



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
Acting General Manager
Finance and Corporate Services
Re: **2006 Operating Budget Referrals**

Date: January 6, 2006
File: 03-0970-01/2006

Staff Recommendation

That the attached report on the 2006 Operating Budget referrals be received for information.

Andrew Nazareth
Acting General Manager
Finance and Corporate Services
(4365)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER (Acting) 		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> <i>bw</i>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/> <i>AD</i>	NO <input type="checkbox"/>

Staff Report

Origin

At the Finance Committee meeting of December 21, 2005 the following referrals were made:

- (1) Identify the amount of the surplus ten years ago and five years ago.
- (2) Report on why there are such a high number of people on leave from the City at the present time.
- (3) Provide information regarding the impact on the bylaw officers and parking program of having the officers in a dual role as animal control officers (cost/benefit).
- (4) Provide information on each of the 'specific assumptions'. Provide details on each of the percentage increases and what these percentages would be comprised of.
- (5) Provide information on the City's sale/leaseback deal on the Public Works fleet, and whether any similar program was being considered for the future.

Staff were also requested to prepare guidelines for holding money in trust, for discussion at the next non-budget meeting of the Finance Committee. Therefore, this item is not addressed in this report.

Analysis

1) Surplus

Attachment A identifies the City's surplus accumulation by fund for the period 1991 – 2004. The anticipated surplus figure for 2005 is not available as the books have not been closed and audited yet.

In 1991, the operating budget surpluses (accumulated surplus) had amounted to \$28.5 million. This increased to \$35.7 million by 1995 and then increased by a further \$11.0 million by 2000. The most recent balance available is December 31, 2004 totalling \$49.8 million.

2) Leave of Absence

According to the General Manager of Human Resources, 'a comparison between end of year 1999 and end of year 2005 leaves of absence (Attachments B & C) shows there were more than twice as many leaves of absence in 2005. These increases are attributed to an increase in the numbers of maternity leaves, as well as the introduction of paternity leave which has resulted in a significant number of fathers taking leaves. In addition, there has been an increase in the number of staff taking leaves for health reasons and this is attributed to our aging workforce'.

3) Bylaw Officers in dual role

The following response on this subject has been prepared by Wayne Mercer, Manager Community Bylaws:

“By way of background, August 31, 2005 marked the end of the first full year under the Partnered Enforcement model between the Society for the Prevention of Cruelty to Animals (SPCA) - Richmond and the City’s Community Bylaws Department as approved by Council in June, 2004. A detailed review of the impact of this change and recommendations to address any improvements required will be part of a Comprehensive Dog Management & Enforcement Strategy report to be presented to Council in April, 2006.

The new Partnered Enforcement model under the existing 2-year contract includes a sharing of the enforcement function between City Bylaw Officers and the SPCA, the assumption of all dog licencing by City staff and the management and operation of the animal shelter at 12071 No 5 Road by the SPCA. The first year has been a learning experience with Officers in a dual role and we expect to improve on the efficient delivery of animal control enforcement through the second year.

However, the initial review of financial results for the Parking Program for 2005 indicates that the major impact on revenue was the sale, at the end of 2004, and closure of the City parking facility at Westminster Hwy & Alderbridge Way for redevelopment. This facility was the largest single facility under the Department’s management and was budgeted for operation during 2005.

We expect to be able to provide a more detailed analysis of the performance of the Parking Program, once the final results are known for 2005, and will report to Council when completed”.

4) Information on the Specific Assumptions

- (i) RCMP Contract – 4.80%. Please refer to attachment D for further details.
- (ii) ECOMM – 13.50%. Please refer to attachment E for further details.
- (iii) Fuel – 30.00%. There are retroactive adjustments for volume and rate of approximately 14% coupled with 16% increases for gasoline, marked diesel and 18% increases for bio diesel based on estimates from the Fleet department.
- (iv) Return on investment – 3.50%. The 2006 projected rate of return is based on a portfolio comprising of shorter term investments, as a result of upcoming cash flow requirements.
- (v) Gas – 10%. Based on approved rate increases from Terasen gas, specifically, increasing from \$6.849/GJ to \$7.469/GJ.
- (vi) Hydro – 5%. Based on rate increase estimates received from B.C. Hydro.
- (vii) Materials – 6%. Estimate based on the actual weighted average of the increases being experienced by our Purchasing and Stores department.

