



City of Richmond

Report to Committee

To: Finance Committee

Date: December 11, 2009

From: Jerry Chong
Director, Finance

File:

Re: 2010 Operating Budget and 5 Year Financial Plan (2010-2014)

Staff Recommendation

1. That the 2010 Operating Budget with net expenditure increase of \$5.16M be approved and form the basis of the City's 5 Year Financial Plan (2010 – 2014).
2. That the Council approved 2010 Capital Budget be amended to include the Hamilton Daycare project increase from \$1.11M to \$1.77M.
3. That the proposed 5 Year Financial Plan (2010 – 2014) be approved; and
4. That staff undertake a process of public consultation prior to adoption by Council as required in Section 165 of the Community Charter.


Jerry Chong
Director, Finance
(4064)

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CONCURRENCE OF GENERAL MANAGER



REVIEWED BY TAG YES NO

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REVIEWED BY CAO ~~DE~~ YES NO

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Staff Report

Origin

The 2010 Operating Budget (the "Budget") as presented in this report forms the basis of the City's 5-Year Financial Plan (5YFP). A 5YFP provides the City with the authority to pay for all types of services including operating, utilities and capital, and to generate the required revenues to cover these costs through property taxation, user fees and other types of revenue. The 5YFP satisfies the legal requirements as stipulated under the Community Charter and must be adopted annually by bylaw before the annual property tax bylaw deadline of May 15th. The Community Charter requires a Public Consultation meeting, which will be scheduled in January 2010 at a date to be determined.

In this report the Budget and the 5YFP are presented.

Analysis

Background and Process

The capital, operating and utility plans are consolidated to form the 5YFP. The financial planning process allows departments the opportunity to examine issues, reassess objectives and re-direct resources as required to accomplish Council's goals.

The City's annual Operating Budget (including utility budget) cycle begins in May when service levels are proposed by each department. Budget guidelines are reviewed and evaluated by each department's respective General Manager in conjunction with service levels and Council priorities. The Budget was prepared in consideration with the current Long Term Financial Management Strategy (LTFMS) (Policy 3707). The 2010 Budget is a transition year from the current policy as staff believe that a new policy should be established which provides a benchmark, which is more representative of municipal expenditures. The current benchmark of CPI includes items such as food, education, communication, transportation, other goods and services, etc. which has no relevance to municipal costs. A new benchmark is being worked on and will be presented to a Council at a future Finance Committee meeting.

The Capital Budget system was opened to the departments on July 8, 2009. The Land and Capital Team prepared the 2010 Capital Budget by evaluating all capital submissions based on the ranking criteria. It was then brought forward to TAG for review and subsequently approved by Council on November 23, 2009.

The Utility Budget received input by each respective Utility Division and was reviewed with each respective manager. The Utility Budget which is based on a cost recovery principle was impacted mainly by Metro Vancouver increases which the City mitigated through its sustainable practices and efficiencies. It was approved by Council on November 23, 2009.

The base budget within the Operating Budget represents the cost of maintaining existing levels of programs and services to the community. Expenditures relating to development and capital projects are not included in the base budget as these additional expenditures are necessary to provide service to the expanded inventory of assets. The base budget is directly affected by the market and projected cost increases to labour, materials, equipment, contracts and energy costs

such as fuel, gas and electricity and are offset by expected increases in revenue from growth and various user fees.

The additional expenditure budget represents the cost of providing the following:

- New programs or program enhancements from the previous year
- Increase in the level of services over the preceding years
- Operating budget impact (OBI) of development and capital projects (OBI already approved as part of 2010 capital budget)
- Generating additional revenues

Each department is asked to submit its additional expenditure requests based on the above criteria. These requests were reviewed and the 12 submissions that were prioritized by TAG are shown in Appendix 2. Although all of the requests have merit, due to the impact on taxes in a difficult budget year, it was decided that none of the additional expenditure items would be recommended at this time and they would be deferred to the 2011 budget process.

2010 Operating Budget – Executive Summary

While 2009 has been a challenging year, the City of Richmond has also implemented some innovative programs to make Richmond a more liveable city based on Council's Term Goals. The following are some of the key focus areas that have been addressed in our 2010 Operating Budget.

A Growing City

Community Safety – The City is committed to providing core services such as police and fire rescue to the community. While these services represent a substantial portion of the Budget, they are key to protecting public safety. The community is supportive of maintaining the standard for these services, especially policing, therefore the increases for RCMP will be highlighted separately.

Liveable and Sustainable City - In order to showcase Richmond's diverse community, further the commitment to sustainability in a well functioning social network and a vibrant economy; a new department was formed bringing together staff from several other departments in the City. This new Department aligns arts, culture, heritage, diversity, social services, affordable housing, environmental services, sustainability, energy, economic development, sport hosting, events and filming together into one Department. The realignment will realize greater efficiencies in delivering services while advancing Council's term goals for a more liveable and sustainable City.

The Budget has been prepared with a particular awareness on two of the most significant fiscal challenges facing the City: the slow recovery from the economic downturn and the cost pressures on salary and fringe benefits as a result of contracted wage settlement. On the other hand, the economic downturn has also provided opportunities for the City to look for efficiencies in operations and competitive pricing in the market place. The City has taken advantage of these opportunities in energy costs, fuel costs and other operating expenditures and these have been incorporated into the Budget. Staff are also cognizant of the impact of the economic downturn

on the community, however unlike many industries the demand for City services has not decreased but actually increased.

