



# City of Richmond

## Report to Committee

**To:** Finance Committee **Date:** December 19, 2016  
**From:** Andrew Nazareth **File:** 03-0985-01/2016-Vol  
 General Manager, Finance and Corporate 01  
 Services  
**Re:** Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

### Staff Recommendation

That:

1. The Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663 be introduced and given first, second, and third readings.
2. Staff undertake a process of public consultation as required in Section 166 of the Community Charter.

Andrew Nazareth  
 General Manager, Finance and Corporate Services  
 (604-276-4095)

Att. 1

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Law	<input checked="" type="checkbox"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

**Staff Report**

**Origin**

In subsection 165(l) of the *Community Charter*, it requires the City to adopt a 5 Year Financial Plan (5YFP) Bylaw. The 5YFP Bylaw provides the City with the authority to proceed with spending to the limits as outlined in the bylaw. The City is required under section 166 of the *Community Charter* to undertake a process of public consultation prior to adoption of the 5YFP.

The 5YFP Bylaw No. 9663 presented in Attachment 1 consolidates the budget decisions previously approved by Council including the Utility, Operating, Capital budgets and One-Time Expenditures funded by previous years’ surplus. The key components were approved by Council as follows:

**Table 1 – Summary of Council Approval of the 2017 Budgets**

Budget Input	Council Approval Date
2017 Utility Budget	November 28, 2016
2017 One-Time Expenditures	December 12, 2016
2017 Council Community Initiatives One-Time Expenditures	December 12, 2016
2017 Richmond Public Library Budget	December 12, 2016
2017 Capital Budget	December 12, 2016
2017 Operating Budget	December 12, 2016

The 2017 Utility rates were approved by Council on November 28, 2016 and the following bylaws were adopted on as follows:

- Drainage, Dike and Sanitary Sewer System Bylaw No. 7551, Amendment Bylaw No. 9634 adopted on December 12, 2016.
- Solid Waste and Recycling Regulation Bylaw No. 6803, Amendment Bylaw No. 9640 adopted on December 12, 2016.
- Waterworks and Water Rates Bylaw No. 5637, Amendment Bylaw No. 9633 adopted on December 21, 2016.

The Consolidated Financial Plan includes 2017 budgets for Lulu Island Energy Company and Richmond Olympic Oval Corporation which have been approved by their respective Board of Directors and are included in a separate report to Council for information.

The 5YFP bylaw includes estimates for 2018-2021 based on information currently available to staff and will be revised with the financial plan for each respective year. Inclusion in the financial plan for 2018 and beyond does not represent final approval for spending.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

*Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.*

- 7.1. Relevant and effective budget processes and policies.*
- 7.2. Well-informed and sustainable financial decision making.*
- 7.3. Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. Strategic financial opportunities are optimized.*

## **Analysis**

This report summarizes the 2017 budgets that have been previously approved by Council into a consolidated financial plan to provide expenditure authorization, allowing the municipality to formally proceed with delivering services to the community. The Consolidated Financial Plan is prepared in alignment with accounting standards for financial statement presentation for ease of comparability.

### Adjustments with No Impact on Rates

#### *Prior Year Capital Carryforwards*

The Capital Budget as presented in the 5YFP includes a carryforward amount for previously approved and funded projects that are still in progress. There is no tax impact of including this amount, which was previously approved by Council.

#### *Prior Year Operating Carryforwards*

The 2017 Carryforwards estimate is comprised of 2016 operating budget surpluses and previously approved one-time expenditures that are required for programs and projects that were not completed in 2016 and hence carried into 2017. There is no tax impact of including these amounts in the budget, but is required to ensure spending authorization remains in place.

#### *Developer Contributed Assets*

The Capital Budget also includes an estimate for the value of developer contributed assets that the City will take ownership of as a result of rezoning approvals. This includes land under new road dedications and infrastructure contributed by developers. There is no cost to the City for building the initial infrastructure; however it becomes part of the City's inventory of assets to maintain and eventually replace, and therefore it may result in an additional operating budget impact.

