



City of Richmond

Report to Committee

To: General Purposes Committee
From: Andrew Nazareth
Director of Finance

Date: January 8, 2003
File: 0970-01-2003

Re: 2003 Operating Budget referrals

Staff Recommendation

It is recommended that:

1. the following report be received for information and;
2. the 2003 Operating Budget final draft be approved as the basis for preparing the 5 Year Financial Plan (2003-2007). The final draft is to be determined during the General Purposes Committee meeting on January 20, 2003.

Andrew Nazareth
Director of Finance

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CONCURRENCE OF GENERAL MANAGER

Staff Report

Origin

As a result of discussion arising at the Special General Purposes Committee of December 23 2002, there were four referrals made requesting additional information on the 2003 Operating Budget.

Analysis

The information has been compiled as requested and is attached for your information in the following documents:

Attachment A – the SPCA subsidy and the SPCA service level.

Attachment B – a priority list of TAG recommendations with descriptions for each additional level item listed on page 7 of the Draft Operating Budget.

Attachment C – the latest report on the revenue/expenses of pay parking including whether the pay parking could be terminated.

With regards to the positions that might not be replaced after ERIP is complete; TAG will be responding to Committee at a closed meeting on the subject.

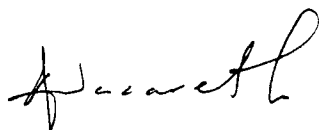
Financial Impact

Please refer to the 2003 Operating Budget report dated December 12, 2002 and presented to the Special General Purposes Committee Meeting of December 23, 2002.

Conclusion

Staff recommend that Committee make the final decisions on the items listed on the worksheet (Attachment D) in order to come up with a 2003 Operating Budget final draft.

Once this 2003 Operating Budget final draft is determined, staff recommend that it be approved as the basis for the preparation of the 5 year Financial Plan (2003-2007).



Andrew Nazareth
Director of Finance

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ATTACHMENT A.

SPCA SUBSIDY AND SERVICE LEVEL

The current SPCA contract is to expire in December 2003. The City provides an annual funding contribution to the SPCA in the amount of \$268,000.

This funding helps offset the cost of the local SPCA operations. This funding subsidy helps keep the cost of licences and pound operations at reasonable levels to the degree that it allows for a higher level of service in the area of animal protection and control.

It is not reasonable to reduce this subsidy now but staff should be advised that in their contract renewal discussion with the SPCA that the City will eliminate the grant for future years.

