



To: Finance Committee

Date: November 29, 2013

From: Jerry Chong, CA
Director, Finance

File:

Re: 2014 One-Time Expenditures



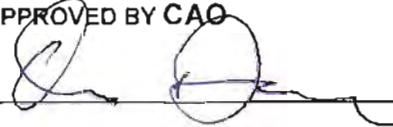
Staff Recommendation

That:

1. The recommended one-time expenditures in the amount of \$3.1M, as outlined in the 2014 One-Time Expenditures staff report, be approved.
2. The one-time expenditures be included in the City's Five-Year Financial Plan (2014-2018) Bylaw.

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

Att: 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
	
REVIEWED BY SMT	INITIALS:
	
APPROVED BY CAO	
	

Staff Report

Origin

The one-time expenditure requests are typically non-recurring and one off in nature and may be funded from the Rate Stabilization Account (RSA) established by Council on December 10, 2012. Each year, once the City's accounts from the prior year are finalized, any arising surplus is transferred into the RSA. The funds can be used to help balance the budget in order to minimize any tax increases or to offset any one-time expenditure requests.

Any approved one-time expenditure requests will be included in the 2014-2018 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

For 2014, there are 13 one-time expenditure requests totalling \$3.4M. The list includes items that were not approved in the 2014 Capital Budget due to funding constraints. The Senior Management Team (SMT) conducted a thorough review of all requests and prioritized each as high, medium, or low. The scoring system developed by SMT is based on the following criteria:

1. Health and Safety Requirements
2. Social Benefits
3. Financial Benefits

Given the current economic reality, only the high priority requests are recommended. If any one-time expenditure requests are approved by Council, the respective expenditure will be included in the 5 Year Financial Plan (2014-2018). There is no tax impact to the approval of any of the proposed one-time expenditures as they will be funded from the RSA which has a balance of \$5.2M. Table 1 shows the summary of the one-time expenditure requests:

Table 1 – One-Time Expenditure Requests Summary

# of One-Time Expenditures Requested	Recommended Amount (In \$000s)	Not Recommended Amount (In \$000s)	Total (In \$000s)
13	\$3,138	\$290	\$3,428

Attachments 1 and 2 provide a brief description 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.

Financial Impact

The recommended one-time expenditure requests of \$3.1M are funded from the Rate Stabilization Account with no tax impact. These recommended amounts will be included in the Five-Year Financial Plan (2014-2018). This leaves a balance of \$2.1M in the RSA prior to the transfer of any surplus arising from 2013.

Conclusion

One-time expenditure requests were reviewed and ranked by SMT. The high priority requests in the amount of \$3.1M as summarized in Attachment 1 are recommended to be funded from the Rate Stabilization Account.



Melissa Shiau, CA
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MS:kt

Attachment 1: One-Time Expenditure Requests - RECOMMENDED					
Ref	Requested By	Description	Ranking	Requested Amt (in \$000s)	SMT Recommended Amount (in \$000s)
1	Fiscal	<p>Contribution to Facility Maintenance / Repair Provision</p> <p>The City's buildings and facilities are aging and the frequency and magnitude of repairs are increasing. A contribution to the Facility Maintenance/Repair Provision is requested to ensure the City has the capacity to meet requirements as they arise.</p>	High	\$500	\$500
2	Engineering & Public Works	<p>Watermania Air Handling Units</p> <p>The air handling units (AHU-1, AHU-2, and AHU-13) are in poor condition and are incurring escalation maintenance costs. The heat reclaimers water coils have frozen and split in the past, and as a result reducing their capacity by 30%-40%. AHU-13 has had various water leaks and cause ceiling damages. The unit will be replaced with a water tight housing and stainless steel heat exchanger, which will reduce the building's annual natural gas consumption and greenhouse gas emissions, due to technological improvements to this type of equipment since original installation. In addition to the air handling units being replaced, the roof under both units and the interconnected ductwork will be replaced.</p>	High	495	495
3	Engineering & Public Works	<p>Watermania – HVAC</p> <p>Replace Exhaust Fans: most exhaust fans have been replaced; however, a few remaining are in poor condition and will also be replaced.</p> <p>Replace All Rooftop HVAC Units: The HVAC units are in poor condition and have had motor and compressor failures. The acidic outdoor environment is rotting the thin walled coils, resulting in one complete loss of refrigerant charge and also causing atmospheric ozone damage. The units will be replaced with energy efficient units complete with thermal protected condenser coils. These replacements will result in reductions in electricity and natural gas consumption, and associated greenhouse gas emissions.</p> <p>Upgrade Building Automation Direct Digital Control (DDC) System: The existing building automation system is failing and is obsolete. Replacing this system will allow for greater operational control and more direct maintenance activities. This increased operational control will likely result in reduced run-time for some equipment and therefore reduce energy use. For each of the above listed action items, achieving further energy efficiency gains will be examined through higher efficiency upgrades, including researching external funding.</p>	High	455	455

