



To: General Purposes Committee

Date: January 10, 2011

From: Andrew Nazareth  
General Manager, Business and Financial Services

File:

Re: 2011 Operating Budget

**Staff Recommendation**

- 1) That the 2011 Operating Budget as presented in the attached report by the Director of Finance be approved; and
- 2) That Council appropriate \$3.7M of the estimated 2010 operating surplus for the following items:

|                                  |               |
|----------------------------------|---------------|
| Contribution to Oval Corporation | \$1.5M        |
| RCMP Provision                   | 1.2M          |
| Transfer to Reserves             | 1.0M          |
|                                  | <u>\$3.7M</u> |

Andrew Nazareth  
General Manager, Business and Financial Services  
(604-276-4095)

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

## Staff Report

### Origin

The proposed 2011 Operating Budget (“Budget”) is the starting point for updating the 5 Year Financial Plan (“5 YFP”) and the 2011 property tax rates and fees. Under the Community Charter (“Charter”), the City is prohibited from incurring any expenditure unless the expenditures have been included for that year in its financial plan, and the City is required to provide a balanced budget, with no projection of a deficit. Therefore under these requirements, staff projected all expenditures to the best of their ability in order to ensure that amounts have been included in the City’s financial plan and protecting Council from incurring a deficit.

In order to reduce the reliance on property tax as a funding source, new revenue sources will have to be determined in order to fund the cost of services. The Charter restricts the sources of revenues available to the City in paying for required services. Municipalities are allowed to receive revenues through fees, property taxes, fines and penalties, agreements, gifts, grants or by other means authorized under this or another Act. Staff have considered examining other revenue sources and reviewing past agreements with respect to revenue sources, however Council have given direction to retain the status quo. In the meantime since a significant portion of City revenues do not increase at the same rate as expenditures, staff must look for efficiencies and innovative ways to deliver expanded services, which are not always apparent during the budget process.

The costs in providing programs while maintaining the same level of service has increased as the City and community grows. Municipal expenditures for such items as union negotiated collective agreements and non-discretionary items; i.e. policing services, asphalt, regional utility costs and materials increased at a rate more than the Consumer Price Index (CPI).

### Analysis

The City was not immune to the recession that occurred over the last few years and sources of revenues were negatively impacted. As a result in 2009 Council was required to make difficult decisions in balancing the budget, while maintaining the service levels that residents enjoy. These decisions included reductions in exempt and unionized staffing complements, which resulted in reductions of service levels for City services such as street sweeping, building permit inspections, tax clerks, parks and boulevard plantings and business liaison. In 2009 while fees from City services were reviewed for additional increases, the significant revenue source of permit and development application fees were expected to decrease substantially. Due to the expected decrease, in 2010 Council utilized \$1.2M from prior years’ surplus in order to stabilize these revenues until construction activity resumed (Attachment 3). In addition, although the City continues to face retirement in the workforce, it was decided to delay filling some of the current vacant positions. As a result of these prudent decisions, Council delivered an Operating Budget including additional levels of service with a tax increase of 2.97% and 3.45% respectively for 2009 and 2010 (Attachment 4). These tax increases were amongst the lowest in the Lower Mainland. Council approved the 5 Year Financial Plan (2010-2014) Bylaw 8568 which forecasts a tax increase of 4.17% for 2011.

Despite the reductions and forecasts, in 2010 a combination of higher than expected building permit revenues and financial stewardship allowed the City to meet its Budget. In 2010 building permit revenues recovered to pre-recession levels and for 2011 no revenue stabilization is required. It should be noted that development activity does not translate into additional tax growth immediately.

New tax growth estimates are based on “non-market change” figures provided by BC Assessment. Non-market change is the term BC Assessment uses for changes to the municipal roll value that is not a result of market conditions. Non-market change could include: changes in assessment class, exempt properties that become taxable in the following year or taxable properties that become exempt in the following year and developments under construction. With respect to developments under construction, Assessors at BC Assessment determine the value of all new developments under construction by percentage of completion by November 30th of each calendar year. Increases in a property’s market value are not included in the non-market change figure. Therefore the development applications received during the year should have no impact on new growth for the coming year as actual construction on the property would not have taken place. The reported project value of the development may take up to three years to be fully reflected in the municipality’s assessment roll. Based on the above, staff are confident that growth will materialize in future years, therefore minimizing the tax impact.

For 2011, the following assumptions and forecasts have been utilized in preparing the Budget:

| <b>Key financial drivers/indicators</b>                  | <b>Preliminary 2011 budget assumptions</b>                           |
|--|--|
| Consumer Price Index                                     | 1.50%  |
| Municipal Price Index<br>(for comparative purposes only) | 3.52%  |
| Salaries and fringe benefits                             | In accordance with all collective agreements, policies and practices |
| Materials and supplies                                   | 2.00%  |
| Natural gas  | 5.00%  |
| Electricity  | 10.00%   |
| RCMP contract increases                                  | 6.00%  |
| User fees  | 1.50%  |
| Return on investment                                     | 2.50%  |
| Growth (tax base)  | 1.29%  |

The Budget has also been prepared taking into consideration Council’s Term Goals for 2008-2011. The key focus areas are as follows:

- Community Safety – Ensure the City remains a safe and desirable community to live, work and play in through an interdisciplinary approach to community safety.
- Financial Planning and Infrastructure – Ensure the City has the capacity to meet the financial challenges of today and in the future, while maintaining appropriate levels of service including low tax increases, with no reduction in services.

- Growth / Urban Development / Physical Design – Ensure effective growth management for the City.
- Community & Social Services – Improve the effectiveness of the delivery of social services in the City through the development and implementation of a Social and Community Service Strategy.
- Major Projects and Special Events – Advance the City’s destination status and ensure our continued development as a vibrant cultural city with well-established festivals and the arts.
- Transportation – Improve City transportation and mobility elements.
- Sustainability and the Environment – Demonstrate leadership in and significant advancement of the City’s agenda for sustainability through the development and implementation of a comprehensive strategy.
- Economic Development – Effectively manage local economic development issues and opportunities through the creation of clearly articulated economic development objectives
- Workforce – The City will have a stable, effective, and knowledgeable workforce to serve Council and the community now and into the future.

