Roads	Traffic Signal Installation Program	\$200,000.00
Roads	Transit Plan Infrastructure Improvements	\$50,000.00
Roads	Undergrounding - Hydro/Tel	\$1,350,000.00
Roads	Westminster Hwy: Nelson Rd to Hamilton I/C	\$1,800,000.00
Drainage	Broadmoor Boulevard - Lane Drainage	\$50,000.00
Drainage	Drainage Assessment Program	\$162,250.00
Drainage	Drainage Pump Station Generator Installation	\$75,000.00
Drainage	Horseshoe Slough Drainage Upgrades	\$1,378,000.00
Drainage	Shell Road Canal Benching - Compensation	\$200,000.00
Water Main Replacement	10000 Blk Westminster Hwy	\$560,000.00
Water Main Replacement	AC Replacement Program	\$1,061,200.00
Water Main Replacement	Minor Capital Waterworks Program	\$710,000.00
Water Main Replacement	More Subdivision	\$708,050.00
Water Main Replacement	No. 3 Rd 6000 blk- Granville to Westminster	\$698,700.00
Water Main Replacement	Seismic Upgrades of Waterwork Network	\$50,000.00
Water Main Replacement	Seismic Upgrading of Watermains	\$340,000.00
Water Main Replacement	Seismic Upgrading of Watermains	\$367,500.00
Water Main Replacement	Volunteer Residential Water Metering	\$1,000,000.00
Water Main Replacement	Westminster Highway	\$560,000.00
Sanitary Sewer	Broadmoor Study Area Sanitary Sewers	\$1,000,000.00
Sanitary Sewer	Sanitary Pump Station Rehabilitation	\$250,000.00
Sanitary Sewer	Sanitary Pump Station Rehabilitation	\$250,000.00
Minor Public Works	Public Works Minor Capital	\$319,355.00
Minor Public Works	PW Minor Capital - Traffic	\$255,645.00
Minor Public Works	Wheel Chair Ramp upgrade program	\$50,000.00
LIP/NIC	No. 1 Road Lane Construction	\$790,000.00
Infrastructure Advanced Design & Land	Infrastructure Advanced Design	\$546,820.00
TOTAL INFRASTRUCTURE PROGRAM		\$21,183,648.00
BUILDING PROGRAM		
Minor Building	Building Improvements Minor Capital Program	\$704,691.00
Minor Building	Physical Plant Sustaining Capital	\$1,155,484.00
Major Building	Britannia Heritage Shipyard	\$400,000.00
Major Building	Civic Building Infrastructure Advanced Design	\$331,000.00
Major Building	Community Safety Building Replacement - Bridgeport	\$250,000.00
Major Building	Community Safety Building Replacement - Hamilton	\$3,837,299.00
Major Building	Olympic Oval Architect, Engineering & Design Fees	\$11,480,000.00
Major Building	Olympic Oval Construction	\$15,000,000.00
Major Building	Olympic Oval Site Development	\$10,220,100.00
Major Building	Public Washroom - Shell Rd Trail	\$100,000.00
Major Building	Relocation of Dyke Trail Washroom- Middle Arm	\$100,000.00
Major Building	Stores Warehouse Post Disaster Renovation	\$700,000.00
TOTAL BUILDING PROGRAM		\$44,278,574.00

**CITY OF RICHMOND
PROPOSED 2005 CAPITAL PROGRAM**

PROGRAM DESCRIPTION	PROJECT NAME	2005 BUDGET
LAND PROGRAM		
Land Acquisition	Affordable Housing Projects	\$1,500,000.00
Land Acquisition	Infrastructure Program - Land Acquisition	\$634,000.00
Land Acquisition	Strategic Land Acquisition	\$3,500,000.00
TOTAL LAND PROGRAM		\$5,634,000.00
PARKS PROGRAM		
Minor Parks	General Development	\$200,000.00
Minor Parks	Parks Minor Capital	\$565,000.00
Minor Parks	Tree Planting Program	\$100,000.00
Minor Parks	Unsafe Playground Equipment Replacement	\$125,000.00
Major Parks/Streetscapes	McLennan North Community Park	\$850,000.00
Major Parks/Streetscapes	McLennan South City Wide Park	\$235,200.00
Major Parks/Streetscapes	Minoru Lakes Major Drainage Upgrade	\$100,000.00
Major Parks/Streetscapes	Park Advance Design / Planning Fund	\$100,000.00
Major Parks/Streetscapes	Parks Upgrade Program-Characterization	\$100,000.00
Major Parks/Streetscapes	Special Sports Statutory Reserve Fund	\$250,000.00
Major Parks/Streetscapes	Steveston Park Redevelopment - Phase III	\$500,000.00
Major Parks/Streetscapes	Terra Nova NWQ Park	\$500,000.00
Major Parks/Streetscapes	Trails	\$250,000.00
Major Parks/Streetscapes	Waterfront Improvement Projects	\$700,000.00
Parkland Acquisition	Parkland acquisition	\$3,900,000.00
Child Care Program	Child Care Projects	\$50,000.00
TOTAL PARKS PROGRAM		\$8,525,200.00
EQUIPMENT PROGRAM		
Technology	Fibre Optic Cable Installation	\$400,000.00
Technology	Integrated Library System Replacement Project	\$182,000.00
Technology	Library/Cultural Centre	\$70,100.00
Annual Fleet Replacement	Vehicle Reserve Purchases (PW)	\$1,082,000.00
Fire Dept Vehicles	Vehicle Reserve Purchases (Fire)	\$901,000.00
Computer Capital/Software	Fire Rescue Records Management System	\$175,300.00
Computer Capital/Software	PeopleSoft 2005/06 Upgrade	\$400,000.00
TOTAL EQUIPMENT PROGRAM		\$3,210,400.00
Total 2005 Capital Program		\$82,831,822.00



City of Richmond

Report to Council

To: Richmond City Council
From: Councillor Kiichi Kumagai
Chair, Finance Select Committee
Re: **2005 UTILITY BUDGETS**

To Council - NOV 22, 2004,
Date: November 19th, 2004

File: 12-8040-20-7851
12-8040-20-7852
12-8040-20-7853

The Finance Select Committee, at its meeting held on November 9th, 2004, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the 2005 Utility Expenditure Budgets (as amended by the Committee) be approved as the basis for establishing the 2005 Utility Rates.*
- (2) *That the following bylaws, which bring into effect the 2005 Utility Rates, be introduced and given first, second and third readings:*
 - (a) *Waterworks and Water Rates Bylaw No. 5637, Amendment Bylaw No. 7851;*
 - (b) *Sanitary Sewer System and Drainage System Bylaw No. 7551, Amendment Bylaw No. 7852; and*
 - (c) *Solid Waste and Recycling Regulation Bylaw No. 6803, Amendment Bylaw No. 7853.*

Councillor Kiichi Kumagai, Chair
Finance Select Committee

Attach.

VARIANCE

Please note that staff recommended the following for Part (1):

- (1) That the 2005 Utility Expenditure Budgets (as presented in the staff report dated November 3, 2004 from the Managers of Water, Sewer & Environmental Programs), be approved as the basis for establishing the 2005 Utility Rates.

Staff Report

Origin

This report presents the 2005 utility budgets and rate bylaws for Water, Drainage and Solid Waste & Recycling. The utility rates must be established by December 31, 2004 to enable billing in 2005.

This report has been amended to reflect the direction by the Finance Select Committee at their meeting on November 9, 2004 to maintain the sewer rates at amounts consistent with 2004.

Analysis

The total 2005 utility billing is detailed in the following table, which shows the total utility rates by customer class for 2005, and provides a comparison to 2004 rates.

<i>Customer Class</i>	<i>2004 Actual</i>	<i>2005 – Recommended Rates</i>	<i>\$ Difference over 2004</i>
Single-Occupant (Single-Family Dwelling)	\$641.95	\$674.13	\$32.18
Single-Family Dwelling	\$728.54	\$764.64	\$36.10
Single-Occupant Townhouse (on City garbage service)	\$602.55	\$634.05	\$31.50
Townhouse (on City garbage service)	\$628.57	\$660.30	\$31.73
Single-Occupant Townhouse (not on City garbage service)	\$503.31	\$535.82	\$32.51
Townhouse (not on City garbage service)	\$529.33	\$562.07	\$32.74
Apartment	\$385.19	\$410.76	\$25.57
Metered Water (\$/m ³)	\$0.6112	\$0.6577	\$0.0465
Metered Sewer (\$/m ³)	\$0.4999	\$0.4999	\$0
Business: Garbage	\$20.08	\$23.35	\$3.27
Business: Drainage	\$22.30	\$33.45	\$11.15

The major cost drivers in 2005 are increases in regional charges for water purchases and filtration, as well as increased infrastructure replacement needs in water and dykes and drainage.

An explanation of the budget differences and significant issues within each of the utility areas follows.

Water

The 2005 Water budget has increased \$1,718,900 over 2004:

Budget Items	2004	2005	\$ Difference
Operating Expenditures	\$5,873,400	\$6,165,100	\$291,700
Rate Stabilization Contribution	\$491,000	\$900,000	\$409,000
GVRD Water Purchases	\$10,228,600	\$10,127,000	-\$101,600
Capital Program	\$3,871,400	\$4,500,000	\$628,600
Residential Water Metering Program	\$1,000,000	\$1,491,200	\$491,200
Other Fiscal	\$1,000,000	\$1,000,000	\$0
Total	\$22,464,400	\$24,183,300	\$1,718,900

These amounts reflect an overall increase of 7.7% in 2005.

Operating expenditures are increased due to inflationary increases in materials and supplies and negotiated salary increases. The rate stabilization contribution is increased in accordance with long-term infrastructure replacement projections.

The rate charged by the GVRD for water purchases increased by 12% year-over-year, however, the City's water levelling fund was applied to offset the impact of this increase, resulting in an overall reduction in the amount recovered for water purchases.

The capital program is increased to meet the rising demand for water infrastructure replacement. The objective is to build the annual infrastructure replacement to \$7 million to meet long-term projected replacement needs.

Regionally, drinking water treatment remains a significant cost driver in GVRD water rates. A new water filtration plant, scheduled for completion in 2007, is required to meet the new water quality treatment guidelines, which were introduced in 2001. This new filtration plant will address turbidity (cloudy water) issues in order to reduce the number of occurrences of discoloured water, which must have additional treatment before it is suitable for drinking by elderly and very young individuals. As construction is completed for these projects, Richmond will start paying for the additional operation and maintenance costs for these new facilities.

Water capacity also remains a key regional issue, as the GVRD continues to develop alternative sources and/or strategies to meet long-term water supply needs.

This results in the following 2005 Recommended Rates for the Water Utility. A comparison of the 2004 and 2005 water rates is also provided. The chart details the amount of the change by customer class.

<i>2004/2005 Water Rates Comparison</i>			
<i>Customer Class</i>	<i>2004 Actual Rates</i>	<i>2005 Recommended Rates</i>	<i>\$ Difference 2005/2004</i>
Single Occupant	\$253.30	\$272.55	\$19.25
Single Family Dwelling	\$304.85	\$328.02	\$23.17
Townhouse	\$256.33	\$275.81	\$19.48
Apartment	\$165.18	\$177.73	\$12.55
Metered Rate (\$/m ³)	\$0.6112	\$0.6577	\$0.0465

The amending bylaw presented with this report also reflects a proposed increase in the minimum quarterly water charge for metered properties to \$20.00 (from the current \$10.00 minimum). This increase is proposed to ensure adequate contribution to fixed costs associated with the program.

The amending bylaw further reflects changes to Schedule D to clarify charges for residential water metering and service connection charges. There is a further clarification amendment outlined in the bylaw amendments to specify the method of charging for water lost relating to leaks on private systems.

Water Metering Program

In January 2004, Council approved a voluntary water metering program. Since that time, approximately 1,500 residents installed water meters under the volunteer program. In total, there are 4,000 residences currently on water meters. Of these, 2,500 received their water meters through development or watermain replacement projects.

While it is too early to project savings for residences with water meters vs. those on the flat rate system, an assessment of the 2,500 residences with water meters revealed that 61% of them paid less than they would have for a similar period of time on the flat rate.

Overall, the City's water consumption was down in June and July by 3% and 4%, respectively, when compared with the same period in 2003. Consumption in August was 2% higher than the same period in 2003, due to severe water restrictions at that time. Water consumption rates can vary greatly from year to year depending on weather patterns, population growth, etc. It will take a period of time in evaluating water meter customers vs. flat rate customers to determine the actual differences in water consumption rates between these customer classes. One benefit of the water meter program that became evident early on was in households where residences were experiencing significant leaks. After receiving their first metered bill, these water leaks were fixed in short order. For example, one household leaked 3,000 m³ in the first quarter of the year. This compares with an average user rate of 100 m³.

Sewer

The 2005 Sewer budget is as follows:

Budget Items	2004	2005	\$ Difference
Operating Expenditures	\$3,374,400	\$3,599,200	\$224,800
GVS&DD O&M	\$8,117,100	\$8,429,000	\$311,900
GVS&DD DD Debt	\$4,200,328	\$4,179,600	-\$20,728
Rate Stabilization Contribution	\$2,254,072	\$1,104,800	-\$1,149,272
Capital Program	\$1,115,000	\$2,006,400	\$891,400
Other Fiscal	\$1,204,100	\$652,200	-\$551,900
Sub-Total	\$20,265,000	\$19,971,200	-\$293,800
Investment Income	(\$150,000)	(\$150,000)	\$0
Property Tax Levy for DD Debt	(\$4,200,328)	(\$4,179,600)	\$20,728
Debt Funding/Transfer from Operating	\$0	(\$345,600)	(\$345,600)
Rate Stabilization Usage	(\$618,672)	\$0	\$618,672
Sub Total	(\$4,969,000)	(\$4,675,200)	\$293,800
Net Revenue Required from Rates	\$15,296,000	\$15,296,000	\$0

The operating expenditure increases relate to plant growth, inflationary costs for materials and city equipment rate increases, as well as staff salary increases.

GVRD operating charges have increased principally due to future upgrades and expansion of the Lulu Island Sewage Treatment Plant. GVS&DD debt is based on estimates provided by the GVRD. The net rate stabilization is reduced to align with future anticipated regional costs. The Capital Program is increased in order to carry out approved capital construction projects. Fiscal expenditures are reduced as a result of debt retirement.

This results in no overall net impact to the utility rates in 2005. Therefore, there is no increase proposed in the sewer rates for 2005. Sewer rates will remain consistent with the 2004 rates as follows:

Customer Class	2004 Actual Rates	2004 Recommended Rates	\$ Difference 2005/2004
Single Occupant	\$162.65	\$162.65	\$0
Single Family Dwelling	\$197.69	\$197.69	\$0
Townhouse	\$185.64	\$185.64	\$0
Apartment	\$154.61	\$154.61	\$0
Metered Rate (\$/m ³)	\$0.4999	\$0.4999	\$0

The charges for sewer correspond directly to water consumption for metered customers. The sewer rate is charged based on a percentage of water used, as per the water meter readings. This approach is based on the methodology that the amount of water discharged is approximately 80% of the amount of water consumed.

Amending Bylaw 7852 presented with this report includes a proposed clarification to Schedule B of the bylaw to clearly identify that the installation of an inspection chamber is included in the fees charged for drainage service installation. This proposed change has no impact on the fees charged to applicants.

Single-Occupant Rate

The implementation of water meters results in the ability to charge customers for water and sewer based on consumption. As more customers move onto metered water, there is less need and justification for maintaining the single-rate for water and sewer. As a result, staff propose that the single rate be eliminated in 2006. This proposal will be brought forward in conjunction with the water/sewer rates in 2006.

Drainage

In 2003, a drainage utility was created to begin developing a reserve fund for drainage infrastructure replacement costs. The objective is to build the fund to an anticipated annual expenditure of \$4.85 million, subject to ongoing review of the drainage infrastructure replacement requirements. To achieve this, an amount of \$90.00 - \$100.00 per property is required.

As adopted by Council in 2003, the rate started at \$11.15 and is increased an additional \$11.15 each year until such time as the \$4.85 million annual reserve requirement is reached -- expected to take approximately 8 years. The rate in 2004 was \$22.30. In keeping with the increases previously identified, the rate in 2005 is proposed at \$33.45.

Drainage operating and maintenance costs will remain on the tax requisition in 2005. It was determined impractical to shift these costs to a utility due to the difficulty in establishing a fair indicator for measuring the amount of drainage from properties, and the significant impact this transition would have had on many land owners. Staff will continue to evaluate these issues and concerns, with the objective of transferring this cost to the utility in the future.

Solid Waste & Recycling

The 2005 Solid Waste & Recycling budget has increased \$169,400 over 2004:

Budget Items	2004	2005	\$ Difference
Operating Expenditures	\$428,600	\$427,600	(\$1,000)
Rate Stabilization	\$742,400	\$742,400	\$0
Collection Contracts	\$2,947,400	\$2,922,100	(\$25,300)
Disposal Costs	\$2,001,000	\$2,006,300	\$5,300
Program Costs	\$998,400	\$1,020,700	\$22,300
Environmental Programs	\$405,200	\$573,300	\$168,100
Total	\$7,523,000	\$7,692,400	\$169,400

These amounts reflect an overall increase of 2.3% in 2005.

Budget Variance Explanation

Collection contracts have decreased due to the removal of expenses associated with the Goods and Services tax. Program costs are increased to reflect increased service demand in litter collection/operations. The remaining increases are minor and relate to operating and/or salary adjustments.

The 2005 Sanitation and Recycling budget reflects no change in the regional disposal rate for 2005, as an increase is not anticipated.

West Nile Virus Treatment Programs

A significant factor is an increase in costs relative to treatment programs for West Nile Virus. Previously, the Environmental Programs budget included \$100,000 in funding for monitoring and treating mosquito larvae in ditches throughout Richmond. A study of catch basins, inspection chambers and manholes was undertaken in 2004 to determine if these structures pose a potential threat for harbouring West Nile Virus vector mosquitoes. The study concluded that catch basins and inspection chambers do indeed pose a threat. This is a significant finding, as there are approximately 34,287 catch basins and inspection chambers in Richmond.

Richmond Health Services has proposed a treatment method based on using 'briquets' as a control agent. These 'briquets' would only need to be applied once at the beginning of mosquito breeding season as they offer a 150-day residual. The cost of this method of treatment is expensive due to the cost of the briquets coupled with the labour involved in applying the briquets individually in each catch basin and inspection chamber. Costs are estimated at \$165,000. This amount has been included in the budget and rates reflected in this report. Council could opt to remove this amount from the budget should Council not wish to proceed with the treatment of catch basins in 2005. This would reduce the rates shown below by approximately \$3.00 per household.

2005 Proposed Rates

This results in the following rates for 2005. A summary of the rates by customer class is presented in the following table. The 2004 rates are also provided for comparison purposes.

<i>2005/2004 Solid Waste & Recycling Rates Comparison</i>			
<i>Customer Class</i>	<i>2004 Actual Rates</i>	<i>2005 Recommended Rates</i>	<i>\$ Difference 2005/2004</i>
Single Occupant	\$203.70	\$205.48	\$1.78
Single Family Dwelling	\$203.70	\$205.48	\$1.78
Townhouse	\$164.30	\$165.40	\$1.10
Apartment	\$43.10	\$44.97	\$1.87
Business Rate	\$20.08	\$23.35	\$3.27

Potential Future Cost Increases

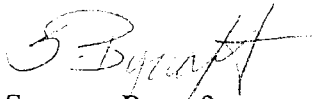
The main costs which are expected to impact the Solid Waste and Recycling budget in future years are the annual rate of inflation, due to this being the identified cost escalation factor in our solid waste and recycling contracts. Costs could also increase in the event additional materials are received for disposal, i.e. garbage/yard waste volumes, etc. In the event the GVRD disposal rate is increased in future years, there would be a direct corresponding impact on our budgets and rates.

Financial Impact

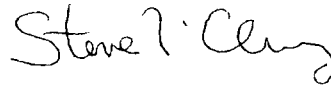
The 2005 utility budgets and the rates outlined in this report, represent full cost recovery for each respective area. These rates maintain the existing practices of reserve funding and rate stabilization. The utility rate bylaws reflect the rates as outlined in this report.

Conclusion

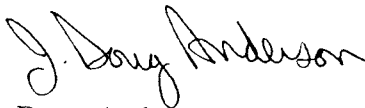
The 2005 utility rates and associated bylaws are presented with this report. The strategy in developing these rates represents a sound approach to addressing significant pending increases in regional charges for water purchases, water filtration and sewer treatment in future years. In addition, they reflect a move toward gradually increasing the amounts that will be required to maintain an ageing City infrastructure. This corresponds with the direction to develop a comprehensive plan for infrastructure replacement over the longer term.



Suzanne Bycraft
Manager, Environmental Programs



Steve McClurg
Manager, Water Services



Doug Anderson
Manager, Sewerage & Drainage



**Waterworks and Water Rates Bylaw No. 5637,
Amendment Bylaw No. 7851**

The Council of the City of Richmond enacts as follows:

1. Bylaw No. 5637 is amended by deleting the figure \$50,000 in subsection (a) of section 3A and substituting \$75,000.
2. Bylaw No. 5637 is amended by inserting the following as sections 25a and 25b:

25a. Underground Leaks

Notwithstanding section 25, in the case of an underground leak in the **customer's waterworks**, if:

- (a) the **General Manager, Engineering & Public Works** is satisfied that the **customer** did not know or could not reasonably have known about the leak; and
- (b) the **customer** repairs the underground leak to the satisfaction of the **General Manager, Engineering & Public Works** within 96 hours of the **customer's** discovery of the underground leak,

the **City** will charge the **customer** in accordance with section 25b below for both the billing period in which the leak was discovered and the previous billing period.

25b. Underground Leak Calculation

- (a) When a **customer** qualifies under section 25a above, the **City** will determine the average amount of water recorded by the **water meter** per billing period for the **customer's** property over the last twelve months, or if that information is unavailable, by using the average for all users with the same type of property (as categorized in Schedule B) over the past 12 months (the "**average amount**").
- (b) If the amount recorded by the **water meter** for the billing period in which the leak was discovered is greater than the **average amount**, or if the amount recorded by the **water meter** for the previous billing period is greater than the **average amount**, the **customer** will pay:
 - (i) the regular rate per cubic metre (in Schedule B) for all amounts recorded up to the **average amount**; plus
 - (ii) the underground leak rate per cubic metre (in Schedule B) for the amount recorded that exceeds the **average amount**.


- 3. Bylaw No. 5637 is amended by deleting Schedules A through F and substituting the attached Schedules A through F.
- 4. This Bylaw comes into force and effect on January 1, 2005.
- 5. This Bylaw is cited as "Waterworks and Water Rates Bylaw No. 5637, Amendment Bylaw No. 7851".

FIRST READING

SECOND READING

THIRD READING

ADOPTED



 MAYOR

NOV 22 2004

NOV 22 2004

NOV 22 2004

DEC 13 2004

CITY OF RICHMOND
APPROVED for content by originating dept.

APPROVED for legality by Solicitor




 Acting CITY CLERK

SCHEDULE A**BYLAW YEAR - 2005****FLAT RATES FOR RESIDENTIAL, AGRICULTURAL, AND
INSTITUTIONAL PURPOSES ONLY**

A.	Residential Dwellings per unit	
	Single occupant with 20mm (¾") water service	\$272.55
	Dwellings with 20 mm (¾") water service	\$328.02
	Dwellings with water service greater than 25 mm (1") See Metered Rates – Schedule B	
	Townhouse	\$275.81
	Apartment	\$177.73
B.	Stable or Barn per unit	\$76.59
C.	Field Supply – each trough or water receptacle or tap	\$47.87
D.	Public Schools for each pupil based on registration January 1 st	\$4.62

SCHEDULE B**BYLAW YEAR – 2005****METERED RATES**

Page 1 of 2

**METERED COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROPERTIES
AND MULTIPLE-FAMILY AND STRATA TITLED PROPERTIES****1. RATES**

All consumption per cubic metre:	\$0.6577
Minimum charge in any 3-month period:	\$66.08
Undetected leak rate per cubic metre (per section 25b of this bylaw):	\$0.2440

2. RENTS FOR EACH METERRent per **water meter** for each 3-month period:

For a 16mm (5/8") meter	\$11.00
For a 20mm (3/4") meter	\$14.00
For a 25mm (1") meter	\$15.50
For a 32mm (1 ¼") meter	\$27.00
For a 40mm (1 ½") meter	\$27.00
For a 50mm (2") meter	\$30.50

COMPOUND TYPE

75mm (3")	\$103.00
100mm (4")	\$158.00
150mm (6")	\$262.00

TURBINE TYPE

50mm (2")	\$60.50
75mm (3")	\$78.00
100mm (4")	\$113.00
150mm (6")	\$215.50
200mm (8")	\$280.00

FIRE LINE TYPE

100mm (4")	\$271.00
150mm (6")	\$366.00
200mm (8")	\$475.00
250mm (10")	\$633.00

SCHEDULE B

BYLAW YEAR – 2005

METERED RATES

METERED RESIDENTIAL PROPERTIES

1. RATES

All consumption per cubic metre:	\$0.6577
Minimum charge in any 3-month period:	\$20.00
Underground leak rate per cubic metre (per section 25b of this bylaw):	\$0.2440

2. RENTS FOR EACH METER

Rent for water meter with connection up to 50mm (2") for each 3-month period:	\$10.00*
---	----------

*For residential properties with a connection greater than 50mm (2"), the commercial and industrial properties rental rates apply.

SCHEDULE C**BYLAW YEAR - 2005****METERED RATES****FARMS****1. RATES**

All consumption per cubic metre:	\$0.6577
----------------------------------	----------

Minimum charge per 3-month period*:

For 1 st quarter billing (January – March inclusive) for 90m ³ or less	\$66.08
--	---------

For 2 nd quarter billing (April – June inclusive) for 95m ³ or less	\$66.08
---	---------

For 3 rd quarter billing (July – September inclusive) for 140m ³ or less	\$66.08
--	---------

For 4 th quarter billing (October - December inclusive) for 90m ³ or less	\$66.08
---	---------

*No minimum charge applies where there is no dwelling on the property.