Statistics at September 30, 2009 show increases in both Fire Rescue responses (2008-4,270, 2009-4,360) and RCMP calls for service (2008-38,240, 2009-40,237).

The use of parks, recreation and cultural facilities and participation in special events increased in the City over the past year – likely due to the recent economic downturn and the availability of our programs, facilities and open spaces which are close to home at affordable prices. This increase is evident across the community. For example, London Heritage Farm had a 5% increase in visitors, Minoru Aquatic Centre and Watermania had a combined 7% increase in participants and the Steveston Salmon Festival experienced a record 100,000 attendees in 2009. Similarly, the need to support our community has increased in 2009 with almost 50% more applications to the KidsSport Fund and a 25% increase in Richmond residents involved with the partnered Jumpstart program.

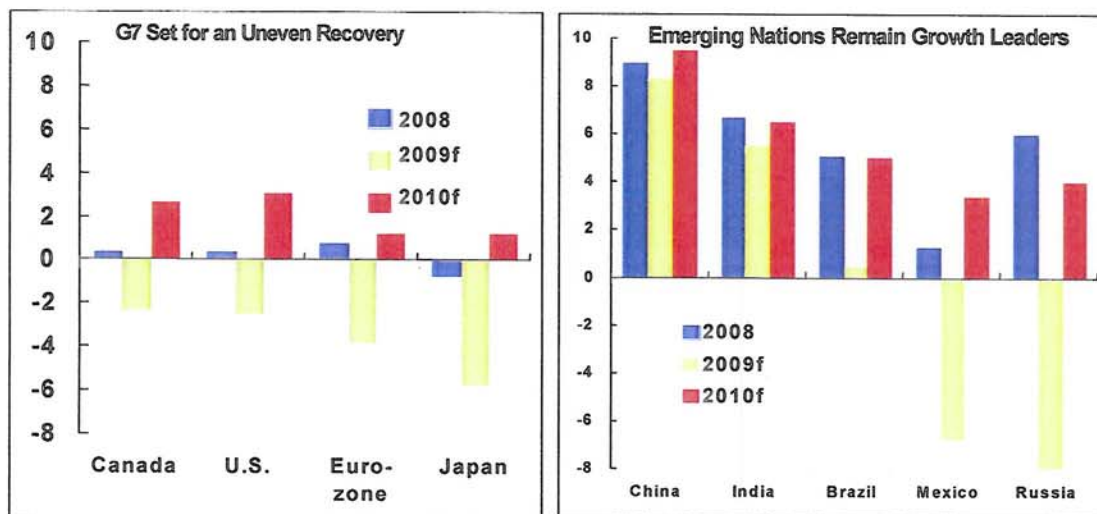
Maintaining or increasing service levels in the areas of parks, recreation and culture will continue to be important in 2010 to meet this increased demand to ensure the continued social and physical well-being of our community.

Economic Growth

It was only a little over a year ago in September 2008, that the global financial system was under extreme duress due in part to the collapse of Lehman Brothers and the bailout of AIG. The financial markets responded accordingly and retreated drastically. Slowly, the global economy is regaining some of the ground that it lost. Government stimulus programs and record low interest rates should continue to contribute to moderate economic growth in the coming year. While unemployment rates are high, recent data suggests that it might have levelled off and is beginning to decrease.

Scotia Economics forecasts that the global recovery in the G7 countries (Canada, US, Eurozone and Japan) will be modest and average from 1.2% (Japan) to 3.1% (US). Meanwhile the Emerging Nations (China, India, Brazil, Mexico and Russia) will see increases of 3.4% (Mexico) to 9.5% (China).

The US economy has improved in recent months and is recovering sooner than most economists had originally forecasted. The pent up demand in the US for consumer durables has increased in the second half of 2009 and the decline in housing may have hit bottom. Automakers have also emerged from the downturn, boosted by government purchase incentives, which has caused sales to outpace inventories.



Canada did not escape the recession as commodity prices fell resulting in lower exports, which impacted the domestic economy. However the overall recession was milder in comparison to the US, due in part to the tighter controls in the banking system that helped mitigate the risk in home equity. With the renewed demand for commodities the Canadian economy is recovering albeit at a moderate pace.

The Global Economy Is Beginning to Revive¹

The B.C. economy was not immune to the recession and was impacted by reductions in external demand, lower commodity prices, the resource sector, housing, retail spending, and others. This is expected to generate an estimated 2.5% decline in real GDP for 2009, which is the largest decline since 1982. However, recent data suggests that the bottom is being reached in 2009 and that conditions will improve thereafter. The latest 2010 forecast from the Conference Board of Canada is very optimistic as they forecast that BC is will lead all provinces with real gross domestic product (GDP) growth of 4.2 per cent in 2010, due to a comeback in the construction sector, recoveries in forestry and manufacturing, and the hosting of the Winter Olympic Games.

