



**REPORT TO COUNCIL**  
**STANDING COMMITTEE OF COUNCIL**  
**ON CITY SERVICES AND BUDGETS**

**APRIL 20, 2006**

A Regular Meeting of the Standing Committee of Council on City Services and Budgets was held on Thursday, April 20, 2006, at 9:30 a.m., in the Council Chamber, Third Floor, City Hall.

**PRESENT:** Councillor Peter Ladner, Chair  
Mayor Sam Sullivan  
Councillor Suzanne Anton  
Councillor Elizabeth Ball  
Councillor David Cadman  
Councillor Kim Capri  
Councillor George Chow  
Councillor Heather Deal  
Councillor B.C. Lee  
\*Councillor Raymond Louie, Vice-Chair  
Councillor Tim Stevenson

**CITY MANAGER'S OFFICE:** Judy Rogers, City Manager

**CITY CLERK'S OFFICE:** Lori Isfeld, Meeting Coordinator

\*Denotes absence for a portion of the meeting.

**ADOPTION OF MINUTES**

The Minutes of the Standing Committee on City Services and Budgets meeting of March 23, 2006, were adopted.

**RECOMMENDATION**

**1. City of Vancouver 2005 Annual Financial Report (VanRIMS No.: 05-1000-22)**

The Committee had before it an Administrative Report dated April 12, 2006, in which the General Manager of Corporate Services/Director of Finance presented the 2005 Financial Statements (limited distribution, on file) to Council for information and to fulfill the legislative requirements of the Vancouver Charter.

Estelle Lo provided an overview of the report and with Ken Bayne, Director of Financial Planning and Treasury, responded to questions and clarified details of the City's financial position in 2005. Esther Lee, Acting Director of Financial Services and Brian Szabo, Principal, KPMG, were also available to respond to questions.

During discussion, the Chair ruled Councillor Stevenson out of order for posing questions which were not germane to the subject at hand. Councillor Stevenson challenged the ruling of the Chair.

Councillor Ladner then put the question:

Shall the decision of the Chair be sustained?

(Councillors Cadman, Deal, Chow and Stevenson opposed)  
(Councillor Louie absent for the vote)

A two-thirds majority is required to overrule the decision of the Chair. Therefore, the decision of the Chair was SUSTAINED.

MOVED by Councillor Capri  
THAT the Committee recommend to Council

THAT Council receive for information the City of Vancouver Financial Statements for the year ended December 31, 2005.

CARRIED UNANIMOUSLY  
(Councillor Louie absent for the vote)

## 2. 2006 Property Tax: Distribution of the Property Tax Levy (VanRIMS No.: 05-4200-10)

Vancouver City Council, at its meeting on April 18, 2006, received a Report Reference on the Policy Report dated March 15, 2006, entitled "2006 Property Tax: Distribution of the Tax Levy" and referred the matter to the Standing Committee on City Services and Budgets meeting on April 20, 2006 to hear from delegations.

Accordingly, the Committee had before it a Policy Report in which the General Manager of Community Services/Director of Finance sought Council's instruction on the distribution of the general purposes property tax levy among the classes of property on the Assessment Roll for 2006. Put forward for Council's consideration was the option of either maintaining the current distribution or of shifting 1% of property tax from the non-residential classes to the residential classes. The City Manager, in her comments, noted the difficulty of the question before Council and the limited tools available to mitigate the tax burden on non-residential tax-payers. The City Manager put forward the two above-noted options for Council's consideration.

Ken Bayne, Director of Financial Planning & Treasury, responded to questions regarding the distribution of the general purposes property tax levy among the classes of property on the Assessment Roll for 2006, the impacts on small businesses, and options for land averaging to compensate for land values.

The following spoke in opposition to the recommendation of a one percent tax shift, favouring a higher shift from the non-residential classes to the residential classes:

Ed Des Roches, Vancouver Fair Tax Coalition  
Paul Sullivan, Vancouver Fair Tax Coalition (brief filed)  
Stu Swain, Building Owners and Managers Assoc.  
Leonard Schein, Cambie Village BIA (brief filed)  
Deanna Geisheimer, ArtWorks Gallery (brief filed)  
Sharon Townsend, South Granville Business Improvement Association (brief filed)  
Bob Laurie, Vancouver Fair Tax Coalition  
Daniel Muzyka, Chairman and Chief Elected Officer,  
The Vancouver Board of Trade  
Cheryl Easton, Kitsilano - 4th Avenue Business Improvement Association

