



To: Finance Committee

Date: November 15, 2007

From: Jerry Chong  
Director, Finance

File: 03-0970-01/2007-Vol 01

Re: 2008 Ongoing Additional Levels

**Staff Recommendation**

Staff recommend that Council approve the 2008 Operating Budget that includes the existing levels of service, operating impact from increased plant (development and capital) and additional programs and levels of service which results in a 3.96% tax increase.

Jerry Chong  
Director, Finance  
(4064)

<b>FOR ORIGINATING DEPARTMENT USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/> GJ	NO <input type="checkbox"/>
<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

## Staff Report

### Origin

The Additional Level requests represent new items such as new programs or program enhancements and any increases in the level of service over the prior year. The approved 2008 Additional Levels will be added to the 2008 Operating Budget (Budget), which is required to be approved in order to prepare the Five Year Financial Plan (5YFP) in accordance with Subsection 165(1) of The Community Charter. The City must adopt a 5YFP Bylaw (which forms the base) before May 15<sup>th</sup> of each year.

The Ongoing Additional Levels were reviewed by members of TAG who developed new criteria to analyze and rank the 2008 Additional Level requests.

TAG ensured that evenly balanced criteria existed so that there was no bias in any type of request. Consequently, the following seven criteria were developed as the basis for evaluation of the requests. The ranking while mainly subjective required consensus, therefore TAG believes that the ranking of the additional level requests are fair.

Following are the criteria developed for 2008:

#### **Criteria #1: Non-Discretionary - Legal/Mandatory**

Is there a legal or mandatory requirement for adding the expenditure?

#### **Criteria #2: Pre-approved Council initiatives**

Is the expenditure a result of a pre-approved Council initiative?

#### **Criteria #3: Protection of Infrastructure**

Is the expenditure required to protect current infrastructure?

#### **Criteria #4: Operational needs**

Is the expenditure required to maintain operational levels?

#### **Criteria #5: Sustainability – Social/Environmental**

Will the expenditure have a positive impact from a social, environmental, and/or livability perspective?

#### **Criteria #6: Economic/Financial**

Will the expenditure have a positive impact from a financial and economic perspective?

**Criteria #7: Enhancements – additional level of services to address increased demands**

Is the expenditure required to address increased demands?

**Analysis**

Table 1 shows the base budget with Councils’ previously approved additional level requests which results in a tax increase of 2.01%. It also shows the tax impact (0.37%) of increased plant (capital) to be approved by Council.

Table 1

	\$ Amount (in 000s)	Tax Impact Each Item	Overall
Base budget net of estimated growth excluding increased plant (capital)	2,148	1.67%	1.67%
<b>Additional Level Requests as approved by Council</b>			
1 Planning & Development-Major Events Manager	100	0.08%	1.75%
2 Law & Community Safety- Restorative Justice Program	95	0.07%	1.82%
3 Business & Financial Services-Capital Analyst	78	0.06%	1.88%
4 Law & Community Safety-RCMP Integrated Teams	59	0.05%	1.93%
5 Business & Financial Services-Affordable Housing Coordinator	102	0.08%	2.01%
	434	0.34%	
<b>Base budget and priority 1 additional levels approved by Council November 12, 2007</b>	<b>2,582</b>	<b>2.01%</b>	<b>2.01%</b>
<b>Increased Plant (Capital)</b>	<b>481</b>	<b>0.37%</b>	<b>2.38%</b>
	<b>3,063</b>	<b>2.38%</b>	<b>2.38%</b>

The following are TAG's recommendations for Council consideration with regards to Additional Levels. The tax impact of these additional levels is 1.58% bringing the total tax impact to 3.96%.

