



City of Richmond

## Report to Committee

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**To:** General Purposes Committee  
**From:** Andrew Nazareth  
Director of Finance  
**Re:** 2004 Operating Budget-Referral

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**Date:** March 2, 2004

**File:**

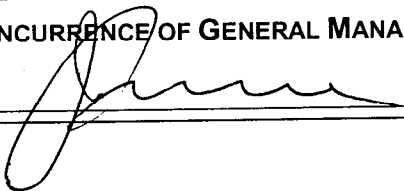
### Staff Recommendation

1. That the attached report on the 2004 Operating Budget referral be received for information, and
2. That Staff do not recommend that the proposed reductions to the 2004 Operating Budget be implemented as it does not meet the Committee's requirement of maintaining the current level of service.

Andrew Nazareth  
Director of Finance  
(4365)

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CONCURRENCE OF GENERAL MANAGER



## Staff Report

### Origin

Due to discussions arising from the General Purposes Committee meeting on December 10, 2003, there was a referral requesting that the proposed 2004 Operating Budget be referred to staff to find further realistic efficiencies which total .55%, to reduce the proposed property tax increase from 3.55% to 3%, and at the same time, maintaining the current level of service, without the inclusion of additional level requests.

### Analysis

Staff have submitted the following reductions, however they do not meet the Committee's requirements as it will impact programs and service levels. Therefore, TAG does not recommend that the reductions be implemented due to the impact on programs, service levels and the long term financial sustainability of the City. If the Committee wishes to entertain budget reductions which do impact programs and services there is a much more extensive process which TAG will undertake. However the Committee should realize that because the City is already 2 months into the budget year the reductions will have to be larger and in order to mitigate this amount the action must be immediate.

The following is a summary of findings that staff do not recommend of each respective Division.

	<b>.05% Reduction</b>	<b>Tax Impact</b>
Community Safety	\$ 283,400	0.27%
Parks, Rec & Culture	\$ 121,576	0.12%
Engineering & Public Works	\$ 74,972	0.07%
Finance & Corporate Services	\$ 45,138	0.04%
Urban Development	\$ 18,427	0.02%
Human Resources	\$ 10,570	0.01%
	\$ 554,083	0.52%

### Community Safety

The Community Safety division found reductions of \$283,400 (.27% tax impact). The following is a summary of some of the items that will have a service level impact;

- Reduction of 2 fire suppression staff
  - Impact-crew will be required to await arrival of second engine to initiate interior fire attack.
- Reduction of City funded programs
  - Impact-Funding and delivery of services will be sought from alternative service providers.

## **Parks, Recreation and Cultural**

The Parks, Recreation and Culture division found reductions of \$121,576 (.12% tax impact). The following is a summary of some of the items that will have a service level impact;

- Have Community Associations pay tariff fee royalties to the Society of Composers, Authors and Music Publishers of Canada (SOCAN).
  - Impact-Associations may respond negatively to having to cover a direct program cost that the City has previously paid on their behalf.
- Close Community Centres at the least used times.
  - Impact- Some patrons will not have the service they wish. Community Association revenues may be affected and they may react negatively.
- Reduce late night contract security services at Outdoor Pools.
  - Impact- May result in safety issues or swimming lessons and/or delays or even cancellation of programs in order to complete clean-up and repairs
- Reduce support of community association special events, especially Steveston.
  - Impact-Negative reaction from the Community Associations. There may be considerable negative reaction from the Steveston Salmon Festival Committee who have recently been dealing with their council liaison with a request for additional support for their large Canada Day festival.
- Turn off all tennis court lights from September to May.
  - Impact-Assumed small, as usage during this time is probably minimal. The lights are also used as a deterrent to crime therefore vandalism may increase in these areas.
- Reduce power raking at Bowling Green.
  - Impact-The quality of the green will suffer. Thatch will build up making the playing surface much slower but irrigation will become more difficult. The club would have to take on the additional cost for this service.
- Omit all hand watered hanging baskets and planters.
  - Impact-There would be no hanging baskets on many of the poles on No. 3 Road from Granville to Westminster Hwy. All planters everywhere would be removed as well
- Reduce banner financing by 25%.
  - Impact-Currently we have approximately 700 banners in the program, therefore the program would be reduced by about 175 banners, however streetscapes may look less appealing.

- Change 2 annual flower beds to perennials and reduce the extra flail mowing cuts along Steveston Highway
  - Impact-Visual effect that may be noticed. Perennial beds are less maintenance although they are less strikingly beautiful. Extra flail cuts were added 3 years ago in an effort to keep this major entrance to the City cleaner and more appealing. They have been somewhat effective and not doing them will cause the area to revert to its former state- increased garbage, fire potential and traffic safety concerns.
  