2. RENTS

Rent for meter up to 25mm (1”) for each 3-month period	\$10.00*
--	----------

*Applies only to properties with no dwelling.

SCHEDULE D

BYLAW YEAR - 2005

Page 1 of 2

1. WATER CONNECTION CHARGE

SFD Residential Water Connection Size Including Meter	Connection Charge
20mm (3/4") diameter	\$2,100
25mm (1") diameter	\$2,600
40mm (1 1/2") diameter	\$4,000
50mm (2") diameter	\$5,200
For residential properties with a connection greater than 50mm (2"), the commercial and industrial properties connection rates apply.	
Residential Water Meter Charge Without Connection	Meter Charge
20mm (3/4") diameter meter	\$550
25mm (1") diameter	\$650
40mm (1 1/2") diameter	\$1,100
50mm (2") diameter	\$1,300

Multi-Family / Industrial / Commercial Water Connection Size Without Meter	Connection Charge
20mm (3/4") diameter	\$1,600
25mm (1") diameter	\$2,000
40mm (1 1/2") diameter	\$3,000
50mm (2") diameter	\$4,000
100mm (4") diameter	\$6,500
150mm (6") diameter	\$8,500
200mm (8") diameter	\$11,000
larger than 200mm (8") diameter	actual cost**

SCHEDULE D**BYLAW YEAR - 2005****Page 2 of 2****1. WATER CONNECTION CHARGE (cont'd)**

Industrial / Commercial Water Connection Size Without Meter	Connection Charge
20mm (3/4") diameter	\$1,600
25mm (1") diameter	\$2,000
40mm (1 1/2") diameter	\$3,000
50mm (2") diameter	\$4,000
100mm (4") diameter	\$6,500
150mm (6") diameter	\$8,500
200mm (8") diameter	\$11,000
larger than 200mm (8") diameter	actual cost**

SCHEDULE E**BYLAW YEAR - 2005****CONSTRUCTION PERIOD WATER CONSUMPTION RATES –
RESIDENTIAL**

MONTH	REGULAR FAMILY DWELLING (rate per unit)	START BILL YEAR	MULTI-FAMILY APARTMENT LESS THAN 4 STOREYS (rate per unit)	START BILL YEAR	MULTI- FAMILY APARTMENT 4 STOREYS & UP (rate per unit)	START BILL YEAR
January 2005	\$295	2006	\$248	2006	\$342	2007
February 2005	\$271	2006	\$450	2007	\$329	2007
March 2005	\$246	2006	\$429	2007	\$315	2007
April 2005	\$221	2006	\$409	2007	\$302	2007
May 2005	\$197	2006	\$388	2007	\$289	2007
June 2005	\$172	2006	\$367	2007	\$275	2007
July 2005	\$148	2006	\$347	2007	\$262	2007
August 2005	\$426	2007	\$326	2007	\$249	2008
September 2005	\$400	2007	\$305	2007	\$235	2008
October 2005	\$375	2007	\$285	2007	\$222	2008
November 2005	\$350	2007	\$264	2007	\$209	2008
December 2005	\$325	2007	\$243	2007	\$195	2008

**CONSTRUCTION PERIOD WATER CONSUMPTION RATES –
COMMERCIAL AND INDUSTRIAL**

Water Connection Size	Consumption Charge
20mm (3/4") diameter	\$120
25mm (1") diameter	\$240
40mm (1 1/2") diameter	\$600
50mm (2") diameter	\$1,510

SCHEDULE F

BYLAW YEAR - 2005

MISCELLANEOUS CHARGES

1.	For an inaccessible meter as set out in Section 7	\$25 per month
2.	For each turn on or turn off	\$35
3.	For each non-emergency service call outside regular hours	Actual Cost
4.	Deposit for testing a meter as set out in Section 26	\$350
5.	Water Service Disconnections:	
	(a) when the service pipe is temporarily disconnected at the property line for later use as service to a new building	\$150
	(b) when the service pipe is not needed for a future development and must be permanently disconnected at the watermain, up to and including 50mm	\$1,000
	(c) if the service pipe is larger than 50mm	Actual Cost
6.	Trouble Shooting on Private Property	Actual Cost
7.	Fire flow tests of a watermain:	
	First test	\$250
	Subsequent test	\$100
8.	Locate or repair of curb stop service box	Actual Cost



**Sanitary Sewer System and Drainage System Bylaw No. 7551,
Amendment Bylaw No. 7852**

The Council of the City of Richmond enacts as follows:

1. Bylaw No. 7551 is amended by deleting the figure \$22.30 in clause (b) of subsection 2.1.1 and substituting \$33.45.
2. Schedule B of Bylaw No. 7551 is amended by deleting clause (d) and replacing it with the following:
 - (d) Installation of 150, 200 or 250 mm diameter connection to a maximum of 5 metres in length (includes 350-600 mm diameter inspection chamber if required):
 - (i) from main or manhole \$2200
 - (ii) from box culvert or concrete u-shape \$3000
 - (iii) more than 3 metres deep by estimate
3. This Bylaw comes into force and effect on January 1, 2005.
4. This Bylaw is cited as "Sanitary Sewer System And Drainage System Bylaw No. 7551, Amendment Bylaw No. 7852".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

NOV 22 2004

NOV 22 2004

NOV 22 2004

DEC 13 2004

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

Acting CITY CLERK



**Solid Waste & Recycling Regulation Bylaw No. 6803, Amendment
Bylaw No. 7853**

The Council of the City of Richmond enacts as follows:

1. Bylaw No. 6803 is amended by deleting Schedules A through D and substituting the attached Schedules A through D.
2. This Bylaw comes into force and effect on January 1, 2005.
3. This Bylaw is cited as "Solid Waste & Recycling Regulation Bylaw No. 6803, Amendment Bylaw No. 7853".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

NOV 22 2004

NOV 22 2004

NOV 22 2004

JAN 04 2005

CITY OF RICHMOND
APPROVED for content by originating dept <i>[Signature]</i>
APPROVED for legality by Solicitor <i>[Signature]</i>

MAYOR

CITY CLERK

SCHEDULE A to BYLAW NO. 7853

FEEES FOR CITY GARBAGE COLLECTION SERVICE		
Annual City garbage collection service fee for each single-family dwelling, each unit in a duplex dwelling, and each unit in a townhouse development	\$	98.23
Fee for each excess garbage container tag	\$	2.00

SCHEDULE B to BYLAW NO. 7853

FEEES FOR CITY RECYCLING SERVICE		
Annual City recycling service fee:		
(a) for residential properties, which receive blue box service (per unit)	\$	45.70
(b) for multi-family dwellings or townhouse developments which receive centralized collection service (per unit)	\$	23.50
Annual recycling service fee for yard and garden trimmings from single-family dwellings and from each unit in a duplex dwelling	\$	40.08
City recycling service fee for the Recycling Depot:		
		\$15.00 per cubic yard
(a) (i) for yard and garden trimmings from residential properties		for the second and each subsequent cubic yard
(ii) for recyclable material from residential properties		\$0
(b) for yard and garden trimmings from non-residential properties		\$15.00 per cubic yard
(c) for recycling materials from non-residential properties		\$0
Annual City recycling service fee for non-residential properties	\$	1.88

SCHEDULE C to BYLAW NO. 7853

FEEES FOR CITY LITTER COLLECTION SERVICE		
Annual City litter collection service fee for both residential properties and non-residential properties	\$	21.47

SCHEDULE D TO BYLAW NO. 7853

NEW RESIDENTIAL PROPERTY PAYMENT FEE SCHEDULE											
Month in Current Year in which Building Permit is Issued		GARBAGE, RECYCLING & LITTER COLLECITON FEE						RECYCLING & LITTER COLLECTION FEE PER STRATA LOT			
		Single-Family Dwellings & Each Unit in a Duplex Dwelling			Townhouse Development			Townhouse Development		Multi-Family Development	
		Prorated Fee Per Unit	Year in which Annual Fee Commences	Prorated Fee Per Unit	Year in which Annual Fee Commences	Prorated Fee Per Unit	Year in which Annual Fee Commences	Prorated Fee Per Unit	Year in which Annual Fee Commences	Prorated Fee Per Unit	Year in which Annual Fee Commences
January, 2005		\$ 92	2006	\$ -	2006	\$ -	2006	\$ -	2006	\$ 19	2007
February, 2005		\$ 77	2006	\$ 134	2007	\$ 53	2007	\$ 53	2007	\$ 16	2007
March, 2005		\$ 62	2006	\$ 121	2007	\$ 48	2007	\$ 48	2007	\$ 13	2007
April, 2005		\$ 46	2006	\$ 109	2007	\$ 43	2007	\$ 43	2007	\$ 10	2007
May, 2005		\$ 31	2006	\$ 97	2007	\$ 39	2007	\$ 39	2007	\$ 6	2007
June, 2005		\$ 15	2006	\$ 85	2007	\$ 34	2007	\$ 34	2007	\$ 3	2007
July, 2005		\$ -	2006	\$ 73	2007	\$ 29	2007	\$ 29	2007	\$ -	2007
August, 2005		\$ 166	2007	\$ 61	2007	\$ 24	2007	\$ 24	2007	\$ 36	2008
September, 2005		\$ 151	2007	\$ 49	2007	\$ 19	2007	\$ 19	2007	\$ 33	2008
October, 2005		\$ 136	2007	\$ 36	2007	\$ 14	2007	\$ 14	2007	\$ 29	2008
November, 2005		\$ 121	2007	\$ 24	2007	\$ 10	2007	\$ 10	2007	\$ 26	2008
December, 2005		\$ 106	2007	\$ 12	2007	\$ 5	2007	\$ 5	2007	\$ 23	2008

FINANCIAL STATEMENTS

Consolidated Financial Statements of

CITY OF RICHMOND

Years ended December 31, 2004 and 2003



KPMG LLP
Chartered Accountants
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Vancouver BC V7Y 1K3

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

AUDITORS' REPORT

To the Mayor and Council
City of Richmond

We have audited the consolidated statement of financial position of the City of Richmond (the "City") as at December 31, 2004 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2004 and the results of its financial activities and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

April 11, 2005

CITY OF RICHMOND

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

December 31, 2004 and 2003

	2004	2003 (restated - note 2)
Financial Assets		
Cash	\$ -	\$ 4,205
Investments	315,541	260,212
Accrued interest receivable	4,330	5,123
Accounts receivable	12,655	16,448
Taxes receivable	5,172	5,875
Development fees receivable	8,272	7,540
Debt reserve fund - deposits (note 3)	561	620
	<u>346,531</u>	<u>300,023</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	48,032	56,037
Bank indebtedness	1,541	-
Deposits and holdbacks	7,208	6,655
Deferred revenue	13,949	12,539
Development cost levies (note 5)	41,810	37,150
Debt reserve fund - deposits (note 3)	561	620
Obligations under capital leases (note 6)	4,639	4,769
Long-term debt, net of MFA sinking fund deposits (note 7)	34,188	38,751
	<u>151,928</u>	<u>156,521</u>
Net financial assets	194,603	143,502
Capital assets (note 8)	1,006,670	978,743
Inventory of materials and supplies	2,287	2,370
	<u>\$ 1,203,560</u>	<u>\$ 1,124,615</u>
Financial Equity		
Reserves (note 10)	\$ 139,500	\$ 111,860
Appropriated surplus (note 11)	48,258	34,649
Surplus	49,850	45,069
Obligations to be funded from future revenue	(4,178)	(4,556)
	<u>233,430</u>	<u>187,022</u>
Capital equity (note 9)	967,843	935,223
Other equity	2,287	2,370
	<u>\$ 1,203,560</u>	<u>\$ 1,124,615</u>

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

General Manager of Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statements of Financial Activities
(Expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

	Budget 2004 (note 1(c))	Actual 2004	Actual 2003 (restated - note 2)
Revenue:			
Taxation and levies	\$ 116,677	\$ 115,047	\$ 111,089
Development cost charges	13,214	8,942	11,321
User fees	36,978	37,794	34,403
Sales of services	23,358	26,316	25,126
Provincial and federal grants	4,926	11,592	5,003
Other capital funding sources	6,195	7,270	12,908
Grants-in-lieu of taxes	9,935	10,018	10,494
Other revenue from own sources:			
Licenses and permits	5,700	7,085	6,150
Investment income	10,079	10,000	10,143
Other (note 1(j))	2,795	21,253	11,346
	<u>229,857</u>	<u>255,317</u>	<u>237,983</u>
Expenditures:			
General government	25,247	23,869	23,630
Protective services	55,020	54,263	53,648
Transportation services	18,688	18,166	18,514
Sanitation and recycling services	6,781	6,537	7,020
Environmental development services	2,654	2,768	2,510
Recreational and cultural services	25,342	26,006	24,903
Capital and infrastructure investments	45,380	29,124	48,906
Richmond Public Library	5,891	7,118	6,571
Utilities:			
Water supply and distribution	16,102	14,403	13,152
Sewerage collection and disposal	11,491	13,502	9,729
Debt and finance	8,174	7,491	7,917
Other expenses	827	969	238
	<u>221,597</u>	<u>204,216</u>	<u>216,738</u>
Excess of revenue over expenditures	8,260	51,101	21,245
Repayment of debt and capital lease obligations	(4,540)	(4,693)	(3,958)
Increase in financial equity	\$ 3,720	46,408	17,287
Financial equity, beginning of year (note 2)		187,022	169,735
Financial equity, end of year		\$ 233,430	\$ 187,022

See accompanying notes to financial statements.

CITY OF RICHMOND

Consolidated Statements of Changes in Financial Position
(Expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

	2004	2003
		(restated - note 2)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 51,101	\$ 21,245
Revenue recognized from development cost charges, an item not involving cash	(8,942)	(11,321)
Working capital items:		
Accrued interest receivable	793	11,904
Accounts and taxes receivable	4,496	608
Development fees receivable	(732)	(498)
Accounts payable and accrued liabilities	(8,005)	4,315
Deposits and holdbacks	553	(393)
Deferred revenue	1,410	1,785
	40,674	27,645
Investments:		
Acquisition of short-term investments, net	(55,329)	(32,169)
Financing:		
Increase in bank indebtedness	1,541	-
Development cost levies and interest received (note 5)	13,602	11,181
Repayment of debt and capital lease obligations	(4,693)	(3,958)
	10,450	7,223
Increase (decrease) in cash	(4,205)	2,699
Cash, beginning of year	4,205	1,506
Cash, end of year	\$ -	\$ 4,205

See accompanying notes to financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements of the City of Richmond (the "City") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants ("CICA"). The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks and Reserve Funds consolidated with the Richmond Public Library Board. Interfund transactions, fund balances and activities have been eliminated on consolidation.

Management is required to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, the recoverability of accounts receivable and provision for contingencies. The consolidated financials statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below for the following funds:

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, provision of transportation services, policing, servicing general debt, etc.

(ii) General Capital and Loan Fund:

This fund is used to record the City's capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related long-term debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related capital assets and long-term debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund plus interest earned on fund balances.

(b) Revenue:

Revenue is recorded on the accrual basis and recognized when earned. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies (continued):

(c) Budget information:

Unaudited budget information, presented on a basis consistent with that used for actual results, was included in the City of Richmond's Five Year Financial Plan and was adopted through Bylaw #7726 on May 6, 2004.

(d) Expenditures:

Expenditures are recorded in the period in which the goods or services are acquired and a liability is incurred.

(e) Investments:

Investments are recorded at cost. Investments include term deposits and short-term bonds which generally have their principal guaranteed at maturity. Provisions for losses are recorded when they are considered to be other than temporary. At various times during the term of each individual investment, market value may be less than cost. Such a decline in value is considered temporary as it generally reverses as the investment matures and therefore an adjustment to market value for these market declines is not recorded.

(f) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected within the next year.

(g) Inventory:

Inventory is recorded at cost, net of an allowance made for obsolete stock. Cost is determined on a weighted average basis.

(h) Capital assets:

Capital assets purchased or constructed and work in progress are reported as capital expenditures in the period they are acquired. Interest incurred on borrowed funds used during construction is capitalized. Donated assets are recorded at their estimated fair market value at the time they are received. The City does not provide for depreciation or replacement of capital assets in the accounts. Proceeds from disposal of capital assets are credited to the appropriate reserve account.

(i) Development cost levies:

Development cost levies are restricted by legislation to expenditures on capital infrastructure. These amounts are recognized as revenue when the expenditures are incurred in accordance with the restrictions.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies (continued):

(j) Other revenue:

Other revenue in 2004 includes the proceeds from sale of properties in the amount of \$18,419,680. These proceeds were not budgeted for, and are not expected to recur in future periods. All proceeds were transferred to investment in capital assets and reserves.

(k) Employee future benefits:

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and post-employment benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits (see note 2).

(l) Comparative figures:

Comparative figures have been restated to reflect the consolidation of the Richmond Public Library Board.

2. Changes in accounting policy:

Effective January 1, 2004, the City adopted the recommendations as required under Section PS 3255 Post-Employment Benefits of the CICA Public Sector Accounting Handbook. This new policy requires the City to accrue and disclose obligations, using actuarial cost methodologies, for certain post-employment benefits, compensated absences and termination benefits.

This change in accounting policy has been applied retroactively. As a result, accounts payable and accrued liabilities as at December 31, 2003 have increased by \$7.4 million and expenditures for the year ended December 31, 2003 have decreased by \$1.9 million over the amounts previously reported. Expenditures for the year ended December 31, 2004 have decreased by \$1.5 million over the amount that would have been reported under the previous accounting policy.

The impact of this change in accounting policy on the opening balance of financial equity is as follows:

	2004	2003
Balance, beginning of year, as previously reported	\$ 194,443	\$ 179,047
Adjustment to reflect change in accounting for employee future benefits	(7,421)	(9,312)
Balance, beginning of year, as restated	\$ 187,022	\$ 169,735

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

3. Debt reserve fund deposits and demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "Authority"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Authority as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan amounts to the Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at December 31, 2004 are as follows:

	Cash deposits	Demand notes	Total
General Revenue Fund	\$ 546	\$ 2,582	\$ 3,128
Sewerworks Revenue Fund	15	75	90
Total	\$ 561	\$ 2,657	\$ 3,218

4. Accounts payable and accrued liabilities:

	2004	2003
Trade and other liabilities	\$ 29,749	\$ 36,301
Employee future benefits (note 12)	18,283	19,736
	\$ 48,032	\$ 56,037

5. Development cost levies:

	2004	2003
Balance, beginning of year	\$ 37,150	\$ 37,290
Contributions	12,769	10,174
Interest	833	1,007
Expenditures	(8,942)	(11,321)
Balance, end of year	\$ 41,810	\$ 37,150

6. Obligations under capital leases:

During 2004 the City entered into an agreement for the sale and leaseback of equipment for proceeds of \$1,825,866. The City was required to treat this transaction as a financing arrangement under generally accepted accounting principles and no gain or loss was recognized. The City has an option at the end of the lease to repurchase each respective equipment for \$1 each.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

6. Obligations under capital leases (continued):

During 2003 the City entered into an agreement for the sale and leaseback of equipment for proceeds of \$5,541,000. The City was required to treat this transaction as a financing arrangement under generally accepted accounting principles and no gain or loss was recognized. The City has an option at the end of the lease to repurchase each respective equipment for \$1 each.

Future minimum lease payments under these capital leases, which expire on various dates ranging from October 1, 2007 and July 1, 2009, are as follows:

Year ending December 31:

2005	\$	1,572
2006		1,572
2007		1,324
2008		410
2009		224
Total future minimum lease payments		5,102
Less amount representing interest (3.88% - 4.61%)		(463)
Present value of capital lease payments		\$ 4,639

7. Long-term debt (net of MFA sinking fund deposits):

	2004	2003
Authority debentures	\$ 34,188	\$ 38,694
Provincial Capital Improvement loan	-	57
	\$ 34,188	\$ 38,751

The rates of interest on the principal amount of the Authority debentures vary between 5.99% and 10.25% per annum. The average rate of interest for the year ended December 31, 2004 approximates 7.5%.

The Provincial Capital Improvement loan bears interest at 9.00%.

The City issues debt instruments through the Authority pursuant to security issuing bylaws under authority of the community Charter to finance certain capital expenditures. Sinking fund balances managed by the Authority are netted against related long-term debt.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

7. Long-term debt (net of MFA sinking fund deposits) (continued):

Gross amount for the debt and the amount for the sinking fund assets available to retire the debt are as follows:

	Gross debt	Sinking fund asset	Net debt 2004	Net debt 2003
General Fund	\$ 61,356	\$ 27,972	\$ 33,384	\$ 36,331
Water Fund	3,401	3,401	-	-
Sewer Fund	8,498	7,694	804	2,420
	\$ 73,255	\$ 39,067	\$ 34,188	\$ 38,751

Repayments of long-term debt required in the following five years and thereafter are as follows:

	General	Sewerworks	Total
2005	\$ 7,040	\$ 216	\$ 7,256
2006	7,192	221	7,413
2007	7,351	225	7,576
2008	7,519	229	7,748
2009	7,694	234	7,928
Thereafter	30,717	734	31,451
Principal and interest payments	67,513	1,859	69,372
Amount representing interest	(34,129)	(1,055)	(35,184)
Debt principal repayments	\$ 33,384	\$ 804	\$ 34,188

8. Capital assets:

	2004	2003
General government	\$ 166,932	\$ 134,774
Public works	497,103	486,799
Protection to persons and property	23,277	14,775
Sanitation and waste removal	16,796	14,926
Social welfare	2,981	2,981
Recreation services	126,934	126,611
Community services	92,918	91,033
Assets held under capital lease	7,044	5,827
Miscellaneous	46	46
Work-in-progress	72,639	100,971
	\$ 1,006,670	\$ 978,743

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

9. Equity in capital assets:

	2004	2003
Balance, beginning of year	\$ 935,223	\$ 877,631
Capital additions (net)	27,927	58,403
Repayment of debt	4,563	3,958
Repayment (additions) to capital leases	130	(4,769)
Change in equity in capital assets	32,620	57,592
Balance, end of year	\$ 967,843	\$ 935,223

10. Reserves:

	2003	Change during year	2004
Reserve funds:			
Capital expenditure reserve	\$ 34,642	\$ 15,149	\$ 49,791
Steveston road ends	478	340	818
Equipment reserve	15,150	(1,438)	13,712
Affordable housing reserve	5,476	225	5,701
Steveston off-street parking reserve	80	3	83
Capital building and infrastructure	3,455	4,867	8,322
Neighbourhood improvement reserve	2,850	907	3,757
Waterfront improvement reserve	874	484	1,358
Child care facility	115	(26)	89
Public art	317	143	460
Local improvements reserve	3,415	955	4,370
Special sports reserve	1,034	(410)	624
Water main replacement reserve	23,610	3,346	26,956
Drainage improvement reserve	868	1,257	2,125
Sewer lateral replacement reserve	14,955	(288)	14,667
Leisure facilities reserve	-	129	129
	107,319	25,643	132,962
Reserves:			
Future elections	116	89	205
Appeal board decisions	427	632	1,059
Legal settlements	2,165	123	2,288
Major road networks rehabilitation reserve	1,833	1,153	2,986
	4,541	1,997	6,538
	\$ 111,860	\$ 27,640	\$ 139,500

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

11. Appropriated surplus:

	2004	2003
Appropriated surplus, beginning of the year	\$ 34,649	\$ 26,468
Addition in the year	27,071	30,000
Usage	(13,462)	(21,819)
Appropriated surplus, end of year	\$ 48,258	\$ 34,649

Surplus amounts are appropriated or reserved for certain types of expenditures that may be incurred in the future. Surplus appropriations to December 31, 2004 have been made in the General, Waterworks and Sewerworks Funds. These expenditures would be for such items as unexpected human resource issues, emergency or disaster recovery, debt requirements and future capital maintenance programs.

12. Employee future benefits:

The City provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave and post-employment benefits.

	2004	2003
Accrued benefit liability:		
Balance, beginning of the year	\$ 19,736	\$ 19,528
Current service cost	1,045	1,002
Interest cost	1,089	1,078
Benefits paid	(3,587)	(1,872)
Balance, end of year	\$ 18,283	\$ 19,736

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2004. The difference between the actuarially determined accrued benefit obligation of \$18.9 million and the accrued benefit liability of \$18.3 million as at December 31, 2004 is an actuarial loss of \$0.6 million. Starting in 2005, this actuarial loss will be amortized over a period equal to the employees' average remaining service lifetime.

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2004	2003
Discount rate	5.00%	5.50%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	3.50%	3.50%

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

13. Commitments and contingencies:

(a) Joint and several liabilities:

As a member of the following districts, the City is jointly and severally liable for each district's applicable portion of the net capital liability:

Greater Vancouver Regional District
Greater Vancouver Water District
Greater Vancouver Sewerage and Drainage District

(b) Lease payments:

As at December 31, 2004 the City was committed to lease payments for premises and equipment in the following approximate amounts:

2004	\$ 3,736
2005	3,857
2006	3,746
2007	3,787
2008	3,759
Thereafter	74,108

(c) Litigation:

There are several lawsuits pending in which the City is involved. The outcome and amounts that may be payable, if any, under these claims cannot be determined and, accordingly, no amounts have been recorded.

(d) Municipal Insurance Association of British Columbia:

The City is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claims in excess of premiums received it is possible that the City, along with other participants, would be required to contribute towards the deficit.

(e) Pensions:

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan governed by the B.C. Public Sector Pension Plans Act. The Plan is a multi-employer contributory defined benefit pension plan with about 130,000 active contributors, including approximately 29,000 contributors from local governments. Basic pension benefits provided are defined. The board of trustees, representing plan members and employees, is fully responsible for overseeing management of the pension plan, including investment of the assets and administration of the benefits. The British Columbia Pension Corporation provides pension benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the Plan.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

13. Commitments and contingencies (continued):

(e) Pensions (continued):

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2003 indicates an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. Each employer expenses contributions to the Plan in the year in which payments are made. Contributions to the Plan by the City totaled approximately \$4,807,167 (2003 - \$5,322,478).

(f) Contractual obligation:

The City has entered into various agreements with contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council. Included in these commitments is the commitment to contribute \$95.0 million toward the construction of the facility to house the Olympic Oval.

