

**2003 OPERATING
BUDGET
(DRAFT)**

CITY OF RICHMOND

DECEMBER 18, 2002



To: General Purposes Committee
From: Andrew Nazareth
Director of Finance
Re: Proposed 2003 Operating Budget

Date: December 12, 2002
File: 0985-01

Staff Recommendation

That the 2003 Operating Budget final draft be approved as the basis for preparing the 5 Year Financial Plan (2003 – 2007). The final draft is to be determined during the Special General Purposes meeting on December 18th, 2002.

Andrew Nazareth
Director of Finance

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CONCURRENCE OF GENERAL MANAGER

Staff Report

ORIGIN

As part of the requirements of Section 327 of the Local Government Act a 5 Year Financial Plan (5YFP) must be adopted annually by bylaw before the annual property tax bylaw is adopted. The Act also requires that the annual property tax bylaw must be adopted before May 15th.

In order to prepare a 5YFP approval of the 2003 Operating Budget is required as it forms the basis from which the future years are projected. As well, the approval is required in order to load the 2003 Operating Budget datafile into the City's Peoplesoft accounting system to allow for expenditures against the budget commencing January 1st, 2003.

ANALYSIS

The City's planning process for preparation of the 2003 Operating Budget commenced in June 2002 with the service level and program reviews conducted by the Department Managers, TAG and Council Committees. This involved detailed reviews of each service and program that the City provides. The review did not generate any direction for a reduction of services or programs, hence, the 2003 Operating Budget is based on maintaining the same levels of service and programs as that provided in 2002.

On September 10th Finance conducted a formal budget roll-out after which the accounting systems were opened to all departments to commence the budget input. This input process was completed on Oct 15th and was followed by three weeks of intensive review whereby each department made presentations to the Finance department to justify each and every single line item in each organization's budget. Any cost that was not adequately justified was immediately eliminated.

In November TAG conducted a review of the 2003 Operating budget and made further recommendations. These are listed on pages 6 - 8 under the Operating Budget section of the binder with the final determination to be made by Committee.

Proposed Assumptions

Under the 2003 Operating Budget section, page 1 lists the general, specific and departmental assumptions used in the preparation of the 2003 Operating Budget as compared to what was used as part of the 5YFP that was prepared in early 2002. These assumptions are based on the latest information available as of November 2002. You will notice that salary increases are not specified as contract negotiations are ongoing. However, provision has been established in the Fiscal Budget for this possible increase.

Highlights

Under the 2003 Operating Budget section, page 2 lists the main cost and revenue drivers impacting the budget. The following are the main cost drivers:

RCMP & EComm Increases – The RCMP Contract cost increased by 6.78% which translates to \$1.3 million. This is based on maintaining a complement of 189 Officers. In addition, the net cost increase as a result of the transferring of Dispatch services to EComm is \$311,100. A portion of these increases are passed on to YVR bringing the City's net cost increase for policing services to \$ 1.1 million (1.1% tax increase).

Salary Increases – There is provision for an unspecified amount relating to anticipated salary increases as a result of ongoing negotiations with unions representing the Fire Fighters, Inside Workers, Outside Workers and the Library.

Fire Rescue Salary Step increases (excluding 2003 salary provision which is established under the Fiscal section) – As a result of seniority increases there was an increase of \$890,500 (0.9% tax increase).

Fringe Benefit Increase – As a result of significant MSP increases in the middle of 2002, further B.C. Pharmacare anticipated increases, as well as an understated vacation liability there is an increase in the fringe benefits expenses totalling \$880,000 (0.9% tax increase).

CPI Increase – the overall impact of the CPI increase of 2.40 to the City's existing leases, contracts, materials and equipment is approximately \$400,000 (0.4% tax increase).

Insurance Premium increases – The City's liability estimated insurance premiums increases are 11.1% and the property insurance premiums increases are 8.7% translating to \$120,000 (0.1% tax increase). We estimated the liability premium increase based on Richmond's population growth, the City's claims trends and reinsurance market rates. On December 9th we received the liability insurance premium invoice from MIA and it shows an 83% increase which means that we have to increase the budget draft by a further \$378,253. This is addressed under page 6.

The following are the main revenue drivers:

Tax growth – in the 5YFP the estimated net growth to the tax base was estimated at 1.5% which translates to \$1,494,200 (1.5% tax decrease). The final figures from the B.C. Assessment Authority are not available yet so the 1.5% increase level has been maintained. Our estimates in the past have been fairly accurate in this regard and thus we do not expect to be materially far from the final actual figure which is expected in early 2003.

Casino Funding decrease – the funding injection from Casino revenues to mitigate the tax increase was reduced from \$2,018,500 in 2002 to \$681,500, a decrease of \$1,337,000 (1.3% tax increase). With the uncertainty surrounding casino revenues a conscious decision was made to reduce the City's Operating budget dependence on this source of funding, freeing up the funds to be used for more important one-time expenditures such as the Community Safety Building replacements.

Building Permits – based on the positive trends of building permits the revenue was increased by \$390,000 (0.4% tax decrease) to ensure that these are fully recovering all indirect costs too.

Annualized Parking Program Revenue – as the Parking program commenced in August 2002 there is now a full year's impact of its net revenues. The increase for the 7 months is expected to be \$223,600 (0.2% tax decrease).

Business License Revenue – as a result of the recent increase in the rate there will be a further \$102,000 (0.1% tax decrease) in revenue.

Risks

Under the 2003 Operating Budget section, page 4 lists the risks associated with the current budget. The exposure arises because the current budget draft does not account for the following items:

Legal Provision – unspecified due to confidentiality.

Salary provision – should the unions settle for amounts higher than what was provided or receive retroactive settlements there will be some exposure.

Parking Revenues – should some of the new parking program revenues not materialize as planned there may be a risk up to \$200,000 (0.2% tax impact).

Hydro Increases – there is no provision established for B.C. Hydro increases. Should an increase of 10% materialize then there could be a shortfall of \$160,000 (0.2% tax impact).

Government funding reductions – should there be any further government reductions, in particular Traffic Fine Sharing and Library per capita grants there will be exposure of \$676,900 (0.7% tax impact).

Opportunities:

Under the 2003 Operating Budget section, page 6 lists a number of opportunities for discussion. Taking advantage of all the opportunities, including the operating impact associated with the 2003 recommended Capital Plan and not reducing any of the risks may help partially offset the tax increase bringing it down to an increase of 3.98%. However, there are other issues that need to be addressed that may result in increases, specifically, Community Safety Building funding requirements and Additional Level requests.

Therefore, depending upon the direction Committee chooses to take the budget can range anywhere from a low of 3.98% tax increase to a high of 8.25% tax increase.

Operating expenditure impact of the proposed 2003 Capital Plan

Under the 2003 Operating Budget section, pages 9-10 lists the operating expenditure impact of the proposed 2003 Capital Plan. The City budgets are now so precise that there is absolutely no flexibility available to absorb any additional growth. Should the 2003 proposed Capital Plan be

approved then there will be an automatic increase to the 2003 Operating budget totalling \$401,800 (0.4% tax increase) to cover the resulting annual operating costs.