Contracted Wage Settlement

The City of Richmond and the CUPE locals signed a 5 year collective agreement beginning in 2007 with a wage increase of 4% in the final 2 years (2010 and 2011) of the agreement. There was a desire to have a long term collective agreement from many employers. The Province initiated the direction by offering a long term deal to its employees, and included a signing bonus. At the regional level there was consensus that a long term deal should be negotiated. In order to receive a long term agreement, a premium was required in the final two years.

¹ Source; Scotia Economic Forecast

The economy was not a concern at the time as GDP was 3.00% and the unemployment rate was at a 30 year low (4.30). In discussion with other municipalities there was general agreement that the settlement was appropriate. The City also settled a 3 year collective agreement with its Firefighters Union, which ends on December 31, 2009.

2009 Operating Budget Strategy

The City was proactive and took responsible measures to mitigate the effects of the economic downturn in 2009 by finding cost savings within its 2009 operating budget and enhancing capital expenditures by securing stimulus funding from senior level governments. Some of the measures that the City has undertaken in this regard are:

- Reducing staffing levels to offset reduced building permit revenues
- Reducing DCC rates to stimulate development activities
- Shifting tax burden from business to other classes
- Acquiring land – at favourable market prices
- Council directed business license fee freeze for 2010

In the fall of 2008 as the global economy continued to weaken and in order to achieve Council policy concerning tax increases (Policy 3707-section one (CPI)), all City departments received instructions from the CAO to revise their original budget submissions to reduce net expenditures, and/or increase revenues where feasible and adjust resources to offset reductions in revenues. As a result, staff recommended further reductions in costs and increases in revenues totalling \$2.4M including a reduction of 14.3 full time equivalent (FTE) positions. With these cost reduction strategies the City managed to restrict the tax increase to 2.97% in 2009, second lowest in the lower mainland. As permit revenue declined further in 2009 a further 4 full time staff were laid off in the Building Division.

2010 Operating Budget

The primary focus of the Budget is to balance the fiscal challenges facing the City while remaining consistent with Council priorities, and maintaining the tax impact within CPI as stated in section one of Policy 3707. However, for 2010 the CPI is projected to be as low as 1% by some economists, which poses a huge challenge for the City to find substantial cost savings without significant impact on the service levels. The City has been conducting annual efficiency reviews and reductions for numerous years, therefore there are no substantial reductions available without service and program reductions.

Staff suggest that the LTFMS be reviewed to seek an alternative to CPI with a more realistic benchmark which links the rate of property tax increases directly to the costs associated with municipal purchases. CPI limitations are that it is based upon a basket of goods including food, education, communication, transportation, other goods and services, etc. Due to cost factors within CPI that are not relevant within the City's cost structure, staff will be reviewing Policy 3707 (specifically section one) and suggesting changes which is more reflective of municipal costs.

2010 Operating Budget Recommendations

2010 Operating Budget Year over Year Change (000's)		Tax Impact
<u>Expenditures</u>		
Salaries	\$5,283	3.57%
Contracts	(247)	(0.17%)
PW Maintenance Equipment (Non Labour)	163	0.11%
Debt	(657)	(0.44%)
Other	46	0.03%
Expenditures Increase	\$4,588	3.10%
<u>Revenues</u>		
Permits decrease	1,828	1.24%
Business License decrease	53	0.04%
Revenue Decrease	\$1,881	1.27%
Net Expenditure (base level)	\$6,469	4.37%
Grant Funding for Oval Corporation	650	0.44%
OBI of 2010 Capital Projects	683	0.46%
Net Expenditure before growth	7,802	5.28%
Tax Revenue Growth from new construction	(\$1,800)	(1.22%)
Net Increase in Civic 2010 expenditures	\$6,002	4.06%
RCMP Contract	1,928	1.30%
Net Increase in 2010 expenditures	\$7,930	5.36%

If approved by Council the draft 2010 Budget has an overall increase of \$6.0M in net civic expenditures over 2009 and when the RCMP contract increase is included a \$7.9M overall net expenditure increase.

Some of the main factors that contributed to the net increase in 2010 expenditures before the budget reduction strategy are:

- Total non discretionary increases in salaries and RCMP contract of \$7.21M. The salaries increase is due to the contracted wage settlement of \$5.28M and the RCMP contract increase of \$1.93M is largely due to salary increase for RCMP officers and other cost increases such as training, communication systems, etc.;
- Reductions in the ECOMM annual levy of \$0.55M due to pro-active negotiations conducted by staff;
- Reduction in debt payments as staff took advantage of an opportunity to pay down the current debt;
- A contribution of \$0.65M for Oval operating costs in order to meet the contractual obligation between the City and the Oval Corporation;
- An operating budget impact ("OBI") of \$0.68M resulting from the 2010 Council approved capital projects;

- The downturn in the economy had a significant impact on the City revenues such as the building permits revenue. To mitigate these revenue losses, Planning and Development have also reduced their expenditures accordingly. Building permit fees, development application fees and business license revenues are projected to be similar to 2009 actual, (\$1.88M lower than 2009 Budget level) due to low development activities anticipated in 2010; and
- Tax revenue growth from new construction is projected at \$1.80M that is \$1.40M lower than 2009.