(g) E-Comm Emergency Communications for Southwest British Columbia ("E-Comm"):

The City is a shareholder and member of E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 20 Class A and 26 Class B shares issued and outstanding at December 31, 2004). Class A shareholders are obligated to share in both funding the ongoing operations and any additional costs relating to capital assets (in accordance with a cost sharing formula) while Class B shareholders are not obligated to share in funding of the ongoing operating costs.

14. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust funds are excluded from the City's financial statements.

	2004	2003
Richmond Community Associations	\$ 1,075	\$ 1,002

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

15. Collections for other governments:

The City is obligated to collect and transmit certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements since they are not revenue of the City. Such taxes collected and remitted to the government bodies during the year were as follows:

	2004	2003
Province of British Columbia - Schools	\$ 98,179	\$ 94,370
Regional District and others	18,488	17,760
	\$ 116,667	\$ 112,130

16. Expenditures by object:

	2004	2003
Wages, salaries and benefits	\$ 84,846	\$ 83,412
Contract services	31,311	29,034
Supplies, materials and equipment	80,568	96,375
Debt charges	7,491	7,917
	\$ 204,216	\$ 216,738

RESERVES/OTHER

City of Richmond
Development Cost Levies
As at December 9, 2005
(Unaudited)

Fund Name	Balance at 31-Dec-02	Balance at 31-Dec-03	Balance at 31-Dec-04	Balance at 09-Dec-05
Development Cost Levies				
DCC Land Acquisition & Parks Development	9,755,698	7,948,176	10,600,549	10,518,543
DCC Roads	10,027,568	8,997,978	8,047,285	6,827,193
DCC Sanitary Sewer	614,782	775,009	947,862	1,157,685
DCC Storm Sewer	6,163,416	4,991,742	3,795,468	1,975,300
DCC Water	3,269,758	2,293,609	2,487,453	2,559,086
Total Development Cost Levies	29,831,222	25,006,514	25,878,616	23,037,806
PSAB Adjustment	7,459,000	12,144,000	15,932,000	N/A
Total per Financial Statements	37,290,222	37,150,514	41,810,616	N/A

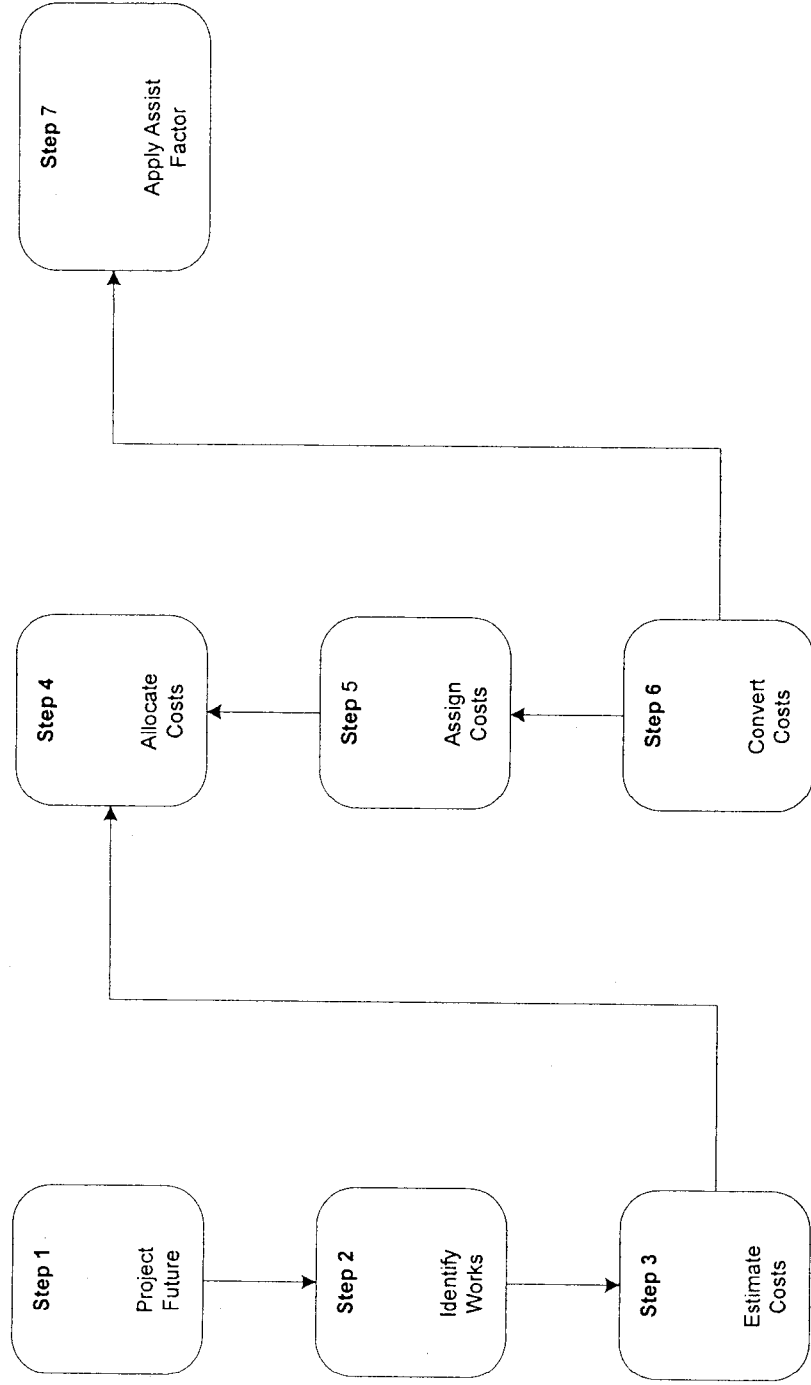
Development Cost Levies

Development Cost Levies (DCC's)

The Local Government Act gives Cities the authority to collect Development Cost Levies (Charges). Richmond has chosen to use this power. We collect DCC's on all development in the City of Richmond. The DCC's are deposited to different accounts (roads, water and sewer) to upgrade specific existing infrastructure in Richmond. The following DCC accounts exists;

- DCC Drainage/Storm Sewer Cost Levy
- DCC Land Acquisition & Parks Development Cost Levy
- DCC Roads Cost Levy
- DCC Sanitary Sewer Cost Levy
- DCC Water Cost Levy

DCC Process





CITY OF RICHMOND

DEVELOPMENT COST CHARGES IMPOSITION

BYLAW NO. 7676

EFFECTIVE DATE – MAY 25TH, 2004

CITY OF RICHMOND
DEVELOPMENT COST CHARGES IMPOSITION
 BYLAW NO. 7676
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DEVELOPMENT COST CHARGES IMPOSITION BYLAW NO. 7676

The Council of the City of Richmond enacts as follows:

PART ONE: GENERAL PROVISIONS

1.1 Establishment of Development Cost Charge Areas

- 1.1.1 For the purposes of imposing development cost charges, the City is divided into the three areas shown on Schedule A.

1.2 Imposition of Development Cost Charges

- 1.2.1 In accordance with the provisions of Section 933(1) of the *Local Government Act*, development cost charges are imposed, subject to the provisions of subsection 1.3.1, on every person who obtains:

- (a) approval of a subdivision of a **parcel**; or
- (b) a **building permit**.

- 1.2.2 Every person who obtains approval of a subdivision of a **parcel** or a **building permit** must pay development cost charges on the following basis:

- (a) for **residential development** in the Lulu Island Area, in accordance with Schedule B;
- (b) for **commercial development** or **light industrial development**:
 - (i) in the Lulu Island Area, in accordance with Schedule C;
 - (ii) in the Sea Island Area, in accordance with Schedule D; and
- (c) for **major industrial development**, in accordance with the applicable portion of Schedule E.

- 1.2.3 Where a type of **development** is not identified in subsection 1.2.2, the development cost charges for the most comparable type of **development** are to be used to determine the amount payable.

- 1.2.4 Schedules A, B, C, D, and E are attached and form a part of this bylaw.

1.3 Restrictions on Requirement to Pay Development Cost Charges

1.3.1 The development cost charges imposed under section 1.2 apply only to the extent specified, and are subject to the restrictions specified in Division 10 of Part 26 of the *Local Government Act*.

1.4 Due Date For Payment of Development Cost Charges

1.4.1 The development cost charges imposed under subsection 1.2.1 must be paid:

- (a) in the case of the subdivision of a **parcel**, prior to the approval of the subdivision; and
- (b) in the case of a **building permit**, prior to the issuance of the **building permit**.

PART TWO: CALCULATION VARIATIONS

2.1 Parcels Covered By Water

2.1.1 For the purposes of calculating those portions of development cost charges based on a per acre rate, the acreage to be used in the calculations must include any portions of the **parcel** or **parcels** being subdivided or developed which are covered by water.

2.2 Combination Developments

2.2.1 In the case of an application for a **building permit** for a combination of both **residential development** and **commercial development**, the development cost charges are to be calculated as the sum of:

- (a) the applicable per unit rate for each residential unit, multiplied by the number of units; plus
- (b) the applicable square foot rate based on the number of **storeys** of **commercial development**, multiplied by the total floor area of such **development**; plus
- (c) the per acre drainage development cost charges specified for **commercial development**, in Schedule C, applied to the total area of the **parcel**.

2.3 Marinas

2.3.1 Liveaboard Marinas

In the case of a marina designed and intended solely for the moorage of floating homes, development cost charges are calculated on the basis of the **residential development** charge specified in Schedule B, except for the drainage portion of the development cost charges which are calculated at the rate for **commercial development** specified in Schedule C, applied to the total square footage of the land used in conjunction with the marina.

2.3.2 Other Marinas

In the case of a marina other than a marina designed solely for the moorage of floating homes, development cost charges are calculated as the sum of:

- (a) for the water area, the square foot rate for a one **storey** commercial building with a **building area** equal to the total area of all floats, wharves, docks, piers, and **buildings** on the water lot being used for the marina; plus
- (b) for any land area used in conjunction with such marina, the applicable square foot rate for **commercial development** based on the number of **storeys** multiplied by the total **building area** on the land.

PART THREE: INTERPRETATION

3.1 In this bylaw, unless the context requires otherwise:

BUILDING	means a structure or portion of a structure , including foundations and supporting structures for equipment or machinery or both, which is used or intended to be used for supporting or sheltering a use, occupancy, persons, animals, or property.
BUILDING AREA	means the total area of all storeys measured to the outer limits of the building , but does not include any area of a building used exclusively for parking.
BUILDING PERMIT	means permission or authorization in writing by a building inspector under the current Building Regulation Bylaw of the City to perform construction regulated by such bylaw.
CITY	means the City of Richmond and includes the land, air space and surface of water which comprise the City of Richmond.

COMMERCIAL DEVELOPMENT	means development of a parcel which falls within the Class 6 designation in the <i>BC Assessment Authority Prescribed Classes of Property Regulation</i> and includes institutional development .
CONSTRUCT/CONSTRUCTION	means to build, erect, install, repair, alter, add, enlarge, move, locate, relocate, reconstruct, demolish, remove, excavate or shore.
COUNCIL	means the Council of the City .
DEVELOPMENT	means approval of a subdivision of a parcel or the issuance of a building permit as specified in Section 932 of the <i>Local Government Act</i> .
INSTITUTIONAL DEVELOPMENT	means any development which is created and exists by law or public authority for the benefit of the public in general, and includes public hospitals, public and private schools and churches.
LIGHT INDUSTRIAL DEVELOPMENT	means development of a parcel which falls within the Class 5 designation in the <i>BC Assessment Authority Prescribed Classes of Property Regulation</i> .
MAJOR INDUSTRIAL DEVELOPMENT	means development of a parcel which falls within the Class 4 designation in the <i>BC Assessment Authority Prescribed Classes of Property Regulation</i> .
PARCEL	means a lot, block, or other area in which land is held, or into which land is legally subdivided.
RESIDENTIAL DEVELOPMENT	means development of a parcel which falls within the Class 1 designation in the <i>BC Assessment Authority Prescribed Classes of Property Regulation</i> , but excludes nursing homes and rest homes, which are deemed to be institutional development .
STOREY	means that portion of a building which is situated between the top of any floor and the top of the floor next above it, and if there is no floor above it, that portion between the top of such floor and the ceiling above it, provided that for the purposes of calculation of the number of storeys a mezzanine is to be considered to be one storey.
STRUCTURE	means all or part of a construction , whether fixed to, supported by, sunk into, or located in, land, water or airspace, and includes freestanding sign structures over 3.0 m in height and supporting structures for such signs, and includes a sewage holding tank, but excludes landscaping, paving, a fence, or a retaining wall under 1.0 m in height.

PART FOUR: PREVIOUS BYLAW REPEAL

- 4.1 Development Cost Charges Imposition Bylaw No. 7480, adopted on March 10, 2003, is repealed.

PART FIVE: SEVERABILITY AND CITATION

- 5.1 If any part, section, sub-section, clause, or sub-clause of this bylaw is, for any reason, held to be invalid by the decision of a Court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
- 5.2 This bylaw is cited as "Development Cost Charges Imposition Bylaw No. 7676."

FIRST READING

SECOND READING

THIRD READING

APPROVAL BY THE INSPECTOR OF MUNICIPALITIES

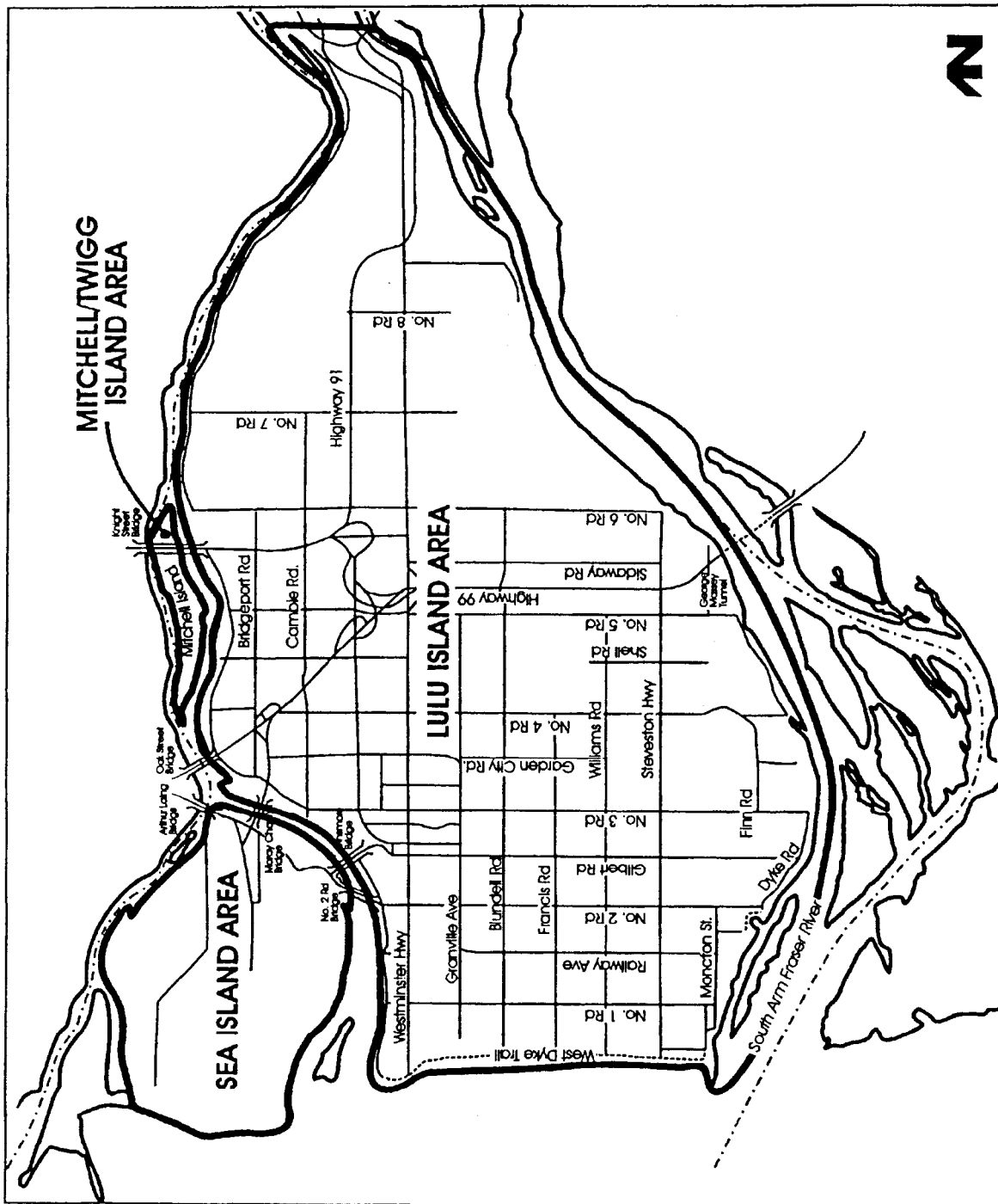
ADOPTED

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

MAYOR

CITY CLERK

SCHEDULE A to BYLAW NO. 7676



SCHEDULE B to BYLAW NO. 7676

DEVELOPMENT COST CHARGES - RESIDENTIAL DEVELOPMENT - LULU ISLAND AREA

UNITS/ACRE	ROADWORKS	WATERWORKS	DRAINAGE	SANITARY SEWER	PARK ACQUISITION	PARK DEVELOPMENT	TOTAL
00.00 - 07.49	\$3,808.75	\$98.61	\$560.78	\$241.97	\$6,943.99	\$2,579.26	\$14,233.36
07.50 - 08.49	\$3,785.78	\$98.01	\$529.57	\$240.51	\$6,902.11	\$2,563.71	\$14,119.69
08.50 - 09.49	\$3,739.83	\$96.82	\$477.55	\$237.59	\$6,818.34	\$2,532.59	\$13,902.72
09.50 - 10.49	\$3,693.88	\$95.63	\$435.93	\$234.68	\$6,734.57	\$2,501.48	\$13,696.17
10.50 - 11.49	\$3,647.93	\$94.44	\$401.88	\$231.76	\$6,650.80	\$2,470.36	\$13,497.17
11.50 - 12.49	\$3,601.99	\$93.25	\$373.50	\$228.84	\$6,567.03	\$2,439.25	\$13,303.86
12.50 - 13.49	\$3,556.04	\$92.06	\$349.49	\$225.92	\$6,483.26	\$2,408.13	\$13,114.90
13.50 - 14.49	\$3,510.09	\$90.87	\$328.91	\$223.00	\$6,399.50	\$2,377.02	\$12,929.39
14.50 - 15.49	\$3,464.15	\$89.68	\$311.08	\$220.08	\$6,315.73	\$2,345.90	\$12,746.62
15.50 - 16.49	\$3,418.20	\$88.49	\$295.47	\$217.16	\$6,231.96	\$2,314.79	\$12,566.07
16.50 - 17.49	\$3,372.25	\$87.30	\$281.70	\$214.24	\$6,148.19	\$2,283.67	\$12,387.35
17.50 - 18.49	\$3,326.31	\$86.12	\$269.46	\$211.32	\$6,064.42	\$2,252.66	\$12,210.29
18.50 - 19.49	\$3,280.36	\$84.93	\$258.51	\$208.40	\$5,980.65	\$2,221.44	\$12,034.29
19.50 - 20.49	\$3,234.41	\$83.74	\$248.65	\$205.49	\$5,896.88	\$2,190.33	\$11,859.50
20.50 - 21.49	\$3,188.47	\$82.55	\$239.73	\$202.57	\$5,813.11	\$2,159.21	\$11,685.64
21.50 - 22.49	\$3,142.52	\$81.36	\$231.62	\$199.65	\$5,729.35	\$2,128.10	\$11,512.60
22.50 - 23.49	\$3,096.57	\$80.17	\$224.22	\$196.73	\$5,645.58	\$2,096.98	\$11,340.25
23.50 - 24.49	\$3,050.63	\$78.98	\$217.43	\$193.81	\$5,561.81	\$2,065.87	\$11,168.53
24.50 - 25.49	\$3,004.68	\$77.79	\$211.19	\$190.89	\$5,478.04	\$2,034.75	\$10,997.34
25.50 - 26.49	\$2,958.73	\$76.60	\$205.43	\$187.97	\$5,394.27	\$2,003.64	\$10,826.64
26.50 - 27.49	\$2,912.79	\$75.41	\$200.09	\$185.05	\$5,310.50	\$1,972.52	\$10,656.36
27.50 - 28.49	\$2,866.84	\$74.22	\$195.14	\$182.13	\$5,226.73	\$1,941.41	\$10,486.47

SCHEDULE B to BYLAW NO. 7676 (continued)

DEVELOPMENT COST CHARGES - RESIDENTIAL DEVELOPMENT - LULU ISLAND AREA

UNITS/ACRE	ROADWORKS	WATERWORKS	DRAINAGE	SANITARY SEWER	PARK ACQUISITION	PARK DEVELOPMENT	TOTAL
28.50 - 29.49	\$2,820.89	\$73.03	\$190.53	\$179.21	\$5,142.96	\$1,910.29	\$10,316.91
29.50 - 30.49	\$2,774.95	\$71.84	\$186.22	\$176.29	\$5,059.19	\$1,879.18	\$10,147.67
30.50 - 31.49	\$2,729.00	\$70.65	\$182.19	\$173.38	\$4,975.43	\$1,848.06	\$9,978.71
31.50 - 32.49	\$2,683.05	\$69.46	\$178.42	\$170.46	\$4,891.66	\$1,816.95	\$9,810.00
32.50 - 33.49	\$2,637.10	\$68.27	\$174.87	\$167.54	\$4,807.89	\$1,785.83	\$9,641.50
33.50 - 34.49	\$2,591.16	\$67.08	\$171.53	\$164.62	\$4,724.12	\$1,754.72	\$9,473.23
34.50 - 35.49	\$2,545.21	\$65.89	\$168.38	\$161.70	\$4,640.35	\$1,723.60	\$9,305.13
35.50 - 36.49	\$2,499.26	\$64.70	\$165.41	\$158.78	\$4,556.58	\$1,692.49	\$9,137.22
36.50 - 37.49	\$2,453.32	\$63.51	\$162.60	\$155.86	\$4,472.81	\$1,661.37	\$8,969.47
37.50 - 38.49	\$2,407.37	\$62.32	\$159.94	\$152.94	\$4,389.04	\$1,630.26	\$8,801.87
38.50 - 39.49	\$2,361.42	\$61.14	\$157.41	\$150.02	\$4,305.28	\$1,599.14	\$8,634.41
39.50 - 40.49	\$2,315.48	\$59.95	\$155.01	\$147.10	\$4,221.51	\$1,568.03	\$8,467.08
40.50 - 41.49	\$2,269.53	\$58.76	\$152.72	\$144.19	\$4,137.74	\$1,536.91	\$8,299.85
41.50 - 42.49	\$2,223.58	\$57.57	\$150.55	\$141.27	\$4,053.97	\$1,505.80	\$8,132.74
42.50 - 43.49	\$2,177.64	\$56.38	\$148.47	\$138.35	\$3,970.20	\$1,474.68	\$7,965.72
43.50 - 44.49	\$2,131.69	\$55.19	\$146.49	\$135.43	\$3,886.43	\$1,443.57	\$7,798.80
44.50 - 45.49	\$2,085.74	\$54.00	\$144.60	\$132.51	\$3,802.66	\$1,412.45	\$7,631.96
45.50 - 46.49	\$2,039.80	\$52.81	\$142.79	\$129.59	\$3,718.89	\$1,381.34	\$7,465.22
46.50 - 47.49	\$1,993.85	\$51.62	\$141.06	\$126.67	\$3,635.12	\$1,350.22	\$7,298.54
47.50 - 48.49	\$1,947.90	\$50.43	\$139.40	\$123.75	\$3,551.36	\$1,319.11	\$7,131.95
48.50 - 49.49	\$1,901.96	\$49.24	\$137.81	\$120.83	\$3,467.59	\$1,287.99	\$6,965.42
49.50 -	\$1,856.01	\$48.05	\$136.28	\$117.91	\$3,383.82	\$1,256.88	\$6,798.95

SCHEDULE C to BYLAW NO. 7676

LULU ISLAND AREA

DEVELOPMENT COST CHARGES (EXCLUDING DRAINAGE) -

COMMERCIAL DEVELOPMENT AND LIGHT INDUSTRIAL DEVELOPMENT

NO. OF STOREYS	\$/SQ. FOOT ROADWORKS	\$/SQ. FOOT WATERWORKS	\$/SQ. FOOT SANITARY SEWER	\$/SQ. FOOT PARK ACQ.	\$/SQ. FOOT PARK DEV.	TOTAL RATE PER SQ. FEET OF BUILDING AREA
1	\$2.23	\$0.06	\$0.14	\$0.41	\$0.15	\$2.99
2	\$2.23	\$0.06	\$0.14	\$0.41	\$0.15	\$2.99
3	\$2.08	\$0.04	\$0.10	\$0.38	\$0.14	\$2.74
4	\$2.01	\$0.03	\$0.08	\$0.37	\$0.14	\$2.63
5	\$1.96	\$0.03	\$0.07	\$0.36	\$0.13	\$2.55
6	\$1.93	\$0.03	\$0.07	\$0.35	\$0.13	\$2.51
7	\$1.91	\$0.02	\$0.06	\$0.35	\$0.13	\$2.47
8	\$1.89	\$0.02	\$0.06	\$0.35	\$0.13	\$2.45
9	\$1.88	\$0.02	\$0.05	\$0.34	\$0.13	\$2.42
10	\$1.87	\$0.02	\$0.05	\$0.34	\$0.13	\$2.41

DRAINAGE DEVELOPMENT COST CHARGES -

COMMERCIAL DEVELOPMENT AND LIGHT INDUSTRIAL

\$4,901.29 PER ACRE

SCHEDULE D to BYLAW NO. 7676

SEA ISLAND AREA

DEVELOPMENT COST CHARGES –

COMMERCIAL DEVELOPMENT AND LIGHT INDUSTRIAL DEVELOPMENT

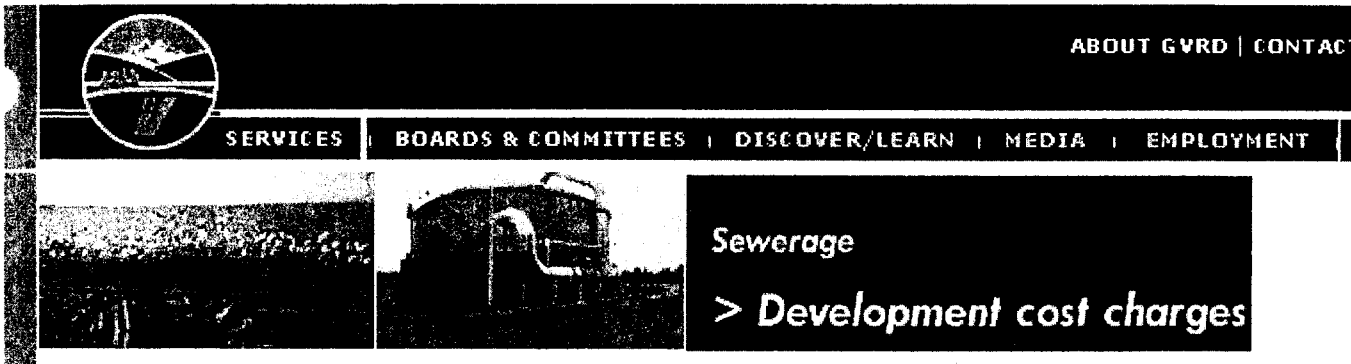
NO. OF STOREYS	\$/SQ. FOOT ROADWORKS	\$/SQ. FOOT PARK ACQ.	\$/SQ. FOOT PARK DEV.	TOTAL RATE PER SQ. FEET OF BUILDING AREA
1	\$0.63	\$0.38	\$0.14	\$1.15
2	\$0.63	\$0.38	\$0.14	\$1.15
3	\$0.59	\$0.35	\$0.13	\$1.07
4	\$0.57	\$0.34	\$0.13	\$1.04
5	\$0.55	\$0.33	\$0.12	\$1.00
6	\$0.54	\$0.33	\$0.12	\$0.99
7	\$0.54	\$0.32	\$0.12	\$0.98
8	\$0.53	\$0.32	\$0.12	\$0.97
9	\$0.53	\$0.32	\$0.12	\$0.97
10	\$0.53	\$0.32	\$0.12	\$0.97

SCHEDULE E to BYLAW NO. 7676

DEVELOPMENT COST CHARGES EXPRESSED IN DOLLARS PER ACRE

MAJOR INDUSTRIAL DEVELOPMENT


SERVICING TYPE	LULU ISLAND AREA	MITCHELL/TWIGG ISLAND AREA
ROADWORKS	\$ 54,222.51	\$ 6,222.32
WATERWORKS	1,403.78	4,725.28
DRAINAGE	4,901.29	-
SANITARY SEWER	3,444.81	-
PARK ACQUISITION	1,482.85	1,482.85
PARK DEVELOPMENT	550.79	550.79
TOTAL	\$ 66,006.03	\$ 12,981.24



Home > Services > Sewerage > Sources

- [-] Sources
 - [] Residential sources
 - [] Business sources
 - [] Stormwater
 - [+] Development Cost Charges
 - [] Pleasure Craft Sewage Management
- [+] Collection
- [+] Treatment
- [] Long-range plans

Calculating the DCC

The Development Cost Charges are calculated based on the type of development and the location. The Lower Mainland is divided into four sewerage areas, Fraser, Lulu Island West, North Shore, Vancouver ([click here to go to map](#)  - 1.8MB) which include all the municipalities except for the villages of Anmore, Belcarra and Lions Bay.

