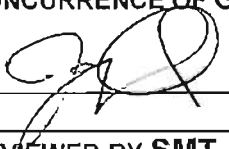| **To:**	Finance Committee	**Date:**	November 16, 2012
From:	Jerry Chong Director, Finance	**File:**	
Re:	2013 One Time Expenditures		

Staff Recommendation

That:

1. The committee establishes a Rate Stabilization Account with a $3.2M transfer from the salary provision account.

2. The recommended One-time Expenditures in the amount of $1.75M, as outlined in the attached report, be approved.

3. The One-time Expenditures be included in the City's Five Year Financial Plan (2013-2017) Bylaw.

4. Any future arising operating budget surplus be transferred into the Rate Stabilization Account.

Jerry Chong
Director, Finance
(604-276-4064)

REPORT CONCURRENCE		
CONCURRENCE OF GENERAL MANAGER For A NAZARETH		
REVIEWED BY SMT SUBCOMMITTEE		INITIALS: JE
REVIEWED BY CAO	yes	INITIALS:

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Staff Report

Origin

The One-time Expenditure requests are typically non-recurring and one of in nature and may be funded from current or prior year's surplus. Any approved One-time Expenditure requests will be added to the 2013 Operating Budget (Budget), which requires approval in order to prepare the Five Year Financial Plan (5YFP). The City must adopt the 5YFP Bylaw before May 15th of each year in accordance with Subsection 165(1) of The Community Charter.

Analysis

The One-time Expenditures are non-recurring and one time in nature and are funded from current or prior year's surplus. The past practice was to allocate the prior year's annual surplus to fund One-time Expenditures. However the determination of the City's final surplus does not occur until late spring, therefore funding of requests for the current budget year would not occur until midway in the following year. The delay in funding budget items creates a duplication of time and effort in the budget process, causes delays in addressing important funding requests and does not provide Council opportunity to review budget items collectively under one process. Staff recommend that the process for 2013 be modified by establishing a Rate Stabilization Account (RSA) to fund these requests in the same budget year in order to ensure requests are addressed in a timely manner as part of the current budget process.

For 2013, there are 16 One-time Expenditure requests totalling $9.1M of which 8 are recommended for total of $1.75M. The list includes items that were not approved in the 2013 Capital Budget due to funding constraints. The Senior Management Team (SMT) conducted a thorough review of all requests, prioritized and have made recommendations for Council's consideration. Given the current economic reality and Council policy on tax increases, only the high priority requests were considered and brought forward to Council.

If any One-time Expenditure requests are approved by Council, the respective expenditure will be included in the 2013 Operating Budget and/or Capital Budget and 5 Year Financial Plan (2013-2017). There is no tax impact to the approval of any of the proposed One-time Expenditures. Table 1 shows the summary of the One-time Expenditure requests:

Table 1 – One-time Expenditure requests Summary

Request / Review By	# of Additional Levels Requested	Recommended Amount (In $000s)	Not Recommended Amount (In $000s)
SMT /CAO	16	1,745	7,355

Establish Rate Stabilization Account

In light of the increased demand for services from the community, the establishment of a Rate Stabilization Account (RSA) is recommended. The RSA will be funded by transferring $3.2M from the existing salary provision account. Once the City's annual accounts for 2012 are finalized in spring of 2013, any arising surplus will be automatically transferred back to replenish the RSA. Staff recommend that this procedure, which involves the transfer of surplus be adopted on an annual basis.

The fund can be used in future years to help balance the budget in order to minimize any tax increases or to offset any one time expenditure requests.