The demand for City services has increased annually and this is reflected in the following statistics:

|                                     | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>Est.2011</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-----------------|
| Population Growth (per annum)       | 1.50%       | 1.20%       | 1.50%       | 1.40%       | 1.40%           |
| Capital Construction Costs (\$mil)  | \$168.72    | \$147.83    | \$63.90     | \$152.95    | \$53.17         |
| Registration in Recreation Programs | 103,999     | 109,789     | 113,396     | 114,000     | 114,500         |
| RCMP Calls for Services             | 79,388      | 77,876      | 82,767      | 88,039      | 94,000          |
| Fire Rescue Responses               | 10,125      | 8,989       | 9,240       | 9,046       | 9,146           |
| Public Works Calls for Services     | 4,023       | 6,334       | 12,554      | 13,664      | 14,500          |

The City of Richmond has tried to maintain a value proposition by offering excellent services while maintaining relatively low taxes (Attachment 4). In comparison to other municipalities the City has tried to balance its tax structure in this manner.

|           | <b>2010 Average Residential Property Taxes</b> | <b>2010 Business to Residential Tax Ratio</b> |
|-----------|--|---|
| Richmond  | \$1,252  | 3.4   |
| Vancouver | \$1,679  | 4.6   |
| Burnaby   | \$1,378  | 3.9   |
| Surrey    | \$1,082  | 3.0   |

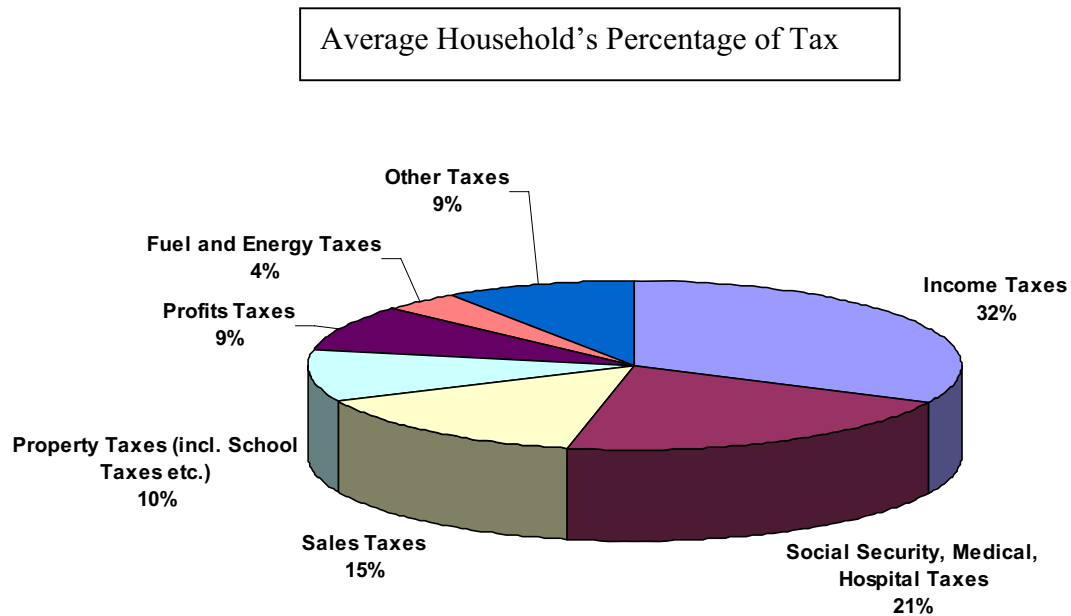
The most recent published information of the other Municipalities concerning their respective 2011 Operating Budget tax increases are as follows:

|  |       |
|--|-------|
| Vancouver (includes burden shift from business)    | 4.20% |
| Burnaby (offset by \$2.10M of surplus)             | 3.95% |
| Surrey (offset by \$3.95M from prior year surplus) | 2.90% |

Staff are aware of the tax burden that is faced by the average Canadian household. Based on information obtained from the Fraser Institute in their “2010 Canadian Consumer Tax Index” published on April 19, 2010, the average household incurs 42% of their average income on taxes. However it should be noted that 4% of the 42% is for property taxes, which includes taxes collected on behalf of the Province including school taxes and TransLink taxes.

|  | Amount          | % of Income | % of Tax    |
|--|-----------------|-------------|-------------|
| Total Cash Income                        | \$69,175        | 100%        |             |
| Income Taxes                             | \$9,341         | 14%         | 32%         |
| Social Security, Medical, Hospital Taxes | \$6,074         | 9%          | 21%         |
| Sales Taxes                              | \$4,259         | 6%          | 15%         |
| Property Taxes (incl. School Taxes etc.) | \$2,834         | 4%          | 10%         |
| Profits Taxes                            | \$2,484         | 3%          | 9%          |
| Fuel and Energy Taxes                    | \$1,146         | 2%          | 4%          |
| Other Taxes                              | \$2,740         | 4%          | 9%          |
| <b>Total Taxes</b>                       | <b>\$28,878</b> | <b>42%</b>  | <b>100%</b> |