Collecting the DCC

Local municipalities are responsible for collecting the charge which is usually done at the subdivision approval stage for single family residential developments and the building permit stage for other types of development.

The chart below outlines the general rates, but individual municipalities sometimes choose to charge less to developers and use other revenue sources to make up the difference.



	FRASER	LULU ISLAND WEST	NORTH SHORE	VANCOUVER
Single Family Residential (Use per dwelling unit)	\$1,731	\$1,077	\$1,291	\$944
Townhouse Residential (Use per dwelling unit)	\$1,515	\$942	\$1,129	\$826
Apartment Residential (Use per dwelling unit)	\$1,082	\$673	\$807	\$590
Non-Residential (Use per sq.ft. of building)	\$0.811	\$0.505	\$0.605	\$0.443

QUICK BYTES!

Fast facts:

- The Greater Vancouver Sewerage & Drainage District (GVS&DD) is a municipal body which owns and operates the sewer treatment plants and portions of the collection system on behalf of the member municipalities. Its membership and management are essentially the same as the Greater Vancouver Regional District.
- The types of projects funded by the development cost charge include:
 - new trunk lines
 - additional pumping stations
 - expansion of wastewater treatment plants (such as at Annacis Island and Lulu Island Wastewater Treatment Plants).

DCC exemptions and Bylaw 187

- ▶ [Development Cost Charge Bylaw 187](#) ( - 419KB)
There are some exemptions from the charge, which are similar to those from municipal development charges.
- ▶ [Section 58.2\(3\) of the GVS&DD Act](#) ( - 318KB)
contains more details.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

DEVELOPMENT COST CHARGE BY-LAW NO. 187, 1996

WHEREAS:

- A. The Corporation may, by by-law, impose development cost charges on the terms and conditions set out in Sections 58.2 and 58.4 of the *Greater Vancouver Sewerage and Drainage District Act*, S.B.C. 1956, c.59, as amended (the "Act");
- B. The purpose for which development cost charges may be imposed under the Act is to provide funds to assist the Corporation in paying its capital costs incurred to provide, construct, alter or expand Sewerage Facilities to service development, excluding capital costs incurred before 1995 and excluding the portion of capital costs charged by the Corporation to Member Municipalities under Section 54 of the Act;
- C. The Act provides that development cost charges are not payable in certain circumstances, which are set out in subsection 58.2 (3) of the Act;
- D. The development cost charges imposed under this By-law will be collected by the Corporation's Member Municipalities on behalf of the Corporation;
- E. The Corporation and a Member Municipality may enter into an agreement under Section 58.3 of the Act under which all, some or some portion of the development cost charges under this By-law that would otherwise apply are not required to be collected and remitted by the Member Municipality and the Member Municipality agrees to pay to the Corporation an amount equal to the development cost charges that the Member Municipality would have collected under this By-law but for such an agreement; and
- F. In setting development cost charges under this By-law, the Corporation has considered future land use patterns and development and the phasing of works and services.

The Administration Board of the Corporation, in open meeting assembled, enacts as follows:

**PART 1.
INTERPRETATION**

1.1 Definitions. In this By-law and in the Schedules to this By-law:

“Apartment Residential Use” includes any Dwelling Unit which is or will be situated in any building or structure that consists of or will consist of at least two floors containing four or more Dwelling Units, other than Dwelling Units that are Townhouse Residential Use;

“Building Permit” means any permit required by a Member Municipality that authorizes the construction, alteration or extension of a building or structure;

“Combination Development” includes any Development that comprises any two or more of the following uses: Apartment Residential Use, Single Family Residential Use, Townhouse Residential Use and Non-Residential Use;

“Corporation” means the Greater Vancouver Sewerage and Drainage District;

“Development” includes:

- (a) a Subdivision and a proposed Subdivision; and
- (b) the construction, alteration or extension and the proposed construction, alteration or extension of a building or structure for which a Building Permit is or will be required;

“Dwelling Unit” includes a room, a suite of rooms or a building or structure that is used or is intended to be used as an individual self-contained private residence which must contain cooking appliances, a sink, a toilet, a washbasin and a shower or bath, or facilities for the installation of same, whether such equipment or facilities are provided to each such room, suite of rooms, building or structure or are shared and includes accessory uses that are customary ancillary uses to such residences;

“Effective Date” has the meaning ascribed thereto in Section 1.3;

“Fraser Sewerage Area” means the area established from time to time by the Corporation under the Act as the Fraser Sewerage Area and shown outlined on the drawing attached as Schedule A to this By-law;

“Lulu Island West Sewerage Area” means the area established from time to time by the Corporation under the Act as the Lulu Island West Sewerage Area and shown

outlined on the drawing attached as Schedule A to this By-law;

"Member Municipality" means a municipality that is a member of the Corporation, including the City of Vancouver;

"Municipal Charges" includes both development cost charges and development cost levies assessed by a Member Municipality, under either the *Municipal Act* or the *Vancouver Charter*, as the case may be;

"Non-Residential Use" means any building or structure or any portion of any building or structure that is not Apartment Residential Use, Single Family Residential Use or Townhouse Residential Use but for greater certainty, does not include any portion of any Residential Use building or structure that is not part of a Dwelling Unit and is used or is intended to be used solely for the purpose of gaining access to and from Dwelling Units, solely for the maintenance of the building or structure or solely by the occupants of the Dwelling Units in the building or structure;

"North Shore Sewerage Area" means the area established from time to time by the Corporation under the Act as the North Shore Sewerage Area and shown outlined on the drawing attached as Schedule A to this By-law;

"Parcel" means any lot, block or other area in which land is held or into which it is subdivided and for greater certainty, without limiting the foregoing, includes a strata lot under the *Condominium Act*;

"Rate Schedules" means the schedules of development cost charge rates for each Sewerage Area that are attached as Schedules B, C, D and E to this By-law;

"Residential Use" includes Apartment Residential Use, Single Family Residential Use and Townhouse Residential Use;

"Sewerage Area" means any of the Corporation's four sewerage areas, being the Vancouver Sewerage Area, the North Shore Sewerage Area, the Lulu Island West Sewerage Area and the Fraser Sewerage Area;

"Sewerage Facility" means any work, service or plant for conveying, disposing or treating sewage or waste water;

"Single Family Residential Use" includes:

- (a) any Parcel resulting from any Subdivision which is used or may be used

for a single building or structure containing up to three Dwelling Units;
and

- (b) any Dwelling Unit which is or will be situated in a single building or structure containing up to three Dwelling Units that is constructed, altered or extended on a single Parcel;

"Subdivision" means a subdivision of land into two or more Parcels, whether by plan, apt descriptive words or otherwise, under the *Land Title Act* or the *Condominium Act*;

"Townhouse Residential Use" includes any Dwelling Unit which is or will be situated in any building or structure containing four or more Dwelling Units and which has a principal entrance which provides direct outdoor access at or from ground level;

"Vancouver Sewerage Area" means the area established from time to time by the Corporation under the Act as the Vancouver Sewerage Area and shown outlined on the drawing attached as Schedule A to this By-law.

1.2 Title of By-Law. This By-law may be cited as "Greater Vancouver Sewerage and Drainage District Development Cost Charge By-law No. 187, 1996".

1.3 Transition. This By-law will come into effect on January 1, 1997 (the "Effective Date"). This By-law will apply to all applications for Subdivision submitted to an approving officer and to all applications for issuance of a Building Permit. This By-law will not apply to any such application tendered together with all applicable fees and charges relating to the application, before the Effective Date, if the applicant receives either final approval of the Subdivision or the building permit within 12 months after the Effective Date.

1.4 Schedules. Schedules A, B, C, D and E, attached to this By-law, form an integral part of this By-law.

PART 2. DEVELOPMENT COST CHARGES

2.1 Application of Development Cost Charges. Subject to Section 4.1, every person who obtains:

- (a) approval of a Subdivision from a Member Municipality; or
- (b) a Building Permit from a Member Municipality;

must pay, under Sections 2.3, 2.4 and 2.5, the applicable development cost charges set out in this By-law to that Member Municipality on behalf of the Corporation, prior to the approval of the Subdivision or the issuance of the Building Permit.

2.2 Exemptions from Development Cost Charges. Development cost charges are not payable under this By-law if:

- (a) the Development is not and will not be capable of being serviced by a Sewerage Facility of the Corporation or by a Sewerage Facility of a Member Municipality that is connected to a Sewerage Facility of the Corporation;
- (b) the Development will not impose an additional burden on a Sewerage Facility of the Corporation;
- (c) a development cost charge under the Act has previously been paid for the same Development unless, as a result of further Development, an additional burden is imposed on a Sewerage Facility of the Corporation;
- (d) the Building Permit authorizes the construction, alteration or extension of a building or structure or part of a building or structure that is, or will be, after the construction, alteration or extension, exempt from taxation under section 398(1)(h) of the *Municipal Act*;
- (e) the Building Permit authorizes the construction, alteration or extension of a building that will, after the construction, alteration or extension:
 - (i) contain fewer than four self-contained dwelling units; and
 - (ii) be put to no other use other than the residential use in those dwelling units; or
- (f) the value of the work authorized by the Building Permit does not exceed \$50,000 or another amount which the Minister of Municipal Affairs and Housing may prescribe by regulation.

2.3 Calculation of Development Cost Charges. Development cost charges imposed under this By-law will be calculated in accordance with the rates set out in the Rate Schedules. The rates set out in the Rate Schedules may be different in relation to one or more of the following:

- (a) different Sewerage Areas;

- (b) different classes of Sewerage Facilities;
- (c) different areas within a Sewerage Area;
- (d) different uses;
- (e) different capital costs as they relate to different classes of Development; or
- (f) different sizes or different numbers of lots or units in a Development.

2.4 Combination Development. Without restricting the generality of Section 2.3, the development cost charges for a Combination Development will be calculated separately for the portion of the Combination Development attributable to each of Apartment Residential Use, Single Family Residential Use, Townhouse Residential Use and Non-Residential Use and will be the sum of the development cost charges for each such use, calculated according to the Rate Schedules.

2.5 Payment of Development Cost Charges. Development cost charges imposed under this By-law must be paid to the Member Municipality of the Corporation approving the Subdivision or issuing the Building Permit, as the case may be, as follows:

- (a) at the same time as any Municipal Charges as may be levied on the Development under a by-law of the Member Municipality are payable to the Member Municipality; or
- (b) if no Municipal Charges will be levied on the Development under a by-law of the Member Municipality, as follows:
 - (i) where an application is made only for Subdivision, prior to the issuance of the approval of the Subdivision by the Member Municipality; or
 - (ii) where an application is made only for a Building Permit or for both Subdivision and for a Building Permit, prior to the issuance of the Building Permit by the Member Municipality.

2.6 Payment of Development Cost Charges by Instalments. The development cost charges imposed under this By-law may not be paid by instalments unless a regulation under either subsection 58.2(6) of the Act or subsection 983(5) of the *Municipal Act* applies to the Development.

PART 3.
COLLECTION AND REMITTANCE OF DEVELOPMENT COST CHARGES

3.1 Collection of Development Cost Charges by Member Municipalities. Subject to Section 4.1, each Member Municipality must collect the development cost charges imposed on a Development under this By-law at the applicable time set out in Section 2.5. Member Municipalities must not issue approval of a Subdivision or issue a Building Permit for any Development unless the development cost charges imposed under this By-law have been paid in accordance with Section 2.5, subject only to Section 4.1.

3.2 Separate Account. Subject to Section 4.1, each Member Municipality must establish and maintain a separate account for the development cost charge monies collected under this By-law and deposit and hold these monies in that separate account, in trust for the Corporation, until the monies are remitted to the Corporation under Section 3.4.

3.3 Remittance of Development Cost Charges by Municipalities. Each Member Municipality, within 30 days after June 30, 1997 and December 31, 1997, and thereafter within 30 days after June 30 and December 31 of each subsequent year, must remit to the Corporation the total amount of development cost charges collected by the Member Municipality under this By-law during the six month period previous to such date, or an amount equal to such development cost charges if the Member Municipality did not collect development cost charges under this By-law, together with the statement referred to in Section 3.4.

3.4 Statements. Each Member Municipality must provide statements to the Corporation, in respect of each Sewerage Area within the Municipality, pursuant to Section 3.3, for the period from the Effective Date up to June 30, 1997 and for every six month period after June 30, 1997, setting out:

- (a) the number and type of use of all Residential Use Parcels or Dwelling Units on which development cost charges were levied by it under this By-law;
- (b) the aggregate floor area of all Non-Residential Use buildings or structures on which development cost charges were levied by it under this By-law (calculated in accordance with the Rate Schedules);
- (c) the legal description and civic address of each Parcel on which development cost charges were levied by it under this By-law, whether such development cost charges were levied in respect of a Subdivision or a Building Permit;
- (d) the date and amount of each payment of development cost charges levied by it under this By-law and where Section 2.6 applies to permit development cost

charges levied under this By-law to be paid by instalments, the amount of instalment payments remaining to be paid to it and the dates for payment of such remaining instalments;

- (e) the total amount of all development cost charges levied by it under this By-law and the total amount of all remaining instalment payments;
- (f) the number, legal description, civic address and type of use of all Parcels in respect of which Subdivisions were approved where no development cost charges were levied by it under this By-law; and
- (g) the number and type of use of all Dwelling Units and the aggregate floor area of all Non-Residential Use buildings or structures (calculated in accordance with the Rate Schedules) in respect of which Building Permits were required where no development cost charges were levied by it under this By-law.

3.5 Records. Each Member Municipality shall retain, for a period of four years, sufficient records to support the statements and payments referred to in Sections 3.3 and 3.4.

3.6 Inspection and Review of Municipal Records. The Corporation may, at any time, subject to first giving reasonable notice to any Member Municipality, inspect any and all records of the Member Municipality relating to the information required under Section 3.4, the calculation, collection and remittance by the Member Municipality of development cost charges levied under this By-law, and the calculation and remittance by the Member Municipality of any payments required under Part 4. Each Member Municipality shall permit any employee or agent of the Corporation to inspect the records referred to above and to make and take away copies of those records.

PART 4. REPLACEMENT OF DEVELOPMENT COST CHARGES

4.1 Municipal Agreements. Despite any other provision of this By-law, the Corporation may enter into an agreement or agreements with any Member Municipality under which:

- (a) all, some or some portion of the development cost charges under this By-law that would otherwise apply are not required to be collected and remitted by the Member Municipality; and
- (b) the Member Municipality agrees to pay to the Corporation an amount equal to the development cost charges that the Member Municipality would have collected under this By-law but for such an agreement, in the manner and at the

times set out in the agreement, or otherwise in the same manner and at the same times that development cost charges would otherwise have been payable.

4.2 **Failure to Remit Development Cost Charges.** If a Member Municipality fails, for any reason, other than under an agreement under Section 4.1, to collect any development cost charges payable under this By-law or to remit to the Corporation any development cost charges collected by it, the Member Municipality must pay to the Corporation on demand an amount equal to the development cost charges that the Member Municipality should have collected or remitted under this By-law.

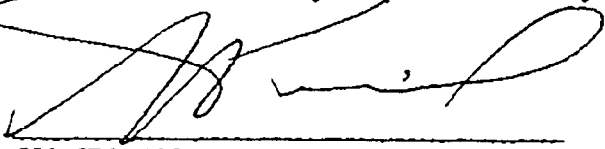
READ A FIRST TIME the 1st day of November, 1996.

READ A SECOND TIME the 1st day of November, 1996.

READ A THIRD TIME the 1st day of November, 1996.

Received the approval of the ^{DEPUTY} Inspector of Municipalities the 2nd day of ~~DECEMBER~~, 1996.

Reconsidered and finally adopted the 6th day of ~~DECEMBER~~, 1996.



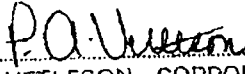
CHAIRMAN

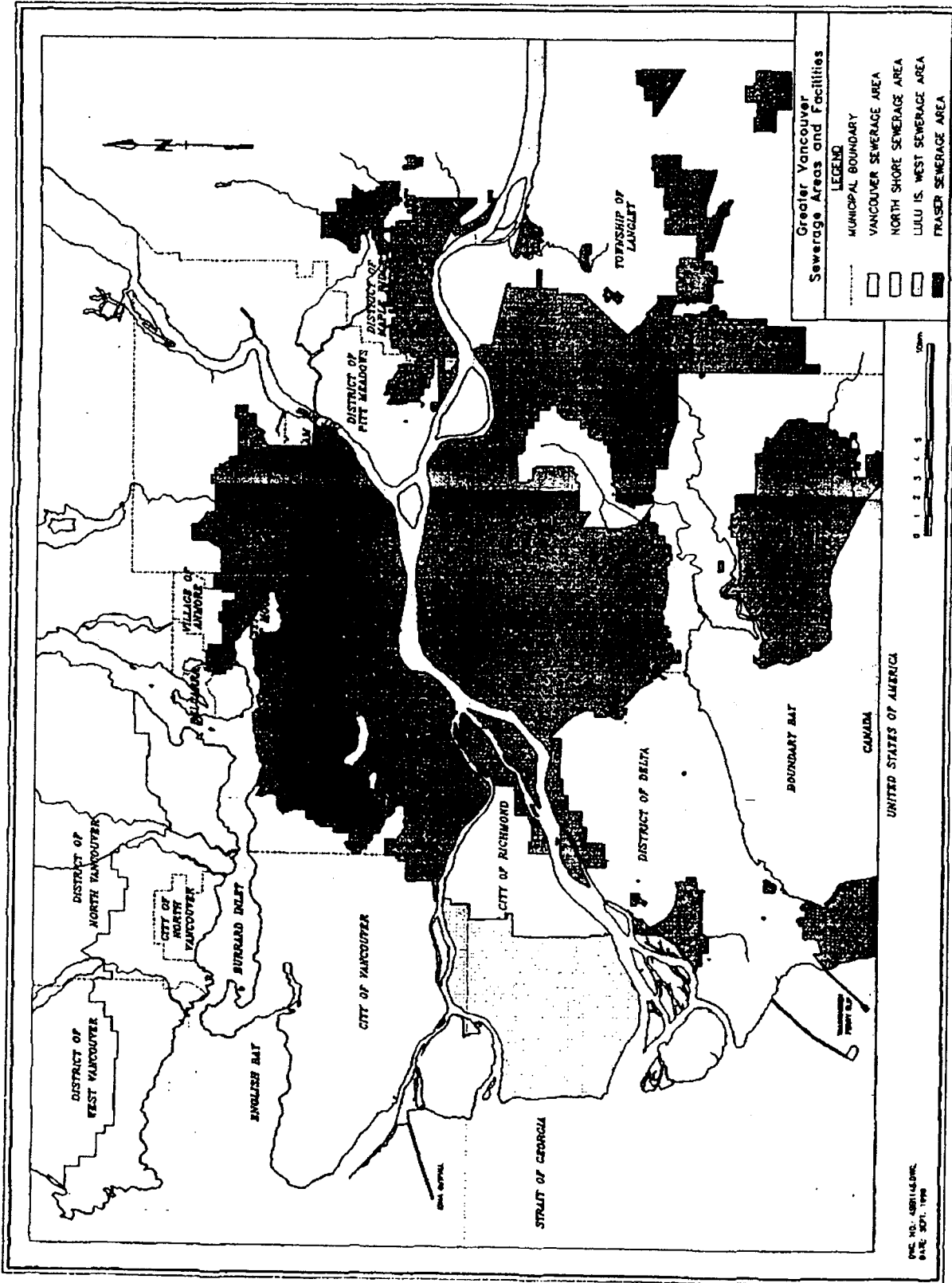


SECRETARY

I hereby certify the above to be a true copy of By-law 187 as passed at three readings.

SECRETARY

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY.

P. A. VETLESON, CORPORATE SECRETARY



ENG. NO. 48114-010
DATE: SEPT. 1978

SCHEDULE B

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
DEVELOPMENT COST CHARGE BY-LAW NO. 187
NOVEMBER 1, 1996**

FRASER SEWERAGE AREA - DEVELOPMENT COST CHARGE RATES

<u>Description</u>	<u>Rate</u>
1. Single Family Residential Use	\$1,731 per Dwelling Unit
2. Townhouse Residential Use	\$1,515 per Dwelling Unit
3. Apartment Residential Use	\$1,082 per Dwelling Unit
4. Non-Residential Use	\$0.811 multiplied by the number of square feet of: (a) the floor area of the building or structure (measured from the outside edge of all exterior walls of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles; or (b) in the case of an alteration or extension of less than the entire building or structure, the portion of the building or structure to which the Building Permit applies (measured from the outside edge of any exterior walls in such portion of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles.

SCHEDULE C

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
DEVELOPMENT COST CHARGE BY-LAW NO. 187
NOVEMBER 1, 1996**

LULU ISLAND WEST SEWERAGE AREA - DEVELOPMENT COST CHARGE RATES

<u>Description</u>	<u>Rate</u>
1. Single Family Residential Use	\$1,077 per Dwelling Unit
2. Townhouse Residential Use	\$942 per Dwelling Unit
3. Apartment Residential Use	\$673 per Dwelling Unit
4. Non-Residential Use	\$0.505 multiplied by the number of square feet of: (a) the floor area of the building or structure (measured from the outside edge of all exterior walls of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles; or (b) in the case of an alteration or extension of less than the entire building or structure, the portion of the building or structure to which the Building Permit applies (measured from the outside edge of any exterior walls in such portion of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles.

SCHEDULE D

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
DEVELOPMENT COST CHARGE BY-LAW NO. 187
NOVEMBER 1, 1996**

NORTH SHORE SEWERAGE AREA - DEVELOPMENT COST CHARGE RATES

<u>Description</u>	<u>Rate</u>
1. Single Family Residential Use	\$1,291 per Dwelling Unit
2. Townhouse Residential Use	\$1,129 per Dwelling Unit
3. Apartment Residential Use	\$807 per Dwelling Unit
4. Non-Residential Use	\$0.605 multiplied by the number of square feet of: (a) the floor area of the building or structure (measured from the outside edge of all exterior walls of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles; or (b) in the case of an alteration or extension of less than the entire building or structure, the portion of the building or structure to which the Building Permit applies (measured from the outside edge of any exterior walls in such portion of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles.

SCHEDULE E

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
DEVELOPMENT COST CHARGE BY-LAW NO. 187
NOVEMBER 1, 1996**

VANCOUVER SEWERAGE AREA - DEVELOPMENT COST CHARGE RATES

<u>Description</u>	<u>Rate</u>
1. Single Family Residential Use	\$944 per Dwelling Unit
2. Townhouse Residential Use	\$826 per Dwelling Unit
3. Apartment Residential Use	\$590 per Dwelling Unit
4. Non-Residential Use	\$0.443 multiplied by the number of square feet of:

(a) the floor area of the building or structure (measured from the outside edge of all exterior walls of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles; or

(b) in the case of an alteration or extension of less than the entire building or structure, the portion of the building or structure to which the Building Permit applies (measured from the outside edge of any exterior walls in such portion of the building or structure), less the number of square feet of the floor area of the building or structure that is used or is intended to be used for the parking of motor vehicles and the storage of bicycles.

