



City of Richmond

Report to Committee

To: Finance Select Committee
From: Andrew Nazareth
Acting General Manager Finance &
Corporate Services

Date: November 14, 2005
File: 03-0970-01/2005-Vol 01

Re: **2004 Surplus Appropriations**

Staff Recommendation

1. That \$1.44 Million of the City's 2004 surplus be appropriated to the Capital Building and Infrastructure reserve,
2. \$0.8 Million of the 2004 Utility surplus be appropriated to the Water Levy Stabilization account, and
3. \$2.6 Million of the City's 2004 surplus be appropriated to the salary provision account.

Andrew Nazareth
Acting General Manager Finance & Corporate Services

(4365)

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

Staff Report

Origin

At the Finance Select Committee meeting on June 16, 2005, the following referral was made;

That the surplus funds that were generated for 2004:

- (a) the \$1.44 Million traffic fine surplus;*
- (b) the \$.8 Million utilities fund surplus; and*
- (c) the \$2.6 Million General funds balance,*

be referred to staff for suggestions as to appropriate allocation and future uses.

Analysis

Traffic Fine Surplus

On September 24, 2004, Premier Gordon Campbell announced a comprehensive strategy to enhance community policing, crime prevention and public safety, including the return to communities of 100 per cent of all net traffic fine revenues generated within municipal boundaries. The amount of money a particular municipality receives will be based on its share of total municipal policing costs. The increased revenue, which comes from ticket fines and court-imposed fines on violation tickets, is to be used towards community safety, policing, and crime prevention initiatives.

The City of Richmond's 2005 net policing budget is \$26,649,300 (increase of \$2,343,200 (9.6%) from 2004), which includes additional levels in the amount of \$400,200 as follows;

- 1) 1 Officer (\$129,000)
- 2) 2 Community Police Station Assistants (\$101,400)
- 3) 1 PRIME Electronic Records Management position (IT) (\$74,400)
- 4) 1 GIS Plainclothes Assistant (\$47,700)
- 5) 1 CPIC Clerk (\$47,700)

The City's breakdown of 2005 Tax increases between Community Safety and City is as follows,

| | Change | % |
|-----------------------|--------------------|----------------|
| RCMP | \$2,343,200 | 2.12% |
| Fire | 1,634,950 | 1.48% |
| Traffic Fine Revenues | (1,414,000) | (1.28%) |
| City | <u>1,772,110</u> | <u>1.61%</u> |
| | 4,336,260 | 3.93% |
| Net Growth | <u>(2,152,922)</u> | <u>(1.95%)</u> |
| | \$2,183,338 | 1.98% |

The policing increase of \$2,343,200 as outlined above translates to a 2.12% tax increase. The \$1,414,000 traffic fine revenue sharing increase translates to a (1.28%) tax decrease. In effect, this traffic fine increase was used to fund the additional policing positions above as well as partially offset the RCMP 2005 contract increase.

Therefore, from a go forward basis the traffic fine revenue sharing is being used as the Province intended and results in a win-win situation as Council is not only able to increase policing services but also partially offset the annual policing cost increases.

Staff also recommends that the additional traffic fine revenue received from the province in 2004 will be transferred to the Capital Building and Infrastructure reserve. This can then be used toward funding of the new Public Safety Building.

Utility Surplus

Staff recommend that the Utility surplus of \$800,000, which arose mainly through the water utility will be transferred to the Water Levy Stabilization account and be used towards mitigating future GVRD rate increases.

General Fund surplus

In March 2005, and in a subsequent Council referral of May 30, 2005, Council expressed concern regarding the need for additional resources to manage the significant increase in workload imposed by three major projects: RAV, DFO and the Olympic Oval and the risk that day-to-day business of the City would or had suffered to the extent the Olympic Oval project had monopolized staff time. On July 5, 2005 the CAO responded to the referrals with the creation of a number of new regular full time, temporary full time, contract and/or consultant resources for 2006-2009 in order to meet these requirements. Council approved the overall staffing concept and details of positions together with \$2.2 million to cover only salary expenditures. Therefore staff recommend that a further \$.4 million for ancillary and administrative expenses be added to this sum for a total one-time appropriation of \$2.6 million.

Financial Impact

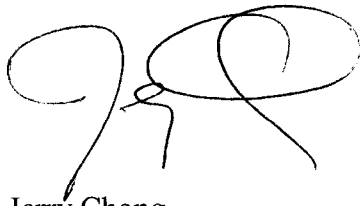
Staff recommend that the \$4.84 Million of surplus funds generated in 2004 be appropriated as recommended.

Conclusion

The City has used the Traffic Fine Revenue sharing for its intended purpose. The excess of Traffic fine revenue received from the province in 2004 totalling \$1.44 Million will be transferred to the Capital Building and Infrastructure reserve, which will be used to assist in the funding of the Public Safety Building.

The City in order to adequately resource the Oval, RAV and DFO projects recommend the funding of a number of new regular full time, temporary full time, contract and/or consultant resources for 2006-2009 requiring that the \$2.6 Million surplus in the General fund be appropriated for this purpose.

The \$800,000 of surplus in the Utility funds will be transferred to the Water Levy Stabilization account to be used towards mitigating future GVRD rate increases.

A handwritten signature in black ink, appearing to read 'Jerry Chong', with a stylized, cursive flourish.

Jerry Chong
Budgets and Accounting Manager
(4064)