



To: Finance Committee
From: Jerry Chong
Director Finance
Re: **2005 Surplus Appropriation**

Date: June 15, 2006
File:

Staff Recommendation

That the City of Richmond's December 31, 2005 consolidated surplus be appropriated as outlined in the June 15th, 2006 staff report from the Director of Finance.

Jerry Chong
Director, Finance

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER 		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	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 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, 2005, the City of Richmond had a consolidated surplus of \$6.04 million resulting primarily from the following;

- Favourable revenues from building permits and development applications due to an active housing market of approximately \$3.0 million,
- RCMP contract costs lower than budget due to delayed replacements therefore billings being less than approved strength of approximately \$0.8 million
- Lower than expected purchases of water from the GVRD, operating efficiencies and favourable revenues from metered billing totalling approximately \$1.2 million
- Other items such as vacant positions, supplies, maintenance, etc.

This report outlines staff's recommendations for the allocation of the 2005 consolidated surplus.

Analysis

The one time expenditures have been reviewed by TAG and recommendations made based on the following four factors:

- (1) Non Discretionary expenditures.
- (2) Council Initiatives.
- (3) Discretionary expenditures - health and safety, protection of existing infrastructure (risk management).
- (4) Discretionary expenditures - operational efficiencies, increased functionality or new programs.

The following chart summarizes the recommended one time expenditures;

	Department	Division	Description	Requested Amount
1	Parks Rec & Cultural Svcs	PRCS-Childcare	Prov Targeted Funding	\$110,000
2	Parks Rec & Cultural Svcs	PRCS-Britannia	Installation of exhibits	\$67,873
3	Parks Rec & Cultural Svcs	PRCS-Public Art	Public Art Co-Ordinator	\$93,000
4	Parks Rec & Cultural Svcs	PRCS	Precinct Art Plan	\$1,746,250
5	Corporate Services	Information Technology	Bookit Replacement	\$900,000
6	Corporate Services	Communications	Corporate Communications	\$275,743
7	Law and Community Safety	Law	Legal Services	\$400,000
8	Law and Community Safety	Richmond Fire Rescue	Upgrade Safety Equipment	\$150,000
9	Law and Community Safety	Richmond Fire Rescue	Trailer Upgrade	\$150,000
10	Engineering & Public Works	Fleet Operations	Fueling Station	\$225,000
11	Engineering & Public Works	Public Works	Replace Shed - building code	\$105,000
12	Planning and Development	Olympic Business office	Consulting	\$336,134
13	Planning and Development	Policy Planning	OCP - Consulting	\$471,000
14	Engineering & Public Works	Engineering	City Centre Area Service Plan	\$120,000
15	Business & Fin Services	Economic Development	City Center Plan	\$140,000
16	Engineering & Public Works	Facilities	Facilities & Parking upgrades	\$750,000
			Total	\$6,040,000

1) Recreation and Culture-Childcare

That should the Society for Richmond Children's Centres be awarded Provincial Targeted Major Capital Funding, the City allocate up to \$110,000 from any arising 2005 operating budget surplus to prepare the site for a modular building and appropriate staff time to coordinate with the Society in development of the child care centre.

2) Recreation and Culture-Britannia

Installation of machinery and equipment as exhibits in the Britannia Shipyard building. Equipment has been collected over the past 10 years in preparation of a 1996 exhibit plan. The installation of these exhibits will enhance the visitor experience at Britannia. This equipment will assist visitors with understanding how the shipyard was used and the functions that were carried out in maintaining the fishing fleet. It will provide opportunities for volunteers and staff to engage the visitors in a meaningful experience and demonstrations.

3) PRCS -Public Art Co-Coordinator

The City's needs a full time permanent Public Art Co-ordinator. Planning committee on April 4, 2006 approved this. Enables some 35 current public art projects, in stream, to continue, the proposed Oval Precinct Public Art Strategy and Implementation Program to succeed, and the proposed No 3 road Public Art Strategy and Implementation Program to succeed. This also enables staff to make the City appealing and well managed.