CHAPTER 59

AN ACT TO INCORPORATE THE GREATER VANCOUVER
SEWERAGE AND DRAINAGE DISTRICT.

(CONSOLIDATED, FOR CONVENIENCE ONLY,
TO OCTOBER 11, 1996,
BY THE OFFICE OF LEGISLATIVE COUNSEL)

(Assented to 2nd March, 1956)

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HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:—

Development Cost Charges.

Definitions

58.1 In sections 58.1 to 58.6:

“capital costs” includes planning, engineering and legal costs directly related to providing, constructing, altering or expanding sewerage facilities of the Corporation;

“development” means

(a) a subdivision, or

(b) the construction, alteration or extension of a building or structure for which a building permit is obtained;

“sewerage area” means a sewerage and drainage area established under section 31;

“sewerage facility” means any work, service or plant of the Corporation for conveying, disposing of or treating sewage or waste water.

1996-16-2.

Corporation may impose development cost charges

58.2 (1) Subject to an agreement under section 58.3, the Corporation may, by by-law, impose development cost charges on every person who obtains from a member municipality

- (a) approval of a subdivision, or
- (b) a building permit authorizing the construction, alteration or extension of a building or structure.

(2) The purpose for which development cost charges may be imposed under subsection (1) is to provide funds to assist in paying the capital costs of providing, constructing, altering or expanding sewerage facilities to service development within the area of the Corporation, excluding capital costs incurred before 1995 and excluding the portion of capital costs charged by the Corporation to its member municipalities under section 54.

(3) A development cost charge is payable under a by-law under subsection (1) unless one or more of the following apply:

- (a) the development will not impose an additional burden on a sewerage facility;
- (b) a development cost charge under this Act has previously been paid for the same development unless, as a result of further development, an additional burden is imposed on a sewerage facility;
- (c) the building permit authorizes the construction, alteration or extension of a building or structure, or part of a building or structure, that is, or will be, after the construction, alteration or extension, exempt from taxation under section 398 (1) (h) of the *Municipal Act*;
- (d) the building permit authorizes the construction, alteration or extension of a building that will, after the construction, alteration or extension,
 - (i) contain fewer than 4 self-contained dwelling units, and
 - (ii) be put to no use other than the residential use in those dwelling units;
- (e) the value of the work authorized by the building permit does not exceed \$50 000 or another amount which the minister may prescribe by regulation.

(4) Despite a by-law under subsection (1), if

- (a) an owner has provided or paid the cost of providing sewerage facilities that are

- (i) outside the boundaries of land being subdivided or developed, and
 - (ii) included in the calculations used to determine the amount of a development cost charge, and
- (b) this provision or payment was done with the approval of the Corporation,
- the cost of the sewerage facilities is to be deducted from the development cost charges under this section that are applicable to the development.
- (5) A development cost charge that is payable under a by-law under this section must be paid at the time of the approval of the subdivision or the issue of the building permit, as the case may be.
- (6) Despite subsection (5), the minister may, by regulation in respect of all or different classes of developments, authorize the payment of development cost charges in instalments and prescribe conditions under which the instalments may be paid and, for this purpose, unless a regulation under this provision applies to the Corporation, a regulation under section 983 (5) of the *Municipal Act* applies as if it were a regulation under this section.
- (7) Each member municipality must collect and remit the development cost charges imposed under subsection (1) to the Corporation in the manner provided for in the by-law or, if applicable, in accordance with a regulation referred to in subsection (6).
- (8) Each member municipality must
- (a) maintain records in accordance with a by-law under subsection (1), and
 - (b) permit an employee or agent of the Corporation to inspect and make copies of these records.
- (9) Section 993 of the *Municipal Act* applies to a by-law under subsection (1) of this section.

1996-16-2.

Agreement with municipality to replace development cost charges with municipal tax or charge

- 58.3 (1) The Corporation and a member municipality may enter into an agreement under which
- (a) the Corporation agrees that all, some or some portion of the development cost charges under section 58.2 that would otherwise apply are

- not required to be collected and remitted by the member municipality, and
- (b) the municipality agrees to pay to the Corporation an amount equal to the development cost charges given up by the agreement.
- (2) If an agreement under subsection (1) applies, the municipality must make payments to the Corporation in accordance with the agreement, and for the purposes of recovering these costs, the municipality may levy and impose one or more of the following as if they were taxes and charges under the *Municipal Act* or *Vancouver Charter*, as applicable:
- (a) a rate on land and improvements;
 - (b) a frontage tax;
 - (c) other charges provided in the applicable Act.
- 1996-16-2.

Setting amount of development cost charges

- 58.4 (1) A by-law that imposes a development cost charge must specify the amount of the charge in a schedule or schedules of development cost charges.
- (2) Subject to subsection (3), development cost charges may be different in relation to one or more of the following:
- (a) different sewerage areas;
 - (b) different classes of sewerage facilities;
 - (c) different areas within a sewerage area;
 - (d) different uses;
 - (e) different capital costs as they relate to different classes of development;
 - (f) different sizes or different numbers of lots or units in a development.
- (3) Development cost charges in a schedule must be similar for all developments within a sewerage area that impose similar capital cost burdens on the Corporation.
- (4) In setting development cost charges under section 58.2, the Corporation
- (a) must consider future land use patterns and development and the phasing of works and services, and
 - (b) may consider whether the charges
 - (i) are excessive in relation to the capital cost of prevailing standards of service,

- (ii) will deter development, or
 - (iii) will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land in the area of the Corporation.
- (5) The Corporation must
- (a) provide to every member municipality, and
 - (b) make available to the public on request,
- the considerations, information and calculations used to determine a schedule referred to in subsection (1), except that any information respecting the contemplated acquisition costs of specific properties need not be provided.

1996-16-2.

Adoption procedures for development cost charge by-law

- 58.5** (1) A by-law that imposes a development cost charge must not be adopted until it has been approved by the inspector of municipalities.
- (2) The inspector may refuse to grant approval under subsection (1) if the inspector determines that
- (a) the development cost charge is not related to capital costs attributable to projects included in the long range plan of the Corporation, or
 - (b) the Corporation has not properly considered the matters referred to in section 58.4 (4) (a).
- (3) The inspector may revoke an approval under subsection (1) in respect of all or part of a by-law that imposes a development cost charge.
- (4) If the inspector revokes an approval, the part of the by-law in respect of which the revocation applies has no effect until the Corporation amends the by-law and obtains the inspector's approval of the amendment.

1996-16-2.

Use of development cost charges

- 58.6** (1) Amounts received by the Corporation under section 58.2 and 58.3 must be deposited by the Corporation in a separate special development cost charge reserve fund.
- (2) Money in the development cost charge reserve fund, together with interest on it, may be used only to pay

-
- (a) the capital costs of providing, constructing, altering or expanding sewerage facilities that relate to developments within the area of the Corporation, or
 - (b) principal and interest on a debt incurred by the Corporation as a result of an expenditure under paragraph (a).
- (3) Authority to make payments under subsection (2) must be authorized by by-law.
 - (4) Section 382 of the *Municipal Act* applies to a fund established under subsection (1) of this section, subject to the restriction that a by-law authorizing the transfer of an amount from the fund must receive the approval of the minister.
 - (5) The inspector of municipalities may require the Corporation to provide the inspector with a report on the status of development cost charge collections, expenditures and proposed expenditures for a time period the inspector specifies.
 - (6) After reviewing a report under subsection (5), the inspector may order the transfer of funds from a development cost charge reserve fund to a capital works reserve fund established under section 34.1.



Development Cost Charge

GUIDE FOR ELECTED
OFFICIALS

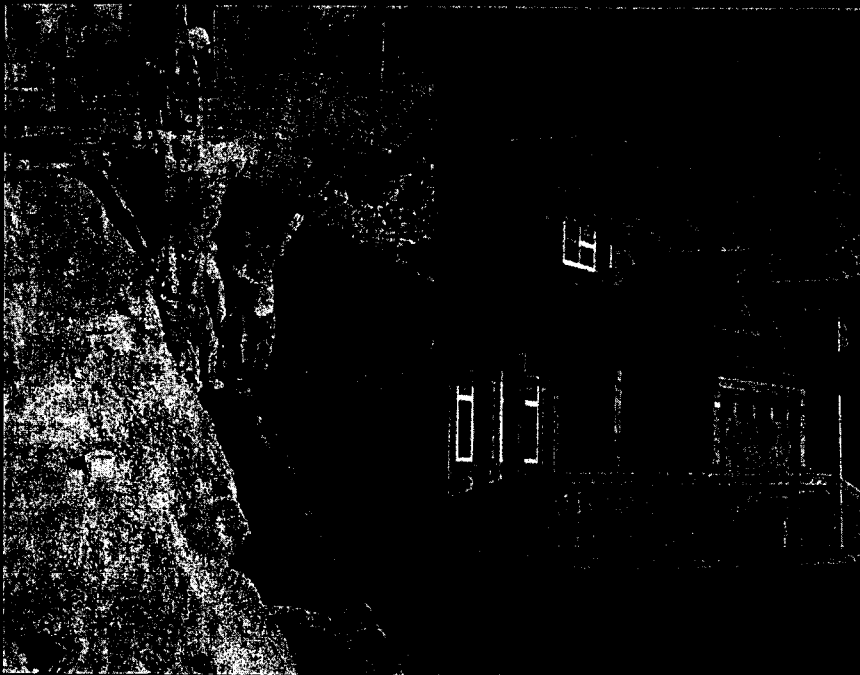


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Introduction

It is widely accepted that growth, when facilitated by good planning, benefits communities and their economies. Local governments have come to recognize, however, that the accommodation of growth is not a cost-free exercise. Growth creates demands for the construction of new infrastructure, and the expansion of existing local services. The cost of meeting these demands is often substantial and, at times, beyond the ability of local governments to fund using existing financial resources.

The development industry understands that growth creates new demand for local government infrastructure and services. The industry also understands that local governments are not able to directly absorb all growth-related service costs, and that growth itself should assist in funding service needs. A range of development finance tools has been created to enable local governments to collect from development a portion of growth-related expenditures. Development cost charges (DCCs) represent one such tool.

The *DCC Guide for Elected Officials* is designed to increase understanding about DCCs among local government leaders. The *Guide* uses a “question & answer” format, which addresses important questions on DCCs and their use. The questions are grouped under the following headings:

- DCCs Defined;
- Establishing DCCs;
- When to Use DCCs;
- DCCs in the Broader Context;
- DCCs and Development; and,
- DCCs across British Columbia.

The *Guide* deals with the basics, or fundamentals, of DCCs.

For a more detailed review and information about the technical aspects of DCCs, please refer to the *Development Cost Charge Best Practices Guide*, a Ministry of Community Services publication available electronically through the search function of the British Columbia Government website at www.gov.bc.ca

DCCs Defined

What are development cost charges?

Development cost charges are fees that municipalities and regional districts choose to collect from new development to help pay the cost of off-site infrastructure services that are needed to accommodate growth.

Local governments are limited in the types of services they may fund using DCC revenues. Specifically, DCCs may be used to help offset costs associated with the provision, construction, alteration or expansion of:

- roads, other than off-street parking;
- sewer trunks, treatment plants and related infrastructure;
- waterworks; and,
- drainage works.

DCCs may also be collected to assist in the acquisition and development of parkland, but may not be used to pay for other types of services, such as recreation, policing, fire and library, that are affected by growth.

DCCs are applied as one-time charges against residential, commercial, industrial and institutional developments. DCCs are usually collected from developers at the time of subdivision approval in cases where such approval is required. Where subdivision approval is not required, the charges are applied at the building permit approval stage.

DCCs may be imposed on most, but not all, development that occurs in a community. The *Local Government Act* specifies that DCCs may not be levied against:

- any building which is used solely for public worship;
- developments that are subject to a land-use contract;
- a residential building which contains fewer than

four units, unless otherwise specified by the local government; and,

- developments of less than \$50,000 in value, unless otherwise specified by the local government.

What is the history of DCCs in British Columbia?

The history of DCCs in British Columbia began in 1958. In that year, amendments to the *Municipal Act* were made to address the growing inability of local governments to fund growth-related works. The amendments empowered the approving officer in each municipality to reject a subdivision plan if, in the opinion of the officer, the cost to the municipality of providing the related off-site infrastructure services was excessive.

Prior to these changes, municipalities were expected to provide off-site infrastructure services to all subdivisions using tax revenues and other sources of funding. Approving officers were not permitted to reject applications on the basis of servicing costs. With the changes to the *Municipal Act*, municipalities introduced Excessive Subdivision Cost Bylaws or Impost Fees to try to recover servicing costs for new development.

Court challenges in the early 1960s resulted in impost fees being rendered invalid. Municipalities, it turned out, had the authority to reject subdivision plans on the basis of service costs, but had no authority to tie the approval of plans to the payment of impost fees. The court rulings returned municipalities to the difficult position they occupied prior to 1958. To capture the benefits from growth, municipalities had to fund, on their own, the off-site infrastructure required to accommodate the growth. If municipalities were unable to fund the infrastructure, development applications were rejected, and the benefits from growth were lost.

Further amendments to the *Municipal Act* were introduced to overcome this dilemma. In 1971, local governments were given the power to enter into land use contracts with developers. These contracts became the vehicle for imposing off-site infrastructure servicing requirements and impost fees on development within the specified contract area. The validity of imposing fees under these contracts was upheld by the courts.

Land use contracts often involved protracted negotiations and produced a patchwork of contracts, each with its own requirements and fees for development. In 1977, land use contract powers were eliminated, and the current authority to impose development cost charges was introduced.

Using DCCs, local governments (municipalities and regional districts) can apply a common set of rules and charges to all development within a community.

Over the past twenty-five years, court rulings and legislative changes have refined DCCs and their application in British Columbia. The fundamental principle and structure of DCCs, however, remains unchanged.

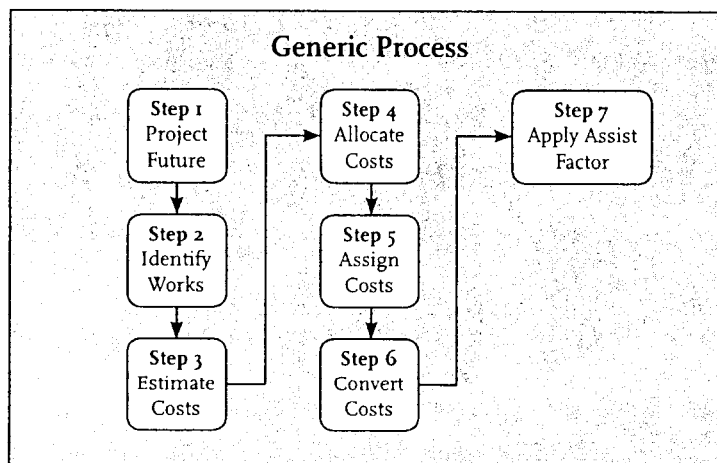
Establishing DCCs

How are DCC rates calculated?

The calculation of DCCs brings together a number of pieces of information, including the:

- types, locations and amounts of growth that are projected to occur over a specified future period;
- infrastructure services required over the same period to accommodate the growth;
- estimated cost of the services;
- portion of the total cost to be paid by the existing population (which benefit from new infrastructure);
- relative impact of each type of growth on the services; and,
- degree to which the existing users assist growth in paying its share of costs.

Approaches to calculating DCCs will vary to some extent by community. It is possible, however, to outline a set of generic steps that are important to developing a DCC program. The accompanying flowchart presents a generic seven-step process. The text below the chart describes each individual step in detail.



- **STEP 1 – Project Future Growth**

A local government begins the process by determining the amount of growth that is projected to occur over a specified future period of time (e.g., 5 years, 10 years, and 20 years). Because DCCs are applied to actual development instead of new population, the amounts of the different types of development that are expected to occur are projected. Most local governments project figures for various types of residential development (e.g., single family, townhouses, apartment), as well as commercial, industrial and institutional growth.

- **STEP 2 – Identify Required Works**

Once growth has been projected, the local government determines the specific infrastructure works that will be required to accommodate the growth. As noted earlier, DCCs can only be collected to help fund waterworks, wastewater projects, drainage works, major roads, and acquisition and development of parkland. Other infrastructure services cannot be funded, in whole or in part, using DCC revenues, and are, therefore, not identified in the calculation.

- **STEP 3 – Estimate Infrastructure Costs**

The infrastructure projects identified in Step 2 are costed in Step 3 of the process. For DCC purposes, the total cost estimate for each project can include a variety of separate costs that will be incurred by the local government in providing the infrastructure. Project costs related to the following activities may be included.

- Planning
- Engineering design
- Land acquisition
- Contract administration
- Contingencies
- Remittance of net GST
- Public consultation
- Right of way
- Interim debt financing
- Construction
- Legal review

Long-term debt financing costs cannot be included in cost estimates for DCC projects.

- **STEP 4 – Allocate Costs to Growth/Existing Users**
Not every project identified for DCC purposes will be required solely to accommodate growth. Most, if not all, of the identified works will be deemed to benefit, and will be required by, both growth and the existing population. Growth is expected to pay only for the portion of the works that it requires. The existing population is expected to pay for the remaining portion using other sources, such as tax and utility revenues.

The costs of the DCC works are allocated between growth and the existing population on the basis of benefit.

- **STEP 5 – Assign Costs to Land Use Types**
Once the infrastructure costs have been allocated between the existing population and growth, the portion attributable to growth is assigned to the various types of growth – residential, commercial, industrial, institutional – that are projected to occur. Costs are assigned in a way that reflects the relative impact of each type of development on the works required.
- **STEP 6 – Convert Costs into DCC Rates**
The assigned infrastructure costs are converted into actual DCC rates that can be charged to individual development projects. The total cost assigned to each development type is divided by the number of development units (e.g., number of dwellings, square metres, hectares) expected over the DCC program time frame. The result is a per-unit charge that can be easily applied to individual developments as they occur.

- **STEP 7 – Apply Assist Factor**

The final step in calculating DCCs is to apply the assist factor. The assist factor is the contribution that the existing population must provide to assist future growth in paying its portion of the DCC infrastructure costs. The assist factor is over-and-above the portion of the total infrastructure cost that is allocated to existing users in Step 4.

The assist factor reduces the DCC rates by the specific level of assist chosen. Under the *Local Government Act*, the level chosen must be at least one percent.

What are some of the decisions that need to be made?

Over the course of the DCC establishment process, local governments are required to make certain decisions. Individually and together, these decisions give shape to the DCC program, and help to determine the specific DCC rates. Some examples of the types of decisions local governments need to make are provided below.

Time period for the DCC program

A local government must choose a future period of time over which to apply its DCC program. This choice will be influenced by the time period that has been established for the community's broader growth management framework, particularly its Official Community Plan (OCP) and servicing plans.

The OCP projects the amount and types of growth that are expected in the community over a specified future period of time. The servicing plans identify the servicing efforts that the community needs to undertake in order to provide for, and to shape, the growth that is projected to occur.

In many communities, the OCPs and servicing plans cover only a short- or medium-term future period of five to ten years. Local governments in these places are limited to the same period for their DCC programs (the required growth and infrastructure projections for longer DCC programs are not available). An increasing number of local governments are now, however, beginning to conduct detailed growth and capital planning exercises for longer periods of time, in some cases twenty years. The data available from the long-term planning efforts enable these local governments to create equally long-term DCC programs.

For a number of reasons, long-term DCC programs are considered preferable to short-term programs. Long-term programs tend to provide greater flexibility to governments in the scheduling of works, since specific works can be delayed or brought forward without upsetting the overall rate structure. Developers know that the rates charged today will remain relatively stable over a longer period of time. Longer time frames provide greater certainty to developers who wish to invest in communities.

It should be noted that local governments that extend their DCC programs over a long-term period are not “locked in” to the set of DCC rates and the specific infrastructure projects for the entire duration of the program. Like all long-term planning documents, DCC programs are regularly updated to account for changes in trends, policy objectives, inflation and other inputs. These updates provide local governments the opportunity to modify DCC programs and rates.

Use of DCC sectors

By default, a local government's DCC program applies to all new development throughout the entire community. Local governments may choose, however, to divide the community into different DCC sectors, and develop a separate DCC program for each one. Local governments may even choose to have different sets of sectors for different types of works. For example, three sectors for roads, five sectors for drainage, and so on.

The decision to establish DCC sectors will reflect, in part, a community's planning goals. A community that wishes to encourage efficient, higher density development in a town centre, for example, may create a separate town centre DCC sector for roads. The roads DCC program for this sector would allow the local government to take into account the low impact that high density housing has on roads, relative to that of additional road requirements for low density, suburban housing. The lower road DCC rates in the town sector would acknowledge the differences in impact.

The decision to establish sectors may reflect, in addition, the infrastructure projects to be developed. Some works, such as wastewater collectors, pump stations and water mains may be deemed to have a specific benefit to a defined area. The creation of DCC sectors for the funding of these works would promote the principle of equity by enabling the local government to apply the project costs directly, and solely, to the project beneficiaries. Other works, such as wastewater and water treatment plants, tend to provide a broad and equal benefit to the entire community. Separate DCC sectors would probably not be appropriate for these works.

Method of allocating costs

As noted earlier, off-site infrastructure services required to accommodate growth will often provide some benefit to the existing population. Where a dual benefit is deemed to exist, growth should not be expected to fund the entire cost of the DCC works. The existing population should, through its local government, pay its fair share, using tax or other financing sources.

Calculating the existing population's share of costs is, in some cases, an exact process. Consider a new wastewater treatment plant. Existing users will represent an exact percentage of the total number of users (including newcomers) that will ultimately be connected to the system. The actual percentage can be used to represent the existing population's share of costs.

In other cases, the local government may choose to take a different approach to allocating costs. Consider a major, 20-year road program. Any attempt to precisely determine the existing population's benefit may prove difficult. The local government may determine that the major road program will equally benefit growth and the existing population, and decide the cost for the program be split 50-50.

The decision on how to allocate costs between growth and the existing population is a choice over which a local government has considerable discretion. However, the decision should be defensible on the basis of sound and well-reasoned arguments, because it will be scrutinized by the public, development industry and reviewed by the Ministry of Community Services.

Assigning costs to land use types

Each type of development has a different impact on the off-site infrastructure services being provided. The impact of each type, relative to that of others, needs to be considered when assigning the portion of total infrastructure costs attributable to growth - costs need to be assigned to development types on the basis of relative impact.

Local governments express relative impacts in terms of “equivalent units.” Equivalent units express the impact of each type of development on a service relative to that of a single-family house. The relative impacts of the different development types will vary, as might be expected, by type of service.

Different sets of equivalent units, therefore, need to be developed for each service being included in a DCC program. Various sources of data are used by local governments to help establish equivalent units. Trip generation manuals published by traffic engineering associations are often used to determine relative impacts on road networks. Water usage data, collected from water metres, can be used to help determine relative impacts on waterworks.

Assist factor

The assist factor is the contribution that the existing municipality and/or regional district must provide to help growth in meeting its service cost obligations. The assist factor is over-and-above the portion of the infrastructure cost that is allocated to the existing population. Under the *Local Government Act*, the assist factor must be at least one percent.

The assist factor may vary by type of infrastructure, but not by type of development, or by DCC sector. For example, the assist factor applied to roads may differ from the factor applied to waterworks. A common roads assist factor, however, must be applied to all types of development throughout the entire community.

The setting of the assist factor is a policy decision made by elected officials. Decision-making should take into consideration the local government's objectives in addressing issues of land efficiency, housing affordability, and community sustainability. In some communities the assist factor is used as a tool to promote certain goals, such as the development of affordable housing.

Who is involved in determining the rates?

Elected officials, staff and stakeholders have important roles to play in determining DCC rates.

Elected Officials

Municipal councils and regional district boards are responsible for the DCCs that are imposed on new development in their communities. Given this responsibility, it is important for elected officials to be involved in setting the rates.

Councils and regional district boards have some specific responsibilities. They must make decisions on a wide variety of issues – some of which have been discussed already – that arise during the DCC establishing process. In making decisions, the elected officials rely on staff to identify options, outline implications and provide recommendations.

Elected officials are also responsible for ensuring that the DCCs reflect important best practices, as well as key principles such as fairness and equity. Are the DCCs fair to both growth and existing ratepayers?

Finally, elected officials need to remain aware of their statutory obligation to consider the impact of the DCCs on development and, in particular, the development of reasonably-priced housing and serviced land.

Staff

Staff have two key responsibilities in the DCC rate-setting process. First, staff are responsible for undertaking all of the technical work required to produce, collect and assemble the data. Second, staff are responsible for advising the elected officials on the full range of issues that need to be considered. Examples of such issues include:

- the possible use of DCC sectors in place of area-wide charges;
- the time frame for the DCC program;
- the types of development to be charged under different DCC categories (e.g., should all types of development pay parkland DCCs?);
- the development units on which to base charges (e.g., dwelling unit or size of built floor space);
- the eligibility of projects and the cost components to include in determining total project cost;
- the allocation of project costs between new and existing growth; and,
- the size of the assist factor.

Staff need to bring each of these issues, along with options and recommendations, to elected officials.

An additional role for staff in the rate-setting process is to help elected officials understand DCCs. In some communities, staff begin each DCC review with a detailed briefing on the purpose of DCCs, and the issues that need to be considered by council or the regional district board.

Stakeholders

It is important for local governments to involve key stakeholders in setting DCC rates. As explained in the *DCC Best Practices Guide*, stakeholders include “all persons, groups or organizations that have a perceived, actual or potential stake or interest in the results of the decision-making process.” The list of stakeholders in developing DCCs should include:

- development industry groups, such as the Urban Development Institute, the Canadian Home Builders Association, and the British Columbia Real Estate Association;
- local private sector developers;
- public sector developers such as the local School District and Health Authority;
- business groups such as the Chamber of Commerce;
- local ratepayers groups and neighbourhood associations; and,
- the general public.

Each of these stakeholders will be impacted, to some degree, by the DCC rates established. Some will be impacted directly, in that they will have to pay the rates in order to proceed with development. Others will be impacted indirectly. Existing ratepayers, for example, will be required to pay the share of infrastructure costs that is not applied to growth.