*2017 OBI for Utility Projects*

The approved Capital Budget includes Utility projects with Operating Budget Impacts (OBI) for water and sanitary sewer infrastructure. Since the approval of these Capital projects occurred subsequent to the setting of the utility rates, these additional operating costs are not factored into the 2017 utility rates. These additional costs will be incorporated into the 2018 rates, and for 2017 the OBI will be funded as needed by utility rate stabilization accounts.

2017 One-Time Expenditures

*Rate Stabilization Account*

On December 12, 2016, Council approved \$7.829M in One-Time expenditures funded by rate stabilization. At the Council Meeting held on December 21, 2016, Council approved \$56,500 from the Rate Stabilization Account for the 2017-2018 Sister City Program Activity Budget. These expenditures totaling \$7.886M are added to the Financial Plan as summarized in Table 2.

**Table 2 – 2017 One-Time Expenditures Summary (Rate Stabilization)**

<b>One-Time Expenditures</b>	<b>Amount (in \$ 000's)</b>
2017 Capital Budget	\$2,849
2017 Operating Budget	970
Transfer to Fire Reserve	2,500
Future Year Operating Budgets (Major Events Provision)	1,510
Sister City Program Activity Budget (2017-2018)	57
<b>2017 One-Time Expenditures</b>	<b>\$7,886</b>

Funding of \$1,510k was approved to be transferred to the Major Events Provision for events to be held in 2018. Specific amounts and budgets will be approved by Council.

*Council Community Initiatives Account*

On December 12, 2016, Council approved \$562k funded by Council Community Initiatives. These expenditures are included in the Capital and Operating budgets as summarized in Table 3.

**Table 3 – 2017 One-Time Expenditures Summary (Council Community Initiatives)**

<b>One-Time Expenditures</b>	<b>Amount (in \$ 000's)</b>
2017 Capital Budget (included in 2017 Capital Budget)	\$500
2017 Operating Budget	62
<b>2017 One-Time Expenditures</b>	<b>\$562</b>

### Capital Budget

On December 12, 2016, Council approved the 2017 Capital Budget of \$102.9M.

Additional Capital projects were approved to be funded as one-time expenditures from the Rate Stabilization Account. At the Closed Council meeting held on December 21, 2016, Council approved a transfer of \$7.0M from the Capital Reserve – Industrial Use Reserve subfund to the Affordable Housing Reserve – City Wide subfund. This \$7.0M is included in the Capital Plan for a total of \$8.3M in the Affordable Housing Projects – City Wide and \$1.3M in Affordable Housing – West Cambie. The revised Capital Budget of \$112.8M is presented in Table 4 and Attachments 1 and 2.

**Table 4 – Total 2017 Capital Budget**

<b>2017 Capital Budget</b>	<b>Amount (in \$ 000's)</b>
Capital Budget	\$102,926
One-Time Expenditures – Capital	2,849
Affordable Housing – addition from Closed Council Dec. 21, 2016	7,000
<b>Total 2017 Capital Budget - City</b>	<b>\$112,775</b>

The 2017-2021 Capital Plan does not include estimates for the next phase of Major Facilities Replacement Plan, except for the \$2.0M of Advanced Planning and Design. Council approved the following priority list of Major Facility projects on December 12, 2016:

- City Centre Community Centre North (Developer Funded)
- Steveston Community Centre and Branch Library
- Lawn Bowling Clubhouse
- Britannia Shipyards National Historic Site and Phoenix Net Loft, and
- Richmond Animal Shelter.

### Operating Budget

The base Operating Budget was approved by Council on December 12, 2016. This includes the addition of Operating Budget Impacts from Capital, Additional Expenditures and additional transfer to reserves to form the new Ongoing Base Budget. The revised 2017 Municipal Tax Dollar Breakdown is presented in Attachment 3.

Table 5 presents a reconciliation of the Property Tax amount disclosed in the same level of service budget to the amount in the Financial Plan.