Budget Reduction Strategy

In order to offset the net increase in 2010 expenditures, the following budget reduction strategy was implemented to reduce the overall net expenditures:

- Increase in user fees of \$0.16M as a result of increased parking rates and fines;
- Reduction in computer hardware and software budget of \$0.20M;
- The phasing in of the 2010 Council approved capital projects OBI (\$0.68M) over three years. This will result in a net increase of \$0.23M in 2010;
- Delayed replacements (gap funding), resulting in a reduction of \$0.75M to overall City salaries and benefits; and
- Funding the temporary decline in permits and development from general surplus in the amount of \$1.2M (rate stabilization).

The following table illustrates the above budget reduction strategy, which is an overall net expenditure increase of \$5.16M over 2009 or a general tax levy of 3.49%.

Budget Reduction Strategy (000's):		Tax Impact
Net Increase in 2010 expenditures	\$7,930	5.36%
Increase user fees	(163)	(0.11%)
Reduce computer hardware and software	(200)	(0.14%)
Phase in OBI over three years	(458)	(0.31%)
Delayed replacement (Gap Funding)	(750)	(0.51%)
Fund temporary decline in permits & development	(1,200)	(0.81%)
Total Budget Reduction	(\$2,771)	(1.87%)
Net Increase after budget reduction strategy	\$5,159	3.49%

The breakdown of the increase between the City and the RCMP is as follows:

		Tax Impact
Net Increase in 2010 Civic expenditures	\$3,231	2.18%
Net Increase in 2010 RCMP expenditures	1,928	1.30%
Total	\$5,159	3.49%

The following table shows the net expenditure increase for departments.

2010 Operating Budget Corporate Summary (In 000's)				
Department	2009 Adjusted Budget Bylaw	2010 Proposed Budget	Year over Year Change	
Law & Community Safety	\$ 62,861	\$ 65,465	\$	2,604
Parks & Recreation	22,425	23,469		1,044
Community Services	13,751	14,390		639
Engineering & Public Works	17,988	18,787		799
Business & Financial Services	2,430	2,704		274
Planning & Development	5,091	7,009		1,918
Corporate Services	13,212	14,045		833
Corporate Administration	3,426	3,532		106
Project Development and Facilities	7,492	7,783		291
Fiscal	(158,320)	(160,744)		(2,424)
Transfer to Reserves	9,644	9,644		-
2009 Net Expenditures/Tax Impact (Before Tax Growth and Additional Expenditures)	-	6,084		6,084
2009 Tax Growth				(1,800)
2009 Net Expenditures/Tax Impact				4,284
Oval Grant				650
Operating Budget Impact of Capital Expenditures				225
2009 Net Expenditures/Tax Impact			\$	5,159

The Budget contains some of the Council priorities as enunciated in Council term goals.

- Community Safety
Community Safety budget has increased by \$2.60M over 2009 due primarily to the RCMP contract and Fire Rescue salary increases.

In terms of the City's overall budget, RCMP and Fire Rescue are essential services, which contribute to the amount of tax increase. The relative portion of the overall 2010 budget that is attributed to RCMP and Fire Rescue is 21% and 16% respectively.

Other departments' increases are primarily due to the salary increases as negotiated in the collective agreement.

- Community Services

This is a new department established by the CAO with purpose-focused dedicated resource units working with traditional departments to deliver more intensive support work in the priority areas of Council's Term Goals and emerging community and business sector issues. New operating units contained within this Department include

- Enterprise Services
- Community Social Services
- Sustainability
- Arts, Culture & Heritage Services

Major Highlights of the 5-Year Financial Plan

The following assumptions have been used for the preparation of the 5FYP.

(in \$000's)	2010	2011	2012	2013	2014
Municipal Price Index	4.80%	4.90%	4.00%	4.00%	4.00%
Consumer Price Index	1.50%	2.40%	2.00%	2.00%	2.00%
U.S. Exchange Rates	\$ 1.00	\$ 1.05	\$ 1.10	\$ 1.12	\$ 1.12
Natural gas expense	8.00%	7.00%	7.00%	5.00%	5.00%
Electricity expense	6.00%	5.00%	5.00%	4.00%	3.00%
Contracts (photocopy & office equipment)	3.00%	1.00%	2.00%	2.00%	2.00%
Casino Funding					
Oval	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Revolving Fund	243	212	184	160	135
Capital	617	617	617	617	617
Capital Building Infra.	1,761	1,761	1,761	1,761	1,761
Grants	518	530	537	546	554
Physical Plant	1,400	1,400	1,400	1,400	1,400
Operating (RCMP)	542	569	597	621	646
	\$ 10,081	\$ 10,089	\$ 10,096	\$ 10,105	\$ 10,113
Operating budget impact (OBI)	\$ 225	\$ 456	\$ 863	\$ 1,400	\$ 129
Growth (tax base)	1.22%	1.29%	1.22%	1.16%	1.11%
RCMP contract increases	7.16%	5.00%	5.00%	4.00%	4.00%

Based on the proposed 5YFP (2010-2014), the average proposed tax increases are as follows:

(in \$000's)	2010	2011	2012	2013	2014
Total Funding Increase Required	6,959	8,443	8,896	8,746	8,110
Growth from New Construction	1,800	2,000	2,000	2,000	2,000
Proposed Property Tax Increase (in \$000's)	5,159	6,443	6,896	6,746	6,110

There is no tax impact in 2010 – 2011 for the 1% increase in transfer to reserves as laid out in the Long Term Financial Management Strategy. The reserves are being funded over these years from interest earned on the Community Legacy & Land Replacement Reserve Fund as approved by Council on July 23, 2007. The 1% increase in taxes will resume in 2012 and is built into the 5YFP.