ATTACHMENT B.**PRIORITY LISTING OF ADDITIONAL LEVEL ITEMS**

Ranking	Department	Description	Requested Amount	TAG Recommended	Cumulative Balance	Cumulative Tax Impact
1	FIRE/RESCUE	FIRE HALL ALERTING SYSTEM - INCREASE IN ECOMM LEVY	\$43,000	\$43,000	\$43,000	0.04%
2	FIRE/RESCUE	PERSONAL PROTECTIVE EQUIPMENT REPLACEMENT	65,000	65,000	108,000	0.11%
3	INFO TECH	AUDIO / VIDEO EQUIPMENT MAINTENANCE	62,000	62,000	170,000	0.17%
4	FIRE/RESCUE	CONFINED SPACE RESCUE PROGRAM	66,000	66,000	236,000	0.24%
5	GATEWAY	TELEPHONE SYSTEM UPGRADE - TRANSFER FROM WATERMANIA	15,000	15,000	251,000	0.25%
6	BYLAWS	NOISE BYLAW ENFORCEMENT	50,000	50,000	301,000	0.30%
7	BUILDING APPS	PLUMBING/GAS INSPECTOR DUE TO PERMIT ACTIVITY	0	0	301,000	0.30%
8	BUILDING APPS	BUILDING INSPECTOR DUE TO BUSINESS LICENCE & PERMIT ACTIVITY	0	0	301,000	0.30%
9	BUILDING APPS	PLAN PROCESSING CLERK TO BRING IN PERMIT REVENUE FASTER	0	0	301,000	0.30%
10	RECREATION	YOUTH OUTREACH PROGRAM FUNDING	107,000	107,000	408,000	0.41%
11	ROADS	ROAD REHAB CATCH-UP AS PART OF 6 YEAR CATCH-UP PLAN	335,000	250,000	658,000	0.66%
12	INFO TECH	IT PROVISION FOR MAJOR TECHNOLOGY RELATED UPGRADES	300,000	200,000	858,000	0.86%
13	PARKS	PARKS DRAINAGE MTCE - DRAIN LINE RETROFITS	90,000	90,000	948,000	0.95%
14	EMERGENCY	VOLUNTEER MANAGEMENT COORDINATION - EMERGENCY PGM.	72,900	72,900	1,020,900	1.02%
15	RECREATION	FESTIVALS SUPPORT-BRITANIA, VSO, MUSIC, BOAT, NO 3 RD....	85,000	85,000	1,085,900	1.09%
16	RCMP	COUNSELLOR POSITION IN YOUTH AND FAMILY SERVICES	57,633	57,633	1,143,533	1.15%
17	POLICY PLANNING	COMMUNITY PLANNER - REINSTATEMENT OF POSITION	84,000	84,000	1,227,533	1.23%
18	FIRE/RESCUE	LEASING OF AED UNITS AND TRAINING PROPS	15,000	15,000	1,242,533	1.25%
19	FIRE/RESCUE	SPILL RESPONSE PROGRAM - ONGOING TRAINING FOR FIRE RESCUE	20,000	20,000	1,262,533	1.27%
20	RCMP	CRIME ANALYST - NEW MUNICIPAL EE FOR TREND ANALYSIS	59,619	59,619	1,322,152	1.33%
21	RCMP	CRIMINAL DRIVING ENFORCEMENT TEAM - LONG TERM STRATEGY	418,000	418,000	1,738,152	1.74%
22	PARKS	IMPROVING DIRT PLAYING FIELDS - CONTOURING AND IRRIGATING	100,000	100,000	1,838,152	1.85%
23	RCMP	CLERK TYPIST III - NEW MUNICIPAL EE FOR ADMIN SUPPORT TO NCO	43,307	43,307	1,881,459	1.89%
24	RECREATION	GALLERY PREPARATORY SUPPORT AND PAINTING	20,000	20,000	1,901,459	1.91%
25	PARKS	DREDGING RESERVE FUND ALLOWING FOR CYCLICAL DREDGING	80,000	80,000	1,981,459	1.99%
26	POLICY PLAN	CHILD CARE RESERVE FUNDING FOR ONGOING CHILD CARE NEEDS	50,000	50,000	2,031,459	2.04%
27	RCMP	DEPARTMENT ASSISTANT I - NEW EE FOR ADMIN SUPPORT	50,909	50,909	2,082,368	2.09%
28	RCMP	TRAFFIC ENFORCEMENT PROGRAM - SHORT-TERM PROGRAM	56,000	56,000	2,138,368	2.15%
29	RCMP	RCMP COMPLEMENT INCREASE OF 6 OFFICERS to 195 IN TOTAL	823,390	823,390	2,961,758	2.97%
30	ADMIN	TRANSLATION SERVICES - CHINESE MEDIA & ON DEMAND SERVICES	27,000	27,000	2,988,758	3.00%
31	GATEWAY	MARKET INCREASES TO MAINTAIN CURRENT SERVICE LEVELS	18,500	18,500	3,007,258	3.02%
		TOTAL	\$3,192,258	\$3,007,258		
		TAX IMPACT	3.20%	3.02%		

ATTACHMENT C.**PAY PARKING****Revenue Summary August 1, 2002 to December 31, 2002**

<i>Month</i>	August	September	October	November	December	Totals
Gross Revenue	\$32,780 +\$45,660* +\$25,000*	\$98,958	\$107,198	\$73,948	not yet available	\$383,544
GST/PST Expense	\$13,716	\$4,163	\$4,060	\$4,236	not yet available	\$26,175
Expenses	\$80,303	\$92,150	\$96,310	\$60,831	not yet available	\$329,594
TOTAL NET REVENUE	\$9,421	\$2,645	\$6,828	\$8,881	-	\$27,775

**Note for August Revenue:* \$45,660 is pay parking revenue from the tall ships event, and the \$25,000 is compensation received from the equipment vendor for loss of revenue due to delivery delays.

The projected net revenue to the end of 2002 was \$240,000. A number of factors including the expensing of start-up costs have affected our ability to bring in the net revenue as projected. Changes to the program are required in order to come closer and in future exceed the initial projected net revenue targets. A series of reports addressing these recommended program changes that will ultimately positively affect the net revenue are being prepared for presentation to General Purposes Committee.

The reports will be presented upon completion of the discussion and preparation, at the direction of Council, of a joint report on service delivery with Management and CUPE 718. This is anticipated in the first quarter of 2003.

Each of the reports are aimed at maximizing the revenues and reducing the expenses associated with the pay parking program. A brief summary of the reports in preparation are as follows:

- Service Delivery***

Joint management / union report identifying parking program service delivery options, issues and outcomes. The package will contain the financial implications of the service delivery options and how it will affect the bottom line expense.

Attachment C. continued**2. *Pay N Display Equipment RFP***

Provides an opportunity for the City to receive proposals on pay n display parking equipment (meters). The RFP, asks for options around monthly cellular and maintenance in order to reduce our monthly operating expenses.

3. *Existing Program Changes*

Identifies changes to existing program in order to enhance revenue and reduce expenses based on our five months experience. This involves the removal of some meters and replacement with monthly on-street permit parking in some areas.

4. *City Lands – Parking Management*

Provides information and policy direction on the management of parking on city-owned lands. Some lands are vacant, while others are used by recreational groups who have leased or contracted for its use. This is aimed at reviewing the existing circumstances and ensuring the city, as appropriate, maximized the revenue it receives from parking on these lands.

