



CITY OF RICHMOND

REPORT TO COMMITTEE

TO: Finance Select Committee

DATE: July 11, 2001

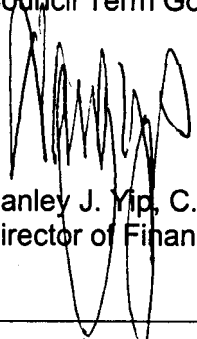
FROM: Danley J. Yip, C.A.
Director of Finance

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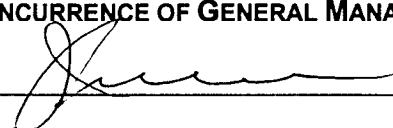
RE: Council Term Goals – Alternative Revenue Options

STAFF RECOMMENDATION

That the Report to Committee (dated July 11, 2001 from the Director of Finance) regarding Council Term Goals - Alternative Revenue Options be received for information.



Danley J. Yip, C.A.
Director of Finance

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STAFF REPORT

ORIGIN

The City of Richmond continues to grow and strive towards becoming the most appealing, liveable and well-managed community in Canada. Currently, the City enjoys a strong financial position, however there will be significant financial demands in the coming years. The City needs to generate new revenues to replace old and develop new public infrastructure, buildings, programs and services. The City will therefore need to carefully manage its revenue streams to ensure a sustainable financial position for the organization. At present the City receives its revenues primarily from taxation, grants, user fees and development cost charges.

In order for the City to be proactive in maintaining the same levels of service without passing on large tax increases to its residents, the City must seek alternative revenue sources and continue to implement cost effective measures in its general operations.

ANALYSIS

This report identifies alternative revenue options that will assist the City in increasing its revenue base. They are not exhaustive, but represent some possible options for the City to consider and determine whether further investigation is warranted before undertaking any of the revenue options.

1. Increase Aquatics & Arenas Admission/Lesson Fees

The increase in admission and lesson fees for the Aquatic and Arena facilities seems to be a sensitive issue based on reviews that have been conducted, which show that fees at these facilities are among the highest in the Lower Mainland. The general consensus, according to Aquatics and Arenas reports, is that these fees cannot be increased without significantly impacting the number of users of these facilities. The City must be cognizant of its customer/user base and establish an appropriate balance between admission and lesson fees and usage by the public.

Aquatics and Arenas information included in the report has been excerpted primarily from a Report to Committee dated February 27, 2001 from the Director, Recreation and Cultural Services.

The following table outlines how Richmond's admission fees compare to those of other aquatic facilities within the region which are most similar to WaterMania:

FACILITY	CHILD	TEEN	SENIOR	ADULT
WaterMania	\$3.75	\$4.25	\$4.25	\$5.25
Minoru Aquatic Centre	\$3.00	\$3.25	\$3.25	\$4.50
Saanich Commonwealth	\$3.00	\$3.75	\$3.75	\$5.00
Newton Wave Pool	\$2.75	\$3.75	\$3.75	\$4.75
Surrey Leisure Centre	\$2.75	\$3.75	\$3.75	\$4.75
Coquitlam City Centre	\$2.50	\$3.60	\$2.95	\$4.60
New West. Canada Games	\$1.95	\$2.95	\$1.95	\$4.40
Matsqui Recreation Centre	\$2.25	\$3.05	\$2.95	\$4.25
N. Van Karen Magnussen	\$2.00	\$2.50	\$2.50	\$4.00
Vancouver Aquatic Centre	\$2.00	\$3.00	\$2.40	\$4.00
Ladner Leisure Centre	\$2.10	\$2.60	\$2.60	\$3.65
Langley W C Blair Wave Pool	\$2.00	\$2.50	\$2.50	\$3.50

The table includes comparisons with the 6 closest communities having wave pool facilities, as well as with communities having long course 50 meter pools. Ladner Leisure Centre is included as the facility closest resembling WaterMania. The fee comparison indicates that WaterMania has the highest admission fees in each age category, and that Minoru Aquatic Centre (without the benefit of waves, waterslides or a 50 meter pool) has admission fees, which are higher than most newer, multi-amenity facilities.

WaterMania and the Minoru Aquatic Centre have all increased their admission fees for 3 consecutive years. With respect to instructional program fees and facility rental rates, there have also been fee increases in each of the past three years ranging from 3% to 5% annually. Comparisons to other communities indicate that Richmond is at the upper end of aquatic fee scales.

The Richmond Arenas Community Association has chosen not to increase fees for 2001, due to market conditions and an analysis of how rate increases would likely impact revenue negatively. Adult rates have been adjusted several times over the past few years in order to respond to changing market conditions. Some rates have increased and some have decreased in order to maximize customer use and revenues.

Although it appears that the City has reached the upper limit in terms of its admissions and lesson fees, the City can continue to look at this area as a possible revenue generator to offset operating costs at these facilities.