Additional Levels

Under the section 2003 Additional Levels is a listing of all the additional level requests that have not been rejected yet. They are divided into 3 categories of Council Consideration, TAG recommendations and Pending items.

Staff recommend that Committee make a decision on each additional level request.

FINANCIAL IMPACT

Based on the current 2003 Operating Budget draft (which is subject to change based on Committee's direction) the total projected revenues are \$139,217,700 which is an increase of \$1,545,100 over the 2002 Operating Budget revenues.

The total projected expenses are \$145,440,200 which is an increase of \$7,767,600 over the 2002 Operating Budget expenses.

Factoring in the expected revenue from net growth of \$1,494,200 results in a current shortfall of \$4,728,300 which is equal to an overall average tax base increase of 4.75%.

Household Impact

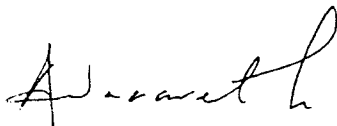
A 1% increase in tax translates to approximately \$9.39. Therefore, a 4.75% tax increase is equivalent to \$44.62.

CONCLUSION

The current proposed 2003 Operating Budget draft contains a shortfall of \$4,728,300 or a 4.75% tax increase.

Staff recommend that Council make the final decisions on the items listed on the worksheet (page 6 under the 2003 Operating Budget section) in order to come up with a final draft.

Once this 2003 Operating final draft is determined staff recommend that it be approved as the basis for the preparation of the 5YFP (2003-2007) and for commencement of spending on January 1st, 2003.



Andrew Nazareth
Director of Finance

**CITY OF RICHMOND
2003 OPERATING BUDGET
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**CITY OF RICHMOND
2003 OPERATING BUDGET
BUDGET ASSUMPTIONS**

	2003 Budget	5 YFP 2002-2006
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General Assumptions:		
Consumer Price Index *	2.40	2.00
USD Exchange **	1.54	1.60

Salaries: ***		
Fire Rescue	n/a	n/a
718 Inside Workers	n/a	n/a
394 Outside Workers	n/a	n/a
Exempt	n/a	n/a
Library	n/a	n/a

Specific Assumptions:		
Casino Funding	\$681,500	\$681,500
Growth	1.50%	1.50%
Utilities/Hydro & Gas	1.00%	5.00%
Fuel	5.00%	5.00%
Return on Investment	5.00%	5.00%
Contribution to Capital	\$1,043,000	\$1,025,000
Insurance premiums - liability	11.10%	5.00%
- property	8.70%	5.00%

Departmental Assumptions:		
RCMP Contract	6.78%	5.00%
Parks	3.50%	6.00%
Information Technology	4.10%	5.00%
Public Works Infrastructure	2.00%	2.00%
Buildings Permit Revenue	22.80%	4.30%
Equipment - volume and rate	4.52%	5.00%

*Consumer Price Index data obtained from Murenbeeld & Associates

**U.S. Dollar Exchange obtained from Scotia Economics

***Not Available due to ongoing contract negotiations, however provision has been established in the Fiscal Budget

**CITY OF RICHMOND
2003 OPERATING BUDGET
2003 REVENUE AND EXPENDITURE CHANGES VS. 5YFP**

EXPENDITURES:	2003 BUDGET	5 YFP	CHANGE	TAX IMPACT
RCMP Net Change				
- Contract	\$ 1,350,000	\$ 1,109,300	\$ 240,700	0.24%
- ECOMM	\$ 311,100	\$ -	\$ 311,100	0.31%
- Chargeback to YVR	\$ (347,900)	\$ -	\$ (347,900)	(0.35%)
Fire Salary (Seniority Increases)	\$ 890,500	\$ 786,236	\$ 104,264	0.10%
- Chargeback to YVR	\$ (338,500)	\$ -	\$ (338,500)	(0.34%)
Salaries*	n/a	n/a	n/a	0.00%
Fringe Benefit Net Increase	\$ 880,000	\$ -	\$ 880,000	0.88%
CPI Increase	\$ 400,000	\$ 250,000	\$ 150,000	0.15%
Insurance premiums	\$ 119,600	\$ 58,455	\$ 61,145	0.06%
	\$ 3,264,800	\$ 2,203,991	\$ 1,060,809	1.06%
* Not available due to ongoing contract negotiations, however provision has been established in the Fiscal Budget				

REVENUES:	2003 BUDGET	5 YFP	CHANGE	TAX IMPACT
Tax Growth	\$ 1,494,200	\$ 1,494,200	\$ -	0.00%
Casino Funding Decrease	\$ (1,330,000)	\$ (1,330,000)	\$ -	0.00%
Building Permits Revenue	\$ 390,000	\$ 91,900	\$ 298,100	(0.30%)
Annualized Parking Program	\$ 223,600	\$ 427,000	\$ (203,400)	0.20%
Business License Revenue	\$ 102,000	\$ 35,965	\$ 66,035	(0.07%)
	\$ 879,800	\$ 719,065	\$ 160,735	-0.16%

NET CHANGE	0.90%
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RECONCILIATION TO 5 YFP	
5YFP tax increase	4.23%
NET CHANGE (see above)	0.90%
	5.13%
Efficiencies	-0.38%
Proposed Tax Increase	<u>4.75%</u>