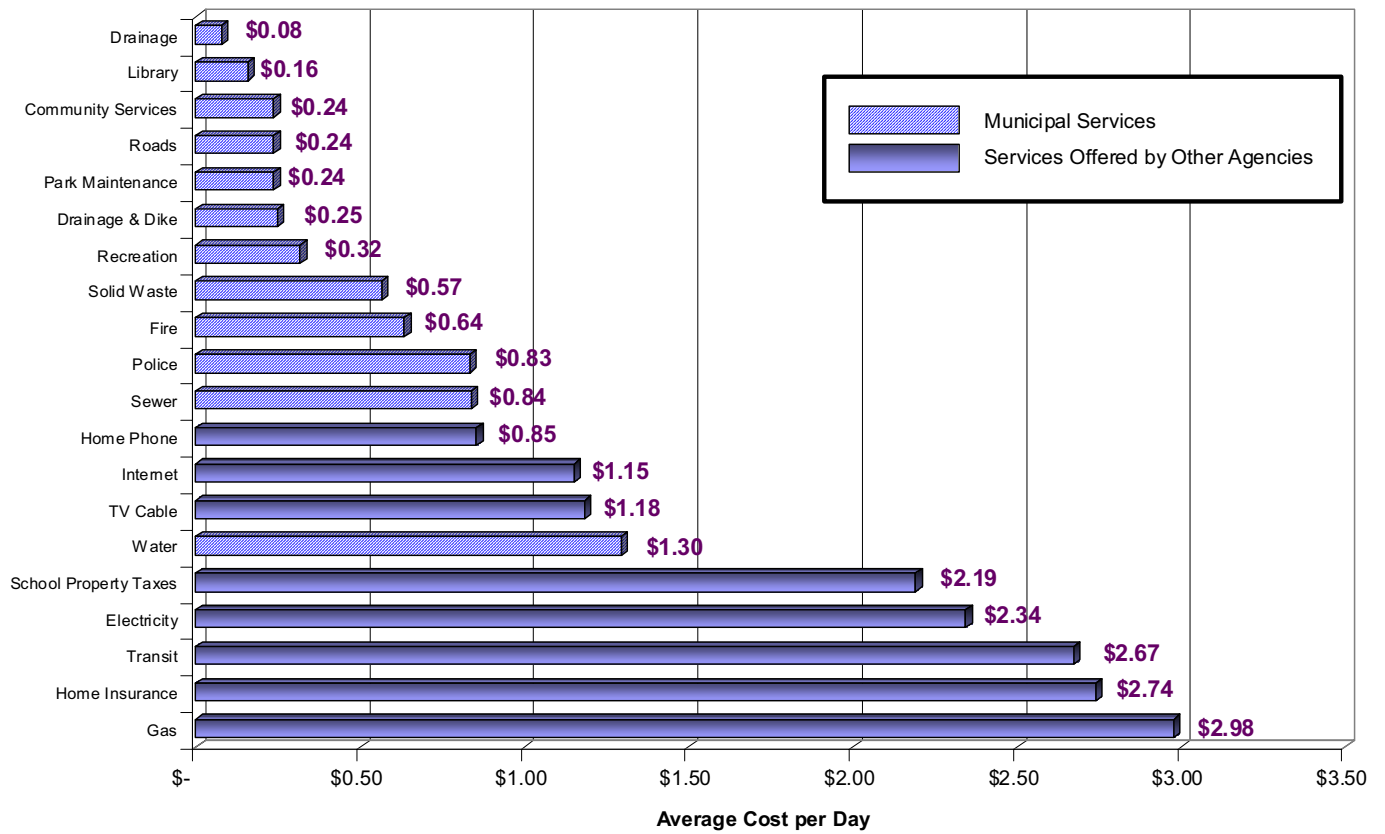
Source: Fraser Institute in their “2010 Canadian Consumer Tax Index



The collection of property taxes includes the municipal portion and the portion that is remitted to the Province. Historically the split has been approximately 50/50 between the municipal and provincial portion (For residential in 2010 the split was 51% /49% between the City and the Province).

The municipal portion of property taxes collected by the City are utilized in the provision of many essential services to residents and the following table may assist individuals in comprehending both types of property taxes and relative their values of the services provided.

**Daily Municipal Expenses vs. Major Household Expenses for a Single Family Dwelling**



For the 2011 Budget, the significant non-discretionary drivers that are impacting the City are as follows:

| <b>Significant Drivers</b>  | <b>Estimated Increase (\$'000s)</b> | <b>Tax Impact</b> |
|---|-------------------------------------|-------------------|
| Salaries and benefits   | \$6,051                             | 3.91%             |
| Contract services – RCMP  | \$1,651                             | 1.10%             |
| Final phase of contribution to Oval Corporation                       | \$1,500                             | 0.97%             |
| Building Permits – 2010 stabilization offset by 2011 Bldg Permit rev. | \$1,200                             | 0.77%             |
| Delayed replacements – 2010 added back into the base Budget           | \$750                               | 0.48%             |
| Operating Budget Impact – 2011 Capital Budget                         | \$630                               | 0.40%             |

The Council approved 5 Year Financial Plan (2010-2014) Bylaw 8568 tax increase for 2011 is 4.17%.

The Proposed 2011 Budget indicates that additional funding in the amount of \$7.2M for the same level of service is required in order to balance the budget. Staff have reviewed different alternatives in order to balance the budget and given the past reductions in staffing and associated service levels did not want to compromise the future service level requirements of current and future taxpayers. The reductions, as explained on the following table, have risks attached to them however staff believe that these risks are mitigated although flexibility with future expenditures will be compromised in order to balance the budget. The strategy will require Council to appropriate \$3.7M of estimated 2010 surplus.

|   | \$               | %            | Cumulative % |
|---|------------------|--------------|--------------|
| Proposed Budget - Net Increase  | 9,197,908        | 5.94%        | 5.94%        |
| Estimated growth  | (2,000,000)      | (1.29%)      | 4.65%        |
| <b>Same level of service increase (Attachment 1)</b>                    | <b>7,197,908</b> | <b>4.65%</b> | <b>4.65%</b> |
| <sup>1</sup> Operating Budget Impact 2011 from Capital Budget           | 499,078          | 0.32%        | 4.97%        |
| <sup>2</sup> Final phase of contribution to Oval Corp (total to \$3M)   | 1,500,000        | 0.97%        | 5.94%        |
|   | <u>9,196,986</u> | <u>5.94%</u> | <u>5.94%</u> |
| <b>Recommended reductions (4 permanent/3 temporary)</b>                 |                  |              |              |
| <sup>2</sup> Contribution to Oval funded in 2011 through surplus (Temp) | (1,500,000)      | (0.97%)      | 4.97%        |
| <sup>3</sup> Reallocate funding for RCMP contract increase              | (1,200,000)      | (0.78%)      | 4.19%        |
| <sup>4</sup> Reduce Transfer to Reserves (Temp)                         | (1,000,000)      | (0.65%)      | 3.54%        |
| <sup>5</sup> Delayed replacements/hiring's (Temp)                       | (750,000)        | (0.48%)      | 3.06%        |
| <sup>6</sup> Fiscal Contingency budget                                  | (100,000)        | (0.06%)      | 3.00%        |
| <sup>7</sup> IT Maintenance budget                                      | (100,000)        | (0.06%)      | 2.94%        |
|   | <u>4,546,986</u> | <u>2.94%</u> |              |

1) 2011 Operating Budget Impact (OBI)

The ongoing OBI of the 2011 Capital Budget is \$0.5M, the amount previously approved by Council on December 13, 2010 was \$0.63M, however this has reduced upon further review. The increase to the tax base is approximately 0.32%. In the 2010 Budget, the OBI portion included only 1/3 of the total OBI of the 2010 projects as this was phased in over 3 years. As

such, approximately \$0.2M of the impact from the 2010 capital projects will be included in the Budget in 2011 as a result of this phasing in process.