During the DCC rate-setting process, the local government needs to provide opportunities for stakeholders to become informed of the issues and options, and to participate in the decisions that are made by the elected officials. At a minimum, the local government should hold a general public information meeting to present a draft DCC bylaw. The local government could also ask interested parties to review and comment on a draft DCC program. Stakeholder forums are another method of involvement to consider.

Some local governments have developed, in conjunction with the Urban Development Institute, local government liaison committees. These committees provide a forum for government officials to meet regularly with development industry representatives to discuss important issues, including DCCs.

The appropriate degree of stakeholder involvement will depend on a number of factors, including the size of the DCC program, the potential impact of the DCC rates, the level of interest expressed by stakeholders to participate and the local government's policy with respect to stakeholder involvement in governance. In all cases, some effort to provide meaningful opportunities for participation should be made. The opportunities should be available early in the DCC setting process, before any final decisions have been made.

The *DCC Best Practices Guide* recommends at least three opportunities for stakeholder involvement in the DCC rate-setting process:

- during the development of draft DCC rates by staff;
- immediately following first reading of the DCC bylaw by council or regional district board; and,
- during the revision of the bylaw, before second reading.

How are DCCs implemented?

DCCs are implemented by bylaw. Council or the regional district board initiates the bylaw process by instructing staff, often in response to a staff recommendation, to develop a DCC bylaw or amend an existing DCC bylaw. Staff develop the bylaw with input from the elected body and stakeholders, then forwards the bylaw to council or the regional district board for first reading. After first reading, more consultation with stakeholders and the governing body is undertaken to obtain input and to determine if amendments are required. Council or the regional district board then gives the bylaw second and third reading.

After third reading, the local government forwards the bylaw and all supporting information to the Ministry of Community Services, for the review of the Inspector of Municipalities, who is required under the *Local Government Act* to review and give approval to the bylaw before fourth reading. The bylaw and supporting documents are reviewed to ensure that:

- the methodology used to determine the rates is sound and complies with all legislative requirements;
- stakeholders have been consulted; and,
- the impacts of the rates on development have been considered.

If there are no issues with the bylaw, the Inspector of Municipalities grants statutory approval and returns it to the local government. Council or the regional district board gives fourth reading to the bylaw, after which it is ready to be implemented.

There are some specific policy issues related to implementation that the local government needs to consider. One issue concerns when to collect DCCs from growth. The *Local Government Act* states that DCCs are payable either at the time of subdivision approval, or at the issuance of a building permit. For single family residential developments, local governments typically choose to collect payments at subdivision approval in order to avoid having to front-end any infrastructure costs.

For non-residential development, local governments usually collect DCCs at the time of building permit issuance. DCCs for these developments are often based on built floor space rather than dwelling unit (the total floor space to be charged can be difficult to determine at subdivision approval). With respect to multi-family development, local governments often have no choice but to collect payments at the building permit stage, since multi-family housing subdivisions are relatively infrequent, compared to single family development subdivisions.

Another policy decision for elected officials relates to the notion of a “grace period.” A grace period is the period of time between the approval of the DCC bylaw and the bylaw’s effective date of application. If the rates in the bylaw are significantly higher than those that were previously charged, the local government may wish to grant a substantial grace period (e.g., up to one year) to allow developers to expedite projects for which financing has already been arranged.

Finally, it should be noted that the *Local Government Act* gives some protection to “in-stream” developments. Developments that have submitted complete subdivision applications, and that have paid their subdivision

application fees, are given a 12 month exemption from new DCC rates. These developments are entitled to pay the lower existing DCCs as long as they receive final subdivision approval during the 12 month period. This in-stream protection is distinct from any grace period that the local government may choose to offer.

When to use DCCs

When are DCCs a good idea?

DCCs are best suited to situations in which expenditures on works can be delayed until the DCC funds required to help pay for the works have been collected. As growth occurs, a local government begins collecting DCCs to help fund the necessary infrastructure. If possible, the local government will choose to delay the construction of the works until sufficient DCC funds have been collected. By treating DCC funds as a source of capital for the works, the local government can avoid having to front-end construction using borrowed funds.

Infill and mixed infill-greenfield developments that can benefit from a certain level of servicing already in place are considered to be particularly well-suited to DCCs. In these situations, the local government can postpone the construction of infrastructure until growth has materialized, and sufficient DCC revenues have been collected.

When should alternatives to DCCs be considered?

Greenfield developments, which typically do not have any level of servicing in place prior to growth occurring, are not always suited to DCCs. Greenfield sites can often require a significant up-front investment in infrastructure before development occurs and before DCCs can be collected. If the required works are part of the DCC program, it is the local government that is expected to front-end the works, and then recover up-front costs from growth as it occurs.

This reliance on DCCs as a method of cost-recovery can be difficult for local government. If growth does not occur as projected, the local government may not be able to recover all of its sunk costs.

What alternatives to DCCs exist?

It is important to recognize that DCCs are not the only development finance tool available to local governments in British Columbia. The *Development Finance Choices Guide*, published by the Ministry of Community Services, identifies and provides advice on other development finance tools that local governments can use to help fund the cost of infrastructure required by growth.

The complete list of tools includes:

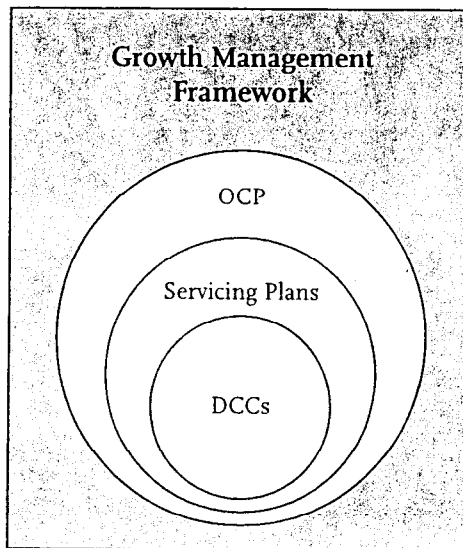
- Comprehensive development agreements
- Local improvements
- Specified areas
- User fees and charges
- Short-term borrowing
- Long-term borrowing
- Latecomer charges
- Development works agreements
- DCC credits and rebates
- Density bonusing
- DCCs
- Public-private partnerships
- Public-public partnerships

DCCs are probably the most popular tool in use today, but are clearly not the only one available. The key for local governments is to determine which tool, or set of tools, should be used at any given time. Different tools are both well-suited and poorly-suited to different types of situations. Chapter 6 of the *Development Finance Choices Guide* is designed to assist local governments in choosing the right approach for any given situation.

DCCs and the Broader Context

How do DCCs fit into a local government's growth management framework?

A local government's DCC program does not exist in isolation to the community's growth management framework. On the contrary, the DCC program is a critical element of the broader planning context that includes the local government's OCP and servicing plans. The accompanying figure illustrates how these key components fit together.



The OCP presents the local government's preferred long-term development pattern, which describes:

- where future growth will be encouraged;
- where growth will not be encouraged;
- what types of development (e.g., mixed-use, high density residential) will be encouraged; and,
- what types of development (e.g., low density residential) will not be encouraged.

The local government's servicing plans identify the specific types and amounts of infrastructure that are required to bring the preferred development pattern to fruition. Servicing plans are normally created for

all major types of local infrastructure, such as roads, waterworks, sewerage and drainage systems, as well as for parkland.

The local government's DCC program contains the individual works, identified in the servicing plans that are required to accommodate growth. The cost of each of the works is allocated in the program between growth and the existing population. The portion allocated to growth forms the basis of the DCC rates.

What is the importance of good planning to DCCs?

The OCP's preferred development pattern is a direct reflection of the local government's growth management objectives. Many local governments have adopted what are typically referred to as "smart growth" objectives. Smart growth emphasizes the importance of environmentally-sustainable and economically-efficient development, characterized by compact urban forms, high density, mixed-use developments and an increased reliance on alternative modes of transportation.

Development patterns that are based on smart growth objectives are less expensive to service than patterns which encourage low density, spatially-dispersed growth. The higher servicing costs associated with traditional low density "sprawl" result in higher DCCs.

How can DCCs be structured to promote smart growth objectives?

DCCs are collected from growth to help pay the cost of services required to accommodate the growth. Existing data demonstrate that the overall cost of providing services to compact, medium, or high density, mixed-use development is lower than the cost of servicing traditional low density, suburban development. DCCs can be structured to recognize the differences in service

costs, and to provide an incentive for smart growth developments. DCC sectors and density gradients are two mechanisms that can be used to achieve the desired effect.

DCC sectors can be established to separate compact, high density development areas from other parts of the community.

Infrastructure projects that are deemed to have no benefit to the growth within these sectors can be excluded from the sectors' DCC programs. The exclusion of such projects results in lower DCC rates.

Major (costly) trunk extensions and arterial roads required to service outlying development areas are examples of the types of projects that can be excluded from smart growth DCC sectors. Development that occurs in these sectors is not required to pay toward the cost of these projects.

Density gradients differentiate among developments on the basis of density rather than type of growth. Gradients are created to take advantage of the inverse relationship that exists between the density of a development and its impact on key services. In general, the lower the density of a development, the higher the impact of that development on the cost of providing water, wastewater and road infrastructure. Applying density gradients to growth serves to lower the DCC rates payable by higher density projects.

Most local governments with DCCs make use of a two-level residential density gradient that differentiates between single family and multi-family developments. Some local governments have four-level residential gradients that account for the different impacts of large- and small-lot single family dwellings, and of low-rise and high-rise apartment buildings.

DCCs and Development

Do DCCs deter development?

The total cost of developing a piece of land in a community can be broken into various individual components. The price of the land is one component, as is the cost of construction materials, the price of labour and the developer's return on investment, or the development's profit. DCCs – the cost of providing off-site infrastructure services to the land – represent another component. As the individual cost components change, so does the total cost of the development. Steep increases in individual costs can result in an overall cost that the market is unwilling to support. In such cases, development will be deterred.

DCCs, as one cost component, do affect the overall cost of development. A significant increase in DCCs could push the total cost above the level that the market is willing to pay, and could discourage development. The size of the DCC increase required to generate this result depends, in large part, on the magnitude of the other cost components. In markets where DCCs comprise a relatively large part of the total cost, changes in rates may have a considerable impact on development decisions.

The potential for DCCs to deter development is an important point for local governments to consider. In setting DCC rates, local governments need to recognize that the decisions they make will influence the overall cost of development in the community. Careful consideration needs to be given to the:

- amount of future infrastructure required (is it reasonable?);
- infrastructure cost projections (are they fair?);
- methods of allocating costs between growth and the existing population (is the split equitable?);

- rates charged to different sectors (do smart growth and infill developments pay in accordance with their lower relative impact on works, or do they subsidize greenfield projects?);
- need for a grace period (do developers need time to adjust to new rates?); and,
- assist factor (do the final rates need to be adjusted?).

The potential for DCCs to deter development should focus a local government's attention on the need to establish DCCs that are fair and reasonable. If DCCs have the potential to adversely impact development, local officials should consider the wider range of development finance tools that may be used in place of, or in addition to, DCCs. These are described in the *Development Finance Choices Guide*.

DCCs Across British Columbia

Who uses DCCs in British Columbia?

DCCs are a popular development finance tool in British Columbia. In high growth areas, such as the Lower Mainland, parts of Vancouver Island and the Central Okanagan, DCCs are quite common. The widespread use of DCCs in these regions reflects the strong demand for infrastructure to accommodate ongoing development. In regions characterized by more modest growth, DCCs are slightly less popular, but are still used. For example, several local governments in the Central Interior and Kootenay regions of the province have DCC bylaws in place.

Who charges what?

Comparisons of rates across communities are inherently problematic, in part because of differences in growth pressures and infrastructure needs, but also because of differences in the way that individual DCC programs are constructed. Local governments have considerable flexibility in setting DCC rates. The rates that are ultimately determined in any one jurisdiction will reflect that local government's decisions related to a wide variety of inputs, including the costing of works, the existing population's share of total infrastructure costs, the use of DCC sectors, the assignment of costs among development types, the units on which to base charges and the municipal assist factor. The rates will also reflect the local government's decision to use other development finance tools in place of, or in addition to, DCCs.

Notwithstanding the problems inherent with cross-jurisdictional DCC comparisons, elected officials may appreciate the opportunity to review the approaches taken in other communities. The table on the following page provides a general sense of current DCCs across British Columbia, specifically for residential development.

It should be noted that the figures presented in the table have been rounded-off, and certain assumptions have been made (see "comments" column) in order to generate comparable data.

For a list of detailed rates, as they apply to all types of development throughout each of the centres listed, the local government should be contacted directly. The Ministry of Community Services can also provide a list of DCCs being applied throughout the province.

Residential DCCs across BC – January 2004

Jurisdiction	SFR*	MFR*	Comments
Abbotsford	\$ 13,700	\$ 7,600	
Burnaby	\$ 7,450 - \$ 7,850	\$ 5,000 - \$5,400	both include GVS&DD charge; assumes 100m ² MFR unit; high rate in Edmonds Town Centre
Castlegar	\$ 4,800	\$ 3,620	
Coquitlam	\$ 14,500	\$ 10,400	both include GVS&DD charge; assumes medium density MFR
Kelowna	\$ 9,900 - \$ 17,300	\$ 7,500 - \$ 13,000	lower rates are for City Centre; higher rates for outlying area
Langford	\$ 6,100	\$ 4,800	includes CRD water DCC; assumes medium density MFR
Nanaimo	\$ 9,000	\$ 6,000	assumes 100m ² MFR unit; DCCs recently eliminated for City Centre
Parksville	\$ 2,800 - \$ 7,000	\$ 5,000 - \$ 5,500	ranges over sectors; assumes 100m ² MFR unit
Prince George	\$ 3,410	\$ 1,900	core area; medium density MFR
Richmond	\$ 14,300	\$ 11,400	both include GVS&DD charge; assumes medium density MFR
Sidney	\$ 970 - \$ 3,225	\$ 970 - \$ 3,225	range for both types over sectors
Surrey	\$ 21,000	\$ 6,000 - \$13,200	both include GVS&DD charge; medium density 100m ² MFR unit assumed; low rate in City Centre

* Figures provided are per dwelling unit. SFR – Single Family Residential, MFR – Multi-family Residential, GVS&DD – Greater Vancouver Sewerage and Drainage District, CRD – Capital Regional District

- **Transparency in the rate-setting process is required.**
DCCs will be scrutinized by the public, the development industry and reviewed by the Ministry of Community Services. Local government decisions related to project costs, allocation of costs, use of sectors, the assist factor and other issues should be well-reasoned and explained.
- **DCCs should be current.**
Local governments should regularly update their DCC bylaws to ensure that the rates reflect changes to infrastructure needs and project costs, as well as changes to important growth management objectives. At the same time, notwithstanding the need for regular updates, developers do expect a certain degree of stability in rates over time. Major changes to DCC programs may create uncertainty and discourage development.
- **Stakeholder input is important.**
DCCs impact many different organizations and individuals, including the development industry and existing ratepayers. All parties that may be affected by a DCC program should be afforded meaningful opportunities to participate in the DCC decision-making process.

Closing Comments

DCCs are a popular tool of development finance that can help a local government achieve its growth management and financial objectives, while at the same time promoting and supporting growth.

When considering DCCs, local government officials are encouraged to keep in mind certain guiding principles that have been addressed in this *Guide*. These principles are summarized below.

- **DCCs represent one choice.**
DCCs represent one of the tools available to local governments in the provision of growth-related infrastructure. The *Development Finance Choices Guide* introduces and provides advice on other development finance tools. Certain tools are better suited than others to different development situations. Local government officials need to explore all options before choosing which tools to use.
- **DCCs should support broader growth management objectives.**
DCCs are an integral component of the local government's growth management framework. They should be developed and applied in ways that support, rather than undermine, the broader growth management objectives.
- **Fairness and equity are critical in a DCC program.**
Those who require and benefit from municipal infrastructure should pay their fair share of the cost of providing the infrastructure. DCC rates, and the decisions on which they are based, need to be fair and equitable to the various types of growth that are projected to occur, and to existing taxpayers.

For More Detailed Information

Ministry Best Practice Guides

Development Cost Charges Best Practices Guide

Development Finance Choices Guide

Available electronically through the search function of the
British Columbia Government website at: www.gov.bc.ca

Or call

Ministry of Community Services
Intergovernmental Relations
and Planning Division

1-250-387-3394

Ministry of Community Services
Infrastructure and Finance Division

1-250-387-4060

Toll Free through Enquiry BC

In Vancouver call:

1-604-660-2421

Elsewhere in BC call:

1-800-663-7867

City of Richmond
Statutory Reserve Funds
As at December 9, 2005
(Unaudited)

Fund Name	Balance at 31-Dec-02	Balance at 31-Dec-03	Balance at 31-Dec-04	Balance at 09-Dec-05
Statutory Reserve Funds				
Affordable Housing Reserve	4,838,075	4,480,607	3,208,422	2,539,470
Capital Building and Infrastructure (Sub)	1,858,654	1,926,867	7,344,202	6,018,894
Special Sports Reserve	58,759	335,886	623,205	873,205
Total Capital Building & Infrastructure (Main)	1,917,413	2,262,753	7,967,408	6,892,100
Revolving Fund	21,101,730	22,634,400	24,673,432	26,898,061
Industrial Use	4,752,897	3,473,064	14,300,536	1,187,617
Total Capital Reserve	25,854,626	26,107,465	38,973,967	28,085,678
Child Care Development	37,855	83,339	88,148	130,148
Drainage Improvement	247,983	868,094	2,124,606	3,870,106
Public Works Equipment	3,585,552	7,960,727	6,965,173	5,548,573
Fire Equipment	440,349	976,708	1,384,310	1,220,110
Other Equipment	702,657	728,445	752,702	752,702
Computer Equipment	278,233	390,279	504,940	604,940
Telephone Equipment	272,503	282,504	291,911	221,811
Mechanical Equipment	832,955	608,937	324,220	24,220
Total Equipment Replacement	6,112,248	10,947,599	10,223,255	8,372,355
Leisure Facility Development Fund	-	-	129,115	665,115
City Centre Facility Development Fund	-	-	-	25,000
Total Leisure Facilities Reserve	-	-	129,115	690,115
Local Improvements Reserve	3,177,910	3,415,144	3,762,289	3,995,734
Neighbourhood Improvement Reserve	2,317,154	2,850,575	3,757,861	3,485,968
Public Art Program Reserve	167,457	40,708	261,818	306,390
Sanitary Sewer Reserve	11,196,196	10,378,074	11,246,291	11,339,691
Steveston Off-Street Parking Reserve	76,764	79,581	82,231	137,305
Steveston Road Ends	53,671	477,314	743,414	743,414
Waterfront Improvement Reserve	409,500	424,529	438,666	438,666
Watermain Replacement Reserve	20,557,858	21,866,314	23,813,081	23,982,261
Total Statutory Reserve Funds	76,964,711	84,282,096	106,820,573	95,009,402
PSAB Adjustment	26,123,000	23,037,000	26,142,000	N/A
Total per Financial Statements	103,087,711	107,319,096	132,962,573	N/A

Statutory Reserve Funds

Affordable Housing Reserve Fund

This reserve accepts the collection of funds from developers, private sector and the City for the purpose of affordable housing projects. This reserve is required to immediately respond to affordable housing issues and opportunities that arise and which are related to Council's current affordable housing priorities (i.e. seniors supportive housing, homelessness, family housing and ongoing policy development on housing issues).

Capital Building and Infrastructure Reserve Fund

There are two sub-funds in this reserve. The Capital Building and Infrastructure fund (sub) is used for the replacement of buildings and infrastructure and is funded from the Operating Budget and Casino revenues. The other fund is the Special Sports and is used for the development of modern sport facilities such as artificial sports fields. The Special Sports Reserve is funded by the DCC (Development Cost Charges) Parks Development and user fees.

Capital Reserve Fund

There are two sub-funds in this reserve, the Industrial Use Fund and the Revolving Fund. The Industrial Use's funding comes from current year proceeds and is used towards the purchase of lands. The Revolving Fund funds major capital projects and contributes towards the municipal assist factor for the Development Cost Levy programs and projects.

Child Care Development Reserve Fund

This reserve provides a vehicle to direct child care development donations. This reserve is required in order to respond to childcare development needs as they arise in respect to building new centres, playgrounds, equipment, repairs and improvements.

Drainage Improvement Reserve Fund

This reserve will provide funding for drainage infrastructure maintenance work and will be budgeted in the drainage utility section of the operating budget. This reserve is required for replacement of the City's drainage conveyance system, which consists of interconnected storm pipes and box culverts, along with numerous ditches and canals. It also covers the lift stations consisting of pumps along the dykes.

Equipment Replacement Reserve Fund

These reserves are set up to provide for the replacement of Public Works vehicles, Fire vehicles and equipment, computer, telecommunications and mechanical equipment. Contributions to the reserve are largely from the City's Operating Budget.

Leisure Facilities Statutory Reserve Fund

There are two sub-funds in this reserve. The Leisure Facility Development Fund accepts the Cash In Lieu of Amenity Space funds that are contributed by developers instead of providing indoor amenity space on-site. These funds are designated for the building of additional recreation and cultural facilities within the City. The City Centre Facility Development Fund also accepts contributions for the development of recreation and cultural facilities in the City Centre specifically.

Local Improvement Reserve Fund

Funds are collected annually from property owners for this reserve. The Local Area Services Program, funded from the LIP, is a street improvement program paid for by the benefiting property owners; the City contributes 30% of the cost and the property owners the remainder paid over a number of years. Local improvements can include ditch enclosure, installation of curb, gutter and sidewalk, installation of street lighting and planting of street trees. These projects are non-DCC related and have not been identified in the DCC program.

Neighbourhood Improvement Reserve Fund (NIC)

Funds are collected from developers in lieu of completing street frontage work for small developments. Once adequate funds are collected, the City constructs the road as part of the NIC program. Street improvements can include ditch enclosure, installation of curb, gutter and sidewalk, installation of street lighting and planting of street trees. These projects tend to be concentrated in areas of redevelopment and are non-DCC.

Public Art Program Reserve Fund

Contributions are from the private sector, community and the City to this reserve. This reserve is required to sustain the public art program, beautification and partnerships within the community.

Sanitary Sewer Reserve Fund

This reserve was established to provide major sewer trunk/pump and lateral works in developing areas and for the replacement of our sewerage collection system, which consists of gravity sewer pipes, lift stations and sanitary forcemains. The funding for this reserve is budgeted in the sewer utility section of the operating budget.

Steveston Off-Street Parking Reserve Fund

Funding comes from developers in the Steveston area in lieu of off-street parking. The funds collected are expended towards land purchase for the purpose of parking lot development.

Steveston Road Ends Reserve Fund

This reserve was established with the proceeds from the sale of Steveston Road ends. The funds were used to purchase the lands known as Garry Point. All excess revenues realised from the sale of the road ends are now applied to this reserve. These funds can now be allocated by Council to more park development in Steveston.

Waterfront Improvement Reserve Fund

The reserve will be funded annually from the Capital Revolving Fund for ongoing waterfront improvements and planning.

Watermain Replacement Reserve Fund

The water utility budget provides funds for the replacement of water distribution system, which consists of watermain pipes, pressure-regulating chambers and hydrants. The funding for this reserve is budgeted for in the water utility section of the operating budget.



City of Richmond

Report to Committee

To: General Purposes Committee

Date: December 19, 2005

From: J. Richard McKenna
City Clerk

File: 8060-20-7361

Re: Review and Reorganization of all Statutory Reserve Funds

Staff Recommendation

That Reserve Fund Establishment Bylaw No. 7361 be introduced and given first, second and third readings, and that all existing Reserve Fund balances be transferred to their corresponding new or re-established Reserve Funds (as shown in the report dated April 29th, 2002)

J. Richard McKenna
City Clerk

Andrew Nazareth
Manager – Budgets & Accounting

Att. 1

FOR ORIGINATING DIVISION USE ONLY	
	CONCURRENCE OF GENERAL MANAGER

Staff Report

Origin

As part of the continuing review and evaluation of existing City bylaws towards the development of a City code, we have focussed on the many bylaws which were enacted, beginning in the 1960's to establish what are known as Statutory Reserve Funds. Council has the option of creating such reserve funds, by bylaw, under the authority of the *Local Government Act*, for the purpose of giving additional protection to monies held by the City, which are for specific and usually long term purposes, and which therefore are not part of General Revenue. This additional protection takes the form of a requirement that the funds in the reserves can only be accessed by a Reserve Fund Expenditure Bylaw. In addition, expenditures from certain reserve funds require a 2/3 majority vote of Council. In short, bylaws are required to create the particular reserve funds in which the monies are held, and bylaws are required to expend the monies in those reserve funds – again, only to be used for the purposes for which the funds were created.

Analysis

The City's statutory reserve funds are created in one of two ways. The first is directly by provincial statute. Richmond has only one such reserve fund known as the "Development Cost Charges Reserve Fund". All of the remaining dozen or so reserve funds established by bylaw between 1965 and 2000 were created under the authority of what are now either Section 496, 497 or 500 of the *Local Government Act*. These are listed in Part Four of the attached bylaw. In the following table the left column shows the history and status of the 12 existing reserve funds created by bylaw, and the right column shows the 14 reserve funds which are proposed today.

The concept behind this new bylaw is to "wipe the slate clean" and to determine which reserve funds the City needs to establish (or merely re-establish) today and to eliminate those reserve funds created many years ago which no longer have any purpose or function. In several cases the bylaw re-establishes existing reserve funds because they are still appropriate for the current needs of the City. In the case of the two original reserve funds established in 1965, the reserve funds became a 'catch-all' as the City grew over the past 40 years, and in some cases it was necessary to create sub-funds within the original reserve fund to meet the City's financial requirements. In developing this new comprehensive Reserve Fund Establishment Bylaw, one of these remaining sub-funds is being formally established as a separate reserve fund in its own right. This report analyzes each existing reserve fund as to whether it should be eliminated, re-established, consolidated with others and proposes several new reserve funds.

