



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
General Manager, Business and Financial Services
Re: 5 Year Financial Plan (2011-2015)

Date: February 23, 2011
File: 03-0970-01/2011-Vol
01

Staff Recommendation

That the 5 Year Financial Plan (2011 –2015) be approved, that the 5 Year Financial Plan (2011 – 2015) Bylaw No. 8707 be introduced and given first, second, and third readings and that staff undertake a process of public consultation as required in Section 166 of the Community Charter.

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

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

Staff Report

Origin

Subsection 165(l) of the Community Charter requires the City to adopt a Five Year Financial Plan (5YFP) Bylaw on or before May 15th of each year. However early adoption is encouraged in order for all users to be aware of bylaws and rates in place. Included in the 5 Year Financial Plan are the 2011 Utility, Capital and Operating Budgets and estimates for the remainder of the five-year program. The 2011 5YFP Bylaw provides the City with the authority to proceed with spending to the limits as outlined in the bylaw.

Analysis

The 2011 Utility Budget was approved by Council on November 22, 2010, the 2011 Capital Budget was approved by Council on December 14th 2010 and the 2011 Operating Budget was approved on January 24th, 2011. These key inputs have been incorporated in the 5YFP (2011 – 2015) which is an important tool in achieving the goals of the Long Term Financial Management Strategy (LTFMS), while providing for the current and future needs of the community. Under the City's LTFMS, the City is committed to financial planning that maintains and enhances existing levels of service to the community, while limiting the impact on property taxes.

Key Economic Drivers

B.C. Economic Trends and Outlook (2007 – 2013)							
	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (forecast)	2012 (forecast)	2013 (forecast)
Real GDP (% Change)	3.0%	-0.2%	-1.8%	3.6%	2.9%	3.1%	2.7%
Employment (% Change)	3.2%	2.1%	-2.4%	2.0%	2.2%	2.5%	2.1%
Unemployment Rate (%)	4.2%	4.6%	7.6%	7.6%	7.3%	6.7%	6.1%
Housing Starts	39,000	34,300	16,100	26,300	26,500	28,900	32,900
3-month-Government of Canada T-Bill	4.12%	2.30%	0.32%	0.73%	1.37%	2.27%	2.30%
10-year-Government of Canada T.Bill	4.28%	3.58%	3.29%	3.06%	3.06%	3.76%	4.00%

Sources: actual – Statistics BC; forecast – Central 1 Economic Analysis of BC January 2011 issue.

The BC economy will experience moderate economic growth of around 3% in 2011 and through to 2013 with the domestic sectors continuing to be the main driver of the economy as some exports may struggle under the high Canadian dollar. The construction industry is forecast to have the highest growth rate with rising residential and private non-residential investment spending. Government spending on public infrastructure contracts in 2012 and 2013 with the end of the economic stimulus program and continuing fiscal deficit reduction measures.

Housing starts in 2011 are forecast to remain near 2010 levels approaching 27,000 units after crashing in 2009. Housing sales and prices ended 2010 on an upward trend; however, on the horizon are expected: rate increases, higher prices squeezing out low-equity buyers and a possible tightening in federal mortgage insurance underwriting criteria. The City of Richmond is forecasting the same level of development applications in 2011 as 2010.

During the economic recession, Council was required to make difficult decisions in balancing the budget, while maintaining service levels that Richmond residents enjoy. Despite these challenges and through prudent decision making by Council, tax increases were among the lowest in the Lower Mainland. (Attachment 1)

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

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

Assumptions

The assumptions listed in Attachment 2 have been used in preparation of the Operating Budget and the 5YFP. Also taken into consideration is Council's Term Goals for 2008 – 2011 with the key focus areas 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:

	2007	2008	2009	2010	Est.2011
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	\$61.17
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

**(2009-utilized software system to track service requests)*

Note that the projections from 2011-2015 maintain existing service levels and incorporate operating costs resulting from capital growth.

Salaries

Salary increases for all employee groups are provided for in accordance with the collective agreements, policies and practices. Contract negotiations are expected to commence for RFFA as the collective agreement has expired December 31st, 2009. CUPE 718 & 394 collective agreement will expire December 31st, 2011. Future agreements are not anticipated to match the benefits from recent ones.