Some of the major components of the \$0.5M OBI related to the 2011 capital projects are:

- Britannia – Seine Net Loft – OBI of \$88,252. The labour portion is \$78,152 (1 FTE for a Visitor Services Coordinator - \$54,095, for which a position complement control number will need to be authorized by Council, and \$24,057 associated with labour costs for building maintenance) and \$10,100 for electricity and maintenance.
  - Middle Arm Waterfront Park – No. 2 Rd. to Cambie Road – OBI of \$70,000. The Labour portion is \$49,728 for associated labour costs for parks maintenance, and \$20,272 for materials and equipment.
  - Public Safety Building (RCMP renovation) – Partial OBI of \$275,125. The labour portion is \$86,281 relating to costs for building maintenance and the remaining \$188,844 is mainly for gas, hydro and janitorial costs.
- 2) Since prior to opening the Oval, Council have been made aware that in order to maintain the Oval as a world-class facility; provide further community access; and leverage the program to ensure that the City receives the maximum Games Operating Trust funding, the contribution from the City would have to be established at \$3.0M. In addition, the operating agreement between the City and Oval Corporation requires that a contribution be made to the capital reserve of the Oval Corporation. Therefore, in order to address these issues, staff recommends that the current contribution to the Oval Corporation be established at \$3.0M and that the increase be temporarily funded from the estimated 2010 surplus. Staff will review subsequent budgets to address the timing and period in which the additional contribution should be phased into the City's base Operating Budget. However it is anticipated that it will be done in increments of \$0.5M over three years.
  - 3) Due to the challenges that the RCMP face in maintaining the budgeted complement, staff are suggesting an alternative method in funding the annual increase through the use of prior years surplus. Staff recommend that \$1.2M of the estimated 2010 surplus (approximately \$2.0M from the RCMP) be appropriated by Council and placed in a provisional account. If the 2011 budgeted increase (\$1.65M) does occur, this account would be used to supplement the funding.
  - 4) The current annual transfer to reserves budget is \$24.0M including contributions from casino revenues and investment income. Maintaining a healthy reserve is important to fund future infrastructure however this must be weighed against current services that are provided to taxpayers. Staff recommends that \$1.0M in transfer to reserves be reduced for 2011 and that \$1.0M from the estimated 2010 surplus and/or surplus casino revenues be utilized to increase the reserve accounts. Staff recommends that this be done on a temporary basis until new growth materializes.



- 5) Due to the time that it takes to recruit and fill current vacant positions, Staff will continue to assume additional responsibilities and duties while once again temporarily delaying the hiring of citywide vacant positions in the amount of \$0.75M.
- 6) Staff recognize that even with the best forecasting unanticipated events and expenditures will occur however reductions are required, therefore staff recommend that the contingency accounts be reduced by \$0.1M.
- 7) Changes in vendor and software programs will allow the Information Technology budget to reduce its maintenance budget by \$0.1M.

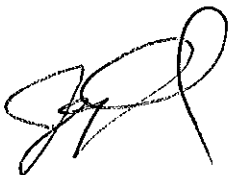
TAG have reviewed the additional level requests (Attachment 2) and classified them as high, medium or low based upon order of priority. Due to the challenges in reducing the current year tax increase, staff are not recommending any additional level increases for 2011, however requests may be addressed in future years or through the one time additional expenditure process.

### **Financial Impact**

The proposed 2011 Operating Budget, which includes a surplus appropriation of \$3.7M of estimated 2010 surplus results in an increase of \$4.55M in net expenditures (2.94% tax increase).

### **Conclusion**

Staff recommend that Council appropriate \$3.7M of estimated 2010 surplus and adopt the 2011 Budget net expenditure increase of \$4.55M. The net expenditure increase based on information provided in the preliminary roll will amount to an average tax increase of \$38.82 for an average residential home assessed at \$607,094, an increase of \$89,159 from the 2010 average of \$517,935. A property's tax change will vary depending on whether that property's assessment, as provided by BC Assessment was higher or lower than the average overall increase in assessment values. The average overall increase in the City's residential assessments was 17%. If an assessment increase was higher than average, the property tax increase will be higher than the 2.94% estimate given. If a property assessment increase was lower than the average increase, then the property tax increase will be lower than the 2.94% estimate given, and in some cases may be less than the previous year's taxes.



