



City of Richmond

Report to Committee

To: Finance Committee

Date: May 28, 2008

From: Jerry Chong
Director Finance

File:

Re: 2007 Surplus Appropriation

Staff Recommendation

That the December 31, 2007 surplus be appropriated as outlined in the attached report.

Jerry Chong
Director, Finance
(4046)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO (Acting)	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

The City does not budget for a surplus as part of the development of the annual operating budget, however, due to increased revenues or decreased costs during the year it is not unusual to have a surplus at the end of each fiscal year. Historically, Richmond has utilized the surplus to fund unanticipated one-time expenditures not budgeted for, or for items that were anticipated but could not be accommodated through the City's budget. This use of consolidated surplus allows the City to address important unanticipated and unfunded corporate expenditures without impacting taxes.

For the year ended December 31, 2007, the City of Richmond had a surplus of \$4.3 million resulting primarily from the following:

- Favourable revenues from building permits and development applications due to an active housing market of approximately \$1.3 million,
- RCMP contract costs lower than budget due to delayed replacements, therefore billings being less than approved strength of approximately \$1.8 million,
- Other items such as vacant positions, supplies, maintenance, investment income, etc.

This report outlines the status of the appropriation of the 2007 surplus.

Analysis

The 2007 surplus budget amount of \$4,303,790 has been recommended by TAG to be appropriated to the following one-time expenditures.

Table 1

Department	Description	Total Amount Requested	Amount Recommended by TAG
Corporate Services	Election budget	\$53,000	\$53,000
Parks, Recreation & Culture	Seats at Gateway Theatre	\$103,565	\$103,565
Law & Community Safety	Upgrade to Fire Rescue safety equipment	\$185,000	\$185,000
Parks, Recreation & Culture	Watermania maintenance	\$250,000	\$250,000
Planning & Development	Agricultural Land Endowment	\$500,000	\$500,000
Planning & Development	OCP Review – City Wide	\$600,000	\$600,000

Department	Description	Total Amount Requested	Amount Recommended by TAG
Engineering & Public Works	OCP – Engineering	\$300,000	\$300,000
Olympic Business Office & Major Projects	Strategic Operational Plan	\$6,000,000	\$2,312,225
Total			\$4,303,790

1. Corporate Services - Election Budget (\$53,000)
As previously discussed during the 2008 annual budget process, the amount requested is required in order to meet the current level of service and increasing demands for the upcoming election.

2. Parks, Recreation & Culture - Replacement of seats at Gateway Theatre (\$103,565)
The seating in the theatre is 20 years old and has reached the end of its serviceable life. The seats should be replaced or the upholstery and padding replaced.

3. Law & Community Safety - Upgrade to Fire Rescue Safety Equipment (\$185,000)
The Rapid Intervention Team is a unit made up of firefighters trained in emergency scene rescue techniques. The team's objective is to rescue fellow responders who become trapped, injured or missing during response activities. The ability to move through apartment walls if the exits become blocked as well as rescue people or co-workers who have become trapped.

Upgraded equipment includes self contained breathing apparatus (SCBA).

4. Parks, Recreation & Culture - Watermania Maintenance (\$250,000)
The following items were identified in the Facilities Maintenance building assessment report: replace the wave pool and hot tub pool filters (\$68,000), water piping (\$12,000), check valves (\$35,000), air handling unit, fan coils and duct work (\$20,000) and exhaust fans (\$75,000) as well the light bollards adjacent to the wave pool (\$40,000).

The benefits include reducing operating costs, improving air quality in the pool area and improving safety.

5. Planning & Development - Agricultural Land Endowment (\$500,000)
Agricultural Endowment Fund
Staff has obtained agreement from both CLC and Musqueam to create an agricultural endowment fund of approximately \$10 million to be collected over a 10 year period as a consideration of the rezoning process for the developable portion of the Garden City Lands.

Timing of Endowment Payment and City Contribution

The CLC/Musqueam contribution to the Endowment Fund would be paid as development on the site occurs. This will be in addition to other community amenities that are normally expected as consideration for approving a rezoning.

The Richmond agricultural community would like to realize the full benefit from the Garden City Lands Agricultural Endowment Fund as soon as possible. This would require that the City of Richmond top up the annual income comparable to the interest that a \$10 million endowment would generate in the interim until the full contribution into the endowment is received from CLC/Musqueam. Staff believe that it would be appropriate for the City to commence such contributions once subdivision of the site occurs and the City obtains title to the Public Lands. In a worst case scenario, the maximum total financial contribution from the City would be approximately \$3,750,000 over ten years. It is noted that in the event that exclusion is not successful, no payment would be required from any of the parties.

6. Planning & Development - Official Community Plan (OCP) City Wide (\$600,000)
In order to meet statutory requirements as mandated by the Province, funding is required in order to complete our review of the city wide OCP which will include a wide range of growth, demographic, urban design, social, economic and environmental policies.
7. Engineering & Public Works - Official Community Plan (OCP) Engineering (\$300,000)
When the city wide OCP is reviewed, it is necessary for Engineering to comprehensively review the City's infrastructure (water, sanitary and drainage) to ensure that land uses and densities in the new OCP update can be adequately serviced.
8. Olympic Business Office & Major Projects - Strategic Operational Plan (\$6,000,000)
In April 2008 Council approved the "City of Richmond 2010 Olympic and Paralympic Winter Games Strategic Operational Plan". The budget to address this plan is \$10 million of which \$4 million has already been funded. In order to meet the commitment of the 2010 Olympics the surplus will be designated for:
 - The legacy planning component
 - Specialized technical consultant and legacy infrastructure
 - Richmond Oval Sponsorship Plan and implementation
 - Live Site/Ozone Project Development Plan and implementation
 - Marketing packages for the Oval and Celebration Site
 - Legacy infrastructure

Financial Impact

For the year ended December 31, 2007, the City of Richmond had a surplus of \$4,303,790. This surplus is recommended to be appropriated to meet the additional funding requests for one time expenditures as listed in Table 1.

Conclusion

Staff recommends that the \$4,303,790 of surplus funds generated in 2007 be appropriated as follows:

1 Corporate Services	Election budget top up	\$ 53,000
2 Parks, Recreation & Culture	Replace seats at Gateway Theatre	\$ 103,565
3 Law & Community Safety	Upgrade to Fire Rescue safety equipment	\$ 185,000
4 Parks, Recreation & Culture	Watermania maintenance	\$ 250,000
5 Planning & Development	Agricultural Land Endowment	\$ 500,000
6 Planning & Development	OCP review city wide	\$ 600,000
7 Engineering & Public Works	OCP Engineering	\$ 300,000
8 Olympic Business Office	Strategic Operational Plan	<u>\$ 2,312,225</u>
		<u>\$ 4,303,790</u>



Hari Suvarna
Manager, Budgets and Accounting
(4365)