

AGENDA

COUNCIL WORKSHOP

Tuesday, April 16, 2013

5:30 p.m.

Committee Room, Municipal Hall

355 West Queens Road,

North Vancouver, BC

Council Members:

Mayor Richard Walton

Councillor Roger Bassam

Councillor Robin Hicks

Councillor Mike Little

Councillor Doug MacKay-Dunn

Councillor Lisa Muri

Councillor Alan Nixon



NORTH VANCOUVER
DISTRICT

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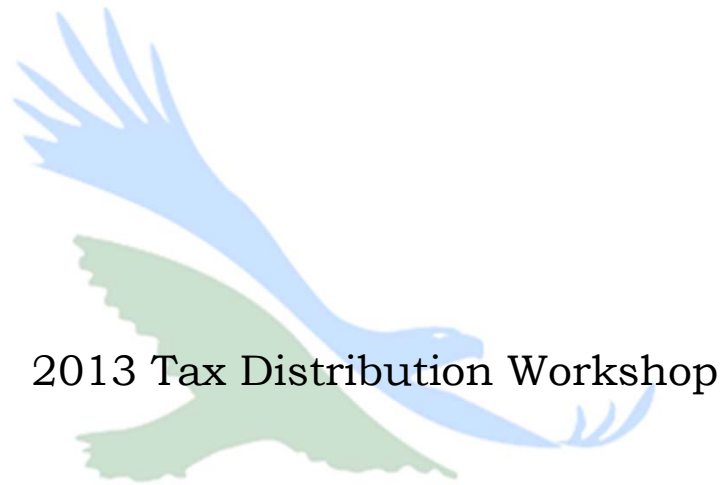
1. Opening by the Mayor

2. 2013 Tax Distribution
File No.

Presentation: Andy Wardell, Manager – Financial Services

3. Adjournment

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April 16, 2013

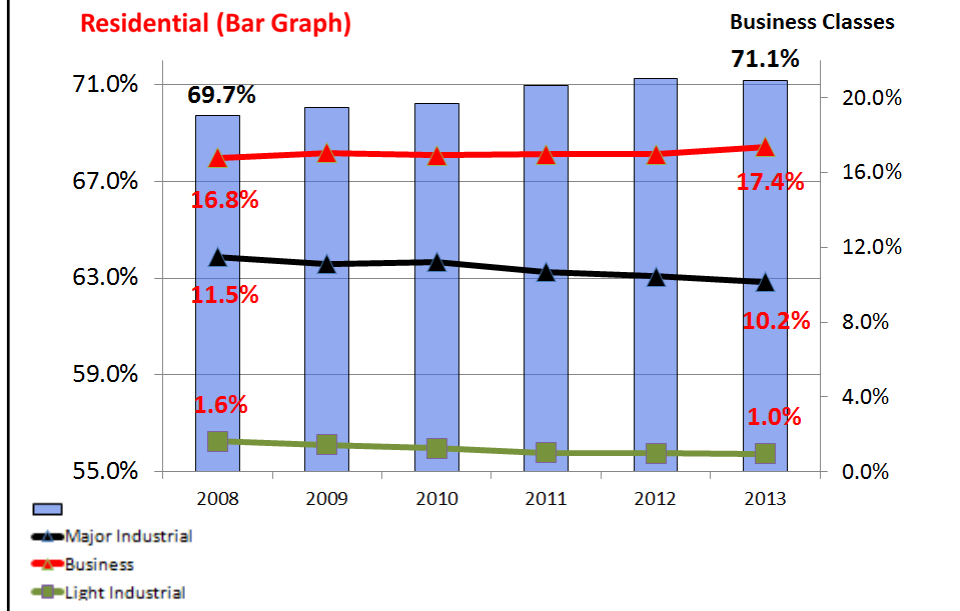
2013 Tax Strategy Summary

1. Tax Strategy Recap
2. Understanding the Tax History
 - % Share
 - % Allocation
 - Tax Rate
 - Tax Bill
3. 2013 Observations
4. Recommendation of 2013 Tax Rates

Tax Strategy Recap

- ▶ Harmonizing tax rates with either:
 - ▶ the average for the region or
 - ▶ the capped rate (if applicable)
 over a period of five years consistent with new investments (2013 is year 5 of strategy)
- ▶ Shifting taxes between classes where the tax base for a property class is too small to be corrected by investment alone

History - % Share of Tax Burden



History - % Allocation of Tax Burden Increase

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	3rd Reading <u>2013</u>
Council Burden Increase	4.25%	3.00%	3.00%	2.00%	2.50%
Residential	4.50%	3.24%	3.50%	2.22%	2.50%
Business	4.25%	3.00%	3.00%	2.00%	2.50%
Major Industry Noncapped	4.25%	Average (3.42%) reduction			
Light Industry	Average (6.57%) reduction				2.50%

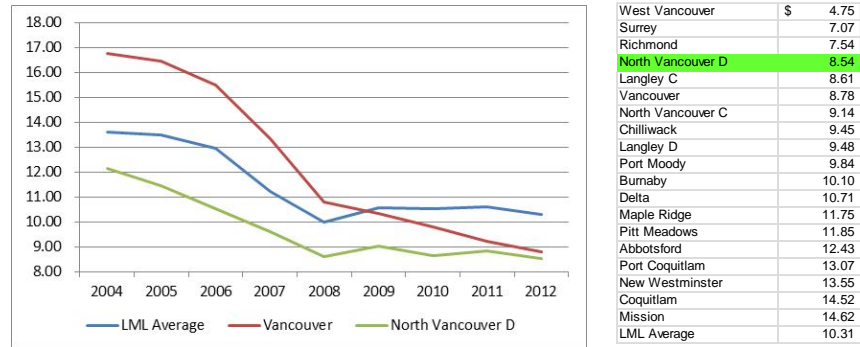
- ▶ Downward trend continued to 2012
- ▶ All years include 1% for Sustainment Capital
- ▶ Tax Strategy reductions in both Heavy and Light industry
- ▶ Light Industry tax rate target met so 2.50% tax increase applies