4	Community Services	<p>Major Events Provision Fund</p> <p>The City has become well known for a variety of City-produced festivals and events. The Major Events Provisional fund is the major source of City support to ensure these remain quality events. In 2013 funding was allocated to support festivals such as Ships to Shore and ship recruitment and the Maritime Festival. Request for \$450,000 to replenish the Major Events Provisional fund to allow continued financial support in 2014 for festivals as approved by Council such as Ships to Shore, Maritime Festival, Richmond Days of Summer or others.</p>	High	450	450
5	Community Services	<p>Waterfront Improvement Projects</p> <p>This reserve was established in order to fund waterfront improvement projects. Since contributions have not been made on a consistent basis, staff recommend that a compounded contribution be made in order to ensure funding is available for future projects. Council approval is required before funding is accessed for any capital project.</p>	High	550	550
6	Law and Community Safety	<p>Sister City Plan 2014-2016</p> <p>To establish and maintain relationships with other cities that are meaningful and sustained through on-going activity.</p> <p>To develop a broad base of activity for Sister/Friendship City relationships in which many people and organizations in the community participate through planned and ongoing contact;</p> <p>To engage the Richmond community and its Sister/Friendship Cities in projects and exchanges that promote cultural awareness and joint learning opportunities.</p>	High	220	220
7	Law and Community Safety	<p>Law and Community Safety Facility Long-term Review and Deployment Plan-Fire and Police Services in the City:</p> <p>The purpose of this additional expenditure request is to contract the service of an external consultant to examine fire and police service levels and to provide estimates of future service demands respective of the Richmond Official Community Plan. The consultancy service would examine demand for fire and police emergency service and response standards, such as but not limited to: analyzing calls for service, locations of calls, resources deployment and allocation, communication strategies and service delivery models in response of population growth in the City.</p> <p>The purpose of this additional expenditure request is to contract the service of an external consultant to examine existing emergency service levels and to provide</p>	High	190	190

		estimates of service demands respective of the Richmond Official Community Plan.			
8	Engineering & Public Works	<p>Street Light Security & Wire Theft Prevention - Phase 3 of 5</p> <p>This project is the third year of a five year program. The project includes two staff removing approximately 2,000 existing street light access covers per year for five years and replacement them with reinforced access covers. The estimate cost breakdown of the project is as follows: Cost of labor \$36,000/year, equipment \$4,000/year, replacement panels \$100,000/year.</p>	High	140	140
9	Community Services	<p>Community Needs Assessment</p> <p>The Community Services Department performs a City wide community needs assessment every five years. The last one was completed in 2009. The next needs assessment is scheduled for 2014. This consultation initiative engages Richmond citizens, stakeholders and community partners and will identify community needs and priorities and articulate strategic recommendations for responding to the gaps. Statistics and results from the needs assessment are used to support parks, arts, heritage, recreation and community social development programs and initiatives. An additional emphasis for the 2014 Community Needs Assessment will be aquatics. This focused study is in response to the Council referral from November 12th 2013 that future aquatic needs be referred to staff for analysis This Council request was an outcome of the discussion on sites for future aquatic centres. Funding is required for consulting expertise, liaison and administration, study design, data collection, data analysis and preparation of a report on findings.</p>	High	75	75
10	Corporate Administration	<p>Let's Talk Richmond</p> <p>Corporate Communications has piloted the use of Let's Talk Richmond (Let's Talk), a web based public participation tool, as a method to centralize and standardize the City's public consultation efforts. This request is for a three-year software license renewal with annual costs of \$21,000.</p>	High	63	63
High Priority Subtotal				3,138	3,138
Recommended Grand Total					\$3,138

Attachment 2: One-Time Expenditure Requests – NOT RECOMMENDED					
Ref	Requested By	Description	Ranking	Requested Amt (in \$000s)	SMT Recommended Amount (in \$000s)
11	Engineering & Public Works	<p>Works Yard Stores Roof Repainting (Submission# 5301)</p> <p>The facility currently is in fair condition with a facility condition index (FCI) of 7% performing the life cycle renewals will correct identified requirements reducing maintenance costs.</p>	Medium	\$120	\$-
Medium Priority Subtotal				120	-
12	Engineering & Public Works	<p>Street Light Pole Replacement-Seafair & Richmond Gardens, Phase 1 of 5</p> <p>Remove and replace approximately 200 existing streetlight poles (over 5 years) and retrofit concrete bases to allow for the proper installation of new street light poles in the Seafair and Richmond Garden subdivisions.</p> <p>Estimated cost per pole: Hardware, materials and equipment \$2,200 Labor: \$800 Total per pole: \$3,000</p>	Low	120	-
13	Community Services	<p>Gateway Theatre Facility Need Options</p> <p>The Gateway Theatre has commissioned a Faculty Task Force that has memberships consisting of City Staff Board, Gateway Staff and community members. The Task Force has a completed report outlining the facility needs related to programming in the Gateway 2028 artistic vision presented to Council on September 24th and Oct 17th, 2013. The next stage is to engage expertise in the form of a Space Planner/Architect and Theatre Consultant to identify options for the facility needs, The Gateway Theatre has the ability to apply for matching funds for the advanced design consultancy through Canadian Heritage Cultural Spaces Fund. This request is for 50% of the cost of the project.</p>	Low	50	-
Low Priority Subtotal				170	-
Not Recommended Grand Total				\$290	\$-