4) PRCS -Oval Precinct Public Art

The vision for the Richmond Oval and precinct is "to be a unique destination that serves as a dynamic international gathering place and an outstanding centre of excellence for

sports and wellness at the heart of an exciting urban waterfront.” The inclusion of art in and around the building is critical to achieving this exciting and ambitious vision. The plan recommends a series of integrated artworks as well as several opportunities for individual works of sculpture. While several of the integrated works in the building fabric require immediate implementation many others will be phased in over the next five to seven years.

5) Information Technology-Bookit POS Replacement

The Bookit POS Recreation system is a propriety system that has been in use for over 8 years and has been supported by Telus. The staff that supported the software no longer work at Telus and Telus has informed us that they will no longer support the current system in 2008. Given some of the inadequacies that were identified in the Bookit POS system and the lack of future support, the City needs to determine its requirements for a recreation system and evaluate other alternatives. The current Bookit POS program has over 200 internal users, thousands of public users who register for recreation programs over the Internet, and it transfers millions of dollars to community organizations.

6) Corporate Communications

The City has many high profile initiatives that require proactive communication and public engagement strategies. In addition various issues require prompt attention and effective means of communication. The past year and through advice from consultants has brought to the attention of City Staff that resources are required to develop positive messaging and a variety of integrated communication vehicles to share with the community. This has been supported by last year's Ipsos Reid survey on municipal services, which showed many Richmond residents desire increased communication from the City.

7) Law-Legal Services

The City of Richmond has historically expended 50% of its legal budget on external legal resources. The fees charged by external law firms have risen traditionally 10-15% annually during the last 3 years and this factor combined with additional services requested by the customer departments has seen this budget increase. The amount expended in 2005 will approach \$560,000 to \$600,000 due primarily to new initiatives such as the RAV Line, the acquisition of the Garden City lands and various other important legal matters. The request is in addition to the amount currently budgeted for 2006.

8) Richmond Fire Rescue-Equipment

The upgrading of specific equipment (breathing apparatus, high voltage detectors) to keep up with new technology available and NFPA regulations.

9) Richmond Fire Rescue-Trailer

In order to provide separate change areas it is recommended that the City provide trailers at the fire halls.

10) Fleet Operations-Fuelling Station

The City currently manages the dispensing of fuel with Gasboy, a microprocessor-based fuel control and data acquisition system integrated into the pumps at the fuel station. This system was initially installed to replace the fuel attendant position as a cost saving measure. Unfortunately, this system has become inadequate, problematic, and is now technologically out-of-date. Unlike newer systems that are Windows-based, the Gasboy system works on an antiquated DOS-based operating system which IT no longer supports.

11) Public Works-Storage Sheds

The current wood frame sheds are unsafe and unstable. The existing structures have been condemned and both the Storm and Sanitary Divisions require this covered area for benching manholes and I.C.s and for storage of J-plugs. The proposed design prepared is for a steel frame with corrugated steel roof and siding and concrete foundation without a slab.

12) Olympic Business Office

Preparing for the hosting of the 2010 Winter Olympic Long Track Speed Skating Event; leveraging opportunities and generating excitement for all residents of Richmond to get involved in Olympic-related celebrations – both pre-2010 and during 2010; and properly planning for a successful, viable and unique post Games Legacy facility for the community requires substantial research, planning and execution. The additional funds requested for the Olympic Business Office can be sorted into two main categories which support the priorities in the Olympic Business Work Plan for 2006.

- a. Consulting - As the Olympic Games and style of Legacy facility planned for the community are both new lines of business for the City, obtaining consultants' expertise in many areas will be required including:
 - updating the Oval Post Games Business Plan
 - developing a City of Richmond Olympic Strategic Plan which will form the framework for an associated Olympic Pre-Games Business Related Budget (as per Council's recent referral);
 - developing a economic, tourism and sports medicine strategy for the Olympic Gateway Neighbourhood;
 - developing a framework for the identification of community and high performance users;