Aging Workforce

As the members of the “baby boom” generation (people born between 1946 and 1964) approach retirement, the demographic profile of the Canadian workforce will undergo a substantial shift as a larger number of older workers will be joined by relatively few new entrants to the labour force. As an increasing number of employees will be eligible to retire within the next five years, a systematic method for projecting critical resource gaps will be combined with effective hiring, development, and retention programs to fill these critical roles.

Economists believe that increased productivity is required as Canada’s labour productivity has declined relative to past performance and in comparison to other countries most notably, the U.S.

Climate Action Revenue Incentive Program

The City of Richmond along with the Province of BC and the UBCM has signed the Climate Action Charter (CAC) pledging to achieve the following goals: Be carbon neutral in corporate operations by 2012; measure and report on our community greenhouse gas emission profile; and work to create compact, more energy efficient communities. In 2008, the Province announced that communities that have signed onto the CAC and agree to publicly report on their climate action progress would be eligible for the Climate Action Revenue Incentive Program (CARIP) grant.

The greenhouse gases (GHGs) emissions from City Operations for 2009 and 2010 are shown below. Based on 2010 usage, the estimated cost is \$0.216M which will be initially offset by the CARIP received for 2008, 2009, and 2010 at \$0.295M. The Sustainability Unit will be developing a strategy, therefore no amounts have been provided for at this time.

	<u>GHG Emissions (Tonnes)</u>		Est. Carbon Offset
	2009	2010	Tax @ \$25/tonne
Gasoline	1,262	1,418	\$35,460
Diesel	602	79	\$1,971
Bio-Diesel	969	1,542	\$38,544
Natural Gas	6,539	5,587	\$139,678
Propane	13	30	\$751
Total	9,385	8,656	\$216,404

BC Hydro Capital Program

BC Hydro recently unveiled its \$6B capital plan with its investments in transmission and “regeneration” of its aging system. The three year capital plan was released ahead of filing its three-year application for power rates with the BC Utilities Commission. The rate application will seek 9.73% increases in each of the next three years and anticipates 7% increases in the subsequent two years. This will result in a 32% rate increase over the next three years and more that 50% over the next five years.

Consolidated Financial Summary

The 5YFP is a consolidation of the operating, utility and capital plans. The projected increases in expenditures are offset against all projected non-tax revenues (refer to Attachment 3). All expenditures in excess of non-tax revenues result in the required tax levy. The average tax increase is calculated by taking the year over year change in the required tax levy less any projected growth in the tax base due to new construction. The average tax rate increase is then determined by dividing this resulting increase by the prior year’s tax base.

The 2011 tax levy is comprised of the projected increases in the base budget, the additional expenditures and operating budget impact of capital projects. The base budget is the total cost of maintaining current service levels provided by the City, and the additional expenditures and operating budget impact are increases to the base level of service as a result of new or increased programs or assets. The 5YFP does not include any additional levels and any amounts that are unverifiable.

The 2011 Operating and Capital Budgets have been prepared with a particular awareness of moderate economic growth and recovery. During the economic downturn, the City of Richmond showed restraint and leadership by exercising responsible cost cutting measures in order to minimize the tax impact on our citizens while creating economic stimulus through investments in capital projects.

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants has the authority to set generally accepted accounting principles (GAAP) and standards for the public sector in Canada. PSAB required local governments to be compliant with section PS

3150 Tangible Capital Assets. The section requires the City to record Tangible Capital Assets at cost less depreciation based on their useful life and include depreciation as an expense.

In order to comply with the standards, adjustments must be made between the City's Operating and Capital Budgets. In some cases, expenditures that were previously included in the Operating Budget are required to be moved to the Capital Budget, such as computer hardware and software, library books and asphalt capping. In other cases, expenditures that had been previously included as capital will be moved to the Operating Budget, such as the heritage restoration, public art programs, tree planting and minor building repairs.

The capital expenditures that are required to be re-classified as operating within the 5YFP will have no tax impact due to the fact that the source of funding is not from taxes, therefore staff will make these adjustments to ensure that the 5YFP is prepared in accordance with GAAP.