**CITY OF RICHMOND
REVENUE & EXPENDITURE SUMMARY
2003 OPERATING BUDGET**

	2002 Budget	2003 Budget	Change	Change
	Budget Bylaw less Water Sewer and Sanitation Budget	Budget Bylaw less Water Sewer and Sanitation Budget	(\$)	(%)
REVENUES				
PROPERTY TAXES	\$ 100,459,200	\$ 100,659,200	\$ 200,000	0.20%
FEDERAL GRANTS-IN-LIEU	4,975,000	5,571,800	596,800	12.00%
PROVINCIAL GRANTS IN LIEU	386,000	423,200	37,200	9.64%
GRANTS IN-LIEU OTHER	3,702,000	3,567,800	(134,200)	(3.63%)
UNCONDITIONAL GRANTS	2,723,300	1,378,400	(1,344,900)	(49.38%)
CONDITIONAL GRANTS	1,160,200	1,220,900	60,700	5.23%
SERVICE CHARGES	3,957,500	4,301,500	344,000	8.69%
OTHER SALES OF SERVICE	2,961,300	3,250,200	288,900	9.76%
BUSINESS LICENSES & PERMITS	4,606,300	5,196,500	590,200	12.81%
COMMUNITY REVENUE/PROGRAM FEES	5,082,900	5,249,300	166,400	3.27%
FINES	737,500	1,712,800	975,300	132.24%
MISCELLANEOUS OPERATING INCOME	983,300	1,043,000	59,700	6.07%
INVESTMENT INCOME	4,110,000	4,079,500	(30,500)	(0.74%)
MISCELLANEOUS FISCAL EARNINGS	1,828,100	1,563,600	(264,500)	(14.47%)
Total Revenues	\$ 137,672,600	\$ 139,217,700	\$ 1,545,100	1.12%
EXPENDITURES				
Salaries	\$ 62,788,000	\$ 64,612,100	\$ 1,824,100	2.91%
Operating Expenditures:				
SUPPLIES	1,686,700	1,771,700	85,000	5.04%
CONTRACTS	24,716,400	27,570,300	2,853,900	11.55%
ADVERTISING & MARKETING	381,500	389,700	8,200	2.15%
MAINTENANCE	1,946,100	2,148,700	202,600	10.41%
PROFESSIONAL FEES	190,500	191,500	1,000	0.52%
GENERAL OPERATING EXPENDITURES	2,679,900	2,582,400	(97,500)	(3.64%)
PURCHASES & EQUIPMENT	1,996,300	2,086,600	90,300	4.52%
OTHER EXPENDITURES	3,661,600	3,718,900	57,300	1.56%
LEASES & VEHICLES	6,952,300	7,160,900	208,600	3.00%
FACILITIES MANAGEMENT	4,174,100	4,202,400	28,300	0.68%
PUBLIC WORKS MAINTENANCE	13,923,900	13,794,300	(129,600)	(0.93%)
Total Operating Expenditures	\$ 125,097,300	\$ 130,229,500	\$ 5,132,200	4.10%
Fiscal Expenditures				
FISCAL DEBT EXPENDITURES	5,128,800	5,077,400	(51,400)	(1.00%)
TRANSFER TO STATUTORY RESERVES	8,734,200	9,520,100	785,900	9.00%
FISCAL EXPENDITURE - net	(1,287,700)	613,200	1,900,900	147.62%
Total Fiscal Expenditures	\$ 12,575,300	\$ 15,210,700	\$ 2,635,400	20.96%
Total Expenditures	\$ 137,672,600	\$ 145,440,200	\$ 7,767,600	5.64%
Net Revenues over Expenditures	\$ -	(\$6,222,500)	(\$6,222,500)	6.25%

Add Tax Growth Factor	1,494,200
	(4,728,300)
Net Tax Impact	4.75%

**CITY OF RICHMOND
2003 OPERATING BUDGET
RISKS**

RISKS		TAX IMPACT
Legal provision *	n/a	-
Salary Increase**	n/a	-
Parking Revenues	\$ 200,000	0.20%
Hydro Increases	\$ 160,000	0.16%
Other Government Impact:		
Traffic Fines	\$ 360,000	0.36%
Library Grants	\$ 316,900	0.32%
	\$ 1,036,900	1.04%

* Unspecified due to confidentiality
** Should the Union settle for amounts higher than provided for or receive any retroactive settlements we will be underfunded.

**CITY OF RICHMOND
2003 OPERATING BUDGET
CORPORATE SUMMARY**

	2002 Budget Bylaw	2002 Base Level Adjustments	2002 Adjusted Budget Bylaw	2003 Budget Draft	Change (\$)	Change (%)
Community Safety Division						
RCMP	21,715,000	0	21,715,000	22,822,800	1,107,800	5.10%
Fire Rescue	18,873,400	33,000	18,906,400	19,439,300	532,900	2.82%
Community Safety Administration	466,500	0	466,500	494,000	27,500	5.89%
Emergency & Environmental	213,600	0	213,600	216,700	3,100	1.45%
Community Bylaws	273,600	0	273,600	268,400	(5,200)	(1.90%)
Sanitation & Recycling	0	0	0	0	0	0.00%
Total Community Safety Division	41,542,100	33,000	41,575,100	43,241,200	1,666,100	4.01%
Parks Recreation & Cultural Services Division						
Aquatic Services	3,056,100	(127,400)	2,928,700	2,999,400	70,700	2.41%
Arenas	1,842,100	(41,287)	1,800,813	1,952,000	151,187	8.40%
Parks, Recreation Cultural Administration	310,100	0	310,100	330,800	20,700	6.68%
Recreation & Cultural Services	853,200	(151,333)	701,867	748,800	46,933	6.69%
Parks	6,792,400	0	6,792,400	6,931,900	139,500	2.05%
Gateway Theatre	842,500	0	842,500	873,200	30,700	3.64%
Community Recreation Services	4,351,700	140,544	4,492,244	4,548,500	56,256	1.25%
Heritage & Cultural Services	1,508,200	179,476	1,687,676	1,709,300	21,624	1.28%
Richmond Public Library	5,331,000	0	5,331,000	5,408,200	77,200	1.45%
Total Parks Rec & Cultural Services Division	24,887,300	0	24,887,300	25,502,100	614,800	2.47%
Engineering & Public Works Division						
General Public Works	(914,300)	0	(914,300)	(910,800)	3,500	0.38%
Roads & Construction	6,248,700	(299,262)	5,949,438	6,054,600	105,162	1.77%
Storm Drainage	2,259,100	383,026	2,642,126	2,665,600	23,474	0.89%
Facility Management	3,128,100	(186,700)	2,941,400	3,059,200	117,800	4.00%
Fleet Operations	423,100	(69,950)	353,150	213,200	(139,950)	(39.63%)
Water Utility	0	84,367	84,367	0	(84,367)	0.00%
Sewer Utility	0	3,836	3,836	0	(3,836)	0.00%
Engineering	3,419,700	(135,017)	3,284,683	3,339,400	54,717	1.67%
Communications	109,600	0	109,600	117,700	8,100	7.39%
Total Engineering & Public Works Division	14,674,000	(219,700)	14,454,300	14,538,900	84,600	0.59%
Finance & Corporate Services Division						
Finance	634,200	0	634,200	649,000	14,800	2.33%
Strategic Planning	236,500	0	236,500	249,100	12,600	5.33%
Payroll & Administration	336,900	0	336,900	349,900	13,000	3.86%
Property Taxation	348,900	0	348,900	344,100	(4,800)	(1.38%)
Human Resources	1,915,300	0	1,915,300	1,997,200	81,900	4.28%
Law	581,200	0	581,200	604,700	23,500	4.04%
Information Technology	5,736,100	0	5,736,100	5,971,900	235,800	4.11%
Customer Services	457,600	12,000	469,600	476,900	7,300	1.55%
City Clerks	1,077,300	(72,000)	1,005,300	1,054,500	49,200	4.89%
Business Liaison & Development	450,000	(2,445,500)	(1,995,500)	(2,084,700)	(89,200)	(4.47%)
Budgets, Stores, Purchasing, A/P	2,650,700	(4,500)	2,646,200	2,820,500	174,300	6.59%
Treasury	229,200	0	229,200	232,800	3,600	1.57%
Total Finance & Corporate Services Division	14,653,900	(2,510,000)	12,143,900	12,665,900	522,000	4.30%
Urban Development Division						
Property Use & Administration	341,800	0	341,800	356,100	14,300	4.18%
Development Applications	800,800	0	800,800	853,500	52,700	6.58%
Policy Planning	852,800	0	852,800	874,600	21,800	2.56%
Transportation	1,598,100	0	1,598,100	1,648,200	50,100	3.13%
Zoning	587,100	0	587,100	602,500	15,400	2.62%
Building Approvals	(126,900)	0	(126,900)	(561,400)	(434,500)	(342.40%)
Total Urban Development Division	4,053,700	0	4,053,700	3,773,500	(280,200)	(6.91%)
Corporate Administration Division						
General Government	603,000	0	603,000	602,400	(600)	(0.10%)
Chief Administrator's Office	599,700	60,000	659,700	681,300	21,600	3.27%
Total Corporate Administration Division	1,202,700	60,000	1,262,700	1,283,700	21,000	1.66%
Fiscal						
Fiscal Revenues	(120,228,400)	2,450,000	(117,778,400)	(116,823,300)	955,100	0.81%
Fiscal Expenditures	12,103,300	186,700	12,290,000	14,310,200	2,020,200	16.44%
Total Fiscal	(108,125,100)	2,636,700	(105,488,400)	(102,513,100)	2,975,300	2.82%
Transfer to Reserves						
Transfer to Statutory Reserves	7,111,400	0	7,111,400	7,730,300	618,900	8.70%
Total Transfer to Reserves	7,111,400	0	7,111,400	7,730,300	618,900	8.70%
Balance	0	0	0	6,222,500	6,222,500	6.25%

