



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong, CPA, CA
 Director, Finance
Re: **2019 One-Time Expenditures**




Date: January 2, 2019
File: 03-0985-01/2018-Vol
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Staff Recommendation

That the recommended one-time expenditures totaling \$1,315,909 as outlined in Attachment 1 of the 2019 One-Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2019-2023).

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

Att. 2

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

Staff Report

Origin

One-time expenditure requests are typically non-recurring items for consideration over and above the base annual budget. Council established a Rate Stabilization Account (RSA) to provide funding for such requests. Each year, once the City’s accounts from the prior year are finalized, any arising annual surplus is transferred into the RSA. The funds can be used to help balance the budget in order to defer any tax increases or to offset any one-time expenditure requests.

Any approved one-time expenditure requests will be included in the 2019 - 2023 Consolidated 5 Year Financial Plan (5YFP).

This report supports Council’s 2014 - 2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City’s strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

- 7.1. *Relevant and effective budget processes and policies.*
- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*
- 7.4 *Strategic financial opportunities are optimized.*

Analysis

For 2019, there are 20 one-time expenditure requests totalling \$2,446,450. The Senior Management Team (SMT) appointed a Review Committee to review and prioritize each request using established ranking criteria. The prioritized requests were also reviewed by SMT and the CAO to finalize a recommendation for Council’s approval. There is no tax impact from any of the proposed requests as they will be funded from the RSA which has a balance of approximately \$14,633,790 as of November 30, 2018.

One-Time Expenditure Requests

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)
20	\$1,316	\$1,130	\$2,446

Attachments 1 and 2 provide a brief description of all one-time expenditure requests with recommendations and non-recommendations respectively provided by SMT and the CAO. Council may change any of the recommendations or may choose to address other one-time funding needs. The Consolidated 5 Year Financial Plan (2019-2023) will be revised for any changes from the staff recommendation.

Capital Project Requests

In addition to the one-time expenditure requests, there were items considered in the capital process that could not be funded from other sources due to funding constraints and other priorities. These unfunded projects were reviewed in conjunction with the one-time expenditure requests and the high priorities are recommended to be funded by the Rate Stabilization Account. As a result, six capital projects totalling \$5,743,000 have been recommended for Council's consideration to be funded by RSA or a combination of capital funding and RSA in the 2019 Capital Budget report. The capital projects are listed as follows for information:

- Minoru Aquatic Centre Demolition - \$3,392,000
- RCMP Exhibit Compound Interim Upgrades - \$975,000
- 2019 Capital Buildings Project Development Advanced Design - \$500,000
- London Farm House Envelope Renewals - \$376,000
- Public Works Minor Capital - Roads - \$250,000
- Public Works Minor Capital - Traffic - \$250,000

Details of each individual capital project are included in the 2019 Capital Budget Report and are summarized in Appendix 6 of the 2019 Capital Budget report. Council may change any of the recommended projects presented in the 2019 Capital Budget report. The Consolidated 5 Year Financial Plan (2019-2023) will be revised for any changes from the staff recommendation.

Table 2 presents a summary of the amounts recommended to be funded by Rate Stabilization, all of which are in support of Council's 2014-2018 Term Goals.

Table 2 – Rate Stabilization Funding Summary

Council Term Goal	Recommended Amount (In \$000s)	Reference
Vibrant Programs	\$395	Attachment 1: 1, 6, 7, 8, 13
Well-Planned Community	\$571	Attachment 1: 3, 4, 5, 9, 10, 12, 14
Strong Financial Stewardship	\$350	Attachment 1: 2, 11
Total Recommended One-Time Expenditures	\$1,316	Attachment 1 of this report

Table 2 – Rate Stabilization Funding Summary (Cont'd)

Council Term Goal	Recommended Amount (In \$000s)	Reference
Quality Infrastructure	\$5,743	2019 Capital Budget Report: Appendix 6
Total Funding Recommended from Rate Stabilization	\$7,059	

Table 3 summarizes how the RSA balance is proposed to be utilized as a result of the 2019 Budget Process.