Based on the proposed 5YFP (2011-2015), the average tax (\$) increase and the corresponding average tax rate (%) increases are as follows:

(in \$000's)	2011	2012	2013	2014	2015
Total Funding Increase Required	6,567	7,008	7,142	7,405	7,672
Growth from New Construction	2,000	2,000	2,000	2,000	2,000
Proposed Property Tax Increase (in \$000's)	4,547	5,008	5,142	5,405	5,672
Proposed Property Tax Increase %	2.95%	3.10%	3.05%	3.08%	3.12%

There is no tax impact in 2011 for the 1% increase in transfer to reserves, in accordance to policy 1 of the Long Term Financial Management Strategy. On July 23, 2007 Council approved a cessation on this policy until 2012. The 1% increase in reserves has been incorporated in the 5YFP from 2012 – 2015.

Major Funding Sources

The main funding received by the City is outlined by source in Attachment 4. The distribution of revenues only includes amounts for the Operating Budget as Utility and Capital Funding have been removed from this analysis. As shown, the largest funding source for the City is property taxes. The next largest portion of funding is received from user fees and charges.

Revenue from property tax is collected from multiple classes of properties. The largest two contributors to property tax are the residential and business classes. Attachment 4 also charts the proposed distribution of tax among the various classes.

Permissive Exemption

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

2011 Capital and Future Programs

Subsequent to the Council approved 2011 Capital Budget, the Budget requires amendment as follows:

2011 Capital Program Amendments;	(in \$000's)	Funding Source	
2011 Capital Budget-originally approved			\$60,580
Steveston Tennis Building	\$300	Cap Bldg Res	
Alexandra District Energy Utility 1st Phase	\$2,000	Water Utility	
Building improvements 11411 No. 5 Rd (subject to Council approval)	\$3,201	Ent Fund/Cont'n	
Lansdowne Forcemain (subject to Council approval)	\$480	Sanitary Sewer	
Operating expenditures re-classified as capital	\$6,088	Operating	
Total Amendments			\$ 12,069
Total Budget			\$ 72,649

The 2011-2015 5 Year Financial Capital Plan (Attachment 5) is as follows:

Programs (in \$000's)	2011	2012	2013	2014	2015
Infrastructure	30,987	27,384	27,967	31,534	22,548
Building	5,226	114,150	16,400	700	600
Land	5,000	-	-	-	-
Parks	6,402	6,285	6,550	5,550	4,750
Equipment	13,262	4,825	4,625	5,183	4,675
Child Care Program	295	225	-	-	-
Transfers/Debt Payment	11,477	9,607	9,107	8,589	3,847
Total	\$72,649	\$162,476	\$64,649	\$51,556	\$36,420

Included in the City's 5YFP are the projects which have been identified in the City's Corporate Facilities Implementation Plan (CFIP) that was endorsed by Council in 2009, facilities and expenditures contained in Phase one of the CFIP are as follows:

Facility	Est'd Purchase/Construction Timeline	2010 Cost (in millions)
RCMP Community Safety Building (CSB)	2010	\$20.3
RCMP CSB-Construction and FF&E	2010	\$15.0
RCMP CSB-Moving expenses	2011	\$1.0
Hamilton Community Centre	2010	\$5.1
Fire Hall #1	2013 - 2014	\$15.8
Minoru Aquatics Centre	2012 - 2014	\$56.3
City Centre Community Centre @ Firbridge	2012 - 2013	\$6.2
Older Adults' Activity Centre	2016 - 2017	\$24.0
12751 Rice Mill Road-Land	2010	\$22.0
12751 Rice Mill Road-Building	2012	\$50.0
Master planning costs	2012	\$2.0
12851 Rice Mill Road	2010	\$1.8
District Energy Utility-Alexandra	2011	\$6.0
TOTAL		\$225.5

Key factors contributing to changes in the utility budgets in 2011 include:

- GVWD (Greater Vancouver Water District) regional water rates have increased by 14% due to the debt service and operating costs associated with the Seymour-Capilano filtration plant. While the regional rate is increased 14%, City water purchase costs are increasing by approximately 10% in light of reduced water consumption due to the City's water metering program and water conservation efforts.
- The costs are primarily the result of the implementation of the funding mechanisms for the Iona and Lions Gate wastewater treatment plants. GVS&DD sewer operating and maintenance costs increased by approximately 9.6% due principally to contracted increases on labour rates and increased costs associated with maintaining an aging infrastructure.
- Metro Vancouver solid waste disposal charges have increased from \$82 to \$97 per tonne or 18%. The introduction of the Green Can Program has resulted in increased costs associated with changes in the collection process. This program was approved by Council on November 23, 2009 and was implemented in April, 2010.
- Management of municipal utility programs has offset some of these costs.