**Table 5 – Total 2017 Property Tax**

2017 Property Tax	Amount (in \$ 000's)	
Same Level of Service		\$203,002
OBI and Additional Levels :		
Previously approved Capital OBI	654	
Developer Contributed OBI	110	
2017 Capital OBI (Year 1 of 2)	275	
City Centre Community Centre North (Year 1 of 4)	355	
Additional 1% Transfer to Reserves	1,980	
Additional Levels – City wide	162	
Additional Levels – 11 RCMP Officers and 3 Municipal Employees to support the RCMP Detachment	1,224	
Rate Stabilization:		
Rate Stabilization of one-time costs associated with RCMP Officers and Municipal Employees	(272)	
Rate Stabilization	(1,000)	
Subtotal:		3,489
<b>Total 2017 Property Tax</b>		<b>\$206,490</b>

### Public Consultation

Section 166 of the *Community Charter* requires a process of public consultation prior to adoption of the 5YFP. In order to comply with this requirement, staff are working on a number of communication initiatives, which include:

- preparing a news release on the City website scheduled for Tuesday, January 10, 2017 with a link to the 5YFP.
- engaging a public forum on Let's Talk Richmond scheduled to launch on Tuesday, January 10, 2017.
- utilizing social media to raise awareness of the public consultation period through Facebook and Twitter accounts.
- having copies of the 2017-2021 Consolidated Financial Plan and the budget reports approved by Council available for pick-up by the public.
- advertising in the Richmond News as reminder of the ongoing public consultation.

The public consultation period will end on Sunday, February 5, 2017 and staff will report the results to Council in advance of the meeting scheduled to give final reading to the 5YFP bylaw.

### Financial Impact

Table 6 summarizes the Council approved 2017 tax increase of 2.95% and the proposed estimates for 2018 through 2021.



**Table 6 – 5YFP 2017-2021 Summary**

Year	Tax Increase	Transfer to Reserves	Total Increase
2017 Approved Increase	1.95%	1.00%	2.95%
2018 Proposed Increase	1.98%	1.00%	2.98%
2019 Proposed Increase	1.99%	1.00%	2.99%
2020 Proposed Increase	1.99%	1.00%	2.99%
2021 Proposed Increase	1.98%	1.00%	2.98%

**Conclusion**

The 5YFP 2017-2021 has been prepared utilizing the 2017-2021 budgets approved by Council to form the base of the financial plan. Staff recommend that the bylaw be given first through third readings and undertake the public consultation process.



Jerry Chong, CPA, CA  
 Director, Finance  
 (604-276-4064)

JC:ms

- Att. 1: 5 Year Capital Plan by Program (2017-2021)
- 2: 5 Year Capital Plan by Funding Sources (2017-2021)
- 3: 2017 Municipal Tax Dollar
- 4: Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

**CITY OF RICHMOND  
5 YEAR CAPITAL PLAN BY PROGRAM (2017-2021)  
(In \$000's)**

	2017	2018	2019	2020	2021
<b>Infrastructure Program</b>					
Roads	11,238	14,666	13,589	7,419	7,169
Drainage	12,574	11,095	10,055	10,190	10,060
Watermain Replacement	7,285	9,557	9,651	6,920	6,587
Sanitary Sewer	6,200	4,675	7,230	5,110	4,350
Minor Public Works	3,762	3,612	4,904	3,581	3,581
<b>Total Infrastructure Program</b>	<b>41,059</b>	<b>43,605</b>	<b>45,429</b>	<b>33,220</b>	<b>31,747</b>
<b>Building Program</b>	<b>8,730</b>	<b>11,777</b>	<b>8,875</b>	<b>0</b>	<b>7,099</b>
<b>Parks Program</b>					
Parks	5,143	10,225	12,650	2,750	2,900
Parkland Acquisition	4,000	4,000	4,000	4,000	4,000
<b>Total Parks Program</b>	<b>9,143</b>	<b>14,225</b>	<b>16,650</b>	<b>6,750</b>	<b>6,900</b>
<b>Public Art Program</b>	<b>611</b>	<b>600</b>	<b>378</b>	<b>100</b>	<b>100</b>
<b>Land Program</b>					
Land Acquisition	16,000	30,000	20,000	10,000	10,000
<b>Total Land Program</b>	<b>16,000</b>	<b>30,000</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Affordable Housing Project</b>	<b>10,735</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>
<b>Equipment Program</b>					
Annual Fleet Replacement	3,152	1,944	1,825	1,650	1,981
Equipment	1,275	550	550	550	929
Fire Dept Vehicles	1,903	1,122	1,940	1,238	0
Technology	5,158	3,606	529	562	520
<b>Total Equipment Program</b>	<b>11,488</b>	<b>7,222</b>	<b>4,844</b>	<b>4,000</b>	<b>3,430</b>
<b>Child Care Program</b>	<b>120</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Internal Transfers/Debt Payment</b>	<b>4,889</b>	<b>8,089</b>	<b>5,889</b>	<b>4,062</b>	<b>4,061</b>
<b>Contingent External Contributions</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Capital Program</b>	<b>112,775</b>	<b>126,193</b>	<b>112,740</b>	<b>68,807</b>	<b>74,012</b>