2. Pay Parking

The issue of implementing pay parking throughout Richmond has been a focus of many reports. This analysis is based on information provided by the Manager, Community Bylaws and a 1997 report prepared by the Senior Buyer in the Finance Department.

At present the City has four pay parking lots. Three lots were implemented to prevent nearby facilities from using City owned no-pay lots. These lots are located at Brighthouse

Park, the Gateway Theatre, and Lawn Bowling Road. The other lot located on the corner of Westminster Highway and Alderbridge Way was created as a revenue source for the City.

Many proposals have been reviewed and discussed regarding the implementation of new pay parking lots, on-street metered parking and the creation of new time restricted spaces as well as increased enforcement of existing time restricted spaces. The possibility of partnering with a parking enforcement company has also been investigated. Industrial Parks have been identified as possible pay parking program sites because it would be easier to implement in those areas and possibly generate more pay parking revenue than other areas in the City. Other possible sites would include Steveston, Garry Point and the City Center. Information for these proposals is currently being put together for further review and analysis by the Manager, Community Bylaws

The cost to establish a parking program varies with the type of program and the number of parking spaces considered. For example, to supply and install one electronic parking meter capable of servicing two spaces complete with coin canister and wedge lock mounting post is \$1,250 or \$625 per space. The approximate cost to establish 250 metered spaces is about \$200,000 which includes set up costs estimated at \$50,000 for parking meter software, communicator equipment and collection canisters. These capital costs could be mitigated or eliminated if the City entered into an agreement with a parking enforcement company and participated in a revenue sharing plan.

3. Establish Strategic Partnerships

The rationale for establishing partnerships is that both the City and the partner have unique strengths and advantages that, when combined, make possible the provision of community works and services that would be difficult for the City to provide on its own.

The City has a long history of working with other organizations to ensure that the community is provided with the best services possible. For many years, Richmond City Council has recognized the value of establishing strategic partnerships with community organizations, the business community and other governmental agencies. Looking at partnership opportunities has direct benefits to the City through cost savings in service delivery and strategic partners providing the initial outlay of capital for major projects.

At present the majority of the City's partnerships have been for community well-being and expense reduction. No strategic partnerships stand out in regards to providing a constant revenue stream for the City. An example of this would be the City exploring options to partner with a company, which will manufacture and market a product on which the City holds a patent.

4. Set up a Government Business Enterprise (GBE)

A Government Business Enterprise is defined as an organization that has all of the following characteristics:

- a) it is a separate legal entity with the power to contract in its own name and that can sue and be sued
- b) it has been delegated the financial and operational authority to carry on business
- c) it sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and
- d) it can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

The *Local Government Act* (the Act) provides municipalities and regional districts with the "power to engage in any commercial, industrial and business undertakings and incorporate a corporation or acquire shares in a corporation for that purpose". Prior approval by the Inspector of Municipalities is required to incorporate a company or a municipality to purchase shares of a company under Section 195.

A listing of some of the GBE's set up by municipalities in British Columbia are as follows:

Municipality/Regional District	Name of Incorporated Body
Kelowna	R.G. Arenas (Kelowna) Ltd.
	Kelowna Developments Ltd.
Lake Cowichan/Cowichan Valley RD	Cowichan Lake Community Forest Cooperatives
Burns Lake	Burns Lake Community Forest Corporation
Masset	Greater Masset Development Corporation
Whistler	Whistler Village Land Co. Ltd.
	W.V. Housing Corporation
	593848 B.C. Ltd. (land acquisition)
Smithers	Smithers Ski Corporation
100 Mile House	100 Mile House Development Corporation
Revelstoke	Revelstoke Community Forest Corporation
Chilliwack	Chilliwack Economic Partners Corporation
Gold River, Tahsis and Zeballos	Nootka Sound Economic Development Corporation
Alberni-Clayoquot RD, Mount Waddington RD	911

Maple Ridge	C.M.D.R. Ltd.
Capital Regional District	Capital Region Housing Corporation
Mission	District of Mission Development Corporation
Prince Rupert	Telephone (2 companies)
Delta (share purchase)	Waters of Canada Sales Inc.

5. Charge for Use of Playing Fields

At present the City of Richmond is one of three Greater Vancouver municipalities (the other two being West Vancouver and Delta) that does not charge for the use of its playing fields. However, comparing the average residential family home tax bill (including utilities) between these three municipalities shows Richmond is the lowest at an average of \$1,482, while West Vancouver has an average tax bill of \$2,813 and Delta has an average bill of \$1,867. In order for Richmond to maintain and/or upgrade its current playing fields more funding will be required. Procuring new revenues through user fees for playing fields will allow the City to provide higher levels of service without impacting property taxes.