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- (viii) Tax Growth (Net) – 2%. As per the most recent estimate by B.C. Assessment Authority less an allowance for appeals.

5) Sale/Leaseback deal on the Public Works fleet

On May 1, 2003 the City sold most of the Public Works light vehicle fleet to G.E. Capital for \$5.2 million. In turn, the fleet was immediately leased back for 4.5 years at the rate of 3.88% plus management fee. At the end of the lease term, the City has the option to purchase the vehicles from G.E. for \$1.00 each. The proceeds from the sale were invested in a Province of Ontario strip bond with an effective rate of return of 4.64%.

In 2004 a similar deal was done with 3 Fire Rescue trucks with the proceeds utilized to purchase more fire rescue trucks.

There are no immediate plans to enter into any further sale/leaseback deals at this time for the following reasons:

- most of the vehicles are already under lease with the exception of the recent purchases;
- the lease rates are not as favourable as they were in May, 2003;
- the Charter now allows inter-fund borrowing so alternative internal bridge financing is available if required.

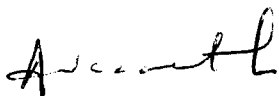
In the meanwhile, we will continue to monitor the markets for similar opportunities and will immediately act should something favourable arise.

Financial Impact

None

Conclusion

The above information was provided in response to the referrals and staff recommends that Committee receive the report for information.



Andrew Nazareth
Acting General Manager Finance and Corporate Services
(4365)

CITY OF RICHMOND
Schedule of Surplus Accumulation
1991-2004
(in '000's)

Year	General Fund	Water Utility	Sewer Utility	Library	Ending Balance
Opening Balance					
1991	\$19,760	\$5,143	\$3,603	n/a	\$28,506
1992	1,511	1,717	1,259	n/a	32,993
1993	(2,020)	1,597	2,251	n/a	34,821
1994	24	(1,683)	(770)	n/a	32,392
1995	1,550	634	1,164	n/a	35,740
1996	1,421	(844)	437	n/a	36,754
1997	1,261	4,725	866	n/a	43,606
1998	36	2,092	(1)	n/a	45,733
1999	18	908	11	n/a	46,670
2000	66	22	23	n/a	46,781
2001	212	126	28	n/a	47,147
2002	66	24	18	n/a	47,255
2003	* (2,326)	190	72	(122)	45,069
2004	3,670	501	321	289	49,850
	<u>\$25,249</u>	<u>\$15,152</u>	<u>\$9,282</u>	<u>\$167</u>	

Note:

* Financials Statements restated according to new PSAB accounting standards

Report ID: CORPY001

City of Richmond
EMPLOYEE HEADCOUNT REPORT - AS OF 23-DEC-2005Page No. 1
Run Date 01/04/2006
Run Time 08:42:42

	RF	RP	TF	TP	Total
394 CUPE Local 394					
Active	246	0	35	79	360
On Leave	6	0	2	0	8
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	252	0	37	79	368
718 CUPE Local 718					
Active	414	22	34	423	893
On Leave	9	2	0	2	13
	-----	-----	-----	-----	-----
	423	24	34	425	906
COU Council					
Active	9	0	0	0	9
	-----	-----	-----	-----	-----
	9	0	0	0	9
EXE City of Richmond Exempt					
Active	93	1	5	0	99
On Leave	2	0	0	0	2
	-----	-----	-----	-----	-----
	95	1	5	0	101
FIR Firefighters					
Active	203	0	0	0	203
On Leave	3	0	0	0	3
	-----	-----	-----	-----	-----
	206	0	0	0	206
LEX Library Exempt					
Active	5	0	0	0	5
	-----	-----	-----	-----	-----
	5	0	0	0	5
LIB CUPE Local 3966					
Active	52	34	0	28	114
On Leave	0	2	0	0	2
	-----	-----	-----	-----	-----
	52	36	0	28	116
	1,022	57	74	530	1,683
	20	4	2	2	28
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	1,042	61	76	532	1,711

End of Report

Report ID: CORPY001

City of Richmond
EMPLOYEE HEADCOUNT REPORT - AS OF 31-DEC-1999Page No. 1
Run Date 01/04/2006
Run Time 15:54:30

