



City of Richmond

Report to Committee

To: Finance Select Committee
From: Andrew Nazareth
Director of Finance
Re: 2004 Operating Budget Referrals

Date: December 3, 2003

File:

Staff Recommendation

1. That the attached report from the Manager of Budgets & Accounting on the 2004 Operating Budget referrals be received for information, and
2. That the 2004 Operating Budget report with an average tax increase impact of 4.45% be approved as the basis for preparing the 5 Year Financial Plan (2004-2008)

Andrew Nazareth
Director of Finance
(4365)

FOR ORIGINATING DIVISION USE ONLY

CONCURRENCE OF GENERAL MANAGER



Staff Report

Origin

Due to the discussions arising from the Finance Select Committee meeting on November 18, 2003, there were 7 referrals requesting additional information on the 2004 Operating Budget. In addition, per the request of the Chair following the meeting there were an additional 3 referrals. Therefore there were 10 referrals following the meeting.

Analysis

The following information has been completed by staff for your review:

1. Projects that have been approved including funding approved and set aside including funding for West Nile virus.

The following projects have been approved during 2003:

Project Description	Date	Funding	Division	Organization
West Nile Virus-2003	April 22, 2003	\$ 100,000	Community Safety	Environmental Services
Noise Bylaw	April 28, 2003	\$ 41,300	Community Safety	Community Bylaws
Agricultural Advisory Committee	November 28, 2003	\$ 5,000	Urban Development	Policy Planning
West Nile Virus-2004	October 27, 2003	\$ 100,000	Community Safety	Environmental Services

2. The status of the Casino project and amount of revenue and future projections.

Response

The original projection for new revenue was about \$6 to \$8 million per year bringing the total annual revenue to approximately \$10 million per annum. For 2004 it had been originally suggested that a March opening was possible. However staff thought this was too optimistic. In addition staff factored in that this is a transition year and the uncertainty with project costs (the City's share is 10% of net income) and completion dates. Therefore in order to be conservative, and fiscally responsible, staff budgeted for \$2 million in Casino revenue, which amounts to no increase in new revenue for 2004. Based on the information that Urban Development has received, they report that the Casino is expected to open in May of 2004.

3. A report detailing the usage of the casino revenue to date. (See ATTACHMENT A)
4. A breakdown of Council provision account balances. (See ATTACHMENT B)
5. City Parking program-whether anticipated revenue targets would be achieved and information on projected revenue targets. (See ATTACHMENT C)

6. Aquatics and Arenas-
 - a. Have user fees been included in the budget?
 - b. How user fees had been identified
 - c. The amount of user fees charges at the Aquatic Centers and Ice Arenas, and
 - f) Breakdown of the increases to provide more of an understanding of the rationale for these increases. (See ATTACHMENT D)
7. Breakdown of line by line budget detail for each of the City's departments. (See ATTACHMENT E)

Per the request of the Chair


8. Analysis of property tax and utilities between Municipalities. (See ATTACHMENT F)
9. FTE comparison between Municipalities. (See ATTACHMENT G)
10. Quality of services offered between Cities. (See ATTACHMENT H)

Financial Impact

The 2004 Operating Budget, after factoring in estimated tax growth of \$1,583,802, has a shortfall of \$4,699,398, which is equivalent to an overall average tax increase of 4.45%. This is consistent with the 5YFP issued in May of 2003.

Conclusion

The current proposed 2004 Operating Budget contains a shortfall of \$4,699,398 or a 4.45% tax increase, staff recommend that it be approved as the basis for the preparation of the 5YFP (2004-2008) and for commencement of authorized spending on January 1st, 2004.