Comments made by the foregoing speakers included:

- BC businesses pay some of the highest taxes in Canada;
- a City policy or guiding principles need to be developed outlining a fair way to share taxes among classes;
- City staff need to be provided with leadership from Council regarding the basic principles of fairness;
- fairness should be based on competition with other municipalities, consumption (paying for what you use), and value;
- livability in the City is at risk; the City is already experiencing a “reverse commute”;
- concern was expressed regarding the value of new residential construction and the shift in classes in the last five years;
- concern was expressed because residential growth is increasing at a rate of 200 to 1 compared to commercial growth;
- several delegations spoke in support of the Vancouver Fair Tax Coalition’s recommendation for a tax shift of 2.2% from business to residential; 2.2% is more reasonable than a 1% shift;
- 2/3 of the tenants in downtown office towers are small businesses with under 5,000 sq. ft.; small businesses are already struggling and are not able to pay high taxes;
- small businesses react to high taxes by reducing the work area provided for each employee;
- businesses already pay a large share of the tax base yet get taxed again through business licenses, paying into BIAs, paying for security, sidewalks, graffiti removal, street banners, garbage removal, Christmas lights, flower baskets, and events and promotions;
- business licenses are increasingly costly because often several are required for different aspects of business operation;
- it is not fair that some businesses are forced to move or even close because of high taxes;
- because of skyrocketing land costs the most desirable locations get taxed more than the less desirable locations;
- artists cannot afford the expensive cost of living in Vancouver;

- residential growth has resulted in an increased subsidy to residential owners while businesses are in a desperate state;
- businesses that lease or rent pay the same taxes as property-owning businesses yet do not benefit from increasing land values; compensating for land values is a problem.

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*At the conclusion of hearing from delegations, the Committee recessed at 12:08 p.m. and reconvened at 12:35 p.m. with the same members present with the addition of Councillor Louie.*

\* \* \* \* \*

MOVED by Mayor Sullivan  
THAT the Committee recommend to Council

- A. THAT Council instruct the Director of Finance to calculate general purposes tax rates for 2006 incorporating a 1% shift of the property tax distribution from the non-residential classes to the residential classes, achieving a distribution of approximately 45% residential and 55% non-residential.
- B. THAT Council instruct staff to propose a process to engage the business community, residential taxpayers and other key stakeholders to arrive at a long-term goal of defining and achieving a "fair tax" for commercial taxpayers. The goal should be achieved within the current framework of a "fixed burden" approach where the allocation of the levy among the classes of property remains constant over time subject to physical changes within classes or to Council action, and the report is to articulate processes on how shifts might occur.

carried

AMENDMENT MOVED by Councillor Chow

THAT Recommendation B be amended by striking out the words "'fair tax" for commercial taxpayers' and inserting the words 'an equitable tax distribution for all tax payers'.

LOST  
(Councillors Anton, Ball, Capri, Ladner, Lee and the Mayor opposed)

The amendment having lost, Mayor Sullivan's motion was put and CARRIED with Councillor Cadman opposed.

The Committee adjourned at 1:37 p.m.

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## CITY OF VANCOUVER

### REGULAR COUNCIL MEETING MINUTES STANDING COMMITTEE OF COUNCIL ON CITY SERVICES AND BUDGETS

APRIL 20, 2006

A Regular Meeting of the Council of the City of Vancouver was held on Thursday, April 20, 2006, at 1:38 p.m., in the Council Chamber, Third Floor, City Hall, following the Standing Committee on City Services and Budgets meeting, to consider the recommendations and actions of the Committee.

**PRESENT:**

- Mayor Sam Sullivan
- Councillor Suzanne Anton
- Councillor Elizabeth Ball
- Councillor David Cadman
- Councillor Kim Capri
- Councillor George Chow
- Councillor Heather Deal
- Councillor Peter Ladner
- Councillor B.C. Lee
- Councillor Raymond Louie
- \*Councillor Tim Stevenson

**CITY MANAGER'S OFFICE:** Judy Rogers, City Manager

**CITY CLERK'S OFFICE:** Lori Isfeld, Meeting Coordinator

\*Denotes absence for a portion of the meeting.

#### COMMITTEE OF THE WHOLE

MOVED by Councillor Stevenson

SECONDED by Councillor Anton

THAT this Council resolve itself into Committee of the Whole, Mayor Sullivan in the Chair.