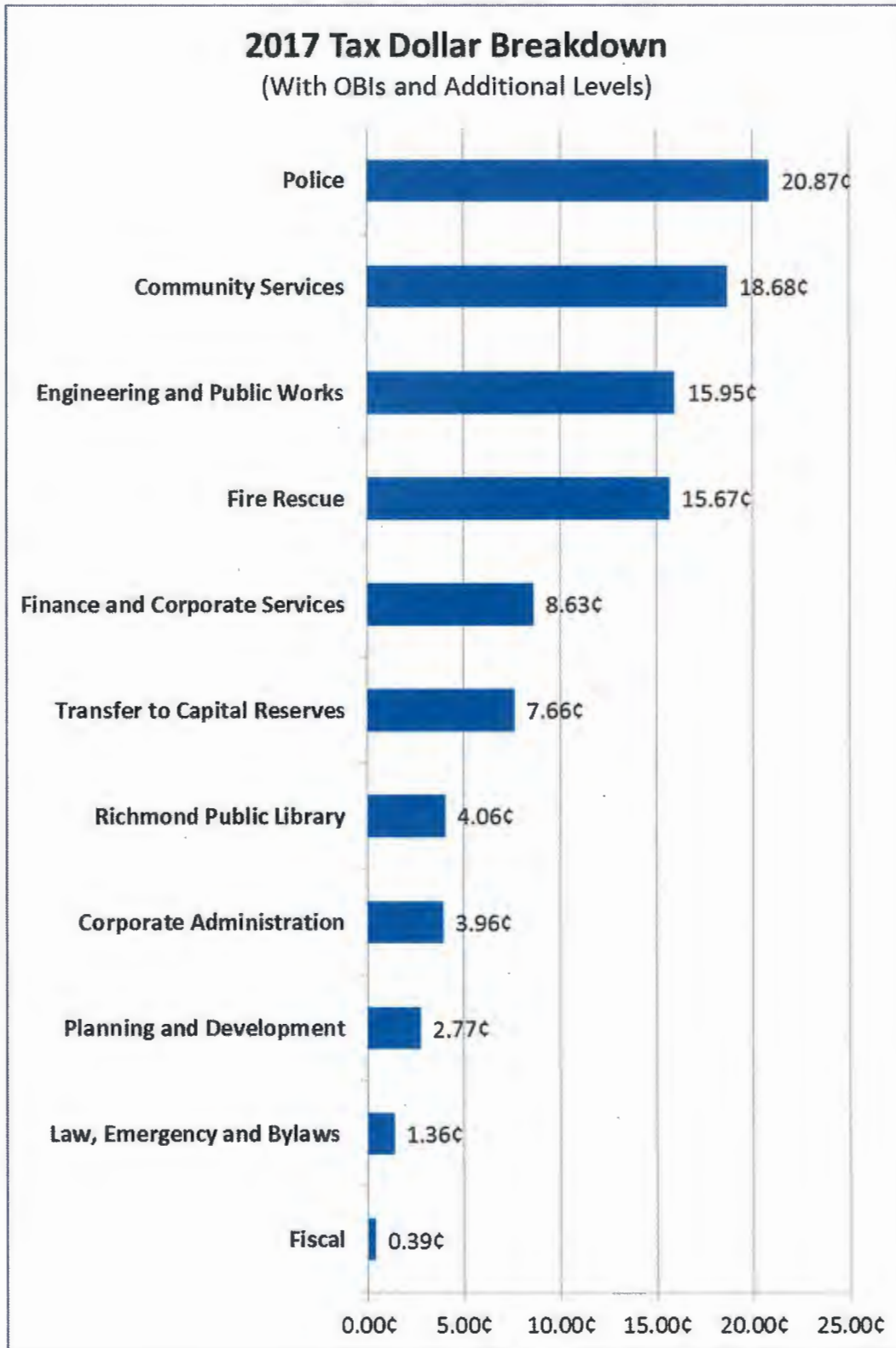
\*The 2017-2021 Capital Plan does not include estimates for Major Facilities Phase 2, these estimates will be available later in 2017 once preliminary design work is complete.