A comparison of municipality user fees for fields and baseball diamonds is set out below:

Municipality	Field/Diamond-Adult		Field/Diamond-Youth	
	Reg. Season	Tournament	Reg. Season	Tournament
Burnaby	\$3.90-\$11.75/hr.	\$23-\$76/day	N/C-\$11.75/hr	N/C-\$82/day
Coquitlam	\$6-\$40/hr	\$37-\$150/day	\$1-\$18/hr	\$5-\$28/day
Delta	N/C	N/C	N/C	N/C
New West.	N/C	\$29.75/day	N/C	\$29.75/day
District of North Vancouver	N/C	\$10 & \$20/hr	N/C	\$5 & \$20/hr
Port Moody	N/C	\$16 or \$24/hr	N/C	\$16 or \$24/hr
Richmond	N/C	N/C	N/C	N/C
Ridge/Meadows	N/C-\$11.00/hr	\$2.50-\$21/hr	N/C	\$1.25-\$21/hr
Vancouver	\$3.85 - \$10/hr	\$3.85 - \$10/hr	N/C	N/C
West Vancouver	N/C	N/C	N/C	N/C

A table showing the user fee comparison for lit fields, tracks and sports camps is provided below:

Municipality	Lit Field		Track		Sports Camps
	Adult	Youth	Adult	Youth	
Burnaby	\$6.65-\$8.85/hr	N/C-\$5.35/hr	\$346/season	\$346/season	N/A
Coquitlam	\$8.00/hr	\$5.00/hr	\$73.00/hr for track meets		N/A
Delta	N/C	N/C	N/C	N/C	N/C
New West.	N/A	N/A	N/A	N/A	N/A
District of North Vancouver	N/A	N/A	N/A	N/A	\$5 & \$20/hr
Port Moody	included in tournament fee		NC	NC	NC
Richmond	N/C	N/C	N/C	N/C	N/C
Ridge/Meadows	N/A	N/A	N/A	N/A	N/A
Vancouver	\$3.90 - \$9/hr	N/C - \$5.10	N/A	N/A	\$7.15/hr
West Vancouver	N/C	N/C	N/C	N/C	N/C

Parks staff are currently putting together a projected revenue report for different user fee scenarios. Options being analyzed are graduated user fees, fixed rates per user and fixed rates by event.

6. Leverage Purchasing Power

The City is already part of the Vancouver Regional Co-operative Purchasing Group, which procures goods and services in the most economic manner, without sacrificing quality, and provides a timely service to its end users. The Purchasing Group encourages use of standardized products within the Group to ensure maximum economic benefit. Cost savings are realized not only through volume purchases, which result in potentially lower unit costs, but also through the Purchasing Group's efforts to source out and recommend new and less expensive suppliers of goods and services.

The Purchasing Group has been involved in the review and recommendation of such items as road marking paint, steel pipe, auction services, PVC pipe, office supplies, garbage bags and is in the process of a consolidated garbage collection Request for Tender. The City's Purchasing Department, under the direction of the Manager, Budgets & Accounting, will continue to update and explore new opportunities for cost savings, including changing of the City's Visa Purchase Card program to a group MasterCard program, which will result in rebates to the City and more efficient tracking of charges by managers.

7. Advertising on City-Owned Property

Advertising on City-owned property can be seen as a new source of revenue whereby the City grants rights to organizations to advertise on City-owned properties. This can be expanded to corporate sponsorships, which enable companies to market and sell their products and services at City-owned properties. The revenue potential could be even greater especially if the City allows organizations to advertise on its website, Community Services program guides, and other literature that is distributed through the City.

8. Rental Revenue from City-Owned Properties

Greater marketing and promotion of the fact that the City can provide meeting facilities for rent could generate additional rental revenue for the City. Debeck House, City Hall meeting rooms and other City properties could be made available to the public to rent at prevailing market rates. Part of this initiative has already been implemented with Phase 3 of the City Hall meeting rooms being made available for rent to the general public.

9. Other Options

The City has investigated some of the following new revenue options in the past and has already begun implementation of efforts in some areas such as:

- RCMP Portable Truck Scale
- Investigation of new revenue sources from YVR Airport
- Attracting the film industry to Richmond
- Public safety levy
- Community Centre cost recovery program
- Adopt a road, field, sidewalk program

Further investigation of these options can be undertaken if so directed, into the feasibility of these options and the efficacy of existing efforts.

FINANCIAL IMPACT

With property taxes projected to rise by 4.52% in 2002 (as per the 5 Year Financial Plan for 2001-2005), cost-efficient initiatives and alternative revenue sources must be considered. With a 1% increase in property taxes equating to about \$1,000,000, sourcing out new revenue options to offset these potential increases is of utmost importance.

The full financial impact for each option laid out in this report can be established once staff receives further direction from the Finance Select Committee.

CONCLUSION

The City's 5 Year Financial Plan (2001-2005) portrays projected tax increases for each of the next five years. New revenue sources and cost control initiatives must be considered to meet budget shortfalls. An expanded pay parking program, the establishment of strategic partnerships, the creation of a GBE and charging for the use of playing fields all could produce potential revenue streams which could be used by the City to offset possible tax increases in future years.

A handwritten signature in black ink, appearing to read 'K. Nanji', written over a horizontal line.

Karim Nanji
Budgets & Accounting

KNN:knn