Table 2

	Amount \$	Tax Impact	Overall
<b>Subtotal from above</b>	<b>3,063</b>	<b>2.38%</b>	<b>2.38%</b>
<b>Recommended Additional Level Requests</b>			
1 Duty to Accommodate	59	0.05%	2.43%
2 Vehicle replacement reserve	250	0.20%	2.63%
3 Fire vehicle replacement reserve	250	0.20%	2.83%
4 Building Infrastructure Maintenance	250	0.20%	3.03%
5 Asphalt Capping	200	0.16%	3.19%
6 Election Budget	27	0.02%	3.21%
7 Gateway Theatre Administration Salaries	75	0.06%	3.27%
8 Fire Rescue Technical Support (GIS)	108	0.08%	3.35%
9 RCMP Officers –3 positions	375	0.29%	3.64%
10 RCMP Risk Management Position-2 civilian positions	106	0.08%	3.72%
11 Parks, Recreation & Culture - Diversity	26	0.02%	3.74%
12 Steveston Heritage Sites (Museum)	38	0.03%	3.77%
13 Sister City Committee	51	0.04%	3.81%
14 Oval operating rate stabilization	200	0.15%	3.96%
<b>Total</b>	<b>2,015</b>	<b>1.58%</b>	
<b>Transfer to One Time Funding Requests</b>			
15 OCP Area Plans	200	0.15%	
16 RCMP Pension	298	0.23%	
17 External Legal Fees	300	0.23%	
18 Human Resources Legal Costs	70	0.05%	
19 Office Manager-Olympic Business Office	123	0.10%	
20 Diversity Training and Development for Fire and Rescue	35	0.03%	
21 Election Budget	53	0.04%	
<b>Total</b>	<b>1,079</b>	<b>0.83%</b>	
<b>Not Recommended Additional Level Requests</b>			
22 Artificial Turf Staff	26	0.02%	
23 Library Customer Service Staff	196	0.15%	
24 Library Circulation	40	0.03%	
25 RCMP Court Liaison Clerk	56	0.04%	
26 Senior Centre Extended Hours	45	0.03%	
27 RCMP Operational Statistical Reporting Clerk	45	0.03%	
28 Law & Community Safety Administration Staff	38	0.03%	
29 Corporate Communication Administration Staff	32	0.03%	
30 Parking bylaw enforcement Officer	35	0.03%	
31 Spirit of BC	25	0.02%	
32 Major Events Administration Assistant	63	0.05%	
<b>Total</b>	<b>601</b>	<b>0.46%</b>	
<b>Total</b>	<b>\$ 3,695</b>		

## Approved by Council

The following additional levels were approved by Council at their meeting of November 13, 2007.

1. Planning & Development-Major Events Manager (\$100,000)  
Costs of implementing the major events strategy including salaries, marketing, promotion and event support (Council meeting April 10, 2007)
2. Law & Community Safety- Restorative Justice Program (\$95,000)  
Funding for Touchstone Family Services for the provision of a restorative justice program as an alternative measure to the justice system. (Council meeting dated October 22, 2007)
3. Business & Financial Services- Capital Analyst (\$77,597)  
Effective January 1, 2009 the Public Sector Accounting Board (PSAB) accounting regulation 3150 for Tangible Capital Assets will be operational. This requires that all City owned and operated tangible capital assets are properly accounted for and reported. The initial work is in the inventory, valuation and system requirements. After the initial phase, ongoing tracking and accounting for the assets is required. (Council meeting dated February 26, 2007)
4. Law & Community Safety-RCMP Integrated Teams (\$59,570)  
Police Dogs Services, Forensic Identification, and Traffic Reconstruction (Council meeting dated October 22, 2007)
5. Business & Financial Services – Affordable Housing Coordinator (\$102,000)  
The establishment of a full-time Affordable Housing Coordinator will ensure that affordable housing strategy and initiatives are implemented. (Council meeting dated May 28, 2007)

## Recommended

The Following additional levels are TAG's recommendations in order of priority.

1. Human Resources-Duty to Accommodate (\$58,652)  
The amount required needs to be increased due to the past history and the substantial due diligence in dealing with Human Rights issues.
2. Engineering & Public Works- Vehicle replacement reserve (\$250,000)  
The Public Works Vehicle replacement reserve requires additional funding due to increases in costs and increases in the City's fleet.

3. Law & Community Safety- Fire vehicle replacement reserve (\$250,000)  
Additional funding is required to enhance fire vehicle replacement reserve due to increased replacement costs in order to meet current standards.
4. Engineering & Public Works-Building Infrastructure Maintenance (\$250,000)  
Increase in available funding in order to meet demands for infrastructure maintenance due to increasing inventory and ageing of facilities.
5. Engineering & Public Works-Asphalt Capping (\$200,000)  
The City's Pavement Management System requires annual funding for the road rehabilitation overlay program.
6. City Clerks Office-Election Budget (\$26,666)  
The amount required needs to be increased in order to meet the current level of service and increasing demands.
7. Parks, Recreation & Culture- Gateway Theatre Administration salaries (\$75,453)  
Increase administrative staff salaries.
8. Law & Community Safety- Fire Rescue Technical Support (GIS) (\$107,880)  
The Fire Department will have onboard computers in all the fire trucks in late 2007 or early 2008. With GIS capability we would be able to have immediate building type, utility locations, entry and exit information, which would expedite access for all emergency responders.
9. Law & Community Safety-RCMP Officers-3 positions (\$375,000)  
The unit would work closely with the Crime Analysts and would proactively target their efforts to patrol problem areas. This unit will be able to effectively pro-act and respond to calls quickly by anticipating trends and deploying at times and places where the need for police intervention may be required. The original request was for 4 officers for quick response team and 2 officers for metal theft unit.
10. Law & Community Safety-Risk Management Position- 2 civilian positions (\$106,332)  
Two regular RCMP members currently staff the Risk Management Unit. It has been determined that it would be more cost-effective to transition these positions to municipal employees and transfer the police positions currently assigned to tasks that make better use of their unique capabilities.
11. Parks, Recreation & Culture-Diversity (\$25,500)  
Increase and improve connections and programs with Richmond's diverse population; immigrants, older adults, financially disadvantaged and people with disabilities.
12. Parks, Recreation & Culture- Steveston Heritage Sites (Museum) (\$38,000)  
Provide operating subsidy to Steveston Historical Society to operate the museum and post office in Steveston Museum.