Jerry Chong  
Director, Finance  
(604-276-4064)  
JC:jc

## ATTACHMENT 1

## 2011 SAME LEVEL OF SERVICE BUDGET

| Department                                      | 2010 Adjusted Budget | 2011 Proposed Budget | Change \$    | %       | Tax Impact |
|---|----------------------|----------------------|--------------|---------|------------|
| <b><u>LAW &amp; COMMUNITY SAFETY</u></b>        |                      |                      |              |         |            |
| Revenues/Transfers                              | 7,399,500            | 7,639,200            | 239,700      | 3.24%   |            |
| Expenditures                                    | (72,864,582)         | (76,421,886)         | (3,557,304)  | 4.88%   |            |
|   | (65,465,082)         | (68,782,686)         | (3,317,604)  | 5.07%   | 2.14%      |
| <b><u>PARKS &amp; RECREATION</u></b>            |                      |                      |              |         |            |
| Revenues/Transfers                              | 7,388,100            | 7,634,400            | 246,300      | 3.33%   |            |
| Expenditures                                    | (30,736,202)         | (32,427,539)         | (1,691,337)  | 5.50%   |            |
|   | (23,348,102)         | (24,793,139)         | (1,445,037)  | 6.19%   | 0.93%      |
| <b><u>ENGINEERING &amp; PUBLIC WORKS</u></b>    |                      |                      |              |         |            |
| Revenues/Transfers                              | 10,174,700           | 10,728,000           | 553,300      | 5.44%   |            |
| Expenditures                                    | (28,960,119)         | (30,427,763)         | (1,467,644)  | 5.07%   |            |
|   | (18,785,419)         | (19,711,763)         | (914,344)    | 4.87%   | 0.59%      |
| <b><u>COMMUNITY SERVICES</u></b>                |                      |                      |              |         |            |
| Revenues/Transfers                              | 3,931,000            | 4,072,400            | 141,400      | 3.60%   |            |
| Expenditures                                    | (18,090,948)         | (19,012,274)         | (921,326)    | 5.09%   |            |
|   | (14,159,948)         | (14,939,874)         | (779,926)    | 5.51%   | 0.50%      |
| <b><u>CORPORATE SERVICES</u></b>                |                      |                      |              |         |            |
| Revenues/Transfers                              | 130,000              | 130,000              | -            | 0.00%   |            |
| Expenditures                                    | (14,912,900)         | (15,389,513)         | (326,613)    | 2.19%   |            |
|   | (14,782,900)         | (15,259,513)         | (326,613)    | 2.21%   | 0.31%      |
| <b><u>PROJECT DEVT &amp; FACILITY MTCE</u></b>  |                      |                      |              |         |            |
| Revenues/Transfers                              | 1,400,000            | 1,400,000            | -            | 0.00%   |            |
| Expenditures                                    | (9,401,960)          | (9,750,082)          | (348,122)    | 3.70%   |            |
|   | (8,001,960)          | (8,350,082)          | (348,122)    | 4.35%   | 0.22%      |
| <b><u>PLANNING &amp; DEVELOPMENT</u></b>        |                      |                      |              |         |            |
| Revenues/Transfers                              | 4,218,800            | 4,852,400            | 633,600      | 15.02%  |            |
| Expenditures                                    | (10,039,224)         | (10,796,154)         | (756,930)    | 7.54%   |            |
|   | (5,820,424)          | (5,943,754)          | (123,330)    | 2.33%   | 0.08%      |
| <b><u>CORPORATE ADMINISTRATION</u></b>          |                      |                      |              |         |            |
| Revenues/Transfers                              | -                    | -                    | -            | 0.00%   |            |
| Expenditures                                    | (3,469,299)          | (3,590,361)          | (121,062)    | 3.49%   |            |
|   | (3,469,299)          | (3,590,361)          | (121,062)    | 3.49%   | 0.08%      |
| <b><u>BUSINESS &amp; FINANCIAL SERVICES</u></b> |                      |                      |              |         |            |
| Revenues/Transfers                              | 3,827,300            | 3,891,700            | 64,400       | 1.68%   |            |
| Expenditures                                    | (6,633,200)          | (6,926,325)          | (293,125)    | 4.42%   |            |
|   | (2,805,900)          | (3,034,625)          | (228,725)    | 8.15%   | 0.15%      |
| <b><u>FISCAL</u></b>                            |                      |                      |              |         |            |
| Revenues/Transfers                              | 210,329,400          | 212,095,900          | 1,766,500    | 0.84%   |            |
| Expenditures                                    | (44,045,966)         | (47,255,611)         | (3,209,645)  | 7.29%   |            |
|   | 166,283,434          | 164,840,289          | (1,443,145)  | (0.87%) | 0.93%      |
| <b><u>TRANSFERS TO RESERVES</u></b>             |                      |                      |              |         |            |
| Revenues/Transfers                              | 14,866,900           | 14,866,900           | -            | 0.00%   |            |
| Expenditures                                    | (24,511,300)         | (24,511,300)         | -            | 0.00%   |            |
|   | (9,644,400)          | (9,644,400)          | -            | 0.00%   | 0.00%      |
| <b><u>TOTAL</u></b>                             |                      |                      |              |         |            |
| Revenues/Transfers                              | 263,815,700          | 267,310,900          | 3,482,200    | 1.32%   |            |
| Expenditures                                    | (263,815,700)        | (276,508,808)        | (12,724,108) | 4.82%   |            |
| Net Increase                                    | -                    | (9,197,908)          | (9,197,908)  |         | 5.94%      |
| Estimated Growth 2011                           |                      |                      | 2,000,000    |         | (1.29%)    |
| Same level of service increase                  |                      |                      | (7,197,908)  |         | 4.65%      |

**ATTACHMENT 2**  
**2011 ADDITIONAL LEVEL REQUESTS**  
**NONE RECOMMENDED AT THIS TIME**

|  | <b>Description</b>   | <b>Amount</b>  |
|--|--|----------------|
| <b>HIGH PRIORITY</b>                             |  |                |
| RCMP Administration                              | The additional member for Professional standards would address the internal human resource matters relating to RCMP members. There is currently one member performing these duties but with a 51% increase in case load over the past 2 years is overburdened and unable to effectively manage the file load. There were 39 files in 2007, 48 in 2008, 58 in 2009 and 58 in 2010. Professional Standards are also responsible for disclosure of all discipline records for an officer every time the officer is involved in a case going to court. Professional Standards is now responsible for overseeing this disclosure, maintaining up to date records, forwarding and receiving required discipline documents for submission to Crown Counsel. | 144,142        |
| Risk Manager                                     | An RFT Risk Management position is requested to provide corporate support to all areas of activities Corporate growth and complexity requires resources to review, manage and mitigate operational risks and reduce liability exposure. As part of the 2009 reductions, the City eliminated the vacant Business Liaison/Chief License Inspector position at the time and moved the duties to the Risk Manager. However the results have shown that this is not feasible as the workload for both roles are significant and thus cannot be continued in an effective manner.  | 105,000        |
| Community and Recreation Services Administration | Youth worker funding for City Centre, Hamilton and Sea Island. \$4,100 per centre.   | 12,300         |
| Law  | 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        |
| ROW Maintenance                                  | When the former B-line landscape was removed for construction of the portion of the Canada Line along No. 3 Road the maintenance and landscape budget was reduced accordingly. The landscape for No. 3 Road under the Canada Line was completed in 2008. However, the landscape and maintenance budget was not re-instated even though it is an additional level of service and new inventory. The breakdown of cost of each part of the landscape is approximately: Flower beds- \$8,000; Perennial and shrub beds: \$18,000; Grass - \$4,000; Irrigation - \$4,000 and Trees - \$2,000   | 36,000         |
| <b>TOTAL HIGH PRIORITY</b>                       |  | <b>547,442</b> |
| <b>MEDIUM PRIORITY</b>                           |  |                |
| RCMP Administration                              | 3 - RCMP Officers (Serious Crime) The Serious Crime Unit will be responsible for conducting investigations of historical unsolved crimes that occurred in Richmond. Some of these cases are several decades old and new forensic investigative techniques and the cooperation of previous reluctant witnesses may provide opportunity to clear files.  | 432,427        |