CARRIED UNANIMOUSLY

## ADMINISTRATIVE REPORTS

1. **2006 Operating Budget - Final Estimates** (VanRIMS No.: 05-1000-30)  
March 21, 2006

MOVED by Councillor Ladner

THAT Council adopts the final 2006 Operating Budget revenue and expenditure estimates with a property tax increase of 4.04% as outlined in the Administrative Report dated March 21, 2006, entitled "2006 Operating Budget - Final Estimates" by approving the budget resolution attached as Appendix 2.

CARRIED

(Councillors Chow, Deal and Louie opposed)  
(Councillor Stevenson absent for the vote)

## COMMITTEE REPORTS

### Report of Standing Committee on City Services and Budgets April 20, 2006

Council considered the report containing the recommendations and actions taken by the Standing Committee on City Services and Budgets. Its items of business included:

1. City of Vancouver 2005 Annual Financial Report
2. 2006 Property Tax: Distribution of the Property Tax Levy

Items 1 and 2

MOVED by Councillor Anton

THAT the recommendations and actions taken by the Standing Committee on City Services and Budgets at its meeting of April 20, 2006, as contained in items 1 and 2, be approved.

CARRIED UNANIMOUSLY

(Councillor Stevenson absent for the vote)

### RISE FROM COMMITTEE OF THE WHOLE

MOVED by Councillor Capri

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY

(Councillor Stevenson absent for the vote)

## ADOPT REPORT OF COMMITTEE OF THE WHOLE

MOVED by Councillor Deal  
SECONDED by Councillor Chow

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY  
(Councillor Stevenson absent for the vote)

## MOTIONS

### A. Administrative Motions

#### 1. 2006 Operating Budget - Final Estimates (VanRIMS No: 05-1000-30)

MOVED by Councillor Ladner  
SECONDED by Councillor Lee

THAT WHEREAS, the Vancouver Charter, Section 219 requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year;

AND WHEREAS the Vancouver Charter, Section 372 requires that Council adopt the estimates of revenues and expenditures for the City as soon thereafter as possible;

AND WHEREAS Council has reviewed the development of the estimates in reports submitted by the Director of Finance on January 31, 2006, and April 4, 2006 and approved measures to bring the estimates into balance, including approval of a 4.04% general purposes property tax increase;

AND WHEREAS the total estimated expenditures of the City to pay all debts and obligations of the City falling due in the year 2006, exclusive of the amounts required for school, Greater Vancouver Regional District, Greater Vancouver Transportation Authority, British Columbia Assessment Authority and Municipal Finance Authority purposes and not otherwise provide for, as amended by Council, amount to \$813,330,000;

AND WHEREAS the total estimated expenditures as aforesaid is the sum of the appropriation requests of all departments and boards properly supported by detailed analysis of those expenditures and listings of the salaried staff;

AND WHEREAS the total estimated revenue of the City for 2006 from sources other than real property taxes, as amended by Council, amounts to \$335,981,900;

AND WHEREAS the amount of the General Purposes Tax Levy so required is \$477,348,100;

THEREFORE be it resolved that the said estimates, both as to totals and individual items pertaining thereto, of the Director of Finance as so amended by Council be and the same are hereby adopted by Council.

CARRIED UNANIMOUSLY  
(Councillor Stevenson absent for the vote)

**B. Motions on Notice**

**1. Parking Site Area Tax (VanRIMS No.: 05-4200-17)**

At the Regular Council meeting on April 18, 2006, the following motion was submitted by Councillor Ladner. Councillor Stevenson called Notice under Section 5.4(c) of the Procedure By-law. The motion was referred to the Regular Council meeting immediately following the Standing Committee on City Services and Budgets meeting of April 20, 2006.

MOVED by Councillor Ladner  
SECONDED by Councillor Anton

WHEREAS:

1. the parking site area tax is an additional burden on businesses and non-profit organizations already facing substantial property tax increases to support Translink;
2. the implementation of the parking site tax has resulted in unexpected inequities and high costs of administration;
3. further increases in fares, property taxes or ad valorem taxes on existing paid parking are not acceptable;
4. Translink has already found efficiencies sufficient to absorb a \$20 million increase in fuel costs without finding additional revenues;
5. Translink is in need of immediate, sustainable funding to carry out its 3-year and 10-year plans to deal with the region's pressing transportation needs;

THEREFORE BE IT RESOLVED

Therefore be it resolved that the City of Vancouver opposes the parking area tax and recommends that the GVTA work with the Park the Tax coalition and other stakeholders to find a new source of sustainable outside funding, such as a one-cent-a-litre increase in the fuel tax, and commit to replacing the parking area tax as soon as that new funding is found.

amended



AMENDMENT MOVED by Councillor Louie

THAT the RESOLVES be amended by striking out the words "a one-cent-a-litre increase in the fuel tax" and inserting the words "a percentage of fuel costs".