Long-term infrastructure planning to replace aging/deteriorating municipal infrastructure will continue to impact budgets and rates until we are able to sustain the necessary level of funding required to replace infrastructure in the future. These costs impact rates to a lesser extent than regional costs outside of the City's control. Council has adopted a staged program to increase water, sewer and drainage reserves to support infrastructure replacement.

Financial Impact

The following are the proposed property tax increases for the 5 Year Financial Plan (2011 – 2015) expenditure bylaw. In addition for information purposes, an allowance for any potential additional level expenditure increases and corresponding tax increases is provided. The additional level expenditure increases will be based upon the appropriate levels of growth and service level demands for each particular year and will be subject to Council's approval.

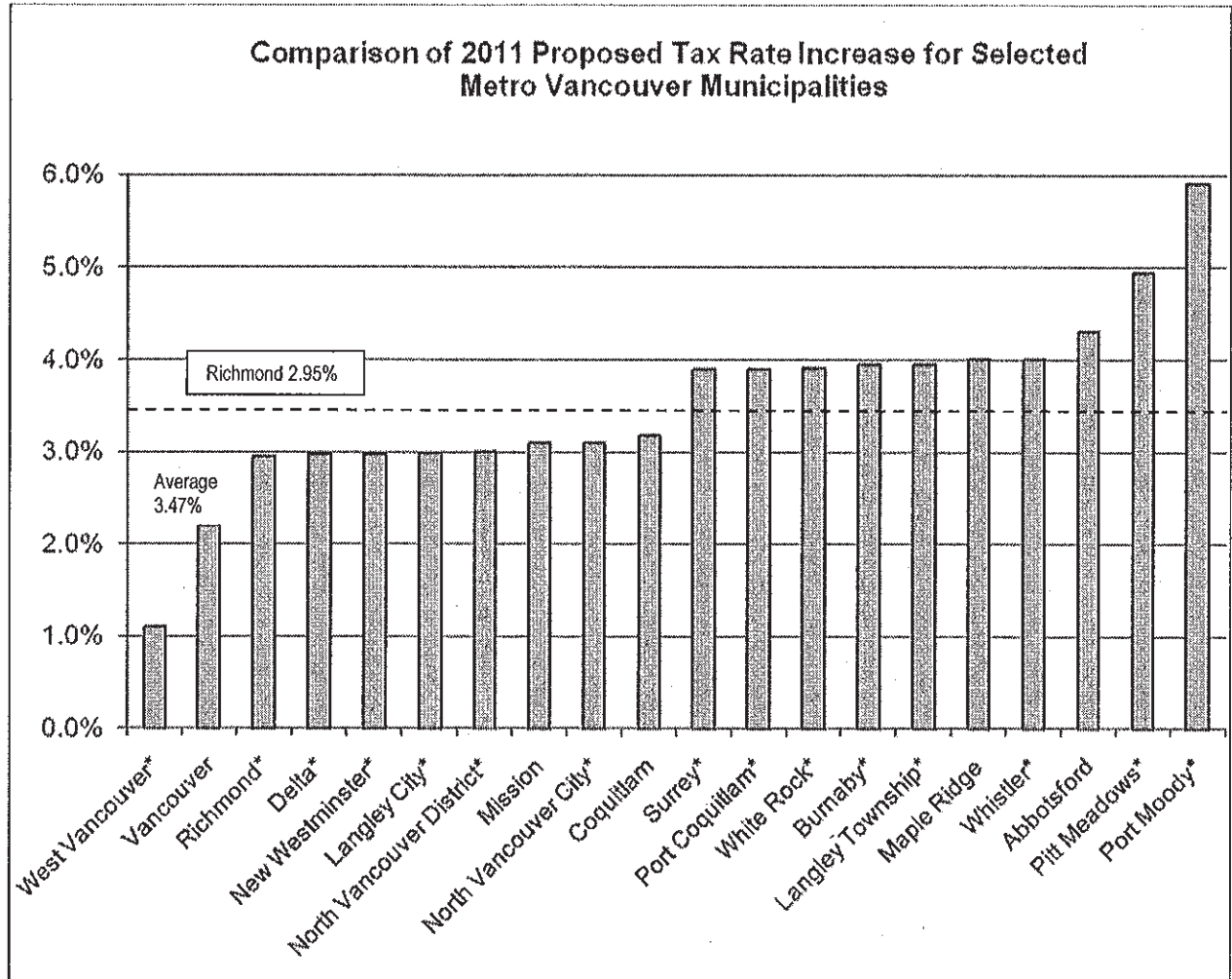
	Net Increase	Proposed increase %	Potential Additional Levels	%	Total Increase
2011	\$4,547	2.95%			
2012	\$5,008	3.10%	\$500	0.30%	3.40%
2013	\$5,142	3.05%	\$500	0.28%	3.33%
2014	\$5,405	3.08%	\$500	0.27%	3.35%
2015	\$5,672	3.12%	\$500	0.27%	3.39%