Add Tax Growth Factor (1.5%) 1,494,200
Shortfall 4,728,300 Net Tax Increase 4.75%

**CITY OF RICHMOND
2003 OPERATING BUDGET
POTENTIAL COST SAVINGS / REVENUE OPPORTUNITIES / OTHER INCREASES**

	Amount (\$)	Tax Impact		Explanation
		Each Item	Overall	
ESTIMATED SHORTFALL	6,222,500	6.25%	6.25%	Expected Revenues less Expected Expenses
GROWTH ESTIMATE	-1,494,200	-1.50%	4.75%	Growth estimate of 1.5% as per Council
	4,728,300	-1.50%	4.75%	AS PER SYSTEM AND FINANCIAL STATEMENTS
INTENDED COST REDUCTIONS:				
Fire Rescue Water Purchases	-132,100	-0.13%	4.61%	Not required
Fire Maintenance costs	-109,000	-0.11%	4.50%	s/b additional levels
RCMP contract	-404,000	-0.41%	4.10%	Reduction in Funding Level
IT seconded position	-72,800	-0.07%	4.03%	No temp staff or CCTV staff
Garbage Costs across City	-30,000	-0.03%	4.00%	Overstatement of garbage costs
Translation services	-10,000	-0.01%	3.99%	Reduction in Translation Services
	-757,900	-0.76%	3.99%	
COST INCREASES:				
Impact of 2003 Capital Budget (see page 9&10)	401,800	0.40%	4.39%	Operating impact of capital projects, see page 9 for details
Overexpenditure on Council Provision	123,068	0.12%	4.51%	Council provision less tall ships less 2nd Olympic payment
New Information* - Liability Premium increase	378,253	0.38%	4.89%	MIA Liability premium increase by 83% to \$894,384
	903,121	0.90%	4.89%	
* 2003 invoice received on Dec 9th				
REVENUE OPPORTUNITIES:				
Casino Revenues	-316,500	-0.32%	4.57%	Use add'l 2002 Casino Revenue to cover Municipal Grants
Casino Revenues	-340,000	-0.34%	4.23%	Use add'l 2002 Casino Revenue to offset minor capital
Sports Field User Fees	-20,000	-0.02%	4.21%	Increase in Sports Field Revenue
Building Permit Revenue**	-120,000	-0.12%	4.09%	Increase permit revenues
Additional Building Permit Revenue**	-80,000	-0.08%	4.01%	Further aggressive budgeting
Development Applications Revenue**	-25,000	-0.03%	3.98%	Development Applications aggressive budgeting
	-901,500	-0.91%	3.98%	
** high risk				
COMMUNITY SAFETY BUILDING FUNDING	\$996,093	1.00%	4.98%	
ADDITIONAL LEVELS FOR CONSIDERATION (see page 7)				
Impact of Ongoing Additional Levels (Council)	1,925,758	1.93%	6.91%	Council consideration - see page 7 for more details
Impact of Ongoing Additional Levels (TAG)	1,166,400	1.17%	8.08%	TAG recommendations - see page 7 for more details
Impact of Ongoing Additional Levels (Pending)	160,500	0.16%	8.25%	Decision pending - see page 7 for more details
	3,252,658	3.27%	8.25%	
Mitigate additional levels using Casino Revenues	-300,000	-0.30%	7.90%	Use of 2003 casino revenue to mitigate add'l levels
	-300,000	-0.30%	7.90%	
SERVICE LEVEL REDUCTIONS (see page 8)				
No Staffing Impact	(658,500)	-0.66%	7.24%	various - see page 8 for details
With Staffing Impact	(793,000)	-0.80%	6.44%	39.7 FTEs impacted
	(1,451,500)	-1.46%	6.44%	