|  |  |                  |
|--|--|------------------|
| City Wide Parks  | The number of visitors and residents in the Steveston area has increased dramatically to the point that many visitors, residents, business owners and leaders in the Steveston community are suggesting that the Steveston level of service is noticeably less than the level of service in the City Centre and have requested that the level of service in Steveston be increased to parity with City Centre. The cost to maintain City Centre parks is \$5,672 per acre while the present cost for Steveston area parks is \$3,298 per acre. The combined park area consists of Steveston Park, Imperial Landing, Britannia, the Kuno Garden and parking lot at Garry Point, Steveston Town Square and Tin Shed Site for a total of approximately 50 acres. The cost difference is \$118,700. Add to this \$8,000 for more washroom supplies and service at Tin Shed and Britannia and \$10,000 for a suggested banner program for the 100 poles at Imperial Landing and the total estimate for this additional level of service is \$136,700. | 136,700          |
| Community Services Administration                        | RFT administrative position to provide administrative support to the Department programs and services. Increased demand for administrative services within the Department.   | 61,939           |
| Fire Administration                                      | Fire-Rescue has identified that their vehicle reserve is not adequate to ensure funding source for current and future vehicle replacements. Some vehicle replacements have already been pushed out to the maximum life of 15 years to keep the reserve intact but will be insufficient for vehicle replacement by 2014.  | 400,000          |
| Fleet  | Increase in vehicle reserve contribution per MMK financial report, which indicated vehicle reserve to be increased to \$3 million annually. This increases the annual reserve contribution to \$1,921,600.   | 225,000          |
| Parks Additional Programs & Grants (Wildlife Management) | Until now wildlife management has been performed on a reactive basis. However, given the increasing interactions between residents and wildlife, the City must better plan and perform proactive wildlife management programs. These wildlife management programs will be targeted at reducing the impact of Snow Geese on school parks and playing fields, managing large flocks of Canada Geese in residential areas and producing strategies for long-term habitat management for both of these species. Other wildlife species will also be considered under this program including coyotes and rabbits.   | 39,800           |
| Recreation Admin   | In 2010 we moved from the former registration system to CLASS a move, which was necessitated by Telus' advice that they would no longer be able to provide support for Bookit. During the business case analysis for the project there was a clear need identified for a position which would fill a combined IT Business System Analyst, Line Department System Administrator and Planning role. It was also been recommended that the position be created and filled while the project was being implemented or as soon as possible thereafter to help ensure a smooth transition to the new software and business processes. We have implemented the first modules and are proceeding now with analysis and implementation of the rentals module, which presents the most challenging issues for development, and implementation. This position was also identified as a requirement under the Operational Budget Impact in the capital submission approved to purchase the Active Network CLASS Recreation Software.                         | 106,657          |
| <b>TOTAL MEDIUM PRIORITY</b>                             |  | <b>1,402,523</b> |

| <b>LOW PRIORITY</b>                              |   |         |
|--|---|---------|
| Budgets and Accounting                           | The additional work and level of service is currently being assumed by existing staff and a TFT, however the additional effort and overtime required is not practical or economical. This is a mandatory (non-discretionary) change to financial reporting under the Public Service Accounting Boards standards, which the City must comply with, as mandated under the Community Charter. Two RFT positions for the additional level of service for Tangible Capital Assets are requested.<br>1) Capital Asset Analyst (TFT currently funded with one time funding)<br>2) Asset Coordinator - This is a new position that is required for the additional level of service to identify, track and report all infrastructure assets. | 209,200 |
| Arts and Cultural Services                       | RFT Manager of Community Cultural Development to continue the work started in the City's 2010 Arts and Cultural Program. This position produces the City's Art Awards, Winter festival for the Arts, Community Arts Development and artist support.   | 95,000  |
| Community and Recreation Services Administration | Additional hours for BSW cleaning during the weekends at Thompson Community Centre, Steveston Community Centre, West Richmond Community Centre, Cambie Community Centre and South Arm Community Centre.   | 62,757  |
| Community and Recreation Services Administration | In past years most of our community centres have been closed on statutory holidays. This additional level is requested to provide the funding necessary to staff six of our community centres on statutory holidays so that we can meet this community need.  | 49,192  |
| Diversity Services                               | The Richmond Centre for Disability (RCD) is requesting an increase of 10% of annual funding. This additional \$10,090 will bring the annual amount of funding to \$110,986.   | 10,090  |
| Diversity Services                               | The Richmond Therapeutic Equestrian Society (RTES) is requesting an increase in their annual funding. The Society is looking for an increase of \$10,000 to help offset increased overhead costs. (Total budget for RTES is \$23,000)   | 10,000  |
| Enterprise Services Admin                        | RPT Programmer to support the Major Events Development programs and events.   | 40,500  |
| Fleet  | Patroller Foreman   | 115,189 |
| Heritage Sites                                   | RFT Heritage Conservation Coordinator to oversee and manage the treatment of heritage resources on City owned heritage sites. Currently there is no staff to manage and oversee conservation issues in 27 buildings, and over 30,000 artifacts and the various collections.   | 86,072  |
| Human Resources                                  | The growth in services and programs within Human Resources requires the added support of one RFT Human Resources Assistant. Duties will be multi-dimensional in providing clerical support for four HR functional areas.  | 66,260  |
| Information Technology                           | Restoration of the software budget to 2009 levels, to establish software provision funding for future mass software upgrades.   | 100,000 |
| Information Technology                           | Restoration of hardware budget to 2009 levels, to return computer hardware purchase lifecycle to 5 year from 7 year cycle.  | 100,000 |
| Janitorial Services                              | Additional City Hall Window Washing as per quote from ACOM  | 13,000  |
| Major Events                                     | City contribution to host Winter fest event annually. If not funded, staff will have to request one time funding annually from surplus.   | 150,000 |
| Other Parks Maintenance                          | Pesticide by-law. Council has adopted a Pesticide bylaw to reduce the use of pesticides on all non-ALR land. This will have a financial effect on parks landscape maintenance including rebuilding 1 or 2 weed infested all weather turf fields per year, extra time for weeding shrub borders and converting high profile shrub borders to turf where extra weedings are required to maintain desired goals.   | 120,001 |