Conclusion

The 5YFP outlines the current year's budget and provides projections for future years. It should be emphasized that the 5YFP beyond 2011 will change as more accurate and current information is obtained to update each successive year accordingly. Richmond is competitive in its municipal tax levy when compared with other municipalities in Metro Vancouver and continues to be a leader in providing quality services to its residents.



Katherine Lecy
 Manager, Payroll & Accounts Payable
 (604-247-4628)



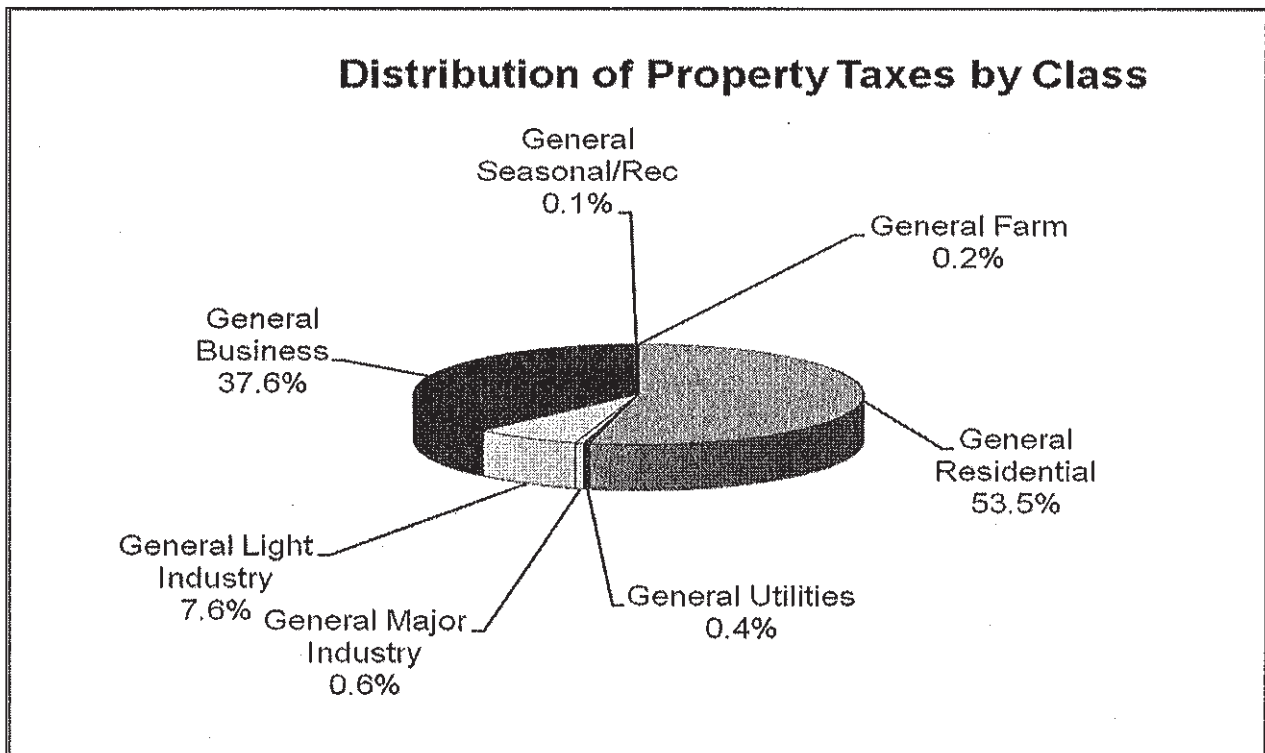
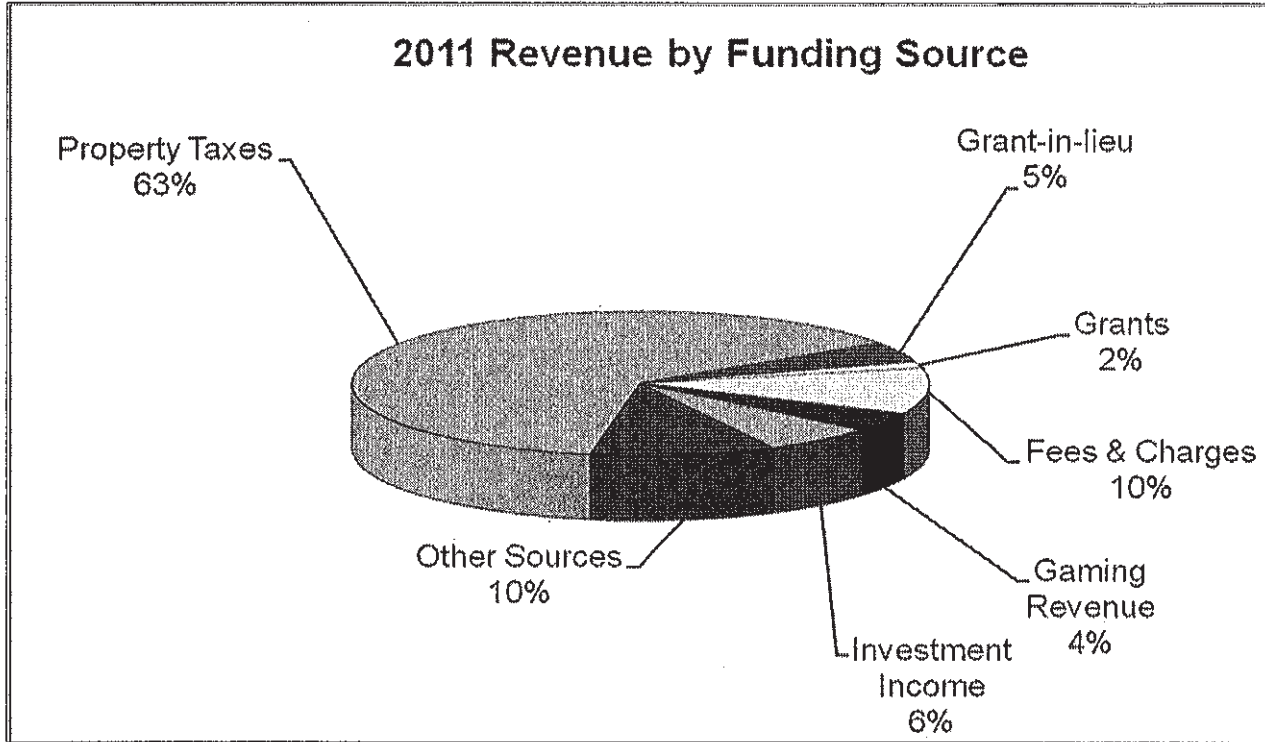
* Note proposed tax rate (Surrey's rate includes the 1% roads levy)

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2011 - 2015)
ASSUMPTIONS
(in \$000's)