**CITY OF RICHMOND
2003 OPERATING BUDGET
ADDITIONAL LEVEL REQUESTS - BY DEPARTMENT**

* Department	Description	Requested Amount	Council Consideration	TAG Recommended	Pending	
1	RCMP	RCMP COMPLEMENT INCREASE	\$823,390	823,390		
2	RCMP	CRIMINAL DRIVING ENFORCEMENT TEAM	\$416,000	416,000		
3	PARKS	DREDGING RESERVE FUND	\$80,000	80,000		
4	EMERGENCY	VOLUNTEER MANAGEMENT COORDINATION	\$72,900	72,900		
5	FIRE/RESCUE	CONFINED SPACE RESCUE PROGRAM	\$66,000	66,000		
6	RECREATION	FESTIVALS SUPPORT/BRITANNIA FESTIVAL	\$65,000	65,000		
7	RCMP	CRIME ANALYST	\$59,619	59,619		
8	RCMP	COUNSELLOR POSITION	\$57,633	57,633		
* 9	RCMP	TRAFFIC ENFORCEMENT PROGRAM	\$56,000	56,000		
10	RCMP	DEPARTMENT ASSISTANT I	\$50,909	50,909		
11	BYLAWS	NOISE BYLAW ENFORCEMENT	\$50,000	50,000		
12	POLICY PLAN	CHILD CARE RESERVE FUNDING	\$50,000	50,000		
13	RCMP	CLERK TYPIST III	\$43,307	43,307		
14	FIRE/RESCUE	SPILL RESPONSE PROGRAM	\$20,000	20,000		
15	FIRE/RESCUE	AED UNITS AND PROPS	\$15,000	15,000		
16	ROADS	ROAD REHAB CATCH-UP	\$335,000		335,000	
17	INFO TECH	IT PROVISION	\$300,000		300,000	
18	RECREATION	YOUTH OUTREACH FUNDING	\$107,000		107,000	
19	PARKS	PARKS DRAINAGE MTCE.	\$90,000		90,000	
20	POLICY PLAN	COMMUNITY PLANNER	\$84,000		84,000	
* 21	FIRE/RESCUE	PERSONAL PROTECTIVE EQUIPMENT	\$65,000		65,000	
* 22	INFO TECH	AUDIO/VIDEO MAINTENANCE	\$62,000		62,000	
23	ZONING	SCANNING PROGRAM	\$60,000		60,000	
* 24	FIRE/RESCUE	FIRE HALL ALERTING SYSTEM	\$43,000		43,000	
25	RECREATION	GALLERY PREPARATORY SUPPORT	\$20,000		20,000	
26	POLICY PLAN	MILEAGE	\$400		400	
27	BUILDING APPS	PLUMBING/GAS INSPECTOR	\$0		0	
28	BUILDING APPS	BUILDING INSPECTOR	\$0		0	
29	BUILDING APPS	PLAN PROCESSING CLERK	\$0		0	
30	PARKS	IMPROVING DIRT PLAYING FIELDS	\$100,000		100,000	
31	ADMIN	TRANSLATION SERVICES	\$27,000		27,000	
* 32	GATEWAY	MARKET INCREASES	\$18,500		18,500	
* 33	GATEWAY	TELEPHONE SYSTEM UPGRADE	\$15,000		15,000	
		TOTAL	\$3,252,658	\$1,925,758	\$1,166,400	\$160,500
		TAX IMPACT	3.27%	1.93%	1.17%	0.16%

* Mandatory Requirement

**CITY OF RICHMOND
2003 OPERATING BUDGET
SERVICE LEVEL REDUCTIONS**

#	Department Name	Proposed Reductions	FTE	Net Revenue/ Savings	Tax Impact
1	Community Bylaws	Expand Parking Meter Program (net revenue)	-	\$ 200,000	0.20%
2	Clerks	Eliminate Civic Appreciation funding	-	\$ 16,500	0.02%
3	Fiscal	Cancel the SPCA Subsidy	-	\$ 268,000	0.27%
4	Finance	Eliminate Chamber of Commerce subsidy	-	\$ 45,000	0.05%
5	Fiscal	Eliminate Sister City program	-	\$ 5,000	0.01%
6	Library	1% Reduction in Funding for the Library	-	\$ 54,000	0.05%
7	Clerks	Eliminate the City Advertising page in local press		\$ 60,000	0.06%
8	General Government	Eliminate Translation services (remainder)		\$ 10,000	0.01%
		TOTAL REDUCTIONS - NO STAFF IMPACT	0.0	\$ 658,500	0.66%
9	Corporate	Service Level reductions & alternate service delivery	39.7	\$ 793,000	0.80%
		TOTAL REDUCTIONS - STAFF IMPACT	39.7	\$ 793,000	0.80%

**CITY OF RICHMOND
2003 OPERATING BUDGET
ANNUALIZED OPERATING IMPACT FOR CAPITAL PROJECTS - SUMMARY**

Program Name	2003
A. Infrastructure Program	\$27,700.00
B. Building Program	\$293,800.00
C. Land Program	\$0.00
D. Parks Program	\$104,300.00
E. Equipment Program	(\$24,000)
Totals for Recommended Projects with Impact	\$401,800.00

F. Developer Generated Costs	\$52,600.00
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Projects with Significant Impacts:	
Fibre Optic Cable Installation (Savings)	(\$21,000)
Upgrade of MoT Traffic Signals	\$23,400.00
Community Safety Building Replacement - Hamilton	\$43,800.00
Library - Brighthouse & East Richmond Interim Branches	\$221,500.00
McLennan North Community Park	\$49,800.00
Fibre Optic Cabling to City Buildings (Savings)	(\$24,000)

**CITY OF RICHMOND
2003 OPERATING BUDGET
ANNUALIZED OPERATING IMPACT FOR CAPITAL PROJECTS**

Project Name	2003 Project Cost	Operating Impact	
		Recommended	Not Recommended
A. Infrastructure Program			
Arterial Road Crosswalk Improvement Program	\$200,000.00	\$6,500.00	
Broadmoor Boulevard Lane Drainage	\$50,000.00		\$0.00
Fibre Optic Cable Installation	\$225,000.00	-\$21,000.00	
Garden City Road median opening at Leslie Road Extension	\$49,000.00	\$200.00	
Nelson Road Widening	\$2,377,000.00	\$4,000.00	
No. 8 Road / Westminster Highway Traffic Signal	\$80,000.00	\$3,200.00	
PW Minor Capital - Traffic	\$175,000.00	\$2,600.00	
Sidewalk Project	\$127,800.00	\$2,400.00	
Traffic Signal Installation Program	\$200,000.00	\$6,400.00	
Upgrade of MoT Traffic Signals	\$150,000.00	\$23,400.00	
Total Infrastructure	\$3,633,800.00	\$27,700.00	\$0.00
B. Building Program			
Britannia Heritage Shipyard - Murchison	\$215,000.00		\$4,800.00
Britannia Heritage Shipyard - Seine Net Loft	\$259,000.00	\$12,000.00	
Building Improvements Minor Capital Program	\$500,000.00	\$10,000.00	
Community Safety Building Replacement - Hamilton #5	\$3,203,929.00	\$43,800.00	
King George Park Caretaker Suite - Additional funding	\$55,000.00	\$4,400.00	
Library - Brighthouse & East Richmond Interim Branches	\$1,100,000.00	\$221,500.00	
Minoru Place Seniors Centre Expansion	\$4,522,500.00		\$163,500.00
Richmond Nature Park - accessible washroom/interpretation kiosk	\$150,000.00	\$2,100.00	
Steveston Tram-carbam/workshop and office/display space	\$716,000.00		\$23,500.00
Total Building	\$10,721,429.00	\$293,800.00	\$191,800.00
C. Land Program			
Total Land	\$0.00	\$0.00	\$0.00
D. Parks Program			
General Development	\$121,900.00	\$2,300.00	
McLennan North Community Park	\$866,000.00	\$49,800.00	
Parks Upgrade Program - Characterization	\$100,000.00	\$14,800.00	
Public Art Program	\$150,000.00	\$10,000.00	
Trails	\$250,000.00	\$15,300.00	
Tree Planting Program	\$100,000.00		\$6,700.00
Unsafe Playground Equipment Replacement	\$60,900.00	\$2,100.00	
Waterfront Improvement Projects	\$500,000.00	\$10,000.00	
Total Parks	\$2,148,800.00	\$104,300.00	\$6,700.00
E. Equipment Program			
CERIS - Corporate Resource Database	\$150,000.00		\$11,000.00
Fibre optic cabling to City Buildings	\$85,000.00	-\$24,000.00	
Total Equipment	\$235,000.00	-\$24,000.00	\$11,000.00
2003 Totals for Projects with Impacts			
	\$16,739,029.00	\$401,800.00	\$209,500.00
F. Developer Generated Costs			
Developer Tree Planting - Various Boulevards	\$0.00	\$9,000.00	
Ferndale Park #1	\$0.00	\$3,000.00	
Hazelbridge Median	\$0.00	\$900.00	
Imperial Landing Waterfront Park Phase 1	\$0.00	\$16,800.00	
Mc Niel High Grounds	\$0.00	\$10,500.00	
#5 Rd Median	\$0.00	\$1,100.00	
Richmond High Sand Field	\$0.00	\$11,300.00	
2003 Totals for Developer Generated Costs	\$0.00	\$52,600.00	