**CITY OF RICHMOND  
CONSOLIDATED 5 YEAR FINANCIAL PLAN  
CAPITAL FUNDING SOURCES (2017-2021)  
(In \$000's)**

	2017	2018	2019	2020	2021
<b>DCC Reserves</b>					
Drainage DCC	-	1,344	-	97	97
Parks DCC	10,097	10,362	10,801	7,757	8,091
Roads DCC	7,008	9,744	8,747	3,005	2,770
Sanitary DCC	1,425	12	1,337	23	-
Water DCC	403	1,484	282	802	-
<b>Total DCC</b>	<b>\$18,933</b>	<b>\$22,946</b>	<b>\$21,167</b>	<b>\$11,684</b>	<b>\$10,958</b>
<b>Statutory Reserves</b>					
Affordable Housing	3,735	625	625	625	625
Arts Culture Heritage	893	-	-	-	-
Capital Building and Infrastructure	2,000	-	2,311	-	-
Capital Reserve	28,438	50,400	38,985	13,517	20,416
Child Care	120	50	50	50	50
Drainage Improvement	12,321	11,050	11,354	11,393	11,263
Equipment Replacement	4,350	2,596	3,486	2,662	2,110
Neighbourhood Improvement	8	-	-	-	-
Public Art Program	611	100	100	100	100
Sanitary Sewer	6,540	5,383	6,614	5,807	5,070
Waterfront Improvement	-	1,000	-	-	-
Watermain Replacement	6,992	7,483	10,099	6,848	7,317
<b>Total Statutory Reserves</b>	<b>\$66,008</b>	<b>\$78,687</b>	<b>\$73,624</b>	<b>\$41,002</b>	<b>\$46,951</b>
<b>Other Sources</b>					
Enterprise Fund	545	550	550	550	550
Grant and Developer Contribution	13,419	10,525	10,490	10,463	10,463
Other Sources	11,345	11,395	6,329	4,582	4,540
Sewer Levy	205	-	-	50	-
Solid Waste and Recycling	300	300	300	300	300
Water Levy	2,020	1,790	280	176	250
<b>Total Other Sources</b>	<b>\$27,834</b>	<b>\$24,560</b>	<b>\$17,949</b>	<b>\$16,121</b>	<b>\$16,103</b>
<b>Total Capital Program</b>	<b>\$112,775</b>	<b>\$126,193</b>	<b>\$112,740</b>	<b>\$68,807</b>	<b>\$74,012</b>

2017 MUNICIPAL TAX DOLLAR





Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

The Council of the City of Richmond enacts as follows:

1. Schedule "A", Schedule "B" and Schedule "C" which are attached and form part of this bylaw, are adopted as the Consolidated 5 Year Financial Plan (2017-2021).
2. 5 Year Consolidated Financial Plan (2016-2020) Bylaw 9521 and all associated amendments are repealed.
3. This Bylaw is cited as "Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CITY OF RICHMOND
APPROVED for content by originating dept.
<i>JK</i>
APPROVED for legality by Solicitor
<i>DL</i>

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER



## SCHEDULE A:

**CITY OF RICHMOND**  
**CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)**  
**REVENUE AND EXPENSES**  
(In \$000's)