	2011	2012	2013	2014	2015
Consumer Price Index	1.50%	2.00%	2.00%	2.00%	2.00%
Municipal Price Index	3.52%	2.80%	2.14%	2.14%	2.28%
U.S. Exchange Rates	\$1.00	\$1.00	\$1.03	\$1.03	\$1.03
Natural gas expense	5.00%	2.00%	2.00%	2.00%	2.00%
Electricity expense	10.00%	10.00%	10.00%	10.00%	10.00%
Material and Supplies	2.00%	1.00%	1.00%	1.00%	1.00%
User Fees	1.50%	2.00%	2.00%	2.00%	2.00%
Fuel cost	10.00%	5.00%	5.00%	5.00%	5.00%
Casino Funding					
Oval/Reserves	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Revolving Fund	\$1,239	\$1,239	\$1,239	\$1,239	\$1,239
Capital	\$600	\$600	\$600	\$600	\$600
Capital Building Infrastructure	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777
Grants	\$530	\$538	\$546	\$554	\$562
Physical Plant	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400
Operating (RCMP)	\$567	\$589	\$606	\$626	\$651
Operating budget impact of capital budget (OBI)	\$499	\$1,157	\$1,453	\$101	\$73
Insurance expense	\$2,178	\$2,204	\$2,230	\$2,256	\$2,283
Growth (tax base)	1.29%	1.24%	1.20%	1.16%	1.12%
RCMP contract increases	6.00%	4.00%	3.00%	3.00%	3.00%
Business Licences revenue	\$2,927	\$2,970	\$3,015	\$3,060	\$3,106
Metro Vancouver					
Water	14.00%	13.40%	10.70%	6.50%	6.00%
Liquid Waste	4.60%	6.00%	5.50%	5.00%	5.00%
Solid Waste	3.90%	5.50%	3.50%	3.50%	3.50%

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2011 – 2015)
(in \$000's)

	2011	2012	2013	2014	2015
Revenues					
Property Taxes	161,335	168,343	175,485	181,890	188,562
Transfer from Capital Equity	46,821	54,931	61,127	67,498	74,247
Fees & Charges	26,492	27,223	29,044	30,879	31,796
Grant-in-lieu	11,770	11,920	12,070	12,320	12,420
Grants	3,715	3,789	3,865	3,942	4,021
Gaming Revenue	11,113	11,146	11,174	11,204	11,242
Investment Income	16,205	15,400	13,650	12,800	11,200
Penalties and Interest on Taxes	990	995	1,000	1,005	1,010
Miscellaneous Fiscal Earnings	25,635	23,222	23,038	23,664	24,238
Utilities	85,460	90,477	95,311	99,752	104,392
Transfer from Capital Equity	7,709	8,597	9,565	10,629	11,740
Capital Plan					
Transfer from DCC Reserve	11,784	12,432	10,206	9,556	8,242
Transfer from Other Funds and Reserves	60,865	150,044	54,443	42,000	28,178
Carry Forward Prior Years	143,382	64,809	68,186	39,850	27,422
TOTAL REVENUES	\$613,276	\$643,328	\$568,164	\$546,989	\$538,710
Expenditures					
Law & Community Safety	79,793	82,361	84,841	87,162	89,883
Parks & Recreation	36,825	39,680	41,460	43,505	45,340
Engineering & Public Works	55,176	59,946	64,005	68,507	73,043
Community Services	21,262	22,101	23,231	24,529	25,637
Corporate Services	17,124	17,562	18,209	18,990	19,605
Project Development & Facility Maintenance	11,652	11,882	12,205	12,582	12,885
Planning & Development Services	12,150	12,512	13,080	13,777	14,303
Business and Financial Services	6,930	7,059	7,305	7,617	7,820
Corporate Administration	4,343	4,414	4,555	4,735	4,849
Fiscal	24,786	24,761	27,700	31,020	33,735
Transfer to Funds: Statutory Reserves	29,511	30,389	30,392	31,356	31,636
Utilities	93,169	99,074	104,876	110,381	116,132
Municipal Debt					
Debt Interest	3,223	3,137	2,359	844	-
Debt Principal	1,301	1,165	1,111	578	-
Capital Plan					
Current Year Capital Expenditures	72,649	162,476	64,649	51,556	36,420
Carry Forward Prior Years	143,382	64,809	68,186	39,850	27,422
TOTAL EXPENDITURES	\$613,276	\$643,328	\$568,164	\$546,989	\$538,710
Proposed Property Tax Increase	2.95%	3.10%	3.05%	3.08%	3.12%