Permissive Exemption

Each year, Council passes a permissive exemption bylaw exempting certain properties from property tax. The property tax exemptions policy 3561 sets out the guidelines for permissive exemptions to churches, private schools and hospitals as stated in Sections 220 and 224 of the Community Charter.

British Columbia Property Tax Deferment Program

The British Columbia Property Tax Deferment Program allows property owners to defer annual property taxes on their home if the following criteria are met:

- age 55 or older; or
- a surviving spouse (any age); or
- a person with a disability, as defined under the Disability Benefits Program Act

and

- be a Canadian citizen or landed immigrant who has lived in British Columbia for at least one year immediately prior to applying for tax deferment
- have a minimum equity of 25% in the home based on assessed values as determined by BC Assessment
- application on deferment of taxes for the principal residence

In addition, in 2009 due to the downturn in the economy, the Province of BC provided an additional criteria to the tax deferment program to include financial hardship. This is a temporary change and it allows homeowners that are facing financial hardship to defer their 2010 property taxes if they have at least 15% equity in their homes. Once enrolled in the Tax Deferment Program, the property owner must complete a renewal application each year in order to continue to defer taxes. The renewal application will be sent to those homeowners in May each year by the Province.

Capital Plan

The proposed 5 Year Capital Plan for 2010-2014 has been incorporated into the 5YFP.

The majority of the funding for the capital program comes from statutory reserve accounts and other funding sources such as grants and development cost charges. The proposed 5 Year Capital Plan for 2010-2014 was prepared by the Land & Capital Team, which has representation from all City Departments. As in previous years, the Team utilized a ranking system in conjunction with comments and recommendations from all stakeholders.

The ranking criteria includes:

- the level of need for a project
- consistency with Council approved plans or priorities
- financial costs and benefits
- financial risk associated with a project
- social/environmental/liveability benefits
- funding sources and availability

The 2010 Capital Plan is intended as a detailed plan for construction, while years 2011-2014 are intended to be a planning tool that will be reviewed and refined annually based on financial and other trends. The total expenditure amount of each year of the recommended Capital Plan by program is:

Programs (in \$000's)	2010	2011	2012	2013	2014
Infrastructure	27,771	16,396	20,887	19,415	20,649
Building	47,261	3,091	74,750	8,450	1,760
Land	2,583	-	-	-	-
Parks	9,017	5,625	4,375	4,450	3,800
Equipment	4,437	2,960	2,886	2,115	1,600
Child Care Program	3,179	-	-	-	-
Transfers/debt Payment	7,575	8,157	7,807	7,707	7,279
Total	101,823	36,229	110,705	42,137	35,088

In drafting the 2010 Capital Budget, staff recognized the downturn in the economic conditions, and identified projects that met existing needs while also creating jobs in our community. A majority of the projects listed not only help stimulate the economy through job creation but also take advantage of funding opportunities through the federal and provincial governments' stimulus programs. As a result, the City was successful in securing approximately \$9.4 M in funding for the projects included in the 2010 Capital Budget.

On November 23, 2009, Council approved the 2010 Provisional Capital Plan in the amount of \$98.44M. The total amendments of \$3.39M result in the revised Capital Plan of \$101.82M.

The following are changes to the provisional Plan:

Provisional plan November 23, 2009	(in \$000's)	\$ 98,435
Amendments previously approved:		
Minoru Bowling Green Upgrade	600	
Nelson Road Interchange	2,130	
Total Amendments previously approved		\$ 2,730
New Amendment:		
Increase to Hamilton Daycare	658	
Total New Amendments:		\$ 658
Total Budget including new amendment		\$ 101,823

Amendments previously approved:

- Minoru Bowling Green Upgrade - \$0.60M (City funded \$0.35M, Grant application for \$0.20M and \$0.05M from the Richmond Lawn Bowling Club)
- Nelson Road Interchange - \$2.13M

New Amendment:

- Hamilton Daycare - \$0.66M – Increase in Translink funding contribution from \$1.11M to \$1.77M

Also included is \$166M of uncompleted projects approved in prior years in the 2010 budget. An allowance has been made for future carry-forwards of unspent amounts in the future years.

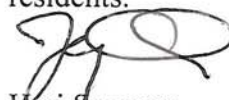
Financial Impact

The 2010 Operating Base Budget results in an increase of \$5.16M in net expenditures.

Conclusion

Staff recommend that Council adopt the 5YFP with a 2010 Operating Budget net expenditure increase of \$5.16M, which amounts to an average tax increase of \$50.68 for an average residential home assessed at \$509,187.