|  |   |                  |
|--|---|------------------|
| Parks Program and City Wide Special Events (Nature Park)                 | An increase in the level of maintenance service to the Nature Park and Nature House will better respond to safety concerns on the trails and the changing nature of a bog forest. A semi-annual cutback and removal of overgrowth and resurfacing of the trails will limit hazards, a more thorough annual maintenance of the Nature house will improve the appeal of the Nature Park and ongoing maintenance of signage and furniture around the Nature Park will ensure a more user-friendly atmosphere.  | 34,500           |
| Parks Program and City Wide Special Events (Partners for Beautification) | Environmental awareness among groups and individuals is increasing and the City is receiving more and more requests each year to facilitate groups in helping beautify our City. These requests primarily arrive in the summer and additional staff is required to manage the volume and to help facilitate the groups in order to ensure projects are beneficial to both the group and the City.   | 35,500           |
| Parks Program and City Wide Special Events (Terra Nova Barn)             | RFT Coordinator for the Terra Nova Barn   | 86,970           |
| Programs and Projects  | Funding from the City to continue supporting the operation of the "Community Information and Volunteer Centre" at Richmond Centre.  | 75,000           |
| RCMP Administration  | 1 - Information Technology Support (ME) The RCMP members have increased over the past several years but the municipal employees have remained constant. It is now necessary to increase municipal staff to handle the workload generated by the Detachment. Computer Services is requesting the creation of an additional position. Current staff consists of one manager and two support staff supporting the current municipal staff and police officers as well as 4-satellite office (Elmbridge, YVR, Southarm, and Steveston). Plain clothes support would be utilized to assist 49 police officers that require clerical support. Duties include preparation of information packages for court, transcription of statements, and maintaining data banks of persons of interest. | 86,220           |
| RCMP Administration  | 1 - General Duty Support (ME) Currently there are no administrative support to the general duty watches. Plain clothes support would be utilized to assist 49 police officers that require clerical support. Duties include preparation of information packages for court, transcription of statements, and maintaining data banks of persons of interest.  | 61,939           |
| Richmond Public Library  | RFT Librarian 1 to serve seniors and provide outreach services.   | 66,714           |
| Sustainability   | TFT Sustainability Programs Manager position and consulting funds to implement Council adopted Energy and Climate Change Strategic programs as well as other strategic sustainability programs as identified by Council. This position is funded \$50,000 by BC Hydro and also includes the community energy function.  | 100,000          |
| <b>TOTAL LOW PRIORITY</b>  |   | <b>1,774,104</b> |
| <b>Total for 2011 Additional Levels-NOT RECOMMENDED</b>                  |   | <b>3,724,069</b> |

**ATTACHMENT 3**

**2009 Budget Cost Reductions/Revenue Increases Approved by Council**

| Department |  | Amount(\$)         | Tax %         | Service Level Impact   |
|------------|--|--------------------|---------------|--|
|            | <b>REVENUE INCREASES</b>                             |                    |               |  |
| PRCS       | Arena Revenue  | 100,000            | 0.07%         | Increase Arena users revenue from fees by CPI.   |
| PRCS       | Aquatic Revenue                                      | 50,000             | 0.04%         | Increase Aquatic users revenue from fees by CPI.   |
| PRCS       | Tree Revenue   | 80,000             | 0.06%         | Revenue from development.  |
| PRCS       | Artificial Turf Revenue                              | 8,800              | 0.01%         | Increased fees for artificial turf fields by CPI   |
| PRCS       | Pitch & Putt Revenue                                 | 5,000              | 0.00%         | Increased fees for pitch and putt by CPI.  |
|            | <b>Sub-total</b>                                     | <b>243,800</b>     | <b>0.18%</b>  |  |
|            | <b>COST REDUCTIONS (Non-Staff impact)</b>            |                    |               |  |
| PL         | Photocopy-Production Ctr.                            | (30,000)           | -0.02%        | Reduction of lease options in selecting equipment for the production of "professional" graphics for all departments. |
| CS         | Criminal Records                                     | (10,000)           | -0.01%        | Efficiency   |
| CORP SVC   | Photocopy  | (25,000)           | -0.02%        | Reduced hard copies for all corporate services   |
| CORP SVC   | Stat Advertising                                     | (9,000)            | -0.01%        | Fewer ads for statutory ads (reduced public hearings)  |
| PRCS       | Library Admin  | (56,000)           | -0.04%        | Reduction in administration of Library, materials and programs   |
| PRCS       | Gateway Admin  | (6,000)            | 0.00%         | Reduction in Gateway Administration costs.   |
| PRCS       | Security   | (12,000)           | -0.01%        | Reduce security in response to issues on parks.  |
| CORP SVC   | IT support for HP/Peoplesoft /Wang                   | (60,000)           | -0.04%        | Less customizations for PeopleSoft System.Information required from Wang System will have to be retrieved manually   |
| E & PW     | Charge capital staffing to capital                   | (250,000)          | -0.18%        | Transfer project focussed staff to Capital rather than Operating. Higher costs for Capital Projects                  |
| PL         | Traffic light maintenance                            | (45,000)           | -0.03%        | Reduction of existing maintenance contract. No safety impact.  |
| E & PW     | Reduce street sweeping (contractor)                  | (100,000)          | -0.07%        | Reduced service level. Sweep main roads 1/2 weeks instead of 1/week during Summer/Fall peaks                         |
| PRCS       | Marketing budget                                     | (10,000)           | -0.01%        | Efficiency.  |
| E & PW     | Charge cost of survey crew (718) to Capital Projects | (300,000)          | -0.21%        | Transfer Survey crews to Capital Projects as required, rather than Operating.  |
|            | <b>Sub-total</b>                                     | <b>\$(913,000)</b> | <b>-0.65%</b> |  |