2013 One-Time Expenditure Requests

Table 2 and Table 3 provide brief descriptions of all One-time Expenditure requests from departments with recommendations and non-recommendations respectively provided by SMT. Council may change any of the recommendations or may choose to address other one-time funding needs, which are not contained in this section:

		Table 2: One-Time Expenditure Requests - RECOMMENDED			
Ref	Requested By	Description	Ranking	Requested Amt (In $000s)	SMT Recommendation (in $000s)
1	Community Services	**Hugh Boyd Oval Retrofit** Many of the amenities have not been replaced for up to 40 years and are in severe damaged conditions. Hugh Boyd Oval requires all of its timber boards replaced at it is outdoor bleachers and several other support structures in order to make it safe for use.	High	100	100
2	Community Services	**Conservation Plans for Heritage buildings** To complete Conservation Plans for all heritage buildings owned by the City. The Richmond Museum & Heritage Strategy, adopted by Council in 2007, identified the need to develop Conservation and Maintenance Plans for all buildings. These plans outline the maintenance and preservation needs of each building and guide the work required according to the National Guidelines for the Conservation of Historic Places in Canada. Buildings included: - London Heritage Farm House - Steveston Museum - Japanese Fishermen's Benevolent Society Building - 10 buildings at Britannia - 5 buildings at Terra Nova - Branscombe House	High	75	75

3	Community Services	Major Events Provision Fund The City has become well known for a variety of City-produced festivals and events. Without adequate funding there is a lack of ability to engage in long-term planning for Council-approved festivals and events. Council Term Goal 3.8 develop a 'stay-cation' appeal for the City and region envisions a city that is "vibrant and cultural'. Upcoming and annual events include: Salmon Row, Tall Ships Recruitment Program, Maritime Festival, Ships to Shore and Hockey Day. In order to support events that are on the horizon and to respond to new Council driven events, the Major Events Provision Fund requires additional funding.	High	400	400
4	Engineering and Public Works	Watermania Retrofit The City completed a Secondary Structural Review Report assessment of the Watermainia facility and have an ongoing condition assessment of this facility through the VFA program. These processes identified upgrades needed in areas that are either at the end of their life expectancy or have developed significant deficiencies for their intended purpose including: • Replacement of sound absorbing panels • Fire alarm and annunciator upgrade/replacement • Painting of secondary structural components (beams, columns and ceiling) • Replacement of slide supports All these components are subject to rapid deterioration in the corrosive pool environment and this work is required to keep Watermania in a safe operating condition. Beyond immediate safety risks, failure in any one of these elements can result in immediate closure of the pool.	High	840	840
	High Priority Subtotal Total			1,415	1,415
5	Finance and Corporate Services	Museum Collections Management System Implementation of a new Museum Collections Management System to consolidate the cultural assets for Richmond Museum, Art Gallery, Steveston Museum, Britannia Heritage Shipyard, London Heritage Farm and the Media Lab. The system provides intake of donations, cataloguing artifacts, loaning artifacts, creating exhibitions, insurance tracking, collection valuation and online presentation for the public (eMuseum).	Medium	100	100

CNCL - 256

6	Community Services	Aging Infrastructure – To replace park infrastructure that has deteriorated over time: Parks Operations requires extra funds to replace aging park infrastructure that has deteriorated over time. This includes wooden walkways, fencing, surface drainage systems and playground equipment replacements. • There are 80 locations where wood planking is used as a pedestrian treatment. Over the years many of these decks have been patched and re-patched for safety but in time need to be rebuilt. • Surface drainage systems in Parks that were built with ceramic tile decades ago have been failing for several years. As they collapse and tree roots fill them they must be replaced with 6" perforated PVC pipe. • Parks maintains 55 playgrounds and some of the older playgrounds require the removal and replacement of CSA approved playground equipment.	Medium	100	100
7	Finance and Corporate Services	**Tempest Municipal Ticketing Module (Including Implementation and Training)** Tempest Municipal Ticketing allows staff to manage the entire process from ticket issuance through collection and, if required, adjudication and/or prosecution. Tickets for all bylaw related fines are supported including bylaw type infractions, parking offences and false alarms. Tickets can be issued, recorded and paid in real-time quickly and conveniently via Tempest's web-enabled electronic commerce solution.	Medium	75	75
8	Finance and Corporate Services	**Tempest Dog Licensing Module & eCommerce functionalities (Including Implementation and Training)** Tempest Dog Licensing module allows staff to track dog licenses, owner information and allows for payment tracking, license generation and year end renewal of licenses. Key benefits allow for customers to renew their own dog licenses online, improved customer service by allowing multiple dogs per account and ability to issue tags directly once payment is made. Also integrates fully with Tempest Land module.	Medium	55	55
	Medium Priority Subtotal Total			330	330
	Recommended Grand Total			1,745	1,745