It must be emphasized that the establishment or re-establishment of these reserve funds in one bylaw in no way affects the autonomy of the money held in each existing reserve, as the *Local Government Act* (and subsection 2.1.1 of the bylaw) clearly stipulates that each reserve fund must be accounted for separately and the monies held in each must only be used for the purposes for which they were placed in the reserve fund in the first place.

A full analysis of the existing and proposed reserve funds is shown in the following table.

EXISTING STATUTORY RESERVES	PROPOSED STATUTORY RESERVES
<p>(UNNAMED) RESERVE FUND (established December 1965)</p> <p>This generic reserve fund, which was one of two funds established almost 40 years ago has been used for the collection of monies for a very broad range of capital projects including land and new equipment purchases. The Capital Reserve Fund was established under the authority of this original bylaw and its sub-funds carrying year end balances are: (i) the Revolving Fund, (ii) the Industrial Use Fund and (iii) the Steveston Road Ends Fund. In the new bylaw, all sub-funds are re-established within the newly proposed Capital Reserve Fund, except one (the Steveston Road Ends sub-fund) which will now be established in its own right. These are shown in the right column. The original unnamed "catch-all" reserve fund established in 1965 can therefore be eliminated.</p>	<p>CAPITAL RESERVE FUND</p> <p>As described in the left column, this reserve fund will be established in its own right and will include sub-funds known as (i) the Revolving Fund and (ii) the Industrial Use Fund. The Revolving Fund lends funds for major capital projects which are repaid with interest over a 12 year period. The Industrial Fund provides monies for land acquisition.</p> <p>STEVESTON ROAD ENDS RESERVE FUND</p> <p>As described in the left column, this reserve fund operates as a sub-fund under the (unnamed) Reserve Fund. It is proposed that this active sub-fund be re-established in the new bylaw in its own right to continue accepting Steveston Road End sale proceeds.</p> <p>This title accurately reflects the current purpose of this reserve fund which is being more properly established in its own right.</p>
<p>EQUIPMENT DEPRECIATION FUND (established December 1965)</p> <p>This was the second of the two original reserve funds established by the City in 1965. Its purpose was for the collection of monies towards the replacement of depreciated and obsolete City machinery and equipment. In the new bylaw, this original fund is being re-established under the more accurate title of the "Equipment Replacement Reserve Fund" - as shown in the right column opposite.</p>	<p>EQUIPMENT REPLACEMENT RESERVE FUND</p> <p>Among the sub-funds which will be created in this renamed Equipment Replacement Reserve Fund are the following:</p> <ul style="list-style-type: none"> - Public Works Vehicles, - Fire Rescue Vehicles, - Computer Systems, - Mechanical Equipment - Telecommunications Systems.
<p>AFFORDABLE HOUSING RESERVE FUND (established December 1989)</p> <p>This is an active reserve fund and is being re-established in the new bylaw to accept the collection of monies from developers for the purpose of purchasing property for lease by the City to non profit groups who develop social housing financed under senior government programs. (see column to the right).</p>	<p>AFFORDABLE HOUSING RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>
<p>NEIGHBOURHOOD IMPROVEMENT RESERVE FUND (established June 1991)</p> <p>This active reserve fund has been used for the collection of monies from developers in lieu of completing street improvement work for small developments. Once enough money is collected, the City undertakes the particular street improvement. This reserve fund is being re-established in the new bylaw - as shown in the right column opposite.</p>	<p>NEIGHBOURHOOD IMPROVEMENT RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>

<p>CITY FACILITIES RESERVE FUND (established March 1992)</p> <p>Although this reserve fund was created ten years ago, no monies were ever paid into the fund and it can be eliminated. As shown in the right column a more appropriate fund entitled The Capital Building and Infrastructure Reserve Fund is proposed as a replacement.</p>	<p>CAPITAL BUILDING AND INFRASTRUCTURE RESERVE FUND</p> <p>For convenience, this new reserve fund is being created at this time but will be the subject of a much more detailed report regarding potential sources of funds for the reserve and the proposed expenditures from the reserve. It is anticipated that separate sub-funds will be created for buildings as well as for infrastructure projects. The City monies which have been accumulating for eventual use for the development of special sports facilities will be placed in the latter sub-fund within the reserve.</p>
<p>CHILD CARE DEVELOPMENT RESERVE FUND (established October 1994)</p> <p>This is an active reserve fund and is being re-established in the new bylaw to accept private contributors as well as contributions from the City itself. The funds collected are expended on the development of a wide range of child care facilities and equipment which meet the City's child care objectives. (see column to the right).</p>	<p>CHILD CARE DEVELOPMENT RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>
<p>WATERMAIN REPLACEMENT RESERVE FUND (established June 1995)</p> <p>This is an active reserve fund and is being re-established in the new bylaw to accept the transfer of monies from the Water Utility Operating Budget for watermain replacement in the annual Capital Program. (see column to the right).</p>	<p>WATERMAIN REPLACEMENT RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>
<p>SANITARY SEWER LATERAL REPLACEMENT RESERVE FUND (established June 1995)</p> <p>This reserve fund was established seven years ago to accept the transfer of funds from the Sewer Utility Operating Budget for the replacement/renewal of major sewer lateral works in developing areas, and for the replacement/renewal of sewer mains. This is an active reserve fund however it is being combined with the Sanitary Sewer Trunk System Construction Reserve fund in the new bylaw-- as shown in the right column opposite.</p>	<p>SANITARY SEWER RESERVE FUND</p> <p>The above title is proposed for the combination of the two existing Sewer Reserve Funds (Sewer Lateral and Sewer Trunk System) described in the column to the left.</p>
<p>SANITARY SEWER TRUNK SYSTEM CONSTRUCTION RESERVE FUND (established June 1995)</p> <p>This reserve fund was also established seven years ago to accept the transfer of funds from the Sewer Utility Operating Budget for major sewer trunk/pump works in developing areas and for the replacement/renewal of sewer mains. This is an active reserve fund but is being combined with the Sanitary Sewer Lateral Replacement Reserve fund in the new bylaw-- as shown in the right column opposite.</p>	

<p>PUBLIC ART PROGRAM RESERVE FUND (established September 1997)</p> <p>This is an active reserve fund and is being re-established in the new bylaw to accept private and community contributions as well as contributions from the City itself. The funds collected are expended on the creation of public art. (see column to the right)</p>	<p>PUBLIC ART PROGRAM RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>
<p>DRAINAGE IMPROVEMENT RESERVE FUND (established April 2000)</p> <p>This is an active reserve fund and is being re-established in the new bylaw to accept contributions from the City. The funds collected will be expended on drainage infrastructure maintenance work and capital drainage projects. This reserve is being re-established in the new bylaw- as shown in the right column opposite.</p>	<p>DRAINAGE IMPROVEMENT RESERVE FUND</p> <p>No changes proposed. This title accurately reflects the current purpose of this reserve fund.</p>
<p>STEVESTON AREA PARKING RESERVE FUND (established in Zoning Bylaw #5300)</p> <p>This active reserve fund was established in 1988 but was eliminated and re-established the following year with the adoption of Zoning and Development Bylaw #5300. The new bylaw will re-establish the fund separately to continue accepting monies from developers in the Steveston area in lieu of providing off-street parking stalls. The funds collected are expended towards land purchase for the purposes of parking lot development.</p>	<p>STEVESTON OFF-STREET PARKING RESERVE FUND</p> <p>This fund is being more properly recreated in the new Reserve Fund Establishment Bylaw. An amendment will be brought forward in the future to remove any redundancy/duplication with Zoning and Development Bylaw # 5300.</p>
	<p>LOCAL IMPROVEMENTS RESERVE FUND</p> <p>Monies collected annually from property owners for local improvement projects have been accounted for and treated as a statutory reserve in the City's accounting system. It is now necessary to formally establish this reserve fund in the new bylaw.</p>
	<p>WATERFRONT IMPROVEMENT RESERVE FUND</p> <p>For convenience, this new reserve fund is being created at this time but will be the subject of a much more detailed report with regard to potential sources of funds for the reserve and the proposed expenditures from the reserve.</p>

Financial Impact

There is no financial impact since the bylaw does not effect the Statutory Reserve balances.

Conclusion

This is the first review of the status of the reserve funds created by various city councils going back almost 40 years. The new bylaw is not only an administrative cleanup and simplification of the existing reserve funds, it also proposes several new reserve funds needed to meet the changing needs of the city.

J. Richard McKenna
City Clerk

Judy Froelich
Capital Budget Analyst

JRM:fja



RESERVE FUND ESTABLISHMENT

BYLAW NO. 7361

EFFECTIVE DATE – MAY 27, 2002

RESERVE FUND ESTABLISHMENT

BYLAW NO. 7361

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CITY OF RICHMOND
**RESERVE FUND ESTABLISHMENT
BYLAW NO. 7361**

The Council of the City of Richmond enacts as follows:

PART ONE: CATEGORIES OF RESERVE FUNDS

1.1 Capital Works Reserve Funds

1.1.1 In accordance with the provisions of Section 496 of the *Local Government Act*, separate **reserve funds** for the following purposes are established:

- (a) Affordable Housing;
- (b) Capital Reserve;
- (c) Capital Building and Infrastructure;
- (d) Child Care Development;
- (e) Equipment Replacement;
- (f) Neighbourhood Improvement;
- (g) Public Art Program;
- (h) Steveston Off-Street Parking;
- (i) Steveston Road Ends; and
- (j) Waterfront Improvement.

1.2 Reserve Funds for City Enterprises

1.2.1 In accordance with the provisions of Section 497 of the *Local Government Act*, **reserve funds** for the following purposes, are established:

- (a) Sanitary Sewer;
- (b) Watermain Replacement; and
- (c) Drainage Improvement.

1.3 Local Improvement Funds

1.3.1 In accordance with the provisions of Section 500 of the *Local Government Act*, a Local Improvement **reserve fund** is established.

PART TWO: DISPOSITION OF FUNDS

2.1 Separation and Sole Purpose of, and Expenditures from, Each Fund

2.1.1 Each **reserve fund** established under Part One must be accounted for separately by the **City**, and any money in any of the **reserve funds** must only:

- (a) be used for the purpose for which it was intended; and

- (b) be expended in accordance with the requirements of the *Local Government Act*.

PART THREE: INTERPRETATION

3.1 In this bylaw, unless the context requires otherwise:

CITY means the City of Richmond.

RESERVE FUND means a reserve fund established under Part One of this Bylaw.

PART FOUR: PREVIOUS BYLAW REPEAL

4.1 The following bylaws are repealed:

- (a) Reserve Fund Bylaw No. 2202 (adopted on December 13th, 1965);
- (b) Equipment Depreciation Fund Bylaw No. 2203 (adopted on December 13th, 1965);
- (c) Affordable Housing Statutory Reserve Fund Establishment Bylaw No. 5482 (adopted on December 18th, 1989);
- (d) Neighbourhood Improvement Statutory Reserve Fund Establishment Bylaw No. 5721 (adopted on June 17th, 1991);
- (e) City Facilities Statutory Reserve Fund Establishment Bylaw No. 5879 (adopted on March 9th, 1992);
- (f) Child Care Development Statutory Reserve Fund Establishment Bylaw No. 6367 (adopted on October 11th, 1994);
- (g) Watermain Replacement Statutory Reserve Fund Establishment Bylaw No. 6443 (adopted on June 13th, 1995);
- (h) Sanitary Sewer Lateral Replacement Statutory Reserve Fund Establishment Bylaw No. 6444 (adopted on June 13th, 1995);
- (i) Sanitary Sewer Trunk System Construction Statutory Reserve Fund Establishment Bylaw No. 6445 (adopted on June 13th, 1995);
- (j) Public Art Program Statutory Reserve Fund Establishment Bylaw No. 6808 (adopted on September 8th, 1997);
- (k) Drainage Improvement Statutory Reserve Fund Establishment Bylaw No. 7126 (adopted on April 25th, 2000).

PART FIVE: SEVERABILITY AND CITATION

- 5.1 If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
- 5.2 This bylaw is cited as “**Reserve Fund Establishment Bylaw No. 7361**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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

MAYOR

CITY CLERK

DEBT/INVESTMENTS

CITY OF RICHMOND - Portfolio Rates of Return

Portfolio Highlights – Month Ended November 30, 2005

	Benchmark Portfolio Asset Mix	Actual Asset Mix	1 Month Returns	3 Month Returns
Cash & Equivalents	35.0%	38.85%	0.24%	0.70%
1 Month 91 Day T-bill Index	-	-	0.24%	-
1 Month MFA Index Return	-	-	0.23%	-
3 Month 91 Day T-bill Index	-	-	-	0.66%
3 Month MFA Index Returns	-	-	-	0.68%
Cash Matched Portfolio	65.0%	61.15%	0.28%	-0.55%
1 Month SCM Short/Mid Blend Index	-	-	0.47%	-
1 Month MFA Index Return	-	-	0.17%	-
3 Month SCM Short/Mid Blend Index	-	-	-	-1.06%
3 Month MFA Index Returns	-	-	-	-0.80%
Accrued Income	-	-	-	-
Total Portfolio Return	100.0%	100.0%	0.26%	-0.05%

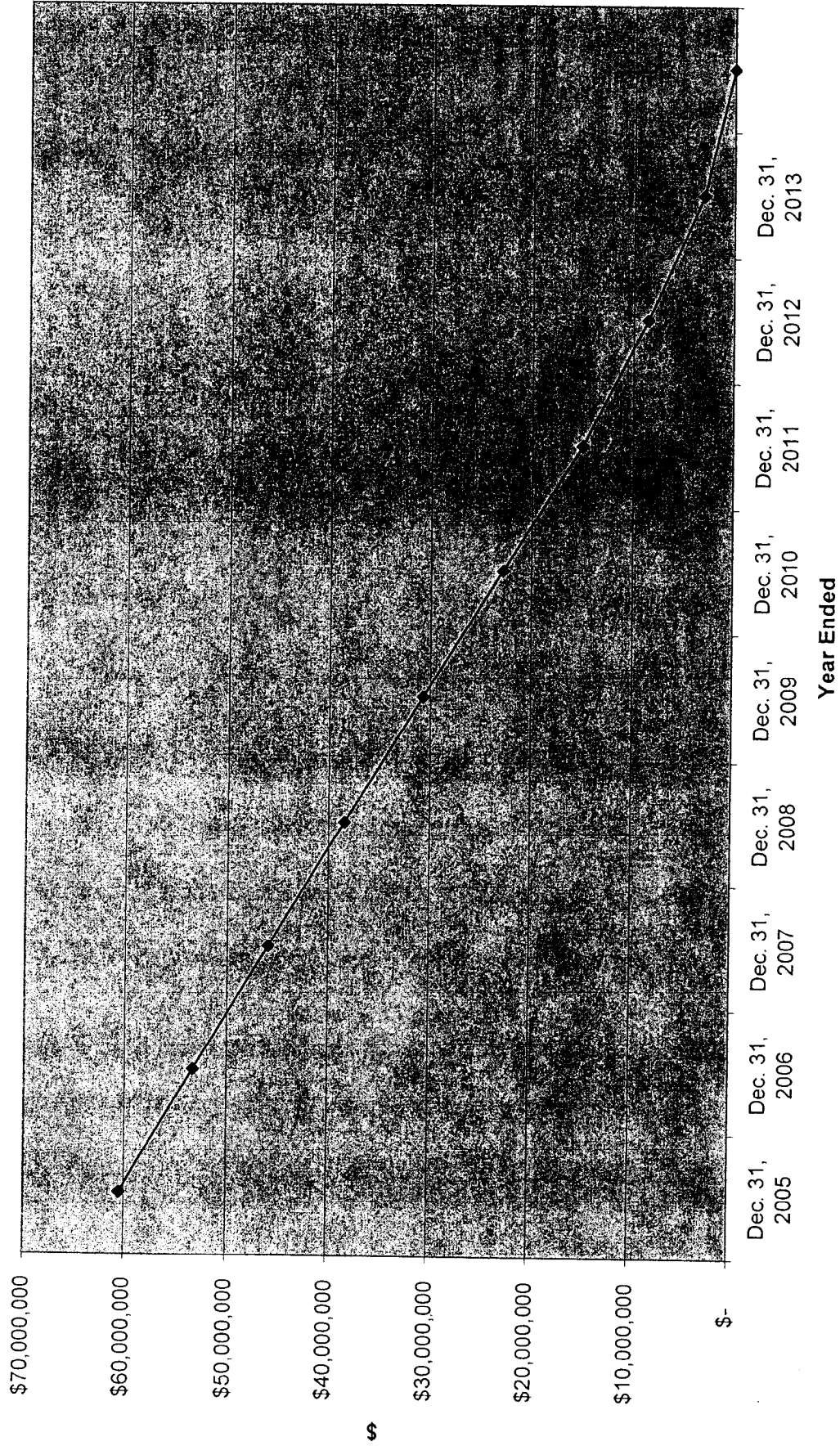
*Please note the three-month calculation for the individual sectors and total portfolio is based on the period of 09/01/05 to the current period ended. The portfolio total return was calculated based on the weighted average return.

**Portfolio returns are net of income and management fees.

The cash & short-term component of your portfolio marginally outperformed the MFA one-month benchmark. The three-month cash return outperformed the 91-day T-bill and the MFA index by 4 and 2 basis points respectively.

The cash match section of your portfolio under-performed the SCM Short/Mid Blend one month Index by 19 basis points, but outperformed the MFA benchmark 11 basis points. The 3-month portfolio return outperformed both the SCM and the MFA indexes by 51 and 25 basis points respectively.

City Of Richmond
Long Term Debt (General Fund)



City of Richmond
Consolidated General Fund Debt Payment

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2005	3,033,989	4,006,402	7,040,391
2006	3,185,688	4,006,402	7,192,090
2007	3,344,973	4,006,402	7,351,375
2008	3,512,221	4,006,402	7,518,623
2009	3,687,832	4,006,402	7,694,234
2010	3,872,224	4,006,402	7,878,626
2011	4,065,836	3,775,777	7,841,613
2012	3,410,531	3,030,150	6,440,681
2013	3,436,622	2,086,625	5,523,247
2014	1,835,093	1,198,000	3,033,093
	<u>\$ 33,385,009</u>	<u>\$ 34,128,964</u>	<u>\$ 67,513,973</u>

Debt Outstanding

Dec. 31, 2004	\$ 67,513,973
Dec. 31, 2005	\$ 60,473,582
Dec. 31, 2006	\$ 53,281,492
Dec. 31, 2007	\$ 45,930,118
Dec. 31, 2008	\$ 38,411,494
Dec. 31, 2009	\$ 30,717,260
Dec. 31, 2010	\$ 22,838,634
Dec. 31, 2011	\$ 14,997,022
Dec. 31, 2012	\$ 8,556,340
Dec. 31, 2013	\$ 3,033,094
Dec. 31, 2014	\$ -

City of Richmond
General Fund Debt Payment
 (Firehalls and Community Centers)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2005	940,711	1,312,402	2,253,113
2006	987,746	1,312,402	2,300,148
2007	1,037,134	1,312,402	2,349,536
2008	1,088,991	1,312,402	2,401,393
2009	1,143,440	1,312,402	2,455,842
2010	1,200,612	1,312,402	2,513,014
2011	1,260,643	1,081,777	2,342,420
2012	465,079	336,150	801,229
2013	343,897	140,625	484,522
2014	-	-	-
	\$ 8,468,253	\$ 9,432,964	\$ 17,901,217

General Fund Debt Payment - No. 2 Road Bridge

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2005	910,362	1,496,000	2,406,362
2006	955,880	1,496,000	2,451,880
2007	1,003,674	1,496,000	2,499,674
2008	1,053,857	1,496,000	2,549,857
2009	1,106,550	1,496,000	2,602,550
2010	1,161,878	1,496,000	2,657,878
2011	1,219,972	1,496,000	2,715,972
2012	1,280,970	1,496,000	2,776,970
2013	1,345,019	748,000	2,093,019
2014	-	-	-
	\$10,038,162	\$12,716,000	\$22,754,162

General Fund Debt Payment - Terra Nova Land Acquisition

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2005	1,182,916	1,198,000	2,380,916
2006	1,242,062	1,198,000	2,440,062
2007	1,304,165	1,198,000	2,502,165
2008	1,369,373	1,198,000	2,567,373
2009	1,437,842	1,198,000	2,635,842
2010	1,509,734	1,198,000	2,707,734
2011	1,585,221	1,198,000	2,783,221
2012	1,664,482	1,198,000	2,862,482
2013	1,747,706	1,198,000	2,945,706
2014	1,835,091	1,198,000	3,033,091
	\$14,878,592	\$11,980,000	\$26,858,592

Debt Outstanding

Dec. 31, 2004	\$ 67,513,973
Dec. 31, 2005	\$ 60,473,582
Dec. 31, 2006	\$ 53,281,492
Dec. 31, 2007	\$ 45,930,118
Dec. 31, 2008	\$ 38,411,494
Dec. 31, 2009	\$ 30,717,260
Dec. 31, 2010	\$ 22,838,634
Dec. 31, 2011	\$ 14,997,022
Dec. 31, 2012	\$ 8,556,340
Dec. 31, 2013	\$ 3,033,094
Dec. 31, 2014	\$ 2

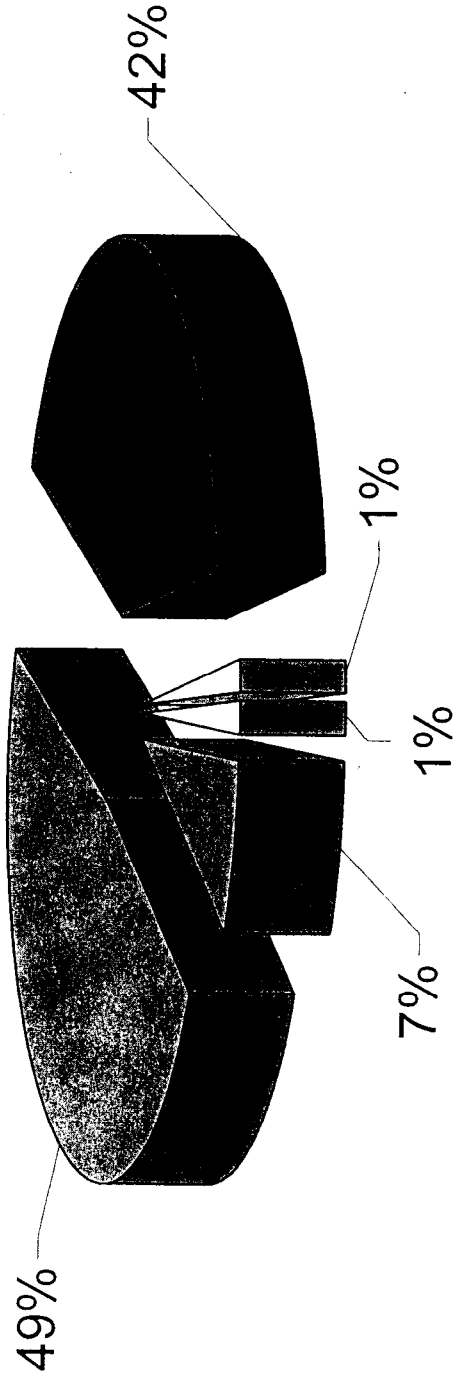
City of Richmond
 Sewer Fund Debt Payment

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2005	80,239	136,250	216,489
2006	84,250	136,250	220,500
2007	88,463	136,250	224,713
2008	92,886	136,250	229,136
2009	97,530	136,250	233,780
2010	102,407	136,250	238,657
2011	107,527	110,625	218,152
2012	72,782	85,000	157,782
2013	76,421	42,500	118,921
2014			
	<hr/>	<hr/>	<hr/>
	\$802,505	\$1,055,625	\$1,858,130

As at	Debt Outstanding
Dec. 31, 2004	1,858,130
Dec. 31, 2005	1,637,630
Dec. 31, 2006	1,412,917
Dec. 31, 2007	1,183,781
Dec. 31, 2008	950,001
Dec. 31, 2009	711,344
Dec. 31, 2010	493,192
Dec. 31, 2011	335,410
Dec. 31, 2012	216,489

TAXATION

Breakdown of Residential Property Tax Bill 2005

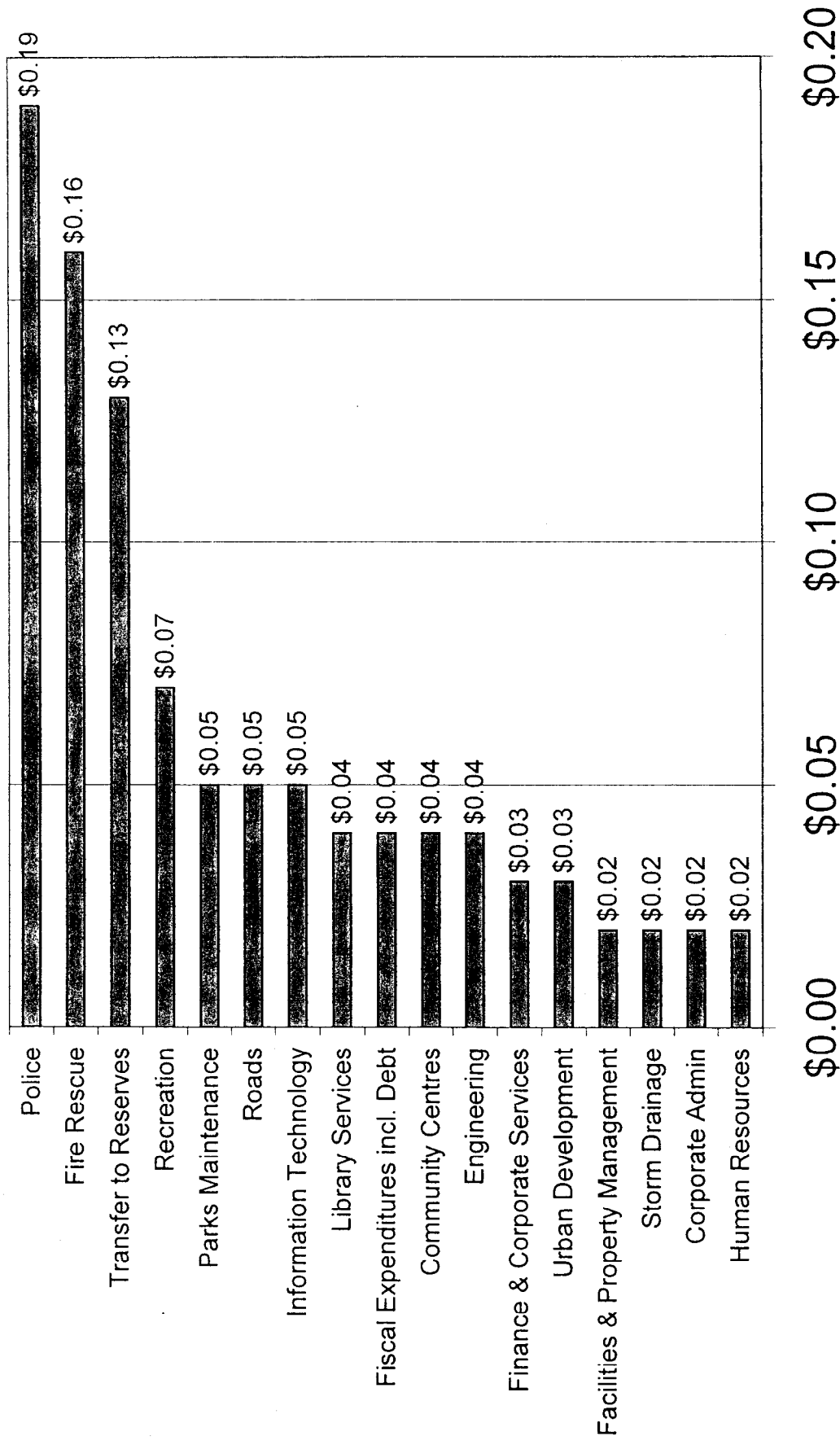


- City of Richmond - 49%
- School - Province of BC - 42%
- Greater Vancouver Regional District - 1%
- BC Assessment Authority - 1%
- Greater Vancouver Transit Authority - 7%

