CITY OF RICHMOND

REPORT TO COMMITTEE

TO:	General Purposes Committee	**DATE:**	March 28, 2001
FROM:	Greg Halsey-Brandt Mayor	**FILE:**	-
RE:	**Traffic Fine Revenue**		

RECOMMENDATION

That the Mayor on behalf of City Council write to the Minister of Municipal Affairs requesting a restoration of the Traffic Fine Revenue Sharing Program to the same level of financial contribution as in the year 2000.

Greg Halsey-Brandt
Mayor

Att. 2

329631

REPORT

ORIGIN

After several years of negotiation, the Union of British Columbia Municipalities on behalf of its members, negotiated for the first time that a percentage of the revenue generated from traffic fines be allocated to Local Governments. Until this Revenue Sharing Program was agreed to, all traffic fine revenue went to the Provincial Government and into their General Revenue Account. It was felt by Local Government that this arrangement was very unfair as for example, we in Richmond pay 90% of the cost of police officers and 100% of the cost of support staff and accommodation and yet we receive none of the traffic fine revenue that our police officers generate.

ANALYSIS

Based on the Traffic Fine Revenue Sharing Program, $13.2M per year has been distributed to Local Government in the past two years out of a total traffic fine revenue of about $80M per year by the Provincial Government. In the year 2000, Richmond received $495,156 in traffic fine revenue under this Program.

When the Provincial budget was announced on March 15, the Traffic Fine Revenue Sharing for the municipalities was cut from $13.2M to about $10M. This approximately 25% decrease in Municipal Traffic Revenue Fine Sharing has meant that Richmond's portion will be cut by approximately $136,000 to $359,418. Staff has allowed a reduction of $200,000 in our draft 2001 budget to cover this reduction.

The cost of policing in Richmond is the largest single increase cost driver in our 2001 budget. Increased salaries, overhead, and additional police officers for the RCMP results in a budget increase of $1.8M, or about a 1.98% increase in property taxes for policing in the 2001 budget. These are fixed costs that the City does not have the opportunity to reduce. It therefore appears most unreasonable for the Provincial Government to reduce our traffic fine revenue at the same time when policing costs are escalating. In addition, the Provincial Government has stated that they have a budget surplus of approximately $1.1 billion and therefore it would appear very unfair that the surplus would be built on the backs of reduced funding to Local Government. Attached is a copy of a Media Release from the UBCM outlining the concern from the standpoint of the municipalities across the Province and a letter from the Minister outlining the reason for the cut.

FINANCIAL IMPACT

The cuts to the Traffic Fine Revenue Sharing Program will result in Richmond needing to raise an extra $136,000 from taxpayers or the equivalent of .15% increase in property taxes to make up the shortfall in funding.

CONCLUSION

The Provincial Government claims that they have a $1.1 billion surplus in their 2001/02 budget and yet they have cut Traffic Fine Revenue Sharing to Local Government by over $3M due to a decrease in the number of traffic fines issued across the Province. In the case of Richmond this will require us to increase property taxes to make up the reduction in funding to our City of $136,000 at a time when policing costs are the largest single increase in our preliminary 2001 budget. The Mayor on behalf of Council should write to the Minister of Municipal Affairs, with a copy to the Attorney General and to Richmond MLAs objecting to this funding reduction and requesting that the Traffic Fine Revenue Sharing Program be reinstated to year 2000 levels.

MEDIA RELEASE

FOR IMMEDIATE RELEASE

March 16, 2001

UNION OF
BRITISH
COLUMBIA
MUNICIPALITIES

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10551 Shellbridge Way
Richmond
British Columbia
Canada V6X 2W9
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UBCM Has Mixed Emotions About Provincial Budget

Cuts equivalent to eliminating thirty police officers from municipal forces

"Perplexed, disappointed, confused and relieved sum up our feelings about the provincial budget's effects on local governments," said UBCM President Jim Abram. "We are perplexed as to why the government has once again reduced our fair share; disappointed about the amount they have left us, and confused as to how the cuts to Traffic Fine Revenue Sharing were determined. We were, however, relieved that the Small Community Protection Grants were maintained. We were also relieved that Traffic Fine Revenue Sharing wasn't eliminated in its entirety."

The traffic fine revenue sharing program was introduced two years ago and has been funded at a level of $13.2 million for the past two years. The overall funding is based on a share of projected fine revenues collected by the provincial treasury on tickets issued by local police enforcement officers. The amount the province decides to share is distributed to municipalities on the basis of their share of total traffic enforcement policing costs in the province.