	2017 Budget *	2018 Plan	2019 Plan	2020 Plan	2021 Plan
<b>Revenue:</b>					
Property Taxes	206,490	215,335	223,934	232,430	241,226
User Fees	100,718	104,627	108,251	111,910	115,792
Sales of Services	36,491	36,914	37,437	37,915	38,402
Gaming Revenue	18,088	18,088	18,088	18,088	18,088
Investment Income	14,694	14,694	14,694	14,694	14,694
Payments In Lieu Of Taxes	13,860	14,276	14,704	15,146	15,600
Other Revenue	9,985	10,254	10,545	10,847	11,159
Licenses And Permits	9,578	9,773	10,012	10,216	10,426
Grant Revenue	7,592	7,704	7,824	7,911	8,000
Developer Contributed Assets	31,219	30,610	30,610	30,610	30,610
Development Cost Charges	18,933	22,946	21,167	11,683	10,958
Other Capital Funding Sources	14,819	10,525	10,490	10,463	10,463
	<b>482,467</b>	<b>495,746</b>	<b>507,756</b>	<b>511,913</b>	<b>525,418</b>
<b>Expenses:</b>					
Law and Community Safety	96,637	98,918	101,402	103,719	106,046
Engineering and Public Works	68,170	63,645	64,612	65,508	66,455
Community Services	63,361	58,777	61,063	63,224	64,685
Finance and Corporate Services	25,586	23,666	24,241	24,739	25,221
Fiscal	21,536	17,891	17,838	17,766	17,689
Debt Interest	1,677	1,677	1,677	1,677	1,677
Corporate Administration	9,762	9,702	9,916	10,100	10,288
Planning and Development Services	14,275	13,891	14,249	14,592	14,966
<b>Utility Budget</b>					
Water Utility	41,258	42,458	43,977	45,543	47,179
Sanitary Sewer Utility	30,774	32,117	33,879	35,675	37,611
Sanitation and Recycling	15,066	15,223	15,597	15,917	16,252
Richmond Public Library	9,983	10,177	10,413	10,611	10,812
Richmond Olympic Oval Corporation	15,652	15,949	16,253	16,562	16,877
Lulu Island Energy Company	4,473	3,576	3,637	3,691	3,746
	<b>418,210</b>	<b>407,667</b>	<b>418,754</b>	<b>429,324</b>	<b>439,504</b>
<b>Annual Surplus</b>	<b>64,257</b>	<b>88,079</b>	<b>89,002</b>	<b>82,589</b>	<b>85,914</b>

**SCHEDULE A (CONT'D):**

**CITY OF RICHMOND  
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)  
TRANSFERS  
(In \$000's)**

	2017 Budget *	2018 Plan	2019 Plan	2020 Plan	2021 Plan
<b>Transfers:</b>					
Debt Principal	4,578	4,761	4,951	5,149	5,355
Transfer To Reserves	66,824	68,906	71,059	73,298	75,622
Transfer To (From) Surplus	(30,065)	(9,469)	(2,498)	(158)	1,382
Capital Expenditures - Current Year	112,775	126,193	112,740	68,807	74,012
Capital Expenditures - Prior Years	258,261	207,063	178,693	170,137	135,109
Capital Expenditures - Developer Contributed Assets	30,610	30,610	30,610	30,610	30,610
Capital Expenditures - Richmond Public Library	1,274	1,274	1,274	1,274	1,274
Capital Expenditures - Lulu Island Energy Company	609	-	-	-	-
Capital Expenditures - Richmond Olympic Oval Corporation	2,670	-	-	-	-
Capital Funding	(383,279)	(341,259)	(307,827)	(266,528)	(237,450)
<b>Transfers/Amortization offset:</b>	<b>64,257</b>	<b>88,079</b>	<b>89,002</b>	<b>82,589</b>	<b>85,914</b>
<b>Balanced Budget</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Tax Increase</b>	<b>2.95%</b>	<b>2.98%</b>	<b>2.99%</b>	<b>2.99%</b>	<b>2.98%</b>

\* 2017 Budget includes approved one-time expenditures and carryforwards funded by rate stabilization accounts. The projections for 2018 through 2021 are base budgets to deliver the same level of service and do not include estimates of carryforwards or one-time expenditures that may be approved in future years.