**City of Richmond
2005 Tax Rates**

	City of Richmond	School - Province of BC	Greater Vancouver Regional District	BC Assessment Authority	Municipal Finance Authority	Greater Vancouver Transit Authority
Residential	3.06250	2.65380	0.08693	0.09200	0.00030	0.47380
Business	11.05461	9.60000	0.21297	0.28600	0.00010	2.12230
Light Industrial	13.63613	9.60000	0.29554	0.28600	0.00050	2.94750
Seasonal	1.45088	4.50000	0.08692	0.09200	0.00020	0.47380
Major Industrial	11.00720	12.50000	0.29554	0.52390	0.00050	2.94750
Farm	8.05702	6.80000	0.08692	0.09200	0.00020	0.47380
Utilities	39.71195	14.90000	0.30424	0.52390	0.00050	3.03250

Breakdown of \$1 of Municipal Tax 2005



BREAKDOWN OF PERMISSIVE EXEMPTIONS FOR 2005 ROLL

ROLL NO.	CHURCH NAME	ADDRESS	2005 Municipal Tax
R-000-821-001	Bethany Baptist Church	22680 Westminster Hwy	8,975.14
R-002-822-001	Nanaksar Gurdwara Gursikh Temp	18691 Westminster Hwy	1,403.00
R-018-330-000	Armenian Apostolic Church	13780 Westminster Hwy	1,272.42
R-024-279-000	Cornerstone Evang. Baptist Church	12011 Blundell Rd	1,038.83
R-024-908-040	India Cultural Centre	8600 No. 5 Rd	3,469.05
R-024-941-069	Shia Muslim Community	8580 No. 5 Rd	2,026.88
R-025-161-000	Subramaniya Swami Temple	8840 No. 5 Rd	380.13
R-025-162-005	Richmond Chinese Evangelical	8040 No. 5 Rd	1,791.84
R-025-166-010	Larch St. Gospel Meeting Room	8020 No. 5 Rd	1,340.61
R-025-172-004	Fujian Evangelical Church	12200 Blundell Rd	3,969.61
R-025-212-021	Vedic Cultural Society of B.C.	8200 No. 5 Rd	901.29
R-025-243-080	B.C. Muslim Association	12300 Blundell Rd	1,829.85
R-030-869-001	BC Conf. Of MB Churches	10160 No. 5 Rd	2,276.87
R-030-901-000	Lingyen Mountain Temple	10060 No. 5 Rd	5,616.66
R-040-800-004	St. Monica's Roman Catholic Church	12011 Woodhead Rd	2,373.64
R-046-195-006	Buddhist Temple	9120 Steveston Hwy	438.17
R-046-198-000	Buddhist Temple	9160 Steveston Hwy	1,815.05
R-047-431-056	South Arm United Church	11051 No. 3 Rd	2,434.58
R-047-535-044	Richmond Alliance Church	11371 No. 3 Rd	2,679.78
R-060-300-000	Pentecostal Church	9300 Westminster Hwy	3,345.73
R-061-166-000	Our Savior Lutheran Church	6340 No. 4 Rd	3,010.58
R-061-569-073	Lansdowne Cong Jehovahs Witness	11014 Westminster Hwy	1,601.77
R-062-719-724	Immanuel Christian Reform Church	7600 No. 4 Rd	2,473.75
R-063-418-009	Christian & Missionary Alliance	9140 Granville Ave.	1,040.86
R-064-046-009	Brighthouse United Church	8151 Bennett Rd	1,772.98
R-064-132-000	Parish of St. Alban's	7260 St Albans Rd	3,017.83
R-064-438-000	Trinity Lutheran Church	7100 Granville Ave	2,478.91
R-065-972-089	Richmond Baptist Church	6560 Blundell Rd.	375.78
R-066-062-000	Baptist Church	6640 Blundell Rd.	1,400.10
R-066-281-000	Oak St Meeting Room	7431 Francis Rd	346.76
R-066-497-000	Salvation Army	8280 Gilbert Rd.	2,047.19
R-067-043-063	Catholic Church	8251 St Albans Rd	8,176.31
R-067-375-002	Bakerview Gospel	8991 Francis Rd	853.12
R-067-497-000	Richmond Gospel Society	9160 Dixon	2,272.80
R-067-589-000	Oak St Meeting Room	8851 Heather	544.08
R-069-764-000	Vancouver Gospel Society	11331 Williams Rd.	346.76
R-070-101-000	Towers Baptist Church	10311 Albion	2,121.19
R-071-191-006	Broadmoor Baptist Church	8140 Saunders	3,225.31
R-072-496-000	Christian Reform Church	9280 No 2 Rd	2,363.48
R-074-575-000	Church of Latter Day Saints	8440 Williams Rd	4,039.25
R-076-082-008	Church of God	10011 No 5 Rd	1,542.86
R-080-623-027	Mennonite Brethern Church	11295 Mellis Dr	4,764.69
R-080-792-000	Mennonite Church	11571 Daniels	4,816.92
R-081-318-001	St. Edwards Church	10111 Bird Rd.	1,035.93
R-081-608-000	Patterson Rd Assembly	9291 Walford St	200.22
R-082-148-009	Christian and Missionary Alliance	3360 Sexmith Rd	686.27
R-082-304-006	Vancouver Int'l Buddhist	8271 Cambie Rd	1,183.92
R-082-454-062	United Church	8711 Cambie Rd	2,811.81
R-084-144-013	I Kuan Tao (Fayi Chungder) Association	8866 Odlin Cres.	6,726.73
R-084-786-000	World of Messiaanity Church	10380 Odlin	1,047.54
R-085-780-002	Northwest Canada Conference	11960 Montego St.	1,214.39
R-087-401-000	Steveston Buddhist Church	4360 Garry St	3,059.91

BREAKDOWN OF PERMISSIVE EXEMPTIONS FOR 2005 ROLL

ROLL NO.	CHURCH NAME	ADDRESS	2005 Municipal Tax
R-087-640-000	Steveston United Church	3720 Broadway St.	1,524.87
R-087-647-000	Steveston United Church	3760 Broadway St.	374.33
R-094-145-000	Canadian Martyrs Parish	5771 Granville St.	4,165.48
R-094-627-007	Richmond Presbyterian	7111 No 2 Rd	1,231.80
R-097-615-002	St. Anne's Anglican Church	4071 Francis Rd.	1,739.61
R-097-837-001	Trustees of the Congregation of Gilmore Park	8060 No. 1 Rd.	812.49
R-098-373-006	West Richmond Gospel Hall	5651 Francis Rd.	992.40
R-098-394-005	Ukrainian Catholic Church	8700 Railway Ave	771.87
R-099-300-034	St. Joseph Catholic Church	4451 Williams Rd.	2,543.39
R-099-358-999	Beth Tikvaah Congregation	9711 Geal Rd	2,656.56
R-102-050-053	Steveston Gospel Chapel	10351 No 1 Rd	1,506.74
R-102-369-073	Richmond Chinese Alliance	10100 No 1 Rd	1,998.59
R-102-520-003	Steveston Jehovah Witness	4260 Williams	1,594.52
R-024-279-000	Cornerstone Christian Academy School	12011 Blundell Rd	1,544.93
R-025-151-060	Richmond Jewish Day School	8760 No 5 Rd	16,316.60
R-025-243-080	BC Muslim Association	12300 Blundell Rd	2,099.27
R-099-076-081	Richmond Christian School Association	5240 Woodward's Rd	17,231.93
R-099-300-034	St Joseph the Worker Church & School	4451 Williams Rd	12,782.05
R-001-871-004	Choice Learning Centre	20411 Westminster Hwy	291.63
R-001-870-000	Choice Learning Centre	20451 Westminster Hwy	3,913.33
R-136-467-527	Vancouver Airport Chaplaincy	3211 Grant McConachie Way	66.74
R-059-458-077	Richmond Kiwanis Senior Citizens Housing	320-8171 Cook Road	22,154.43
R-086-938-001	Anavets Senior Citizens Housing	11820 No 1 Road	4,814.27
R-058-885-000	Development Disabilities Association	6531 Azure Road	1,194.00
R-066-779-033	Development Disabilities Association	7951 Sunnymede Crescent	1,724.19
R-067-321-001	Development Disabilities Association	8400 Robinson Road	1,337.39
R-099-371-000	Greater Vancouver Community Service	4811 Williams Road	1,828.31
R-099-561-000	Richmond Society for Community Living	9580 Pendleton Road	6,433.78
R-080-622-000	Pinegrove Place, Mennonite Care Home Society	11331 Mellis Dr	15,471.75
R-065-571-000	Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Rd	25,207.44
R-064-762-037	Richmond Society for Community Living	303-7560 Moffatt Road	621.69
R-087-058-109	Richmond Society for Community Living	9-11020 No 1 Road	885.06
R-103-370-125	Richmond Society for Community Living	5635 Steveston Hwy	4,642.94
R-097-575-028	Richmond Society for Community Living	4433 Francis Road	1,157.32
R-094-282-297	Richmond Legion #5 Senior Citizen Society	7251 Langton Road	17,973.81
R-056-610-001	Cdn Mental Health Association	7351 Elmbridge Way	4,014.94
R-064-810-001	Richmond Caring Place	7000 Minoru Boulevard	40,028.74
R-054-767-404	Kinsmen Club of Richmond	11851 Westminster Hwy	2,597.83
R-059-216-001	Richmond Tennis Club	6820 Gilbert Road	9,365.03
R-059-477-003	Richmond Lawn Bowling Club	6133 Bowling Green Road	2,680.06
R-057-590-001	Richmond Winter Club	5540 Hollybridge Way	56,290.07
R-082-479-000	Richmond Rod and Gun Club	7760 River Road	9,219.54
R-083-465-000	Navy League of Canada	7411 River Road	1,923.83
R-089-638-046	Richmond Health Services Society	5411 Moncton Street	15,469.48
			\$ 445,174.82

**2005 General Revenue Fund Assessment and
Taxation by Property Class (in \$,000's)**

	% of Assessment		% of Taxation by	
	Assessment	by Class	Taxation	Class
Residential	\$ 19,023,304	78.67%	\$ 58,259	50.48%
Business	4,625,087	19.13%	51,129	44.30%
Light Industrial	322,079	1.33%	4,392	3.81%
Seasonal	93,109	0.39%	135	0.12%
Major Industrial	80,442	0.33%	885	0.77%
Farm	26,062	0.11%	210	0.18%
Utilities	10,022	0.04%	398	0.34%
Total	\$ 24,180,104	100.00%	\$ 115,408	100.00%

Actual Collections by Taxing Authorities 2002 - 2005 (in \$,000's)

	2002		2003		2004		2005	
City of Richmond	\$	100,520	\$	105,588	\$	110,901	\$	115,408
School - Province of BC		91,733		94,370		98,179		101,624
GVTA		11,593		12,168		12,550		20,319
Other		5,238		5,757		5,513		6,416
BC Assessment Authority		3,252		3,298		3,174		3,260
GVRD		2,693		2,552		2,764		2,789
Total Taxes	\$	215,029	\$	223,733	\$	233,081	\$	243,407

PROPERTY/INSURANCE

PURCHASING PROCESS

	TRANSACTION VALUE			
	Up to \$1,000	\$1,001 to \$2,500	\$2,501 to \$10,000	\$10,001 to \$250,000
Procurement Method	Discretionary <ul style="list-style-type: none"> ▪ Petty cash ▪ Purchase Card ▪ Local Purchase Order (LPO) ▪ Standard PO 	Verbal quotations <ul style="list-style-type: none"> ▪ Standard PO ▪ Purchase Card 	Written quotations <ul style="list-style-type: none"> ▪ Standard PO 	Solicited written quotations <ul style="list-style-type: none"> ▪ Formal contract & PO
Signing authority (administrative)	Limited signing authority is delegated to staff by General Manager (GM) Two signatures are required to process purchase requisition.			Publicly tendered sealed bid. <ul style="list-style-type: none"> ▪ Formal contract & PO
Commitment Authority (spending)	Transaction limit authority delegated ¹ to staff by GM for Purchase Card and LPO only, all other approval is through a Standard PO approved by the Manager of Purchasing.	Delegated to Manager of Purchasing	Up to \$50,000 - GM or delegated to staff. > \$50,000 - Council approved budget	Council approved budget
				Public Works Construction Contract <ul style="list-style-type: none"> ▪ Chief Administrative Officer (CAO) & GM All other <ul style="list-style-type: none"> ▪ City Council

¹ All delegated spending activity is reviewed on an ongoing basis by Finance / Purchasing.



POLICY 3102:

It is Council policy that:

1. The purchasing of goods and services by the City shall be undertaken through the Purchasing Section in the Finance and Corporate Services Division (hereinafter called the "Purchasing Section"), with the following exceptions:
 - (a) Fire Department Equipment Maintenance purchases under \$1,000;
 - (b) Purchases up to \$1,000, using either a Local Purchase Order or a Purchasing Card;
 - (c) Payment Vouchers;
 - (d) Petty Cash Payments;
 - (e) Mileage Claims;
 - (f) Travel Expense Reimbursements.

All such exceptions shall, however, be subject to audit by the Purchasing Section.

The purchase of all other goods and services shall be supported by a Standard Purchase Order, and payment shall not be made unless the invoice in question refers to a valid Standard Purchase Order number.

2. \$0 - \$1,000 - Local Purchase Orders/Purchasing Card

The purchase of goods and services up to \$1,000 in value (inclusive of applicable taxes) are to be undertaken using a Local Purchase Order or Purchasing Card.

3. \$1,001 - \$2,500 - Standard Purchase Orders (Verbal Quotations)

The purchase of goods and services of between \$1,001 and \$2,500 in value (inclusive of applicable taxes) shall require verbal quotations from at least three suppliers, with such quotations to be noted on a Purchase Requisition. Where "firm price" quotations are available, these may be accepted for the purposes of this policy, but such quotations must be verified at least once per year by the Purchasing Section, to ensure that lower prices are not available.

4. \$2,501 - \$10,000 - Standard Purchase Orders (Written Quotations)

The purchase of goods and services of between \$2,501 and \$10,000 in value (inclusive of applicable taxes) shall require written quotations from at least three suppliers, with such quotations to be noted on a Purchase Requisition. Where "firm price" quotations are available, these may be accepted for the purposes of this policy, but such quotations must be verified at least once per year by the Purchasing Section, to ensure that lower prices are not available.



5. 10,001 - \$250,000 - Formal Written Quotations

The purchase of goods and services of between \$10,001 and \$250,000 in value (inclusive of applicable taxes) requires formal written quotations through the Purchasing Section, except in the case of a "sole source" item, and the following process shall be followed:

- (a) The requesting division must provide a written specification to the Purchasing Section, of the goods or services which are required, after which the Purchasing Section will assign a quotation number, determine requirements, and ensure proper distribution of the request to the marketplace.
- (b) Upon receipt of these quotations, a review and evaluation will be undertaken jointly by the Purchasing Section and the requesting division.
- (c) The requesting division shall then complete and authorize a Purchase Requisition to allow the Purchasing Section to issue the Purchase Order and formal contracts, if required.

6. \$250,001 and over - Publicly Tendered Contracts

The purchase of goods and services of \$250,001 and over (inclusive of applicable taxes) shall require a publicly tendered contract, administered by the Purchasing Section, in consultation with the requesting division in question. In such cases, the requesting division shall provide the Purchasing Section with written specifications of the goods or services required, in order to allow the development of a formal publicly tendered contract document.

For the Oval Project Only

- (a) when an unforeseeable situation of urgency exists that prevents the issue of a public tender for the purchase of goods and services, the General Manager, Engineering & Public Works, together with the Project Manager, may authorize the use of 3 or more written quotations;
- (b) when there are insufficient qualified vendors, the Chief Administrative Officer upon recommendation from the General Manager, Engineering & Public Works and the Project manager, may authorize the use of less than 3 written quotations;
- (c) any significant change order that will result in a change of scope to the project will require Council approval; and
- (d) Council is to be notified by memorandum immediately if any processes identified in Parts (a) and (b) of the above are utilized.



POLICY 2003:

It is Council policy that:

1. The City Treasurer shall have the authority to dispose of all surplus City assets, exclusive of land, by tender, auction or by the best means available in the circumstances. However, when the donation of surplus City assets is requested, the City Treasurer will forward the requests to Council through the Finance and Administration Committee.
2. All requests for vehicle donations must be submitted to the City Treasurer in writing.
3. The determination as to whether assets are surplus will be made by the City Treasurer in consultation with the appropriate Department Head. Vehicles will be declared surplus only if they have no alternate approved uses.
4. Vehicles will be donated "as is", with no remedial or repair work being undertaken on them prior to transfer.
5. The City assumes no liability for the condition or road-worthiness of donated vehicles at the time of transfer.
6. When a surplus City vehicle is disposed of to an affiliated City society or City-funded organization, the Vehicle Replacement Account shall be credited with the vehicle trade-in value, and the source of funds will be the City Grant Account.

(Treasury Department)



POLICY 3003:

It is Council policy that:

This policy deals only with property found by persons **other** than RCMP members and City employees carrying out their normal duties.

1. The City Treasurer, together with either the Operations or Support Services Officer of the RCMP, Richmond Detachment, is given:
 - a) the authority to decide whether a person claiming to be the owner of the found goods proved his or her ownership of the goods; and,
 - b) the authority, if they are not satisfied with the evidence presented by the claimant, to commence "stake holder" proceedings in Court to ascertain whether the claimant is the owner of the goods.
2. All bicycles are to be disposed of without any option to the finder to reclaim the same and without any "reasonable compensation" being given to the finder. The City Treasurer is authorized to sell all bicycles by tender or auction or to dispose of such goods by the best means available.
3. If the found property is currency or negotiable securities:
 - (a) any sum under \$50 will be returned to the finder after it has been in the custody of the RCMP for three months;
 - (b) any sum greater than or equal to \$50, but less than \$1,000, will be returned to the finder after it has been in the custody of the RCMP for six months;
 - (c) any sum greater than or equal to \$1,000 will be returned to the finder after it has been in the custody of the RCMP for 12 months.
4. Where the goods are determined by the City Treasurer to be of a perishable nature, or have no apparent market value, or their custody involves unreasonable expense or inconvenience, the goods will be sold or disposed of by the City Treasurer by the best means available.
5. Where goods not dealt with under sections 2 and 4 have been in the possession of the RCMP for three months and the owner of the goods cannot be determined, the following shall apply:
 - a) if the goods have an estimated or appraised value of less than \$50, they will be returned to the finder;
 - b) if the goods have an estimated or appraised value greater than \$50, the City Treasurer is authorized to dispose of the goods either by public auction, by tender, or as otherwise provided for by this policy;



- c) if the goods are offered for sale by auction, tender, or other means as described in this policy, proceeds from the sale will be distributed as follows:
 - (i) the finder will receive 50% of the proceeds after deduction of the City's expenses associated with the obtaining, holding, evaluating and disposing of the goods;
 - (ii) the balance of the funds will be paid to the general revenue of the City.
- 6. If the found property is a coin or money collection or is money other than Canadian or American currency, the City Treasurer is authorized to sell such property by tender or auction or to dispose of such property by other means as he deems will bring the best price, and the City Treasurer's decision shall be final. The reward paid to the finder shall be calculated as in the case of currency under section 3.
- 7. If the found property is of historic, architectural, archaeological or paleontological significance or is an antique, the City Treasurer is authorized to sell such property by tender or auction or to dispose of such property by other means, as he deems fit.
- 8. In determining the value of any negotiable securities or other goods, fair market value at retail shall be used as the measure of value.
- 9. All property found at one time in one location shall constitute one find, whether found by one person or more than one person.
- 10. The City Treasurer is authorized to determine the value of all found property and all costs applicable to the obtaining, holding and disposing of any found property, and where he deems it necessary, is authorized to obtain technical descriptions, certifications, evaluations or appraisals from such persons as he deems fit.
- 11. The City Treasurer's decision on all matters arising in individual cases while administering this policy shall be final.
- 12. In this policy, the word "finder" includes both the finder of the property and the occupier of the land upon which the property is found. If the occupier of land and the finder of the property both claim any property found on the occupier's land, the occupier's claim shall rank in priority to the finder's claim, and the goods returned or reward paid accordingly.

(Treasury Department)



Page 1 of 1

Adopted by Council: Oct. 10/89

POLICY 3002

File Ref: 0640-00

DISPOSAL OF PROPERTY FOUND OR CONFISCATED BY THE RCMP OR CITY STAFF

POLICY 3002:

It is Council policy that:

This policy deals only with property found or seized by the **RCMP** during an investigation, or by **City employees** during the course of performing their normal duties.

Where goods have been found or seized and have been in the possession of the RCMP or City for three months, and where the owner cannot be located, the City Treasurer will dispose of the goods by tender, auction or by the best means available.

(Treasury Department)

HEADCOUNT

	RF	RP	TF	TP	Total
394 CUPE Local 394					
Active	250	0	108	14	372
On Leave	4	0	1	0	5
	-----	-----	-----	-----	-----
	254	0	109	14	377
718 CUPE Local 718					
Active	410	20	36	414	880
On Leave	9	1	0	4	14
	-----	-----	-----	-----	-----
	419	21	36	418	894
COU Council					
Active	9	0	0	0	9
	-----	-----	-----	-----	-----
	9	0	0	0	9
EXE City of Richmond Exempt					
Active	91	1	6	0	98
On Leave	3	0	0	0	3
	-----	-----	-----	-----	-----
	94	1	6	0	101
FIR Firefighters					
Active	199	0	0	0	199
On Leave	2	0	0	0	2
	-----	-----	-----	-----	-----
	201	0	0	0	201
LEX Library Exempt					
Active	6	0	0	0	6
	-----	-----	-----	-----	-----
	6	0	0	0	6
LIB CUPE Local 3966					
Active	51	38	1	30	120
On Leave	0	1	0	0	1
	-----	-----	-----	-----	-----
	51	39	1	30	121
	1,016	59	151	458	1,684
	18	2	1	4	25
	-----	-----	-----	-----	-----
	1,034	61	152	462	1,709

End of Report

City of Richmond
Full-Time Equivalent as at Sept 30, 2005

	CUPE 718	CUPE 394	EXE	Council	Fire	Total
Corporate Administration	2.56		16.00	9.00		27.56
Finance & Corporate Services	107.60	7.00	22.23			136.83
Engineering & Public Works	100.98	256.54	18.00			375.52
Urban Development Services	87.33		14.00			101.33
Parks, Recreation & Cultural Services	221.88	98.67	12.00			332.55
Human Resources	6.00		8.00			14.00
RCMP Support	60.38		2.00			62.38
Fire	4.00		5.00		199.00	208.00
	<u>590.73</u>	<u>362.21</u>	<u>97.23</u>	<u>9.00</u>	<u>199.00</u>	<u>1258.17</u>

OTHER

Finance By The Numbers
(2004 annual statistics)

618,544,921	-	\$ amount collected by cashiers
315,540,697	-	\$ amount of the investment portfolio
271,805,924	-	\$ amount of payments made
184,476,600	-	\$ amount of the consolidated Operating Budget
121,683,393	-	\$ amount collected for other Government Agencies
118,555,771	-	\$ amount of goods and services purchased
110,900,649	-	\$ amount in general taxes and local improvements collected
75,992,097	-	\$ amount of the City and Library Payroll processed
45,380,000	-	\$ amount of the Capital Budget
34,187,514	-	\$ amount of net debt
33,840,476	-	\$ amount in flat utility billings collected
17,125,873	-	\$ amount in meter billings collected
9,371,600	-	\$ amount billed through accounts receivable
2,287,036	-	\$ amount of inventory held
1,906,303	-	\$ amount of purchase card expenditures
138,791	-	# of tax, utility, and meter bills sent out annually
108,164	-	# of transactions processed by cashiers
39,410	-	# of pay cheques and pay statements issued
28,312	-	# of invoices processed
10,984	-	# of purchase card transactions
3,923	-	# of purchase orders processed
3,729	-	# of inventory items
2,580	-	# of vendors used
1,897	-	# of T4s and T4A's issued
896	-	# of general ledger accounts reconciled
334	-	# of purchase cards monitored
190	-	# of capital projects tracked
174	-	# of organizations in the City accounted for
142	-	# of year end audit requests handled
79	-	# of requests for quotations and proposals handled
50	-	# of Finance staff
10	-	# of publicly tendered contracts handled
9	-	# of sections in Finance
7	-	# of other Government Agencies we collect for
2	-	# of warehouses
1	-	Finance Department Team