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

Jerry Chong
Manager - Budgets and Accounting
(4064)

ATTACHMENT A

A report detailing the usage of the casino revenue to date

**CITY OF RICHMOND
GAMING PROVISION**

	Additions	Usage	Balance
2002 Balance Forward			\$1,825,570
Disability Resource Centre (part 1 of 2 year plan, March 25.2002)		(\$70,000)	\$1,755,570
Community Safety Initiative (was 188,000 - 38,000 was transferred to the Council Provision)		(\$150,000)	\$1,605,570
Transfer to Council Contingency (April 24, 2003)		(\$38,000)	\$1,567,570
Disability Resource Centre (part 2 of 2 year plan)		(\$70,000)	\$1,497,570
Youth Outreach Project was carried forward, replaced with Parks and Recreation Master Plan		(\$49,000)	\$1,448,570
Poverty Response Initiative (April 14, 2003)		(\$15,000)	\$1,433,570
Steveston Judo Club Anniverary Memory Book (Sept 8, 2003)		(\$5,500)	\$1,428,070
2002 Casino Funding for Municipal Grants		(\$316,500)	\$1,111,570
2002 Casino Funding to Mitigate Taxes (minor capital)		(\$340,000)	\$771,570
2002 Casino Funding to Mitigate Taxes (minor capital construction)		(\$200,000)	\$571,570
2002 Casino Funding to reduce Taxes		(\$681,500)	(\$109,930)
2002 Casino Funding to Mitigate Taxes (additional levels)		(\$300,000)	(\$409,930)
Community Safety Building		(\$1,000,000)	(\$1,409,930)
2003 Casino Funding to Council Provision		(\$500,000)	(\$1,909,930)
January-March 2003 Casino Revenue	\$635,019		(\$1,274,911)
April-June 2003 Casino Revenue	\$663,484		(\$611,427)
July-Sept 2003 Casino Revenue	\$674,137		\$62,710
TOTAL	\$ 1,972,640	(\$3,735,500)	\$62,710

ATTACHMENT B

A breakdown of Council provision account balances.

**CITY OF RICHMOND
COUNCIL PROVISION**

	Additions	Usage	Balance
2002 Balance Forward			\$421,851
Transfer from Casino Revenues	\$500,000		\$921,851
Transfer to 2010 Olympic Bid Committee		(\$250,000)	\$671,851
Mosquito Control Program		(\$104,061)	\$567,790
Transfer to Emergency Program (this amount was originally \$42,500 but since the position was just recently filled the amount required for 2003 was reduced to \$15,000)		(\$15,000)	\$552,790
TOTAL	<u>\$ 500,000</u>	<u>-\$ 369,061</u>	<u>\$552,790</u>

ATTACHMENT C

Don Pearson
Manager, Community Bylaws

Financially pay parking was expected to generate revenue slightly in excess of \$480,000 for the City but the overall parking budget was for a **net revenue** of \$256,000 indicating the safety and liability program was operating at a considerable loss. As Council and staff deliberated the future of the pay parking program there were no real changes made in the program until August, 2003. From August 1st to mid-September the City assumed responsibility for all aspects of the parking program as directed by Council. Initially, EasyPark ended their enforcement activity and City staff began issuing meter parking tickets. As most of the outstanding EasyPark issued tickets were paid the workload lessened and just after the Labour Day weekend the EasyPark office was closed. With this change parking permits were now issued at City Hall and EasyPark agreed for the clerk from their office to work with the City for 6 weeks to make this a seamless transition. Arrangements were also made for the purchase of 42 of the meters (36 on-road and 6 in parking lots) with the remainder being removed and these locations changed to either timed or permit parking. The net revenue for the parking program at the end of October, 2003 is \$249,000. While the winter months are generally slower it is expected the parking program will generate more than the \$256,000 forecast in the 2003 Budget.

ATTACHMENT D

Dave McBride
Manager, Aquatic and Arena Services

- a) Yes, increased user fees for both aquatics and arenas were anticipated, and have been included in the 2004 budgeted revenues.
- b) The process for determining fees and charges for 2004 was that City aquatic and arena staff did a market survey of similar Lower Mainland facilities and compared those rates against current Richmond rates. Based on this information, along with current usage patterns, trends, community access considerations, etc., staff prepared reports and recommendations for the Richmond Aquatic Services Board (Council appointed advisory board) and the Richmond Arenas Community Association (society with representation from arena user groups and public at large). Each of these two bodies has the authority (delegated by the City) to approve fees and charges. The Aquatic Services Board accepted the staff recommendations and approved the 2004 rates at its September 23, 2003 meeting. The Richmond Arenas Community Association (RACA) accepted the staff recommendations (two reports covering different rate categories) and approved the 2004 rates at its September 23 and October 28, 2003 meetings.
- c) All revenues collected at Richmond's aquatic facilities are deposited into a City account. The 2003 budgeted revenue is \$3,033,100. Based on current usage patterns, the approved rate increases are anticipated to raise an additional \$127,900 (4.2%) in 2004, for a total budgeted revenue of \$3,161,000.