5. *Program Expansion*

Provides a list of possible pay parking areas, either permit or pay by meter, where the city could build its parking revenue base.

6. *Public Private Partnership*

Provides information on the possible provision of private parking management services in order to reduce our existing operating expenses and possibly enhance existing revenues. City revenues are likely to also be enhanced when we can assist, either directly or indirectly, the private lot operators. The concept is still being discussed with the Law Department.

7. *Parking Advisory Committee*

Provides for a variety of interested parking stakeholders to participate in the future direction of parking in the City Centre. Involving both the private and public stakeholders is important to managing parking for the benefit of the downtown parkers.

8. *Finances*

Provides a financial overview of the parking program, and highlights changes that have been made; are in progress; and are recommended to enhance revenue or reduce operating expenses.

Attachment C. continued

Complaints

The number of complaints regarding the pay parking program have declined dramatically and are expected to continue to decline. The same pattern of decline was seen when we introduced pay parking onto four city-owned lots (Gateway/Chapel/Family Place; Brighthouse; Lawn Bowling; and Gravel Lot). The first three months, are the most difficult as resistance to the program is at its highest.

Program Objectives

There were two key objectives with the program's launch. Firstly the generation of revenue on a user pay basis, and secondly to address the lack of availability of parking stalls on the street. The revenue figures are beginning to increase and are more likely to be achieved with program adjustments and the stalls on the street are not occupied for long periods of time and are available to those who wish to park on the street.

Program Termination

The pay/timed parking program could be cancelled as of July 31, 2003 at the end of the service contract and equipment period. The three temporary city staff engaged in timed and permit enforcement could be released at any time.

ATTACHMENT D**RECOMMENDED POTENTIAL COST SAVINGS, REVENUE OPPORTUNITIES & OTHER INCREASES**

	Amount (\$)	Tax Impact		Explanation
		Each Item	Overall	
ESTIMATED SHORTFALL	\$6,222,500	6.25%	6.25%	Expected Revenues less Expected Expenses
GROWTH ESTIMATE	-1,494,200	-1.50%	4.75%	Growth estimate of 1.5% as per Council
ADJUSTMENT BASED ON BCAA RPT, Jan 2003	-134,293	-0.13%	4.61%	Growth figure from BCAA report received is \$1,628,493
	4,594,007	-1.50%	4.61%	
INTENDED COST REDUCTIONS:				
Fire Rescue Water Purchases	-132,100	-0.13%	4.48%	Not required
Fire Maintenance costs	-109,000	-0.11%	4.37%	s/b additional levels
RCMP contract	-404,000	-0.41%	3.96%	Reduction in Funding Level
IT seconded position	-72,800	-0.07%	3.89%	No temp staff or CCTV staff
Garbage Costs across City	-30,000	-0.03%	3.86%	Overstatement of garbage costs
Translation services	-10,000	-0.01%	3.85%	Reduction in Translation Services
	-757,900	-0.76%	3.85%	
COST INCREASES:				
Impact of 2003 Capital Budget	401,800	0.40%	4.25%	Annual operating costs resulting from capital projects
New Information* - Liability Premium increase	378,253	0.38%	4.63%	MIA Liability premium increase by 83% to \$894,384
	780,053	0.78%	4.63%	
* 2003 invoice received on Dec 9th				
REVENUE OPPORTUNITIES:				
Casino Revenues	-316,500	-0.32%	4.32%	Use add'l 2002 Casino Revenue to cover Municipal Grants
Casino Revenues	-340,000	-0.34%	3.98%	Use add'l 2002 Casino Revenue to offset minor capital
Sports Field User Fees	-20,000	-0.02%	3.96%	Increase in Sports Field Revenue
Building Permit Revenue**	-120,000	-0.12%	3.83%	Increase permit revenues
Additional Building Permit Revenue**	-80,000	-0.08%	3.75%	Further aggressive budgeting
Development Applications Revenue**	-25,000	-0.03%	3.72%	Development Applications aggressive budgeting
	-901,500	-0.91%	3.72%	
** high risk				
ADDITIONAL LEVELS:				
Impact of Recommended Additional Levels	408,000	0.41%	4.13%	TAG Recommended
Mitigate additional levels using Casino Revenues	-300,000	-0.30%	3.83%	Use of 2003 casino revenue to mitigate additional levels
	108,000	0.11%	3.83%	
COMMUNITY SAFETY BUILDING FUNDING	996,093	1.00%	4.83%	Internal Funding program

SUMMARY

2003 SHORTFALL (incl. Changes above)	5,451,153	5.46%	5.46%	
Community Safety Building Fund	996,093	1.00%	6.46%	
Net Growth	-1,628,493	-1.63%	4.83%	
FINAL 2003 OPERATING BUDGET SHORTFALL	\$4,818,753	4.83%	4.83%	<--- 2003 Tax Increase