**CITY OF RICHMOND
2003 OPERATING BUDGET
HOUSEHOLD IMPACT - AVERAGE RESIDENTIAL DWELLING**

TAX INCREASE	DOLLAR INCREASE
8.00%	75.15
7.75%	72.80
7.50%	70.46
7.25%	68.11
7.00%	65.76
6.75%	63.41
6.50%	61.06
6.25%	58.71
6.00%	56.36
5.75%	54.02
5.50%	51.67
5.25%	49.32
5.00%	46.97
4.75%	44.62
4.50%	42.27
4.25%	39.92
4.00%	37.58
3.75%	35.23
3.50%	32.88
3.25%	30.53
3.00%	28.18
2.75%	25.83
2.50%	23.49
2.25%	21.14
2.00%	18.79
1.75%	16.44
1.50%	14.09
1.25%	11.74
1.00%	9.39
0.75%	7.05
0.50%	4.70
0.25%	2.35
0.00%	0.00

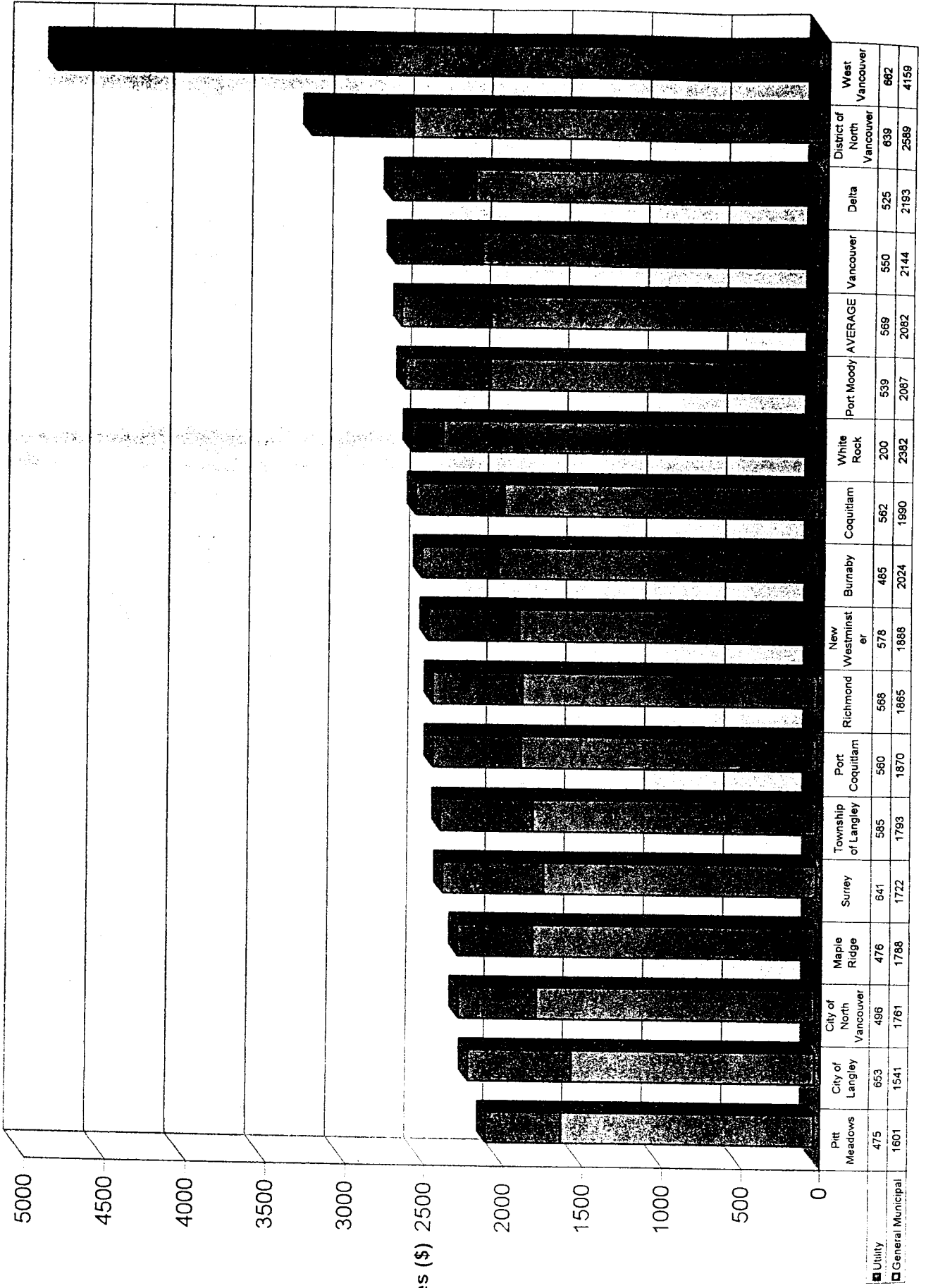
Note: Assessment value for an average residential dwelling in Richmond is \$240,460.