All revenues collected at Richmond's arena facilities are deposited into an Arenas Association account. As part of the operating agreement that the City has with RACA, the Association pays the City an annual negotiated fee to help offset the arena facility operating costs. In addition, RACA reimburses the City for all costs related to the operation of the Minoru Arenas concession. In 2003, the negotiated operating fee that is included in the City's revenue budget is \$1,885,000. Based on current usage patterns, the approved rate increases are anticipated to raise an additional \$85,000 (4.5%), for a 2004 negotiated operating fee of \$1,970,000.

- d) See ATTACHMENT E

ATTACHMENT E

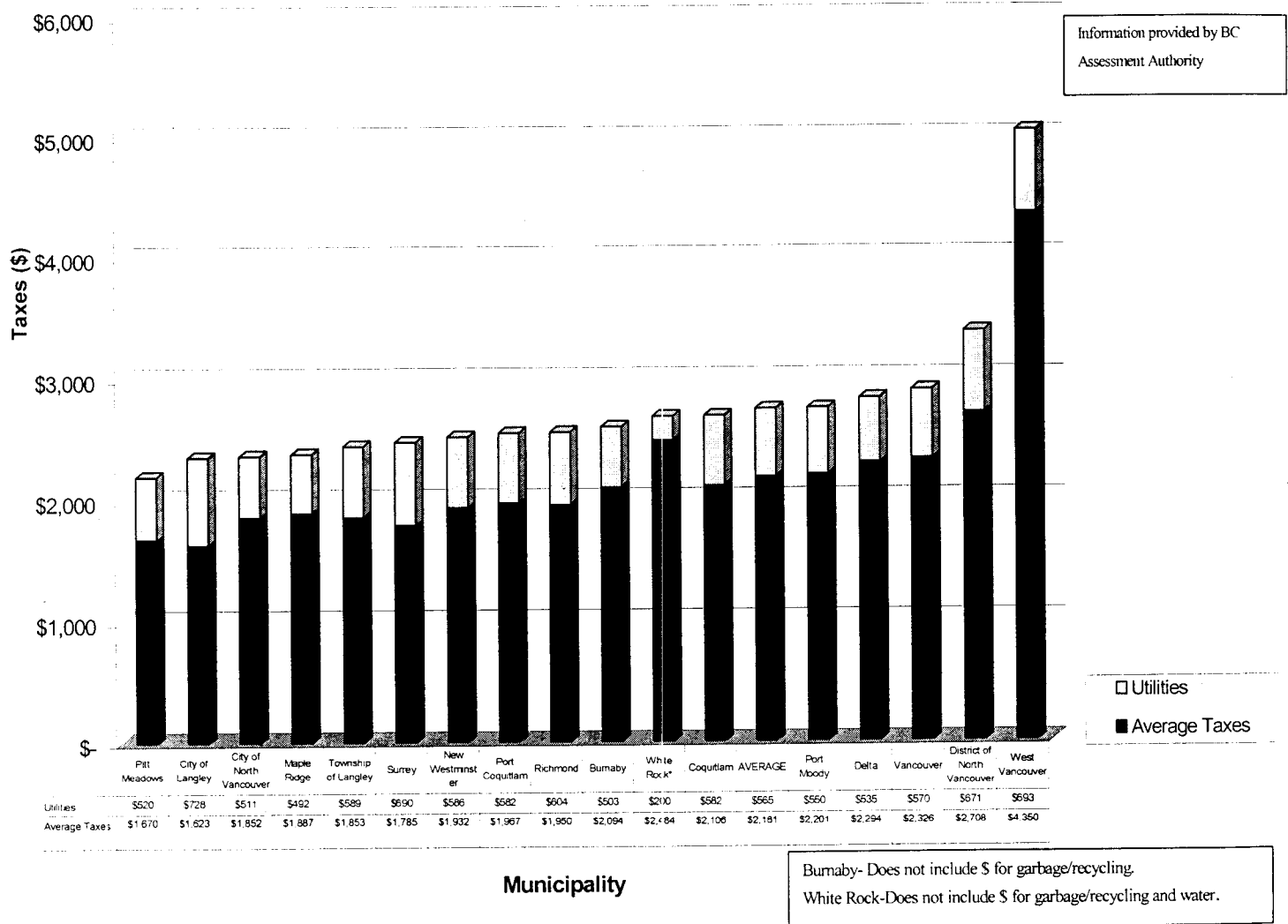
Breakdown of line by line budget detail for each of the City's departments.