Table 3 – Proposed RSA Utilization

RSA Balance as of November 30, 2018		\$14,633,790
2019 Capital Projects funded by RSA	(5,743,000)	
2019 One-Time Expenditures (Attachment 1)	(1,315,909)	
Fire Rescue Capital and One-Time Costs for 36 Firefighters	(2,541,276)	
RCMP Capital and One-Time Costs for the 2019-2021 Resource Plan	(839,519)	
Proposed Rate Stabilization of the 2019 Operating Budget	(2,968,835)	
Total 2019 Proposed RSA Utilization		(13,408,539)
Balance After Proposed 2019 Utilization		\$1,225,251

2019 capital projects totaling \$5,743,000 that do not have other sources of funding are included in the 2019 Capital Budget with funding recommended from the Rate Stabilization Account.

Capital and One-time expenditure requests in the 2019 Proposed Operating Budget associated with the recommended additional levels for enhanced community safety total \$2,541,276 for Fire Rescue and \$839,519 for Policing.

A total of \$2,968,835 from the RSA is proposed to be utilized to reduce the tax impact of the proposed 2019 Operating Budget.

Financial Impact

The recommended \$1,315,909 one-time expenditures requests as outlined in Attachment 1 are proposed to be funded from the Rate Stabilization Account with no tax impact. This recommended amount will be included in the Consolidated 5 Year Financial Plan (2019-2023), should they be approved by Council.

As summarized in Table 3, a total of \$13,408,539 is recommended to be funded from RSA as a result of the 2019 Budget Process, which would leave a remaining balance of \$1,225,251 if all amounts are approved.

Conclusion

One-time expenditure requests were prioritized and reviewed by SMT and the CAO. The high priority requests in the amount of \$1,315,909 as summarized in Attachment 1 are recommended to be approved and included in the Consolidated 5 Year Financial Plan (2019-2023). In addition, high priority capital projects that do not have other available funding sources are recommended to be funded by Rate Stabilization totaling \$5,743,000 as summarized in this report and Appendix 6 of the 2019 Capital Budget report.

Furthermore, a total of \$6,349,630 is proposed to be utilized to reduce the impact of the 2019 Proposed Operating Budget to offset the one-time and capital costs associated with enhanced community safety additional levels and other one-time budget impacts.



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MS:jy

- Att. 1: One-Time Expenditure Requests – RECOMMENDED
- 2: One-Time Expenditure Requests – NOT RECOMMENDED

2019 One-Time Expenditure Requests - RECOMMENDED			
Ref	Requested By	Description	Amount
1	Community Services	Post Office Software Update - Steveston Museum In 2018, the Steveston Historical Society resumed direct management of the post office under the condition that the City cover costs related to a mandatory update to the Canada Post software in 2019. Council endorsed a staff report which recommended an additional level request for this update.	\$25,000
2	Engineering and Public Works	Sanding, Salting and Snow Removal The prior year's severe, extended winter conditions resulted in the need for operational response to deliver maximum service levels and provide driver and public safety on City roads. Funds are requested from the Rate Stabilization to replenish the provision.	\$250,000
3	Community Services	Automatic External Defibrillator (AED) Renewal The lifespan for 42 of the city's 60 public access automated external defibrillators (AEDs) ends in 2019. In order to continue with the current level of access and safety, replacing these AEDs will be required in 2019.	\$93,850
4	Community Safety	Parking Meter Additions and Radio Frequency Identification (RFID) Tap Reader Installation The Parking Enforcement Section has done a review and determined that the Pearson Way area of the city would benefit from parking meters. In addition all existing meters would be equipped with the tap pay function for increased ease of use and efficiency.	\$87,809
5	Community Services	Recreation Fee Subsidy Program - Administrative Support The updated Recreation Fee Subsidy Program will require funding for one full time auxiliary staff position to support the increased number of applications anticipated with an expanded program serving residents of all ages. Ongoing funding will be requested after operational need has been assessed.	\$76,133
6	Community Services	Shipyard Operations Supervisor Position - Britannia Shipyards The creation of this temporary position is necessary to safely oversee active boat building and repair projects at Britannia Shipyards. The 2018 Council-endorsed Britannia Shipyards Strategic Development Plan calls for a Shipyard Operations Supervisor.	\$119,328