APPENDICES

CITY OF RICHMOND
2003 OPERATING BUDGET
SENSITIVITY ANALYSIS - 2002 BASE TO 2003 PROPOSED

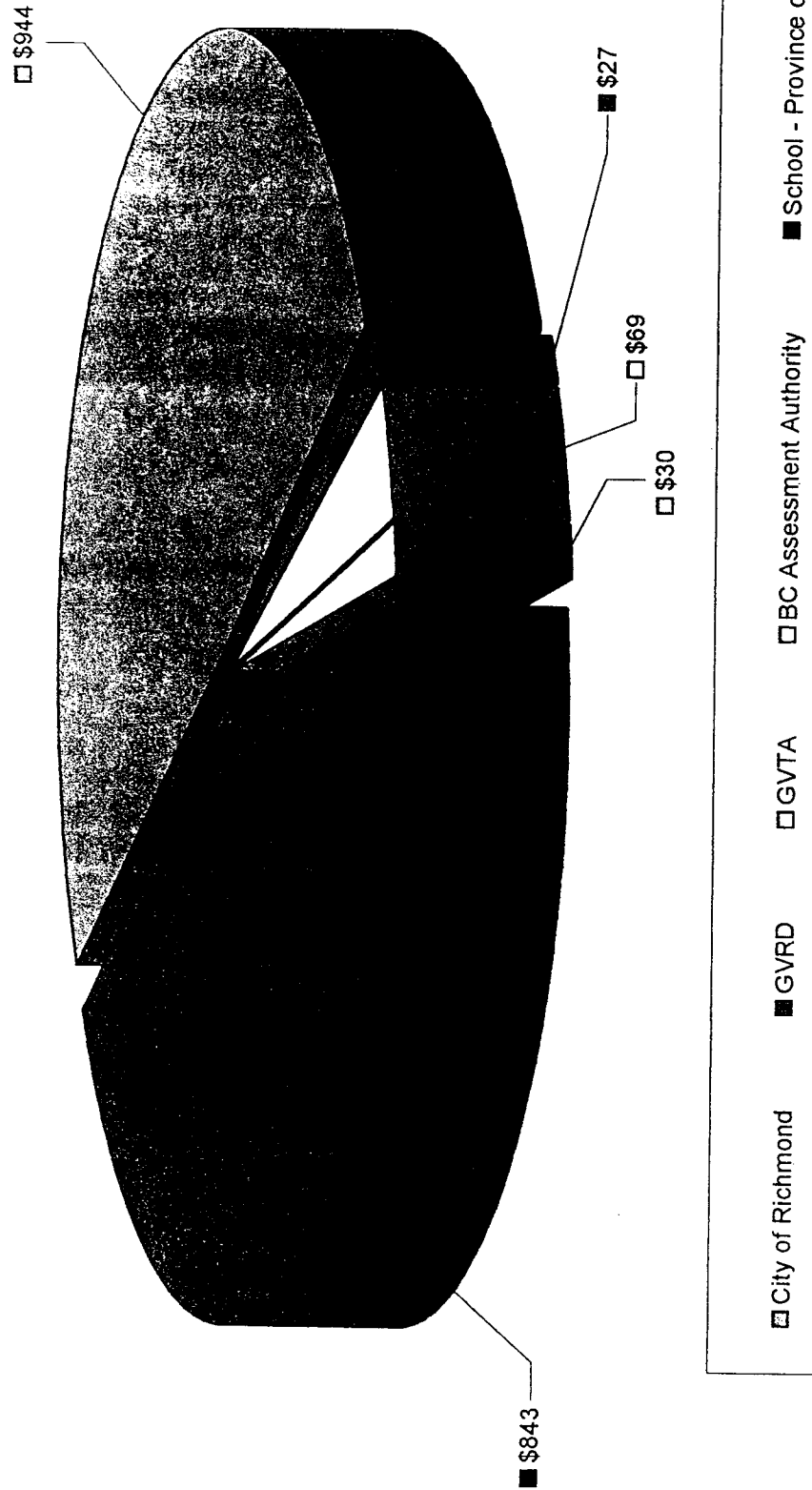
TAX REVENUE (\$)	INCREASE (\$)	RATE (%)	BREAKDOWN OF INCREASE	PROPOSED OFFSETS TO INCREASES
107,204,402	7,595,202	7.625%	INSURANCE AND OTHER INCREASES	TAX BASE GROWTH
107,079,890	7,470,690	7.500%		
106,955,379	7,346,179	7.375%		
106,830,867	7,221,667	7.250%		
106,706,356	7,097,156	7.125%		
106,581,844	6,972,644	7.000%		
106,457,333	6,848,133	6.875%		
106,332,821	6,723,621	6.750%		
106,208,310	6,599,110	6.625%		
106,083,798	6,474,598	6.500%		
105,959,287	6,350,087	6.375%	CPI INCREASES	ANNUALIZED PARKING PROGRAM
105,834,775	6,225,575	6.250%		
105,710,264	6,101,064	6.125%		
105,585,752	5,976,552	6.000%		
105,461,241	5,852,041	5.875%		
105,336,729	5,727,529	5.750%		
105,212,218	5,603,018	5.625%		
105,087,706	5,478,506	5.500%		
104,963,195	5,353,995	5.375%		
104,838,683	5,229,483	5.250%		
104,714,172	5,104,972	5.125%	FRINGE BENEFIT INCREASE	YVR RCMP AND FIRE BILLINGS
104,589,660	4,980,460	5.000%		
104,465,149	4,855,949	4.875%		
104,340,637	4,731,437	4.750%		
104,216,126	4,606,926	4.625%		
104,091,614	4,482,414	4.500%		
103,967,103	4,357,903	4.375%		
103,842,591	4,233,391	4.250%		
103,718,080	4,108,880	4.125%		
103,593,568	3,984,368	4.000%		
103,469,057	3,859,857	3.875%	CASINO FUNDING DECREASE	OTHER SAVINGS
103,344,545	3,735,345	3.750%		
103,220,034	3,610,834	3.625%		
103,095,522	3,486,322	3.500%		
102,971,011	3,361,811	3.375%		
102,846,499	3,237,299	3.250%		
102,721,988	3,112,788	3.125%		
102,597,476	2,988,276	3.000%		
102,408,219	2,799,019	2.810%		
102,348,453	2,739,253	2.750%		
102,223,942	2,614,742	2.625%	RCMP & ECOMM CONTRACT INCREASE	
102,099,430	2,490,230	2.500%		
101,974,919	2,365,719	2.375%		
101,850,407	2,241,207	2.250%		
101,725,896	2,116,696	2.125%		
101,601,384	1,992,184	2.000%		
101,476,873	1,867,673	1.875%		
101,352,361	1,743,161	1.750%		
101,227,850	1,618,650	1.625%		
101,103,338	1,494,138	1.500%		
100,978,827	1,369,627	1.375%	FISCAL INCREASE	
100,854,315	1,245,115	1.250%		
100,729,804	1,120,604	1.125%		
100,605,292	996,092	1.000%		
100,480,781	871,581	0.875%		
100,356,269	747,069	0.750%		
100,231,758	622,558	0.625%		
100,107,246	498,046	0.500%		
99,982,735	373,535	0.375%		
99,858,223	249,023	0.250%		
99,733,712	124,512	0.125%		
99,609,200	Yr. 2002 BASE	0.000%		

