



General Purposes Committee

- Date: Tuesday, March 2nd, 2004
- Place: Anderson Room
Richmond City Hall
- Present: Mayor Malcolm D. Brodie, Chair
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Sue Halsey-Brandt
Councillor Rob Howard
Councillor Kiichi Kumagai
Councillor Bill McNulty
Councillor Harold Steves
- Call to Order: The Chair called the meeting to order at 6:00 p.m., and then relinquished the Chair to Councillor Kiichi Kumagai for the balance of the meeting.

FINANCE & CORPORATE SERVICES DIVISION

1. **2004 OPERATING BUDGET - REFERRAL**
(Report: Mar. 2/04, File No.: 0970-01) (REDMS No. 1128116)

It was moved and seconded

That the report (dated March 2nd, 2004, from the Director of Finance), regarding the 2004 Operating Budget referral, be received for information.

CARRIED

Discussion then ensued among Committee members and staff on the recommendation of staff that no further action be taken to implement proposed reductions to the 2004 Operating Budget. Mayor Brodie provided copies of a resolution which he hoped would be adopted by the Committee. He then spoke about the approach being taken which he felt was inefficient, and which only offered answers for the short term, rather than for the long term, as required in the City's Financial Sustainability Strategy.

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The Mayor also spoke about the belief that existing levels of service had to be maintained, stating that while he agreed with the principle, he felt that it would still be possible to maintain existing levels of service to the public but to do so in a more effective manner. He stated that it was necessary to consider the adoption of a fundamentally different approach to delivering services to the public and at the same, being fiscally responsible.

The Chair referred to the Mayor's proposed resolution, and indicated that he would like to have an open discussion on the matter before entertaining motions.

The Mayor opened the discussion, stating that a target should be established to reduce taxes by a minimum of 2%. He spoke about the results of the 'clicker' surveys undertaken by Committee members at recent General Purpose Committee meetings, which indicated that a majority of the Committee did not think that the City should be the primary provider of certain non-core services, and that these non-core services could be provided through a combined partnership.

Mayor Brodie then reviewed each of the proposed recommendations with the Committee.

Councillor Steves questioned the legality of the use of 'clickers' as it was his belief that the results had been obtained through a secret vote. He also questioned whether the meetings held to deal with the Financial Sustainability Strategy had been properly convened.

In answer, the General Manager, Finance & Corporate Services, Jim Bruce, advised that the meetings were duly constituted and publicly notified General Purposes Committee meetings. Chief Administrative Officer George Duncan also responded, confirming that the meetings had been legally constituted and with proper public notification. He further advised that the use of the 'clickers' was simply an information gathering exercise.

Cllr. Steves responded that if that was the case, Part 1 of the recommendation was out of order. He stated that Committee should not be adopting the proposed recommendation as it meant that the onus was being put on staff to make service cuts.

A lengthy discussion then took place between the Mayor and Committee members on the proposed recommendations, with the Mayor providing his rationale for each of the proposed recommendations.

At this point, the Chair expressed concern that there was only two months and fourteen days to adopt the 2004 budget and Five Year Financial Plan at the current level. He stated that Council had gone on record as being opposed to reducing the levels of service and the layoff of employees, and to do anything different would require an amendment to City policy. Cllr. Kumagai indicated that as long as that policy was in existence, Council was 'spinning its wheels'.

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Cllr. Kumagai stated that he would like to delay consideration of the resolution now being considered until various scenarios had been reviewed. He referred to the upcoming announcement of the Federal budget on March 23rd, 2004 when it was anticipated that the City would receive \$1.4 Million in fuel tax rebates, and indicated that he would like to have the opportunity to incorporate this revenue into the City budget. Cllr. Kumagai also referred to potential additional assessment of City properties for taxation purposes and stated that he intended to discuss the chances for success of the City's appeal with the Legal Department.

Cllr. Kumagai further advised that there were certain procedures to be followed if significant changes were planned for the City's union labour force and a certain time period to be implemented, which would extend beyond the date by the 2004 budget and Five Year Financial Plan had to be adopted.

Discussion continued, with comments being made that.

- City residents were facing a 5.18% property tax increase
- the Committee had not yet made decisions on core services to be provided by the City
- direction had not been given to the Parks, Recreation and Cultural Services Working Group by Council about ensuring that any new proposals would provide a net cost savings
- the Financial Sustainability Strategy should be reviewed to determine if that Strategy was realistic in its proposals
- the possible revenue opportunities referred to by Cllr. Kumagai and Mr. Bruce should be considered to determine whether such revenues could be used to reduce taxes
- the core services currently provided by the City must be reviewed and a determination made of exactly which services should be provided
- to say that the current level of service could not be reduced did not mean that Council could not change the way in which these services were provided; the results of the 'clickers' indicated that all services did not have to be provided by the City and until a decision was made on which of those services could possibly be undertaken with a partner. a final decision could not be made.