"It wasn't until this past fall that government ever confirmed that there actually was a formula in place to determine the amount of overall funding. We never agreed to the formula that was used," commented Abram. "Early this year we were told that traffic fine revenues were decreasing and the formula wouldn't produce any grants this year. We urged the Minister of Municipal Affairs to fight to maintain the grants at the previous year's levels until the formula could be fixed, and we understand that he presented our cause vigorously to Treasury Board. Instead of imposing a new method of "sharing" on us we hoped that the government would maintain the funding and work toward a new formula that was understood and accepted by both parties."

- more -

"What government did was cut the fine revenue sharing by just over $3 million or **25%**, without an explanation as to how the figure was arrived at. It is hard to understand why the province would do this given that the government is projecting a $1.3 billion surplus and has built into the budget a $300 million contingency. **The cuts we are talking about are one quarter of 1% of the surplus and 1% of the contingency!**

We are perplexed as to the rationale for making this change when there seems to be no need. The 25% decrease in municipal traffic fine revenue sharing would have cost government "nothing" in the bigger scheme of their budget. However, to us, it is the **equivalent of cutting 30 police officers from traffic enforcement.**

The Attorney General states that traffic enforcement is a priority, but then the provincial government cuts funding to support this priority. What is wrong with this picture?" concluded Abram.

- 30 -

For more information contact: **Jim Abram**
UBCM President
(250) 830-8005

Richard Taylor
Executive Director
(250) 356-5133

IMPORTANT

BRITISH COLUMBIA

TO: MAYOR & EACH COUNCILLOR
FROM: A/CITY CLERK

pc: CAO
All GM's
Director, Finance

		INIT
	JRM	
✓	DW	DW
	KY	
	AS	
	DB	
	SF	

PHOTOCOPIED & DISTRIBUTED
DATE: Mar 28/01 RS

MARCH 28 2001

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His Worship Mayor Greg Halsey-Brandt and Council
City of Richmond
6911 No. 3 Rd
Richmond BC V6Y 2C1

Via FAX: 604-278-5139 (faxing 2 pages)

Dear Mayor and Council:

I have met with many local government officials in the past weeks and months, and I know that you have been awaiting news about the unconditional local grants program for 2001/02. The ministry's budget has now been approved and I am pleased to provide you with the following information.

There will be adjustments to the Traffic Fine Revenue Sharing program, which has been impacted by unanticipated, falling revenues. The revenues to be shared will be $10 million this year, compared to $13.2 million last year. This may be due to a number of factors, including better driving habits. If the original formula had been used to calculate the revenue to be shared, the program would effectively have been eliminated in 2001; however, because the magnitude of the decline in fine revenues was unexpected, the province will fund the program at 75 percent of the 2000/01 level. The ministry will work with the Union of B.C. Municipalities to re-establish a stable basis for the program for 2002. Your allocation for 2001/02 is $359,418.

Last year, the transitional assistance program was reduced and began a phasing out process. This year, the program has been eliminated and the affected local governments have been notified about this change.

As you know, new funding for a joint infrastructure program with the federal government was announced in October to help us make sure British Columbians have safe drinking water and upgraded sewer systems. The UBCM was directly involved in negotiating this agreement and they remain at the table to assist in determining priorities for funding approvals.

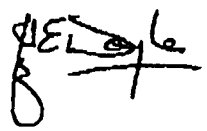
CITY OF RICHMOND DATE MAR 28 2001 RECEIVED CITY CLERK'S

Ministry of Municipal Affairs
Office of the Minister
Mailing Address: Parliament Buildings Victoria BC V8V 1X4
Location: Parliament Buildings Victoria

The new Canada – BC Infrastructure Program will provide more than $800 million over the next six years for urban and rural local government infrastructure projects. One-third of that funding will be provided by local governments. These new funds will help address the urgent need for upgrading our infrastructure. We have received many applications since the program was announced several months ago and we anticipate being able to notify successful applicants starting in April.

It is my hope that we will continue our close working relationship to build and maintain strong, healthy communities that provide a high quality of life for British Columbians.

Yours truly,



Jim Doyle
Minister

pc: Doug Symons, M.L.A. - Richmond Centre
Geoff Plant, M.L.A. - Richmond-Steveston
Linda Reid, M.L.A. - Richmond East