The 5YFP outlines the current year's budget and provides projections for future years. It should be emphasized that the 5YFP beyond 2010 will change as more accurate and current information is obtained to update each successive year accordingly. Other cities within Metro Vancouver that have approved their 2010 operating budget include Vancouver (2.26% property tax increase), Coquitlam (4.96% property tax increase) and Surrey (5.10% property tax increase). Richmond is competitive in its municipal tax levy when compared with other municipalities (Appendix 6) in Metro Vancouver and continues to be a leader in providing quality services to its residents.

 for

Hari Suvarna
Manager, Budgets and Accounting
(4365)

**City of Richmond
5 Year Financial Plan
2010 - 2014 (in 000's)**

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$
Property Taxes	\$147,875	\$154,834	\$163,277	\$172,173	\$180,918
Grants-in-lieu	11,277	11,342	11,609	11,676	11,544
Utilities	75,587	82,398	86,414	91,057	95,018
Grants	4,332	4,376	4,421	4,469	4,518
Fees & Charges	30,847	30,417	31,780	32,345	32,493
Gaming Revenue	10,080	10,080	10,080	10,080	10,080
Investment Income	11,197	11,197	11,197	11,197	11,197
Penalties and Interest on Taxes	1,075	1,075	1,075	1,075	1,075
Miscellaneous Fiscal Earnings	19,230	19,309	19,543	18,471	18,093
Capital Plan					
Transfer from DCC Reserve	9,384	8,666	7,881	7,443	6,858
Transfer from Other Funds and Reserves	92,439	27,563	102,824	34,694	28,230
Carryforward Prior Years	166,815	80,394	34,987	43,708	25,753
TOTAL REVENUES	580,137	441,649	485,088	438,387	425,778
Corporate Administration	3,532	3,665	3,735	3,807	3,867
Parks & Recreation	30,857	32,123	32,738	33,374	33,978
Business & Financial Services	6,521	6,782	6,906	7,032	7,140
Engineering Public Works	34,827	35,840	36,541	37,241	37,943
Planning & Development Service	10,028	10,420	10,610	10,804	10,967
Utilities	75,587	82,398	86,414	91,057	95,018
Fiscal	17,951	20,336	23,176	26,244	28,698
Corporate Services	14,325	14,707	14,934	15,166	15,868
Project Dev & Facility Maint	10,458	9,717	9,892	10,072	10,242
Law & Community Safety	72,864	75,982	78,287	80,477	82,646
Community Services	18,321	18,733	19,053	19,381	19,672
Transfer to Funds: Statutory Reserves	23,511	23,511	25,144	25,233	26,877
Capital Plan					
Current Year Capital Expenditures	101,823	36,229	110,705	42,137	35,088
Carryforward Prior Years	166,815	80,394	34,987	43,708	25,753
TOTAL EXPENDITURES	587,421	450,836	493,120	445,732	433,759
NET EXPENDITURES (Before Growth)	7,284	9,187	8,033	7,345	7,981
Oval	650	-	-	-	-
Operating Budget Impact	225	456	863	1,401	129
Growth	(1,800)	(2,000)	(2,000)	(2,000)	(2,000)
Funding from Prior Year Surplus	(1,200)	(1,200)	-	-	-
Proposed Property Tax Increase	\$5,159	\$6,443	\$6,896	\$6,746	\$6,110

Note: Numbers may not add exactly due to rounding.

2010 Additional Expenditure Requests – NOT RECOMMENDED

Organization	Description	Amount \$	Tax Impact	Priority
Heritage Sites	<p>The City owns a growing number of heritage assets including 27 buildings, 3 monuments, a growing collection and 4 large artefacts including the interurban tram. The Museum & Heritage Strategy and its Implementation Plan, endorsed by Council in June 2007 & 2008 respectively, identified the need to develop business plans, conservation plans and interpretation plans for all buildings and large artefacts to ensure the heritage integrity of these resources is maintained, preserved for future generations and contribute to the goal of Richmond being the leading museums and heritage destination in Metro Vancouver.</p> <p>The proposed Supervisor, Heritage Conservation will be responsible for the development and implementation of business plans, conservation plans and interpretation plans for each City owned heritage asset and site. Responsibilities also include preparing grant applications for preservation and restoration, overseeing the on-going maintenance of all heritage assets and providing expertise on the preservation and care of other community heritage resources. This position was recommended in the adopted Heritage strategy and implementation plan.</p>	90,980	0.06%	High
Snow & Ice Control	The Additional request for snow response is to provide with funding in order to add approximately 77 Kms of "Third Priority" routes, which would be cleared of snow, during normal working hours after the existing first and second priority routes are under control. Costing is based on the 8 year average snow fall.	90,000	0.06%	High
Fire Administration	Fire-Rescue vehicle and equipment reserve funding - Fire-Rescue has identified that their vehicle reserve requires additional funding to keep up with future vehicle replacements. Meanwhile some vehicle replacements have already been pushed out to the maximum life of 15 years to keep the reserve intact.	400,000	0.27%	High
Parks	The approval of the ban on cosmetic pesticides means the City's Integrated Pest Management plans must change to manual, mechanical and cultural pest control which result in increased labour costs related to the City's landscapes.	50,000	0.03%	High
RCMP Administration	Consistent with 2009-2013 Richmond RCMP priorities as identified in the five year resourcing plan, the OIC is requesting an addition of three members to the Serious Crimes Unit. These members will be deployed in the first instance to review historical unsolved crimes, including homicides, attempted homicides, suspicious deaths, missing persons and other serious crimes where there is a reasonable likelihood of success. On the conclusion of these investigations, these members could be deployed in several high risk investigative areas including domestic violence investigations, an open source internet investigative support unit and a member to work with mental health professionals in the community to provide operational support involving individuals engaged in suicidal behaviour and other forms of mental illness.	383,301	0.26%	High