Average Residential Dwelling Property Taxes including Utilities Paid in 2002

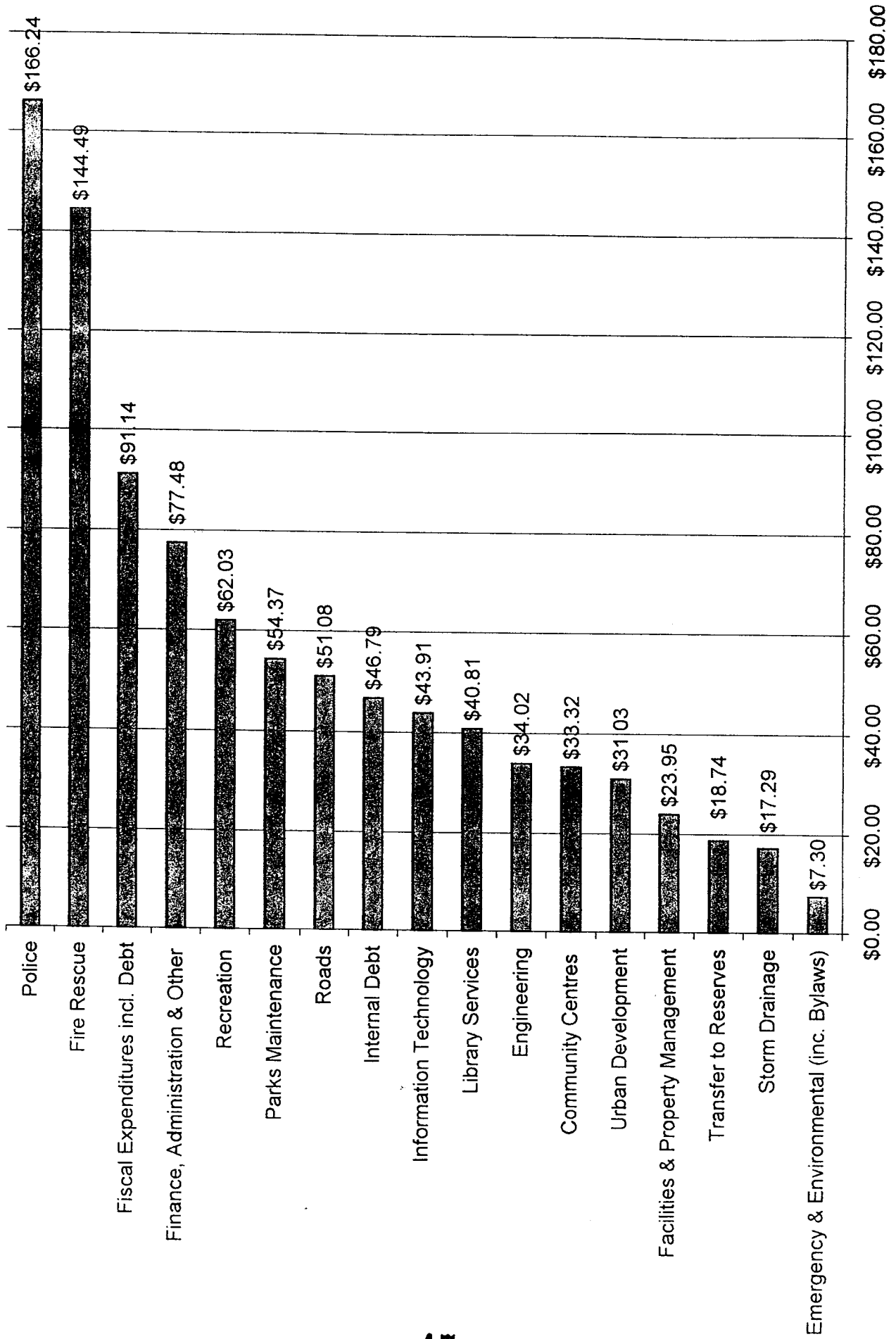


Breakdown of General Taxes Collected in 2002

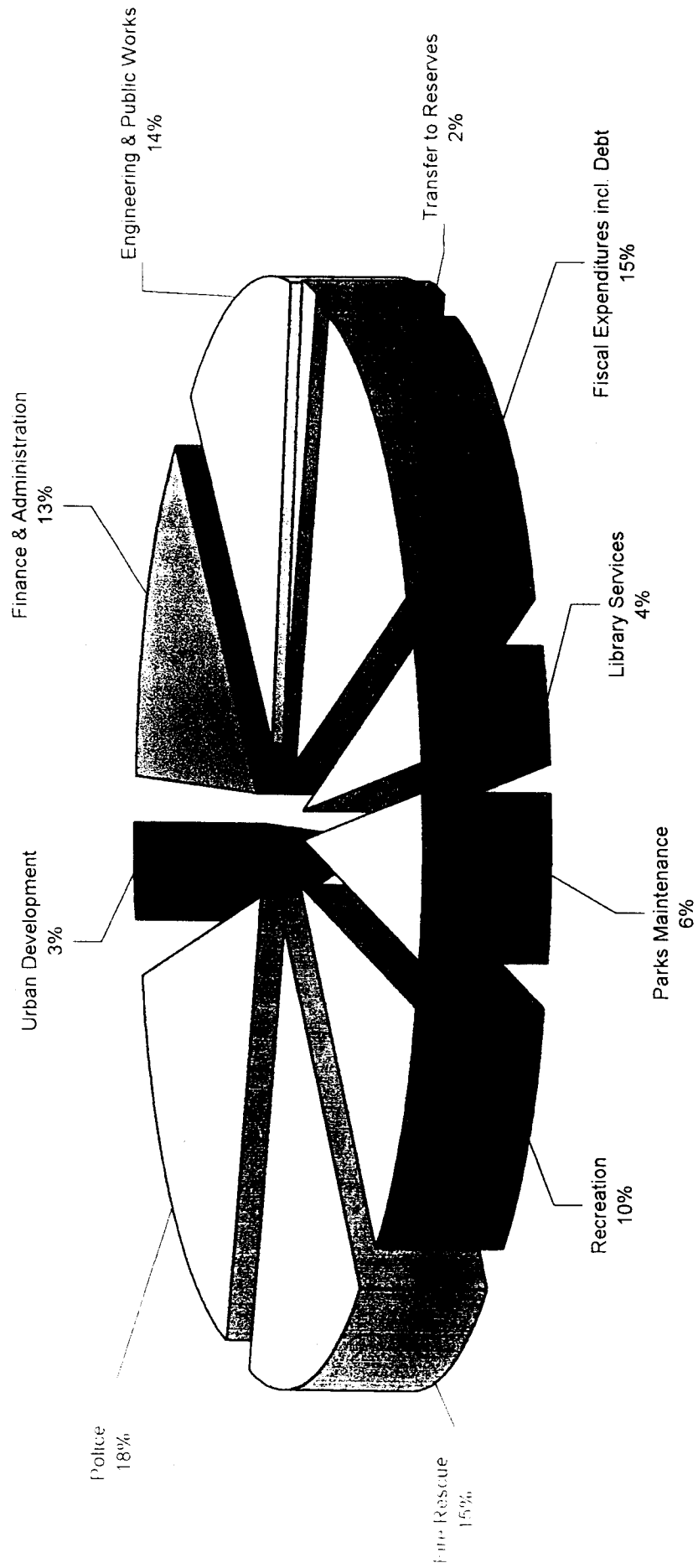
(on average household)



Breakdown of Municipal Tax of \$944 on Average Household - 2002



Breakdown of Municipal Tax on Average Household - 2002



Allocation of Discretionary vs. Non-discretionary Costs

(General Operating)