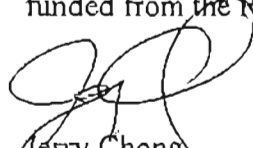|		Table 3: One-Time Expenditure Requests (NOT RECOMMENDED)				
Ref	Requested By	Description	Ranking	$ Requested Amt (in 000s)	SMT recommendation $	
9	Engineering and PW Works	No. 2 Road North Pump Station Upgrade This project will increase the capacity and effectiveness of the existing No 2 Road North drainage pump station. This requirement was identified by the 2041 OCP Drainage Model. The project also addresses the stations ageing infrastructure replacement requirements as mechanical and electrical equipment are nearing the end of their useful service life.	Low	3,500	0	
10	Engineering and PW Works	Undergrounding – Hydro / Telus No. 3 Road This project is the continuation of the Council approved annual undergrounding / beautification 10 year program aimed at ultimately illuminating all poles, overhead electrical and communication wires within the OCP city centre area.	Low	2,000	0	
11	Community Services	Oval Precinct Public Art: Council endorsed the implementation of projects identified in the Richmond Oval Precinct Art Plan 2008 Update. Legacy Plaza development occurs in all 5 phases. This will complete the projects in the approved Art Plan.	Low	500	0	
12	Engineering and PW Works	Burkeville Drainage Improvements Burkeville's drainage system was designed using shallow ditches and small diameter road cross culverts. As the area is redeveloped ditch infills are becoming common. Ditch infills change the nature of the drainage system in a way that may cause storm water flooding. A larger drainage system is therefore needed to accommodate these changes.	Low	500	0	
13	Engineering and PW Works	Public Works Minor Capital - Sanitary Every year staff receives a number of complaints and requests for minor, local and contingency-type projects. The minor capital program allows staff to respond to these minor projects in a timely and cost effective manner.	Low	300	0	
14	Finance and Corporate Services	ICT Infrastructure Replacement – Phase II This request funds replacement of existing computer infrastructure. Much of this equipment is in excess of ten years of age, but was designed to last for only five. As well as replacing equipment, this funding will allow IT to change the way some operational services are delivered, taking advantage of technology advances.	Low	275	0	

CNCL - 258

15	Engineering and PW Works	Miscellaneous SCADA System Improvements	Low	250	0
		This project involves upgrade and rehabilitation of the existing SCADA system that will improve the operation of the sanitary sewer service in the area. In order to effectively monitor over two hundred sites within the City, continuous upgrades need to be made to our systems so that we can rely on our SCADA to provide accurate information. This will allow the City to remain current with emerging technologies and to react appropriately to security threats.			
16	Community Services	Gateway Theatre Web Site Upgrade	Low	30	0
		To upgrade the Gateway Theatre website to provide additional services to the community including but not limited to a calendar of events, marketing exposure for all events including community artist groups, school programs and professional groups, and incorporation of new technologies for interactive services. This project meets the guidelines for additional level funding as set out in the operating agreement.			
	Total			7,355	0

Financial Impact

The One-time Expenditure requests of $1.75M would be funded from the Rate Stabilization Account with no tax impact. This leaves a balance of $1.45M in the Rate Stabilization Fund.

Conclusion

A Rate Stabilization Account should be established, which can be utilized to minimize fluctuations in tax increases and/or fund one-time expenditure increases. The recommended One-time Expenditures in the amount of $1.75M be approved and the corresponding amount be funded from the Rate Stabilization Account.

Jerry Chong
Director, Finance
(604-276-4064)

JC:vl