Other Parks Maintenance	Additional resources to better manage the urban forest as stated in "Urban Forest Management Strategy" and the Tree Protection bylaw as adopted by Council.	27,998	0.02%	Med
Facilities - Janitorial CleanTeam	Building Service Worker for Richmond Olympic Business Office and City Hall West.	128,987	0.09%	Med
Social Planning *	Additional funding for Richmond Intercultural Advisory Committee (RIAC) Expenses to bring the total to \$5,000.	2,500	0.00%	Low
Prevention Services **	To provide prevention, education and counselling services to the Richmond community. To increase capacity by hiring a community engagement specialist and a prevention worker with the language capacity to work with the Chinese community. Currently a City grant of \$171,950 was to allocated Richmond Addiction Services who have submitted this additional level request.	411,000	0.27%	Low
Law	External Legal fees - While the Law division is able to provide a breadth of in-house legal support, not all legal matters can effectively be provided in-house. Some legal matters (litigation and some procurement matters are typical examples) require the expertise and/or infrastructure of an outside law firm.	250,000	0.17%	Low
Law and Community Safety Administration	Auxiliary staff for Law and Community Safety Department - Currently there is one Executive Assistant supporting this area, with auxiliary assistance provided one day per week. With the ongoing increase in growth and workload within the Department, provision of additional clerical support will be required.	25,000	0.02%	Low
Community Recreation Services	Weekend daytime Building Service Worker due to special events.	39,502	0.03%	Low
	Total 2010 Additional Expenditure Requests	1,899,268	1.28%	

* Request was submitted by the Committee.

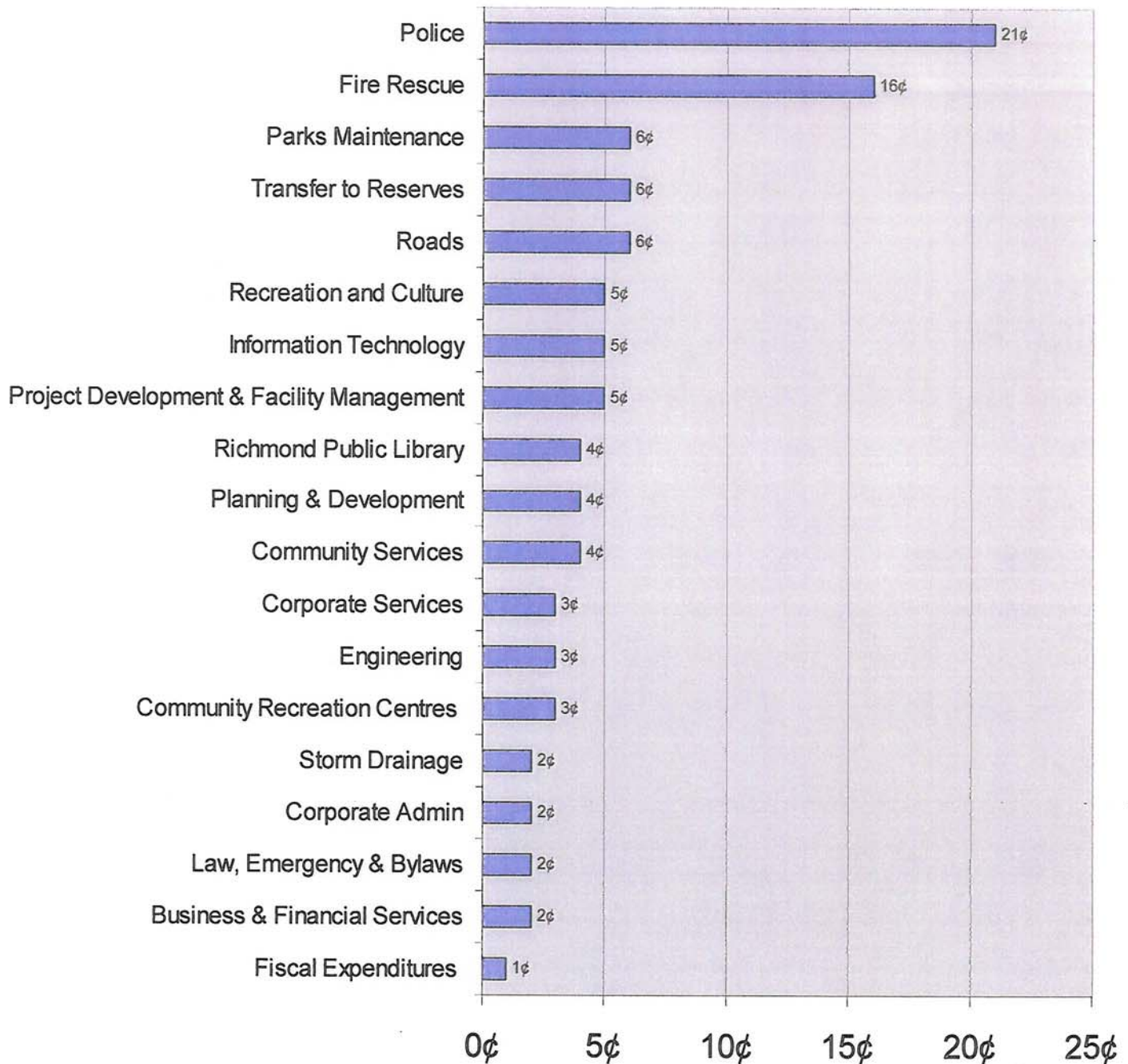
** Request was submitted by external agency.