- completing Sports Medicine and Sport Science tenant negotiations and legal agreements; and
 - Pursuit of General sponsorship and other than naming rights
- b. Events and Workshops - Participation in preparations for the 2010 Winter Olympics requires the city's involvement in: visiting/hosting Olympic related events, adhering to IOC, VANOC and partner requirements, and promoting major milestone in the community to build excitement. Such activities planned for 2006 that require funding include:
- a major announcement related to the construction of the Oval;
 - a celebration to mark the pouring of the concrete at the Oval;
 - hosting the IOC's Coordination Commission and other dignitaries when they are in town;
 - staging an annual community event to celebrate Richmond's involvement in the 2010 Winter Olympic Games and build profile for the Oval and invoke civic spirit and pride;
 - hosting Speaker Series and workshops for the benefit of the Richmond community; and
 - attending Partner-related activities such as workshops, meetings, and speakers that pertain to the 2010 Winter Olympic Games.
 - Although at the present time there are no indications from VANOC that there is any major travel planned, there may be minor travel incurred due to engineering or facility requirements therefore it is prudent to have a small amount available for any unanticipated needs.

13) Planning -OCP

Every 5 years, the City should update its Official Community Plan (OCP). The current OCP was updated in 1999. The OCP is the City's main community planning document which guides population and employment to 2031, land use, development, urban design, servicing, social issues and the natural environment. The OCP also contains a Regional Context Statement (RCS) regarding how the City will achieve the GVRD Liveable Region Strategic Plan (LRSP). Council, Provincial legislative and GVRD legal and policy requirement will not be addressed.

14) Engineering-City Center Area Servicing Plan

The City Centre area plan review is currently under way. The draft area plan will be before Council in late June 2006 and immediately out for public consultation/feedback. In order to complete the area plan a full review of servicing implications will be required including feasibility and costing. Due to current workloads, staff require the assistance of a consultant to undertake this significant task. Hiring of a consultant in July 2006 would enable staff to have a draft servicing strategy by approximately October 2006. The integration of the planning and servicing components for an area plan is critical. As an example in the West Cambie area there were numerous changes in arriving at the final plan resulting from a comprehensive review.

15) Economic Development-City Center Plan

The purpose of this project is to prepare a Richmond City Economic Market positioning study that contains information, options and recommendations regarding how the City of Richmond can better position itself and accommodate a wide range of businesses and jobs (industrial, office, commercial, airport and sea port-related uses).

More specifically, the Study work requires providing information regarding the economy, jobs and business to the City Centre Area Plan Update team the following information to assist in the production of their work [vision statements, concepts, principles, goals, objectives, data, rationales, supporting arguments, statistics, other, as necessary], options and recommendations.

16) Facility and Parking Upgrade

In reviewing the use of space at City Hall, it has become apparent that in addition to the lack of space and parking at City Hall, the existing space could be used more effectively by implementing some changes. Increased staffing that has occurred since the original occupancy of City Hall in May of 2000 has led to a number of issues including occupational health and safety concerns, and working conditions for staff where their work space is unsatisfactory for the functions that they are tasked with.

Over the last few years, different personnel requirements and restructuring of departments, have resulted in a space shortage and in some work units not being located in close proximity to each other. Locating work units adjacent to each other is desirable and increases efficiency in the daily work operations. These issues are amplified by the inherent inefficiencies of the vertical design of the building which makes it difficult to keep work units together.

The space for the Mayor and Councillor's is no longer suitable for the day to day administrative functions required for the governance of the City. Security, confidentiality and working conditions for the support staff are becoming problematic.

In addition to space shortage for staff, the shortage of underground parking causes staff to park in front of City Hall thereby creating parking space shortages for residents and visitors. This shortage is exacerbated by the fact that city vehicles used by Bylaw staff take up parking overnight, but result in vacant spots for the majority of the day when Bylaw staff are out in the community performing their duties.

Alternatives such as relocating Community Bylaws to another location and renovations within City Hall are being assessed to address both the space shortage and the inefficiencies that have slowly developed over the past years.

Financial Impact

For the year ended December 31, 2005, the City of Richmond had a consolidated surplus of \$6.04 million. The preceding 16 appropriations total \$6.04 million.

Conclusion

Staff recommend that the \$6.04 million of surplus funds generated in 2005 be appropriated as recommended

A handwritten signature in black ink, appearing to read 'JC', with a large, stylized flourish extending to the right.

Jerry Chong
Director, Finance
(4064)
JC:jc