During the above discussion, Mr. Bruce advised that the 5.18% proposed tax increase represented the 'worst case scenario', and included additional level requests and emerging issues. He noted that an increase of 4.45% was indicated in the current Five Year Plan.

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Also during the above discussion, it was noted that the resolution proposed by the Mayor was connected to the Financial Sustainability process, and the question was asked about the feasibility of completing this work within the next two months and fourteen days. In answer, Mr. Bruce spoke about the purpose of the Financial Sustainability Strategy, and sought clarification on the meaning of the words 'internal overheads', and expressed concern about the possible impact on staff morale.

Reference was made to the additional officers requested by the RCMP, and the impact which approval of these officers would have on the budget, and discussion ensued among Committee and staff on the rationale for these officers and whether (i) the officers would be for general duty or used as school liaison officers, (ii) these positions were additional to the existing complement of officers in the Detachment, and (iii) the RCMP additional level requests had been recommended by TAG and included as part of the 5.18% tax increase.

Acting Chair Harold Steves assumed the Chair, as Councillor Kumagai left the meeting (7:16 p.m.).

Discussion continued on the budget.

Councillor Kumagai returned to the meeting (7:19 p.m.) and resumed the Chair.

Reference was made to the upcoming Federal budget and the impact which this could have on the City's budget with respect to additional revenue. Questions were again raised about whether staff would be able to complete the work in time for consideration as part of the 2004 budget process, and comments were made by Mr. Bruce about the cost of contracting out services, during which he indicated that examples of services which Council might like to see contracted out would be helpful to staff.

Discussion ensued on this issue, during which the comment was made that examples should not be provided at this time. However, concern was expressed that the indications given by the use of the 'clickers' should not be applied to this year's budget.

Discussion continued on the proposed resolution, with information being provided by staff about the efficiencies already implemented (i.e. elimination of redundant positions), and advice was given that a staff committee had been formed to examine new revenue opportunities. The discussion concluded with Mr. Bruce indicating that staff would be prepared to meet with Council at any time to undertake a line by line review of the City's operating costs.

It was moved and seconded

That in order to identify current and sustainable tax reductions in the minimum amount of 2%, that:

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- (1) *staff identify changes in our methods of service delivery to create efficiencies which will reduce expenditures in those areas of the financial sustainability plan where a majority of Council either:*
 - (a) *did not think the City should be the primary provider of a service; or*
 - (b) *where is considered not to be a core service; or*
 - (c) *where certain elements of a larger area of service may not be a core service or a service to be provided by the City.*
- (2) *staff identify areas where the City can reduce internal overheads without affecting service to the public;*
- (3) *staff identify new revenue-generating opportunities such as in the form of user fees in non-core service areas*
- (4) *staff be directed, as part of the Parks, Recreation and Cultural Services Master Plan, that Council expects a net cost savings; and*
- (5) *staff quantify the impact of any recommendation and suggest priorities for the reductions.*

The question on the motion was not called, as the request was made that the recommendations be dealt with separately.

Reference was made to Part 4, with concern being expressed about the difficulty in asking the Parks, Recreation & Cultural Services Working Group to work towards this goal. It was noted that this did not preclude staff from examining potential cost savings. **As a result of the discussion, it was agreed that Part 4 would be deleted from the resolution.**

The question on Part 1 was called, and it was **CARRIED**, with Cllrs. Barnes, Evelina Halsey-Brandt, Sue Halsey-Brandt, and Steves opposed.

The question on Part 2 was not called, as discussion ensued on how this recommendation could be adopted when Council had not yet identified the core services to be included as part of the 2004 Operating Budget. As a result the following **amendment** was introduced:

It was moved and seconded

That Part 2 of the main motion be amended by inserting the words "contracting out and without" after the word "without".

The question on the amendment was not called, as discussion ensued on whether staff were being asked to identify those positions which were surplus and no longer required, or not directly providing service to the public, and recommending whether these positions should be filled.

The question on the amendment was then called, and it was **DEFEATED** with Mayor Brodie and Cllrs. Dang, Howard, Kumagai, and McNulty opposed.

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The question on Part 2 was then called, and it was **CARRIED**.

The question on Part 3 was not called, as discussion ensued on what would be a 'non-core service. As a result of the discussion, **it was agreed that the words "such as in the form of user fees in non-core service areas" would be deleted from Part 3.**

The question on Part 3, as amended to delete the words **"such as in the form of user fees in non-core service areas"**, was then called, and it was **CARRIED**.

The question on Part 5 was then called, and it was **CARRIED**.

2. **2004 OPERATING BUDGET – EMERGING ISSUES**
(Report: Mar. 2/04, File No.: 0970-01) (REDMS No. 1128117)

This matter was not dealt with.

3. **2004 OPERATING BUDGET – ADDITIONAL LEVELS**
(Report: Mar. 2/04, File No.: 0970-01) (REDMS No. 1128113, 160969)

This matter was not dealt with.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (8:10 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Tuesday, March 2nd, 2004.

Mayor Malcolm D. Brodie
Chair

Fran J. Ashton
Executive Assistant, City Clerk's Office