	RF	RP	TF	TP	Total
394 CUPE Local 394					
Active	227	0	29	10	266
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	227	0	29	10	266
718 CUPE Local 718					
Active	359	32	24	461	876
On Leave	4	2	0	0	6
	-----	-----	-----	-----	-----
	363	34	24	461	882
COU Council					
Active	9	0	0	0	9
	-----	-----	-----	-----	-----
	9	0	0	0	9
EXE City of Richmond Exempt					
Active	76	0	2	0	78
On Leave	4	0	0	0	4
	-----	-----	-----	-----	-----
	80	0	2	0	82
FIR Firefighters					
Active	227	0	0	0	227
On Leave	1	0	0	0	1
	-----	-----	-----	-----	-----
	228	0	0	0	228
LEX Library Exempt					
Active	6	0	0	0	6
On Leave	1	0	0	0	1
	-----	-----	-----	-----	-----
	7	0	0	0	7
LIB CUPE Local 3966					
Active	49	40	0	32	121
	-----	-----	-----	-----	-----
	49	40	0	32	121
	953	72	55	503	1,583
	10	2	0	0	12
	-----	-----	-----	-----	-----
	963	74	55	503	1,595

End of Report

2005-2006 Richmond RCMP Contract Budget
Summary of Year over Year Budget Changes

Description	2005 City RCMP Budget	2006 City RCMP Budget Estimate	Change	% change
Salary and Pay Allowances	14,987,874	15,559,547	571,673	3.8%
Travel and Transportation	814,968	835,358	20,390	2.5%
Advertising and Publications	2,105	3,155	1,050	49.9%
Professional Services, Legal , Training	1,970,814	2,107,089	136,276	6.9%
Equipment and Building Rentals	232,599	330,941	98,343	42.3%
Upkeep Equipment Building Mtc	346,833	345,913	(920)	-0.3%
Materials and Supplies	773,069	814,694	41,625	5.4%
Minor Equipment and Vehicle	969,541	846,608	(122,934)	-12.7%
Other Subsidies	174,871	181,253	6,381	3.6%
Total Operating Direct Costs	5,284,799	5,465,009	180,210	3.4%
Direct Costs - O&M + Pay	20,272,673	21,024,556	751,883	3.7%
Credits	(1,261,334)	(1,340,293)	(78,959)	6.3%
Total Direct Costs	19,011,340	19,684,264	672,924	3.5%
Total Indirect Cost				
Pension, Amortization, Recruitment	4,890,523	5,063,330	172,807	3.5%
Total Costs - Direct & Indirect	23,901,863	24,747,594	845,731	3.5%
10% Federal Cost	2,390,186	2,474,759	84,573	3.5%
90% City Cost	21,511,677	22,272,834	761,157	3.5%
Integrated Teams /Projects 90%	661,374	689,948	28,574	4.3%
Adjust CPI Overtime Initiatives	(141,549)	2,495	144,044	-101.8%
Crime Analyst	(113,139)	(116,625)	(3,486)	3.1%
Retroactive Pay Adjustment	-	118,748	118,748	n/a
Total Municipal Policing Costs 90%	\$ 21,918,363	\$ 22,967,400	\$ 1,049,037	4.8%
90% City Cost	\$ 21,918,363	\$ 22,967,400	\$ 1,049,037	4.8%

**CITY OF RICHMOND
Ecomm Budget Analysis**

	2005 budget	estimated 2006 Budget	% change
Fire			
Radio Infrastructure	274,655	283,574	3.2%
User Equipment	206,275	212,463	3.0%
CAD Maintenance	19,768	20,756	5.0%
Dispatch	221,991	293,887	32.4%
3rd party Repairs & Mtc	45,132	47,389	5.0%
RMS contract	171,500	204,627	19.3%
Agency Operating Costs	127,400	157,548	23.7%
	1,066,721	1,220,244	14.4%
RCMP			
Radio Building Levy	73,847	76,062	3.0%
Dispatch Levy	1,847,760	1,995,581	8.0%
	1,921,607	2,071,643	7.8%
Contingency Escalation		98,900	
Total	\$ 2,988,328	\$ 3,390,787	13.5%