	Change	EXPLANATION
Community Safety Division		
RCMP	2,178,737	Contract 1.7m, IHIT net .030m (elim 6 officers) & ECOMM .350m
Fire Rescue	982,100	Salary \$0.8m, EComm \$0.2m
Community Safety Administration	19,908	Salaries
Emergency & Environmental	2,500	.072m New ESS Volunteer co-ordinator position funded from Public Works
Community Bylaws	(36,869)	<.065m> savings due to cancellation of Easy Park contract
	3,146,376	
Parks Recreation & Cultural Services Division		
Aquatic Services	62,500	Revenues up <.128m>; Salaries .139m, Contract .010m, Gas .020m, Other .022m
Arenas	56,500	RACA revenues up <.096m>, Salaries .086m, Gas .016m, Lease and vehicles .018m, Contract .013m, other .020m
Parks, Recreation Cultural Administration	(64,000)	<.075m> saving due to ERIP
Recreation & Cultural Services	25,300	Salaries include fitness and wellness
Parks	340,600	Rev up <.210m>, leases .073m, salaries .099m, PW mtce .370m
Gateway Theatre	43,200	Maintenance and utilities .005m, CPI and catch up .038m (subsidy)
Community Recreation Services	188,400	Gas .015m, vehicles .016m, salaries .157m
Heritage & Cultural Services	70,400	All salaries
Richmond Public Library	229,600	Book purchases .053m, Fine revenue <.037m>, Salaries .189m, other .025m
	952,500	
Engineering & Public Works Division		
General Public Works	43,400	Salaries
Roads & Construction	209,300	Vehicles .112m, new street lights hydro .020m, salaries .077m
Storm Drainage	74,200	Salaries
Facility Management	85,800	Gas .045m, vehicles .010m, salaries .030m
Fleet Operations	(203,400)	Internal recoveries <.384m>, Fuel maintenance .084m, Salaries .197m
Engineering	50,800	Salaries .084m, Vehicles .016m, Revenue split .050m
Communications	3,200	Salaries
	263,300	
Finance & Corporate Services Division		
Finance	78,500	All salaries
Law	21,500	All salaries
Information Technology	162,800	Contracts & Maintenance .068m, Salaries .095m
Customer Services	15,200	All salaries
City Clerks	26,600	Salaries .017m, other .008m
Business Liasion & Development	(119,873)	Salaries .013m, other .007m, Revenue up <.126m> - rate and volume
	184,727	
Urban Development Division		
Property Use & Administration	8,000	Salaries .013m, copier/fax reductions <.005m>
Development Applications	47,100	Revenue up <.087m>, Salaries .134m incl filling of vacation position
Policy Planning	44,500	All salaries
Transportation	80,300	Mtce .036m due to 14 new signal devices, salaries .044m
Zoning	18,300	All salaries
Building Approvals	143,900	Vehicles .012m, other revenue <.010m>, salaries .141m
	342,100	
Human Resources Division		
Human Resources	82,500	Salaries .080m, other .003m
	82,500	
Corporate Administration Division		
General Government	28,100	Salaries .025m, Other .003m
Office of the Chief Administrator	96,297	All salaries
	124,397	
Fiscal		
Fiscal Revenues	797,400	Casino Funding of 1.3m eliminated. Partially offset by increases in Grants in Lieu of taxes esp. Hydro and YVR.
Fiscal Expenditures	959,000	.450m provision for new taxes by City, .200m insurance premiums, .295m impact of capital programs,
	1,756,400	
Transfer to Reserves		
Transfer to Statutory Reserves	(569,100)	Elimination of Capital Program transfer
Total Transfer to Reserves	(569,100)	
Total	6,283,200	

ATTACHMENT F

Analysis of property tax and utility rates between Cities/Municipalities.

