



Finance Select Committee

Date: Thursday, September 26, 2002
Place: Anderson Room
Richmond City Hall
Present: Mayor Malcolm D. Brodie
Councillor Kiichi Kumagai, Chair
Councillor Harold Steves, Vice-Chair
Councillor Rob Howard
Councillor Bill McNulty
Absent: Councillor Evelina Halsey-Brandt
Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

1. It was moved and seconded
That the minutes of the meetings of the Finance Select Committee held on Thursday, July 25, 2002 and August 15, 2002 , be adopted as circulated.

CARRIED

At this point it was agreed that two additional items, Auditors Management Letter and the Youth Strategy Update, would be heard prior to the Service Level Summary Report.

- 1a. **AUDITORS MANAGEMENT LETTER**
(Report: September 24/02, File No.: 0950-03) (REDMS No. 862643)

The Chair introduced Mr. Don Matthew, Partner, KPMG Chartered Accountants. Mr. Matthew, referring to the letter dated May 31, 2002 from KPMG to the City, said that these types of letters, by nature, are negative in that they are intended to point out areas of concern only. The information contained in the letter was reviewed after which Mr. Matthew responded to questions from Committee as follows:

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- Mr. Matthew was satisfied with the answers provided by staff in regard to Appendix 3;
- items on Appendix 2 would remain on Appendix 2, and be included in subsequent Auditor's Reports, until they had been satisfactorily addressed;
- the amount of income earned during the period January 25, 2001 through February 23, 2001 had been reduced due to investments being sold prior to reaching full maturity.

The Chair thanked Mr. Matthew for his presentation.

It was moved and seconded

That the memorandum, dated September 24, 2002 from the General Manager, Finance and Corporate Services, be received for information.

CARRIED

1b. **YOUTH STRATEGY UPDATE**

(Report: September 16/02, File No.: 3425-02) (REDMS No. 836435)

In response to a question from the Chair, the General Manager, Parks, Recreation and Culture, Cathy Volkering Carlile, advised that if submitted as a request for an additional level of funding an interruption of service could result.

A discussion then ensued on the Casino Grants process and whether the program fit within the policy for casino revenue funds.

It was moved and seconded

That staff:

1. *determine the amount of funds that would be required during the interim period between the end of 2002 and the implementation of the 2003 budget;*
2. *contact the Community Centre Associations with a request that partnerships be formed in support of the programs; and,*
3. *identify how the request for funding of the Youth Strategy fits within the historical grants policy.*

Prior to the question being called clarification was provided that as a pilot project the program was not carried over into the 2003 budget. The question was then called and it was **CARRIED**.

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2. **SERVICE LEVEL REVIEW – SUMMARY AND DETAIL REPORTS**
(Report: Sept. 18/02, File No.: 0340-01) (REDMS No. 858186, 843678, 855650,)

The General Manager, Finance and Corporate Services, Jim Bruce, and the Director of Finance, Andrew Nazareth, were present. Mr. Bruce provided a brief history of the service level review process to date. Mr. Bruce then said that it was his understanding that the purpose of this meeting was to conduct an in-depth review of those service levels and their associated costs. As no questions from Council had been received to date, Mr. Bruce and Mr. Nazareth were prepared to address any questions pertinent to the service level costs provided for each service.

A discussion then ensued between Committee members and staff during which information was provided that there would be an opportunity during the budget process to reduce service levels; new revenue generation would offset costs; Development Cost Charges are not included in the Operating budget; 77% of costs are in staff and that 130 staff positions would be lost over the next three years through early retirement and attrition, however, the majority of those positions would require replacements; a commitment to the longer term was necessary which could be accomplished by the development of principles that, once approved by Council, would allow staff to develop a plan that embraced those principles. Mr. Bruce said that the focus of the October 7th budget strategy meeting, to be held as part of the General Purposes Committee meeting, would be to determine the steps that would be required to maintain long term financial sustainability for the City beyond a three year time frame.

Mayor Brodie agreed that the long term impact had to be addressed using assets and resources that are in place, however, the short term reality of an unacceptable tax level needed to be addressed and the service level reviews did not identify areas that could accomplish this.

The Chair noted that following recommendations were related to the service level reviews and were not related to the budget process.

It was moved and seconded

That the following 3 Program/Service Level reports and revenue summary be received for information:

- (1) *2002 Existing Levels Summary (Attachment #1 to the report dated September 18th, 2002, from the Director of Finance);*
- (2) *2003 Additional Levels Summary (Attachment #2 to the report dated September 18th, 2002, from the Director of Finance);*
- (3) *2002 Revenue Summary (Attachment #3 to the report dated September 18th, 2002, from the Director of Finance); and*

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(4) Departmental Program/Service Level details (5 Divisional binders).

Prior to the question being called the Chair noted that opportunities to amend service levels would be provided during the budget process. A brief discussion then ensued that resulted in the following amendment to the motion:

It was moved and seconded

That the main motion be amended by adding the following,

“That staff make recommendations as to how a 1.5% saving on the projected tax draw for the coming year could be achieved.”

Prior to the question being called further discussion ensued between Committee members and the General Manager, Finance and Corporate Services, Jim Bruce, during which Mr. Bruce said that staff believed the levels of service and costs were as low as could be achieved unless direction was given to reduce those levels of service. Councillor Steves was not in favour of the amendment as he considered that staff had previously provided a list of possible cuts to the service levels and it was therefore not necessary to repeat the process. In response to a question from the Chair, Mr. Bruce confirmed that the number of possible retirees would be provided.

The question on the amendment was then called and it was **CARRIED** with Councillor Steves **opposed**.

The question on the main motion as amended was then called and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:58 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Select Committee of the Council of the City of Richmond held on Thursday, September 26, 2002.

Councillor Kiichi Kumagai
Chair

Deborah MacLennan
Administrative Assistant