| <b>COST REDUCTIONS (staffing impact)</b> |  |                    |               |  |
|--|--|--------------------|---------------|--|
| PL                                       | Planning Assistant (718) occupied                  | (65,000)           | -0.05%        | Reduced activity - will require lay off of union person.   |
| PL                                       | Building Inspector TFT (718) occupied              | (76,000)           | -0.05%        | Reduced activity - will require lay off of union person.   |
| CORP SVC                                 | Permit Centre Clerk (718) vacant                   | (62,000)           | -0.04%        | Reduced activity - will not fill.  |
| PL                                       | PCG Inspector (718) vacant                         | (91,000)           | -0.06%        | Reduced activity - will not fill.  |
| PL                                       | Permit Clerk (718) vacant                          | (55,000)           | -0.04%        | Reduced activity - will not fill.  |
| PRCS                                     | RPT Staff Museum (718) Vacant                      | (30,000)           | -0.02%        | Eliminate new ½ time position for Steveston museum 1040 hours / .57 FTE.   |
| BFS                                      | Tax Clerk Aux (718)                                | (30,000)           | -0.02%        | Reduction in summer student hire   |
| PRCS                                     | Community Centre Svs Aux (718)                     | (50,000)           | -0.04%        | Reduce aux hours of service to community centres 2500 hours / 1.37 FTE .   |
| PRCS                                     | Parks 4 TFTs (394)                                 | (100,000)          | -0.07%        | Eliminate parks services and boulevard plantings. Overall reduction in maintenance in parks and boulevards (2700 hours)  |
| PRCS                                     | Jr. Lifeguards Aux (718)                           | (25,000)           | -0.02%        | Efficiency   |
| PL                                       | TFT (718)  | (17,000)           | -0.01%        | Reduced ability in Transportation & Development Applications Division to conduct research, data gathering, etc.  |
| PL                                       | Auxiliary (718)                                    | (16,000)           | -0.01%        | Reduced ability in Development Applications to deal with unexpected leave and workload.  |
| PL                                       | Overtime (718)                                     | (9,000)            | -0.01%        | Reduced ability in Policy Planning to meet with Advisory Committees.   |
| E & PW                                   | Summer employees (394)                             | (150,000)          | -0.11%        | Reduced service level of temp staff for Summer coverage of Capital Projects.   |
| PRCS                                     | Reduce TFT Hirings in Parks (394)                  | (55,000)           | -0.04%        | Reduce start dates for temporary full time staff for parks maintenance and lay off TFT staff earlier (1,500 hours). Will reduce parks, sidewalk and blvd. maintenance. |
| BFS                                      | Stores Restructuring (394) vacant                  | (100,000)          | -0.07%        | Efficiency.  |
| BFS& Other                               | 3 Vacant Exempt positions be deferred indefinitely | (290,000)          | -0.20%        |  |
|  | <b>Sub-total</b>                                   | <b>(1,221,000)</b> | <b>-0.86%</b> |  |
|  |  |                    |               |  |
|  | <b>Total</b>                                       | <b>(2,377,800)</b> | <b>-1.69%</b> |  |

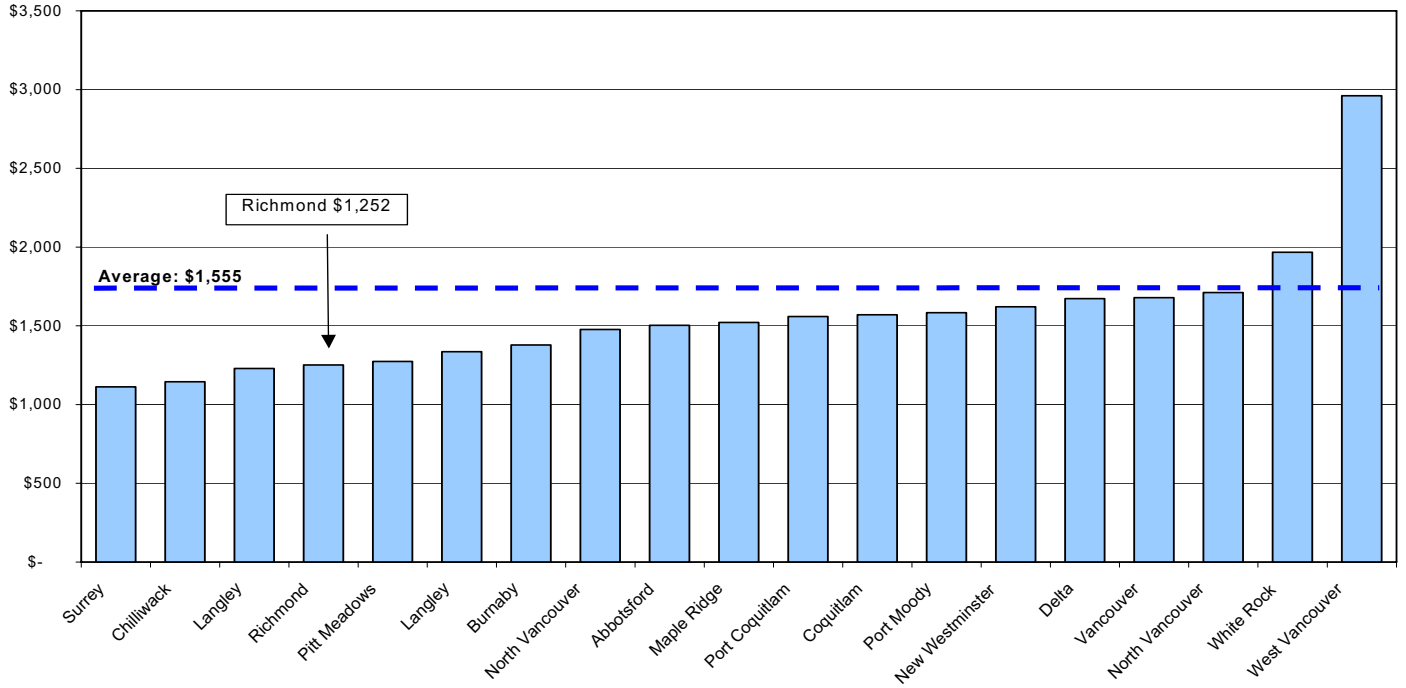


**2010 Budget Cost Reductions/Revenue Increases Approved by Council**

|          |  |                    |               |  |
|----------|--|--------------------|---------------|--|
|          | <b>REVENUE INCREASES/COST REDUCTIONS (no staffing impact)</b>            |                    |               |  |
|          | <b>REVENUE INCREASES</b>   |                    |               |  |
| L&CS     | Increase in parking rates and fines                                      | 163,000            | -0.11%        | User Pay principle   |
|          | <b>COST REDUCTIONS (Non-Staff impact)</b>                                |                    |               |  |
| CORP SVC | Reduce computer hardware and software                                    | (200,000)          | -0.14%        | Will impact the replacement cycle of hardware for some users and reduce available options for software. Will reduce Corporate efficiency |
| ALL Cap  | Phase in OBI over three years  | (344,000)          | -0.23%        | Increase passed into future years.   |
| ALL      | Delayed replacement (Gap Funding)  | (750,000)          | -0.51%        | Service levels will be affected, however, high need areas will be exempted and not be affected   |
| Fiscal   | Revenue stabilization to fund temporary decline in permits & development | (1,200,000)        | -0.81%        | Reduces flexibility for bridge funding other projects  |
|          | <b>Total</b>   | <b>(2,657,000)</b> | <b>-1.80%</b> |  |

**ATTACHMENT 4**

**2010 Average Residential Property Tax per Dwelling**



**Comparison of 2010 Property Tax Rate Increase for Selected Metro Vancouver Municipalities**