**Comparison of Lower Mainland Property Tax and Utilities
Paid in 2003**



ATTACHMENT G

FTE comparison between Cities/Municipalities.

GVRD STATISTICS 2001 REPORT	RICHMOND	BURNABY	COQUITLAM	DELTA	SURREY
Total Employees	1,742	2,512	1,184	1,096	2,010
Population (2001)	164,345	193,954	112,890	96,950	347,825
Employees per capita	0.0106	0.0130	0.0105	0.0113	0.0058
Tax (2001)	\$ 95,344,828	\$ 120,032,342	\$ 60,735,848	\$ 63,120,567	\$ 117,190,160
Tax \$ per employee	\$ 1.83	\$ 2.09	\$ 1.95	\$ 1.74	\$ 1.72
Tax \$ per capita	\$ 580.15	\$ 618.87	\$ 538.01	\$ 651.06	\$ 336.92

Information obtained from GVRD and Government of BC (Local Government)

Due to differences in each Municipalities organizational structure, accurate direct comparisons of job classifications are difficult to obtain and substantiate.

Note: Surrey does not participate in GVRD Human Resources services, therefore information was obtained verbally.

ATTACHMENT H

Comparison of selected services offered between selected Cities/Municipalities.

Item by Item Comparison of a Sample of Recreation Facilities in Richmond, Surrey, Burnaby & Delta

	South Arm Community Centre and Park	Steveston Community Centre	North Surrey Recreation Centre	Bonsor Recreation Complex (Burnaby)	Ladner Leisure Centre (Delta)
Operating Hours:	104.50 hours/week	90.25 hours/week	84.00 hours/week	112 hours/week	107.25 hours/week
Mon - Fri	7:00 am - 10:30 pm	8:15 am - 10:00 pm	9:00 am - 9:00 pm	6:00 am - 11:00 pm	6:00 am - 10:15 pm
Saturday	8:30 am - 10:00 pm	9:00 am - 9:30 pm	9:00 am - 9:00 pm	7:00 am - 6:00 pm	8:00 am - 9:00 pm
Sunday	8:30 am - 10:00 pm	9:00 am - 6:00 pm	9:00 am - 9:00 pm	7:00 am - 11:00 pm	8:00 am - 9:00 pm
Gymnasium	x	x		x	
Aerobics Room	x				x
Fitness Centre	x	x	x	x	x
Indoor Pool			x	x	x
Outdoor Pool	x	x			
Sauna			x	x	
Whirlpool		x	x	x	x
Ice Rink			x		x
Tennis Courts	x	x			
Lacrosse Box	x	x			
Multipurpose Fields	x	x		x	
Outdoor Running Track	x	x			
Indoor Racquet Courts		x		x	
Outdoor Basketball Courts		x			
Martial Arts Rooms		x			
Playground	x	x			
BBQ Pits/Picnic Area	x	x			
Games Room	x	x			
Seniors Activity Room	x			x	
Seniors Lounge	x			x	
Public Lounge	x				
Multipurpose Rooms	x	x		x	
Daycare Room	x			x	
Meeting Rooms	x		x	x	x
Community Hall	x				
Dance Studio				x	
Arts Studio/Cultural Centre		x		x	
Community Police Station	x	x			
Community Health Office	x				
Total	20	17	6	14	6

ATTACHMENT H (continued)

Comparison of Library operating hours between selected branches.