13. Corporate Administration-Sister City Committee (\$51,500)  
Provides for an ongoing annual program budget. This was previously funded from Council Contingency on an as needed basis. The Sister City Committee acts as an advisory committee of Council.
14. Corporate Administration - Oval operating rate stabilization (\$200,000)  
In order to provide funding to stabilize Oval operations for post 2010 Winter Games and to demonstrate to the Games Operating Trust Board, the City's commitment to assist in funding.

### Transfer to One Time Funding Requests

15. Planning & Development-OCP Area Plans (\$200,000)  
Funding for OCP studies which entails, preparing and updating the OCP area plans and a wide range of growth, demographic, urban design, design use and social economic and environmental policies.
16. Law & Community Safety-RCMP Pension (\$298,000)  
Additional pension liability as a result of increase in pension rate for RCMP members.
17. Law & Community Safety-External Legal Fees (\$300,000)  
Increase required due to average use with external service providers and due to the nature of projects that the City engages.
18. Human Resources-Legal Costs (\$70,000)  
Due to specific nature of engagement, there is a need to establish a separate Human Resources account for legal and professional assistance.
19. Olympic Business Office-Manager of Olympic Business Office (\$123,005)  
This staff member will address the implementation of the 2010 Operations Strategy, Olympic Protocols and Strategy and the O-Zone.
20. Law & Community Safety-Diversity Training and Development for Fire Rescue (\$35,000)  
Diversity Training in response to the external Fire Department review, for all staff members to be delivered by instructors and online throughout 2008.
21. City Clerks Office-Election Budget (\$53,334)  
The amount required needs to be increased in order to meet the current level of service and increasing demands. This one time funding is to catch up to where the City Clerks Office should already be at.

## Not Recommended Additional Level Requests

22. Parks, Recreation & Culture –Artificial Turf Staff (\$25,340)  
Increase attendant hours and janitorial supplies needed at West Richmond to respond to participation and hours of use of the turf fields.
23. Parks, Recreation & Culture-Library Customer Service Staff (\$96,280)  
Increased circulation requires additional Customer Service Clerks.
24. Parks, Recreation & Culture-Library Circulation (\$40,000)  
Increase in purchase of collections
25. Law & Community Safety-RCMP Court Liaison Clerk (\$55,694)  
This is a clerical position reporting to the Records and Information Coordinator and is designed to assist the Court Liaison Officers with various record keeping (data entry) functions.
26. Parks, Recreation & Culture-Senior Centre Extended Hours (\$45,260)  
Demand on the Minoru Seniors facility is increasing as population increases.  
Additional funding is needed to meet Minoru Seniors increased attendant hours.
27. Law & Community Safety-RCMP Operational Statistical Reporting Clerk (\$45,194)  
The OSR support position is responsible for reviewing, maintaining and classifying all files generated by the RCMP officers.
28. Law & Community Safety-Administration Staff (\$38,200)  
This is a clerical position reporting to the Managers of Law & Community Safety Administration.
29. Corporate Services- Corporate Communication Administration Staff (\$32,376)  
Additional funding for regular part time administrative staff.
30. Law & Community Safety-Parking Bylaw Enforcement Officer (\$34,720)  
Additional enforcement resources are required for new idling regulation bylaw. Staff will attend high traffic areas known for such activities to ticket offenders.
31. Parks, Recreation & Culture-Spirit of BC (\$25,000)  
The Spirit of BC Committee is a Council appointed committee formed to promote the spirit of the Olympics and Olympic opportunities within Richmond. The term of the Committee runs to June 2010.
32. Planning & Development- Major Events Administration Assistant (\$63,235)  
This is a clerical position reporting to the Major Events Manager and is designed to assist with various duties.

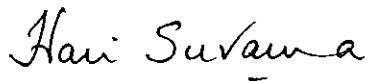


## Financial Impact

The current proposed 2008 Operating Budget contains a shortfall of \$2.6 M or a 2.01% tax increase. The Budget is consistent with the items contained within the Long Term Financial Management Strategy. Staff recommend that Council consider approving the operating tax impact of \$0.5 M or a 0.37% tax increase from the increased plant (capital budget) and additional level items, which total an additional \$2.0 M or a 1.58% tax increase. Consequently, the proposed 2008 tax increase would be 3.96%.

## Conclusion

Staff recommend that Council approve the 2008 Operating Budget that includes the existing levels of service, operating impact from increased plant (development and capital) and additional programs and levels of service resulting in a 3.96% tax increase.



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HS:jc