- Reduce festive lighting replacement program
  - Impact-The light display will be somewhat less effective. This program maintains the strings once they are in place. We are proposing not to replace burned out bulbs and respond only in extreme cases of vandalism. Festive lights will be left up year round. Some displays could be eliminated.

### **Engineering and Public Works**

The Engineering and Public Works division found reductions of \$74,972 (.07% tax impact). The following is a summary of some of the items that will have a service level impact;

- Reduce window washing at City Hall
  - Impact- Will not be an acceptable standard for a building of this stature.
  
- Reduce Security Personnel on weekends (7PM-11AM) at City Hall
  - Impact-Will not have a person on site to resolve safety problems/issues, which may result in calls from public because of a perceived lack of security (contract work which does not impact regular full time staff). We may lose revenue from rentals of City Hall facilities.
  
- Reduce Ditch Culvert Cleaning from a 5 to 6 year program
  - Impact-Flooding potential may increase due to a higher build up of debris. Flooding and road damage complaints may increase. May increase potential for propagation of the West Nile Virus.
  
- Reduce Asphalt Capping Programme
  - Impact-A gradual decline in road conditions, which eventually will lead to road failure. Increase in demand work as complaints of potholes and poor road conditions increase.

### **Finance & Corporate Services**

The Finance & Corporate Services division found reductions of \$45,138 (.04% tax impact). The following is a summary of some of the items that will have a service level impact;

- Eliminate poor performing voting places.
  - Impact-Fewer places for public to vote, however, capacity at other voting places can easily accommodate extra electors
- Eliminate contract for building appraisals.
  - Impact-Building appraisals for the insurance information on 100 plus City Buildings will not be accurate for replacement purposes
- Eliminate position for individual in the summer in the tax department
  - Impact-Reduction in frequency of collections which will impact interest earned.
- Eliminate BlackBerry handhelds and anti-spam software
  - Impact-Time and productivity possibly effected due to ability to respond quickly to messages and unsolicited e-mail.

### **Urban Development**

The Urban Development division found reductions of \$18,427 (.02% tax impact). The following is a summary of some of the items that will have a service level impact

- Reduce supplies for UD plotter
  - Impact- A reduction would result in a loss of productivity and work quality and availability of the UD plotter, which is shared by other departments.
- Reduce Overtime
  - Impact-Will result in some slow down in application processing and may limit staff attendance at Public Hearings, Planning Committee and various other committees.
- Reduce outside printing of specialty work
  - Impact- Will result in lower standard of presentation for posters, banners, report covers, and presentation quality.
- Reduce committee expenses
  - Reduction of educational materials, seminar fees, guest speakers, honorariums and meeting expenses for Council appointed committees (e.g., ACE, Heritage Commission, Intercultural, Seniors, Public Art, Agriculture, Child Care).
- Reduction of one vehicle
  - Impact-Will impact level of service as unit is used as a backup when other vehicles are out of commission and by manager/staff to attend external meetings. However, travel mileage reimbursement will increase due to increase in staff travel by personal vehicles to site visits and meetings.

- Reduce purchases of computer software
  - Impact-Will limit ability to enhance efficiencies through software purchased and may negatively impact customer service.
- Reduce legal fees
  - Will limit ability to retain either external legal counsel or professional engineer/architects for bylaw compliance activities, (e.g., BC Supreme Court injunctions, professional third party construction reviews).

### **Human Resources**

The Human Resources division found reductions of \$10,570 (.01% tax impact). The following is a summary of some of the items that will have a service level impact;

- Reduce Employee Assistance Program (EAP) services
  - Impact-Potential exposure if usage goes up

### **Summary of findings**

Staff have completed the review process, as committed by the Chief Administrative Officer who believed that the additional review was beneficial. However as TAG had suggested they have not been able to find cost reductions that do not impact programs and service levels. Staff are now convinced that in future years, the “9 Big Picture Questions” will have to be addressed in order to have a framework in delivering the Operating Budget as pursuant to the Long Term Financial Management Strategy goals.

### **Financial Impact**

There will be no impact based on staff recommendations

### **Conclusion**

Staff do not recommend implementing the proposed reductions, as this will impact programs and service levels. If Council wishes to entertain budget reductions there is a much more extensive process which TAG will undertake. However Council should realize that because the City is already 2 months into the budget year the reductions will have to be larger and in order to mitigate this amount the action must be immediate.



Jerry Chong  
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