CARRIED  
(Councillor Anton opposed)

The Council agreed to further amend the motion by striking out the words "the parking area tax" and inserting the words "further increases in fares, property taxes or ad valorem taxes on existing paid parking" following the words "THAT the City of Vancouver opposes..." and by inserting the words "lowering fares and" following the words "and commit to...".

The amendments having carried, Councillor Ladner's motion was put and CARRIED UNANIMOUSLY.

FINAL MOTION AS ADOPTED

WHEREAS:

1. the parking site area tax is an additional burden on businesses and non-profit organizations already facing substantial property tax increases to support Translink;
6. the implementation of the parking site tax has resulted in unexpected inequities and high costs of administration;
7. further increases in fares, property taxes or ad valorem taxes on existing paid parking are not acceptable;
8. Translink has already found efficiencies sufficient to absorb a \$20 million increase in fuel costs without finding additional revenues;
9. Translink is in need of immediate, sustainable funding to carry out its 3-year and 10-year plans to deal with the region's pressing transportation needs;

THEREFORE BE IT RESOLVED

THAT the City of Vancouver opposes further increases in fares, property taxes or ad valorem taxes on existing paid parking and recommends that the GVTA work with the Park the Tax coalition and other stakeholders to find a new source of sustainable outside funding, such as a percentage of fuel costs, and commit to lowering fares and replacing the parking area tax as soon as that new funding is found.

**2. Motion to Reconsider Funding for Arts (VanRIMS No.: 05-1000-30)**

At the Regular Council meeting on April 18, 2006, the following motion was submitted by Councillor Deal. Councillor Capri called Notice under Section 5.4(c) of the Procedure By-law. The motion was referred to the Regular Council meeting immediately following the Standing Committee on City Services and Budgets meeting of April 20, 2006.

MOVED by Councillor Deal  
SECONDED by Councillor Stevenson

WHEREAS:

1. Mayor and Council have heard from many members of the Arts community that a reduction of \$300,000 in their previously-approved of funding will have a significant impact on the local arts community including fundraising capacity,
2. each dollar of city funding to the arts is leveraged to \$12.78 of funding for arts, and
3. \$3.84 million leveraged funding would ensure the survival of such programs as the PuSH Festival and annual Vancouver Arts Awards.

THEREFORE BE IT RESOLVED that Council reconsider the decision that the 2006 Vancouver Operating Budget increment of funding for arts be limited to \$700,000.

LOST

(Councillors Anton, Ball, Capri, Ladner, Lee and the Mayor opposed)

**3. Council's Four-Pillar Policy (VanRIMS No. 11-2200-01)**

At the Regular Council meeting on April 18, 2006, Council referred consideration of a Motion related to the Four-Pillar Policy to the Regular Council meeting immediately following the Standing Committee on City Services and Budgets meeting on April 20, 2006.

Due to time constraints, Council agreed to refer this matter to the Regular Council meeting following the Standing Committee on Planning and Environment meeting on April 20, 2006.

*Note from Clerk: This motion was subsequently withdrawn at the Standing Committee on Planning and Environment meeting on April 20, 2006.*

**4. Hosting International Association of Peace Messenger Cities General Assembly (VanRIMS No.: 08-3000-11)**

At the Regular Council meeting on April 18, 2006, Council referred consideration of a Motion related to the hosting the International Association of Peace Messenger Cities General Assembly to the Regular Council meeting immediately following the Standing Committee on City Services and Budgets meeting on April 20, 2006.

Due to time constraints, Council agreed to refer this matter to the Regular Council meeting following the Standing Committee on Planning and Environment meeting on April 20, 2006.

**NEW BUSINESS**

1. **Waive Start Time - Standing Committee on Planning and Environment - April 20, 2006**

MOVED by Councillor Ladner  
SECONDED by Councillor Stevenson

THAT Procedure By-law Section 3.2 be waived in order to start the afternoon meeting of the Standing Committee on Planning and Environment at 2:45 p.m.

CARRIED UNANIMOUSLY

The Council adjourned at 2:30 p.m.

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