**SCHEDULE B:**  
**CITY OF RICHMOND**  
**5 YEAR FINANCIAL PLAN**  
**CAPITAL FUNDING SOURCES (2017-2021)**  
**(In \$000's)**

	2017	2018	2019	2020	2021
<b>DCC Reserves</b>					
Drainage DCC	-	1,344	-	97	97
Parks DCC	10,097	10,362	10,801	7,757	8,091
Roads DCC	7,008	9,744	8,747	3,005	2,770
Sanitary DCC	1,425	12	1,337	23	-
Water DCC	403	1,484	282	802	-
<b>Total DCC</b>	<b>\$18,933</b>	<b>\$22,946</b>	<b>\$21,167</b>	<b>\$11,684</b>	<b>\$10,958</b>
<b>Statutory Reserves</b>					
Affordable Housing	3,735	625	625	625	625
Arts Culture Heritage	893	-	-	-	-
Capital Building and Infrastructure	2,000	-	2,311	-	-
Capital Reserve	28,438	50,400	38,985	13,517	20,416
Child Care	120	50	50	50	50
Drainage Improvement	12,321	11,050	11,354	11,393	11,263
Equipment Replacement	4,350	2,596	3,486	2,662	2,110
Neighbourhood Improvement	8	-	-	-	-
Public Art Program	611	100	100	100	100
Sanitary Sewer	6,540	5,383	6,614	5,807	5,070
Waterfront Improvement	-	1,000	-	-	-
Watermain Replacement	6,992	7,483	10,099	6,848	7,317
<b>Total Statutory Reserves</b>	<b>\$66,008</b>	<b>\$78,687</b>	<b>\$73,624</b>	<b>\$41,002</b>	<b>\$46,951</b>
<b>Other Sources</b>					
Enterprise Fund	545	550	550	550	550
Grant and Developer Contribution	13,419	10,525	10,490	10,463	10,463
Other Sources	11,345	11,395	6,329	4,582	4,540
Sewer Levy	205	-	-	50	-
Solid Waste and Recycling	300	300	300	300	300
Water Levy	2,020	1,790	280	176	250
<b>Total Other Sources</b>	<b>\$27,834</b>	<b>\$24,560</b>	<b>\$17,949</b>	<b>\$16,121</b>	<b>\$16,103</b>
<b>Total Capital Program</b>	<b>\$112,775</b>	<b>\$126,193</b>	<b>\$112,740</b>	<b>\$68,807</b>	<b>\$74,012</b>

**SCHEDULE C:**

**CITY OF RICHMOND  
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)  
STATEMENT OF POLICIES AND OBJECTIVES**

**Revenue Proportions By Funding Source**

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

**Objective:**

- Maintain revenue proportion from property taxes at current level or lower

**Policies:**

- Tax increases will be at CPI + 1% for transfers to reserves
- Annually, review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2017.

**Table 1:**

<b>Funding Source</b>	<b>% of Total Revenue</b>
Property Taxes	49.5%
User Fees	24.1%
Sales of Services	8.7%
Gaming Revenue	4.3%
Investment Income	3.5%
Payments in Lieu of Taxes	3.3%
Licenses and Permits	2.3%
Grants	1.8%
Other	2.5%
Total Operating and Utility Funding Sources	100.0%

**SCHEDULE C (CONT'D):**

**CITY OF RICHMOND  
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)  
STATEMENT OF POLICIES AND OBJECTIVES**

**Distribution of Property Taxes**

Table 2 provides the 2016 distribution of property tax revenue among the property classes. 2017 estimated roll figures will be received in January 2017.

**Objective:**

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

**Policies:**

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.

**Table 2:** (Based on the 2016 Revised Roll figures)

<b>Property Class</b>	<b>% of Tax Burden</b>
Residential (1)	54.9%
Business (6)	35.6%
Light Industry (5)	7.8%
Others (2,4,8 & 9)	1.7%
Total	100.0%

**Permissive Tax Exemptions****Objective:**

- Council passes the annual permissive exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Policy and the Community Charter. There is no legal obligation to grant exemptions.
- Permissive exemptions are evaluated with consideration to minimizing the tax burden to be shifted to the general taxpayer.

**Policy:**

- Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Policy 3561 and Sections 220 and 224 of the *Community Charter*.