
MEMORANDUM

February 14, 2007

TO: Mayor and Council

CC: City Manager
General Manager of Corporate Services
City Clerk

FROM: Kenneth Bayne, Director of Financial Planning

SUBJECT: 2007 Land Assessment Averaging

On February 15, 2007, City Services and Budgets Committee will be considering recommendations from the General Manager of Corporate Services regarding the 2007 Land Assessment Averaging Program. Recommendation A of that report (#5) seeks Council authority to continue the Land Assessment Averaging Program for the Residential and Business classes for 2007 and to prepare the necessary bylaw for consideration by Council on March 15, 2007. Prior to consideration of the bylaw, there is a requirement for public notification and the opportunity for input.

Subsequent to completing the analysis of Land Averaging reported in the above noted report, staff have done further review on the impacts of land averaging on Class 5, Light Industrial. This is a relatively small class of 265 properties which, in most respects, are not much different than those in Class 6. For several years, class 5 properties have been "blended" with Class 6 for tax rate calculation, right up to the point of averaging. To date, averaging has never shown itself to be of advantage to this class and the program has not been extended. However, our review indicates that the averaging program would have a positive impact on properties in the class in 2007. Almost 60% of the properties in the class - those with the largest percentage increase in value and therefore subject to the largest increases in tax - would benefit from the application of averaging and many would have tax increases of over 6% reduced.

It is proposed that Council include in its instruction to staff the inclusion of Class 5 in the averaging program in 2007. This inclusion at this point in the process will not automatically result in the program being extended to Class 5 but will authorize staff to include this class in the advertising that will be done in advance of the March 15 meeting. Following input from the public, Council can determine whether the bylaw to be approved should include this class.

I have attached a graph similar to those for the Residential and Business classes in the report, showing the impact of assessment averaging on Class 5 properties, I will be prepared to provide further information to support this proposal during the City Services & Budgets

Committee meeting on February 15, 2007, or should Council wish, that presentation can be deferred until the March meeting.

To give effect to this change, it is proposed that Council replace the recommendation in Report #5 of the CS&B Agenda on February 15 with the following recommendation:

- A. ***THAT Council instruct the Director of Legal Services, in consultation with the Director of Finance to prepare a bylaw to authorize the three-year land assessment averaging program in 2007 for the purpose of calculating property taxes for Residential (Class 01), Light Industry (Class 05), and Business/Other (Class 06) properties.***

AND FURTHER THAT the bylaw be submitted to Council for consideration on March 15, 2007.

Recommendations B and C can be approved as submitted.



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**Distribution of Estimated Changes in 2007 Property Taxes
With and Without Averaging
CLASS 5 BUSINESS
General Purpose Taxes Only (With Avg on Class 5 and 6 Combined)**

Distribution of Estimated Changes in 2007 Property Taxes
With and Without Averaging
CLASS 5 BUSINESS
General Purpose Taxes Only (With Avg on Class 5 and 6 Combined)