	Comparison of Library Operating Hours							Avg Annual Hours
	Mon	Tue	Wed	Thu	Fri	Sat	Sun	
Richmond								
Brighthouse	9:00-9:30	9:00-9:30	9:00-9:30	9:00-9:30	9:00-9:30	10:00-5:00	10:00-5:00	3840.50
Ironwood	10:00-10:00	10:00-10:00	10:00-10:00	10:00-10:00	10:00-10:00	10:00-5:00	10:00-5:00	3716.00
Burnaby								
Bob Prettie (Metrotown)	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-6:00	1:00-5:00	3612.00
McGill	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-6:00	1:00-5:00	3363.00
North Vancouver District								
Lynn Valley *	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-5:00	12:00-5:00	3529.00
Capilano	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	(closed)	3103.00
Port Moody *	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-5:00	1:00-5:00	3504.00
New Westminster	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-5:30	1:00-5:00	3357.50
Langley City	9:00-9:00	9:00-9:00	9:00-9:00	9:00-9:00	9:00-5:00	10:00-5:00	1:00-5:00	3357.50
City of North Vancouver	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-5:00	1:00-5:00	3331.50
Surrey								
Guildford *	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	10:00-5:00	1:00-5:00	3327.50
Newton *	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	9:30-9:00	10:00-5:00	1:00-5:00	3327.50
Maple Ridge	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	1:00-5:00	3311.00
Coquitlam								
Poirier	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	12:00-5:00	3155.00
City Centre	10:00-5:00	10:00-5:00	10:00-5:00	10:00-5:00	10:00-5:00	10:00-5:00	12:00-5:00	2367.00
Delta								
George Mackie	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	1:00-5:00	3103.00
Ladner Pioneer	10:00-5:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	1:00-5:00	3103.00
West Vancouver	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	1:00-5:00	3103.00
Port Coquitlam								
Terry Fox	9:30-9:00	9:30-9:00	9:30-9:00	9:30-5:00	9:30-5:00	10:00-5:00	1:00-5:00	2941.50
Vancouver								
Central	10:00-8:00	10:00-8:00	10:00-8:00	10:00-8:00	10:00-5:00	10:00-5:00	1:00-5:00	2906.00
Britannia	8:30-5:00	8:30-9:00	8:30-9:00	8:30-5:00	8:30-5:00	9:30-5:00	(Closed)	2793.50
Langley								
Murrayville	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	(closed)	2895.00
Walnut Grove	10:00-9:00	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	(closed)	2895.00
White Rock	1:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	10:00-5:00	1:00-5:00	2739.00
Pitt Meadows	(Closed)	10:00-9:00	10:00-9:00	10:00-9:00	10:00-5:00	10:00-5:00	(Closed)	2356.00

*

Sunday Hours (Mid October - Mid April)

ATTACHMENT H (continued)

Comparison of Municipal Recreational/Community Facilities

City	Population	2003 Municipal Taxes on Avg Single Family Home (excl. utilities)	Comm Centres	Aquatic Centres/ Pools	Ice Rinks	Libraries	Parks
Vancouver	577,772	2,326	25	15	8	21	196
Surrey	376,757	1,785	2	13	7	9	400
Burnaby	205,955	2,094	17	11	3	4	153
Richmond	174,617-4th	1,950-10th	8-4th	7-4th	8-1st(tied)	4-4th	94-5th
Coquitlam	120,967	2,106	2	7	2	2	56
Delta	101,226	2,294	5	3	5	3	38
Langley Township	90,997	1,853	4	4	4	5	40
North Vancouver, District	85,720	2,708	11	4	2	3	106
Maple Ridge	68,527	1,887	1	1	1	1	40
New Westminster	57,603	1,932	3	3	2	1	48
Port Coquitlam	55,793	1,967	2	1	1	1	45
North Vancouver, City	47,893	1,852	7	4	3	4	43
West Vancouver	42,778	4,350	3	1	1	1	84
Port Moody	25,545	2,201	2	2	1	1	39
Langley City	24,682	1,623	2	1	0	1	16
White Rock	19,408	2,484	4	0	1	1	17
Pitt Meadows	15,755	1,670	1	0	1	1	13
Average	123,059	2,181	6	5	3	4	84

Notes:

Community Centres - may include facilities available for rental by community groups such as halls and rooms that don't include services

Aquatic Centres Pools - may include seasonal outdoor pools, wading pools and water parks

Parks - may include small "childrens playareas", neighborhood green spaces and undeveloped but maintained land

Libraries -may include library branches with limited selection and facilities and/or limited hours of service

Population data - <http://bcstats.gov.bc.ca> and <http://gvrd.bc.ca>

Service data - Municipality website and telephone research