**CITY OF RICHMOND
5 YEAR CAPITAL PROGRAM
2010 - 2014
(in \$000's)**

	2010	2011	2012	2013	2014
INFRASTRUCTURE PROGRAM					
Drainage	2,275	1,630	3,269	2,191	3,318
Infrastructure Advanced Design & Land	829	897	907	1,210	750
Local & Neighbourhood Improvements	750	750	750	750	750
Minor Public Works	1,100	1,100	1,100	1,100	300
Roads	4,390	770	2,560	2,131	2,525
Sanitary Sewer	5,998	1,966	3,205	3,047	3,669
Water Main Replacement	12,429	9,283	9,096	8,986	9,337
Total	27,771	16,396	20,887	19,415	20,649
BUILDING PROGRAM					
Community Safety Building	35,250	0	15,800	0	0
Major Building	9,261	1,441	57,300	6,800	110
Minor Building	2,750	1,650	1,650	1,650	1,650
Total	47,261	3,091	74,750	8,450	1,760
PARKS PROGRAM					
Major Parks/Streetscapes	4,217	1,875	1,075	1,100	1,150
Minor Parks	900	450	500	550	350
Parkland Acquisition	3,600	3,000	2,500	2,500	2,000
Public Art	300	300	300	300	300
Total	9,017	5,625	4,375	4,450	3,800
LAND PROGRAM					
Land Acquisition	2,583	0	0	0	0
Total	2,583	0	0	0	0
EQUIPMENT PROGRAM					
Annual Fleet Replacement	1,600	1,600	1,600	1,600	1,600
Communication Equipment	100	0	0	515	0
Computer Capital/Software	250	0	0	0	0
Fire Dept Vehicles	1,606	1,360	1,286	0	0
Miscellaneous Equipment	881	0	0	0	0
Total	4,437	2,960	2,886	2,115	1,600
CHILD CARE PROGRAM					
Child Care Program	3,179	0	0	0	0
Total	3,179	0	0	0	0
Capital Program Subtotal	94,248	28,072	102,898	34,430	27,809
INTERNAL TRANSFERS/DEBT PAYMENT					
Internal Transfers/Debt Payment	7,575	8,157	7,807	7,707	7,279
Total	7,575	8,157	7,807	7,707	7,279
Capital Program Total	101,823	36,229	110,705	42,137	35,088

CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2010 - 2014
(in 000's)

	2010	2011	2012	2013	2014
DCC Reserve					
Drainage	160	166	473	167	403
Parks Acquisition	3,386	2,822	2,351	2,351	1,881
Parks Development	983	1,293	1,246	1,223	1,270
Roads	3,300	3,061	2,670	2,674	2,315
Sanitary Sewer	751	746	697	658	652
Water	804	578	444	370	337
TOTAL	9,384	8,666	7,881	7,443	6,858
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	500	0	0	0	0
Capital Building and Infrastructure Reserve Fund	5,566	1,761	12,861	1,761	1,761
Capital Reserve Fund	39,734	7,981	38,309	8,330	7,302
Child Care Development Reserve Fund	237	0	0	0	0
City Centre Facility	100	0	0	0	0
Drainage Improvement Reserve Fund	2,270	1,800	2,981	2,182	2,964
Equipment Replacement Reserve Fund	2,006	2,960	2,886	1,600	1,600
Leisure Facilities	1,365	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Public Art Program Reserve Fund	100	100	100	100	100
Sanitary Sewer Reserve Fund	3,900	1,686	12,482	6,416	2,870
Steveston Road Ends Reserve Fund	1,505	0	0	0	0
Waterfront Improvement Reserve Fund	550	750	50	50	50
Watermain Replacement Reserve Fund	12,100	7,500	29,000	10,400	7,500
Subtotal Statutory Reserves	70,683	25,288	99,419	31,589	24,897
Other Sources					
Appropriate Surplus	3,017	0	0	0	0
Enterprise	1,690	0	0	0	0
Grant, Developer and Community Contributions	13,149	275	1,405	1,105	1,333
Water Metering Provision	3,900	2,000	2,000	2,000	2,000
Subtotal Other Sources	21,756	2,275	3,405	3,105	3,333
TOTAL RESERVES & OTHER SOURCES	92,439	27,563	102,824	34,694	28,230
TOTAL CAPITAL PLAN CONTRIBUTIONS	101,823	36,229	110,705	42,137	35,088

Breakdown of \$1 of Municipal Taxes 2010

Comparison of 2009 Taxes for an Average Residential Property