2019 One-Time Expenditure Requests - RECOMMENDED			
Ref	Requested By	Description	Amount
7	Community Services	<p>Enhanced Hours and Programming for Steveston Heritage Sites</p> <p>Council approved temporary funding to increase levels of service in 2017 and 2018 at the Steveston Historic Sites. This has resulted in a significant increase in visitation across all three sites. This request is to fund for 2019.</p>	\$119,676
8	Community Services	<p>Cultural Precinct Study</p> <p>A Cultural Precinct Study will make recommendations for the repurposing or replacement of the Cultural Centre, Brighthouse Library and Minoru Place and will consider developer funded opportunities in City Centre and make recommendations regarding their use to best address Arts and Library needs.</p>	\$100,000
9	Community Services	<p>Resources to Conduct a Community Needs Assessment</p> <p>The Parks, Recreation and Cultural Services Master Plan identifies that a Community Needs Assessment be conducted every five years (last completed in 2015). Providing funding in 2019 will allow staff to initiate the project and hire a consultant to conduct research, then report findings in 2020.</p>	\$125,000
10	Community Safety	<p>Richmond Fire Rescue Personal Protective Equipment (PPE) Inventory Alignment</p> <p>RFR attempts to maintain a supply of PPE accessible when primary PPE is not available for staff during times of post-emergency repairs, washing and inspection. This one-time request allows RFR to keep the inventory at an acceptable level to keep personnel safe.</p>	\$93,500
11	Finance and Corporate Services	<p>PeopleSoft Review and Knowledge Development</p> <p>Resources are required to enhance and improve current practices which will be combined with systems capabilities to provide best-in-class solutions.</p>	\$100,000
12	Community Services	<p>Support for the City's Child Care Program – Planner 1</p> <p>Funding is required to implement the 2017-2022 Richmond Child Care Needs Assessment and Strategy actions such as: Child Care Design Guidelines and developer resource updates; research; stakeholder consults; and to plan for, respond to and support the development of new child care amenities.</p>	\$25,000

2019 One-Time Expenditure Requests - RECOMMENDED			
Ref	Requested By	Description	Amount
13	Community Services	Art Gallery School Art Program Responding to loss of sponsorship and decrease in Provincial Gaming funds for the Richmond Art Gallery Association to operate the School Art Program, provide one-time funds for the Gallery to continue to provide interactive gallery tours and hands-on art activities for students from preschool to Grade 12.	\$30,613
14	Community Safety	Emergency Hazard and Risk Vulnerability Analysis and Emergency Plan Update Emergency programs plans require updating. In order to do a complete plan, a Hazard Risk Vulnerability Analysis is needed to provide the foundation on which to base all Emergency Response and Recovery plans.	\$70,000
2019 One-Time Expenditures Total - RECOMMENDED			\$1,315,909

2019 One-Time Expenditure Requests - NOT RECOMMENDED			
Ref	Requested By	Description	Amount
1	Community Services	Steveston Museum Exhibit Update The Steveston Museum exhibits are more than 35 years old. With the addition of the Visitors Centre, a post office and the Japanese building the space is disjointed, inefficient and provides a poor visitor experience.	\$382,000
2	Community Services	Art Gallery Collections Management Following Council approval of the Richmond Art Gallery Collections Policy in 2017 and professional appraisal in 2018 of ~350 works valued at over \$707,000, staff resources are required to begin necessary work of collection management and maintenance.	\$25,083
3	Community Safety	Richmond Fire Rescue Interactive Website The Fire Rescue Community Outreach and Public Education Plan highlights an initiative to develop an accessible and interactive web platform that can engage the public, and allow for access to public safety information. This new site would be a micro site under the city's website.	\$32,000
4	Library	Library Book Vending Technology at Minoru Centre for Active Living (MCAL) With the City's seniors' centre moving across the Minoru complex to the new MCAL facility, Brighthouse may become less accessible for some of our older residents. Innovative library book vending technology would provide convenient access to library collections.	\$41,500
5	Community Services	Collections Assessment and Artefact Storage Planning Storage is at full capacity and two primary locations are expected to be demolished in 2024. Assessment of the collection and space planning is required to prepare for a move.	\$619,958
6	Community Services	Steveston Tram Building Signage The Steveston Tram building requires exterior signage to be installed. With the completion of tram restoration in 2018, this is an appropriate time for implementing this project.	\$30,000
2019 One-Time Expenditures Total - NOT RECOMMENDED			\$1,130,541