History Tax Rates – Summary View

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2012 Regional Avgs</u>
Residential	\$ 2.45	\$ 2.60	\$ 2.47	\$ 2.36	\$ 2.37	\$ 3.21
Major Industry - Non-capped	47.62	44.39	42.49	41.17	36.77	28.54
Major Industry - Capped	27.50	27.50	27.50	27.50	27.50	27.50
Blended Major Industry	34.77	33.84	33.42	33.03	31.39	28.54
Light Industry	25.28	22.58	21.72	19.53	10.91	12.76
Business	9.16	8.63	8.84	8.54	8.60	10.31

- ▶ Rates per \$1,000 of assessed property value
- ▶ \$8.60 for Business 16.5% below LML average

Point of Interest 2012 Business Tax Rates



- DNV Business tax rates @ \$8.54 per \$1,000 is one of the lowest in the LML and \$1.77 (17%) below the average

History Tax Bill - Major Industry

<u>Company</u>	<u>2006</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Comments</u>
Allied	\$ 166,687	\$ 128,141	\$ (38,546)	
New Alta	282,982	307,712	24,730	New Investments
Superior	816,873	764,834	(52,039)	
Canexus	1,352,194	1,965,833	613,639	New Investments
Seaspan	512,494	577,588	65,094	Class shift from 6
Fiberco	365,860	704,438	338,578	New Investments
Dow/Univar	187,495	185,846	(1,649)	Capped
Western	554,565	529,595	(24,970)	Capped
Kinder Morgan	2,474,560	2,157,183	(317,378)	Capped
Heavy Industry	<u>\$6,713,710</u>	<u>\$7,321,169</u>	<u>\$ 607,459</u>	
Average Tax Increase			1.5%	

Tax Bill - Light Industry

<u>Company</u>	<u>2006</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Comments</u>
BA Blacktop	\$ 70,998	\$ 50,714	\$ (20,284)	
Construction Aggregates	54,577	38,946	(15,630)	
MAN Estates	14,265	10,428	(3,837)	
VKLC Holdings	34,761	21,676	(13,085)	
McKeen & Wilson	191,268	100,100	(91,168)	
McKenzie Enterprises	61,242	63,407	2,165	Assessment growth
Kingswood Properties	96,604	134,156	37,552	Assessment growth
Rempel Bros.	192,580	178,133	(14,447)	
Hourston Glascraft	60,941	14,763	(46,178)	Class shift to 6
Port Properties	167,356	133,610	(33,747)	
Other	11,194	12,160	966	
	<u>\$ 955,787</u>	<u>\$ 758,093</u>	<u>\$ (197,694)</u>	
		Reduction	-20.7%	

2013 – Revised Roll

- ▶ Revised Roll \$26.2B
- ▶ Tax rate increase 2.5%
- ▶ Major Industry
 - ▶ \$8M valuation increases + \$4.2M new construction
 - ▶ 2013 - \$36.77 (versus \$41.17 in 2012)
- ▶ Light Industry/Business
 - ▶ 22 properties = \$31.3M valuation shift from Class 6 to Class 5
 - ▶ BCAA audit of Industrial Warehouses
 - ▶ Light Industry tax rate impact \$10.91 vs \$19.53 (2012)
 - ▶ Business tax rate impact \$8.60 vs \$8.54 (2012)

Tax Strategy Status as of 2013

- ☑ Light Industry region average target now met
 - ▶ \$10.91 versus 2012 region average of \$12.76 (14.5% below regional average)
- ☑ Heavy Industry continues to benefit from Heavy Industry investments via New Construction
 - ▶ 2013 - \$36.77 vs 2012 regional average of \$28.54/PPTA \$27.50
- ☑ Business well below regional average
 - ▶ 2013 - \$8.60 vs 2012 regional average of \$10.31 (16.5% below regional average)
- ☑ No Tax Shifts required as Heavy Industry and Business are investing

Final Comments

- ▶ Larger Classes are investing
- ▶ Tax Burden
 - ▶ Major Industry share dropping. Drivers - tax strategy and the PPTA
 - ▶ Light Industry dropping. Driver - tax strategy
- ▶ Tax Rates
 - ▶ Major Industry drops 20% since 2008 - \$45.85 vs 2013 - \$36.77
 - ▶ Light Industry Target now better than Regional Average.
- ▶ Tax policy
 - ▶ Class 5 Ends in 2013; Class 4 Ends 2014
 - ▶ Future – tax rate achievements and review industrial investments annually.

Approval of 2013 Tax Rate Bylaw

► Recommended Tax Rates

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Residential	\$ 2.36961	\$ 2.36446	\$ 0.00515
Utilities	40.00000	40.00000	-
Major Industry - Non-capped	36.76622	41.17101	(4.40479)
Blended Major Industry	31.39269	33.02852	(1.63583)
Light Industry	10.91026	19.52785	(8.61759)
Business	8.60129	8.53774	0.06355

► The end

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