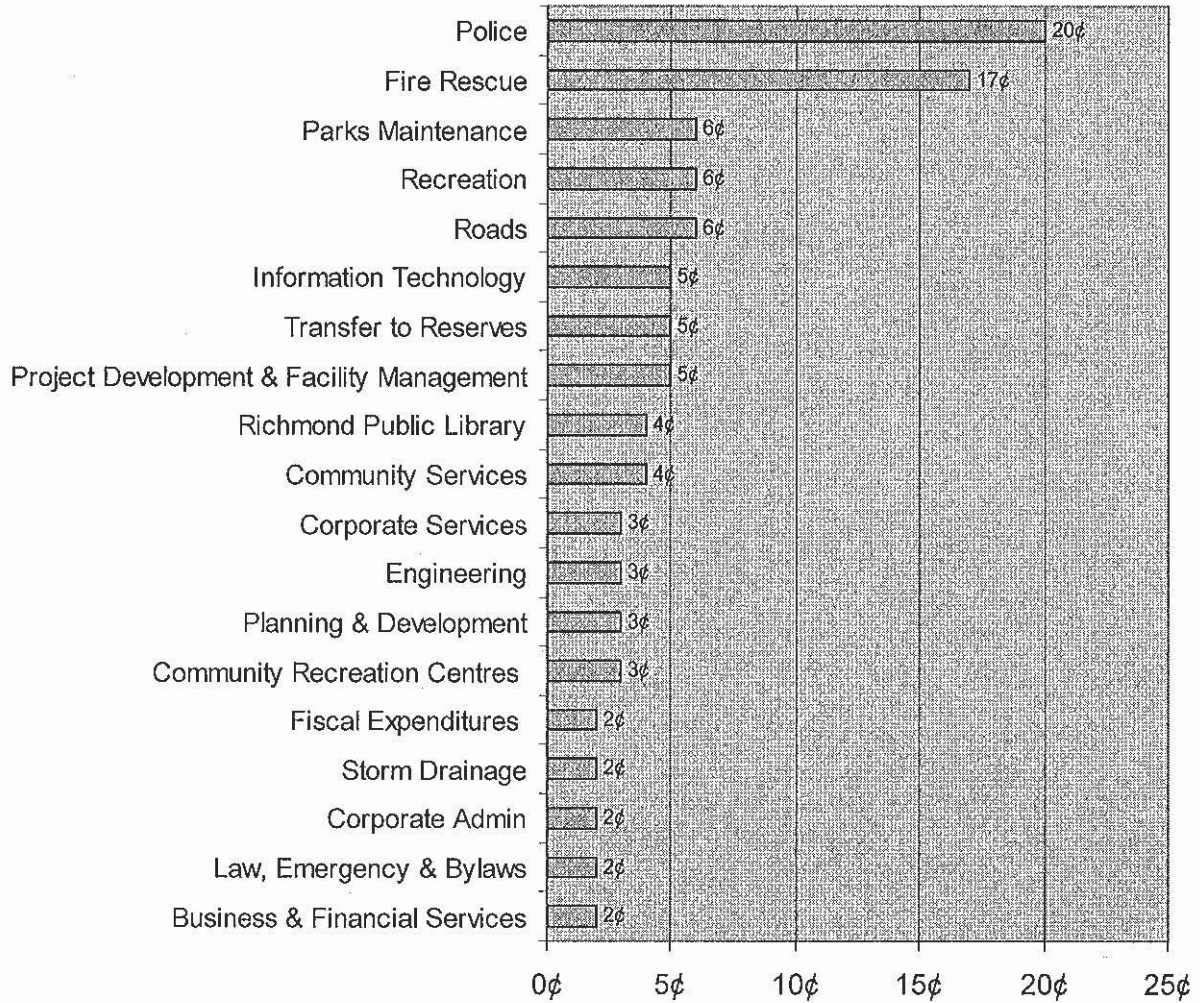
CITY OF RICHMOND
5 YEAR CAPITAL PROGRAM
(2011 – 2015)
(In \$000's)

	2011	2012	2013	2014	2015
Infrastructure Program					
Drainage	4,455	4,985	2,191	3,317	3,800
Infrastructure Advanced Design & Land	969	907	1,189	767	750
LIP/NIC	750	750	750	750	750
Minor Public Works	800	1,100	1,100	1,100	1,100
Roads	9,807	9,633	9,067	6,710	4,603
Sanitary Sewer	3,218	2,232	1,990	6,426	2,570
Water Main Replacement	10,988	7,777	11,680	12,464	8,975
Total Infrastructure Program	30,987	27,384	27,967	31,534	22,548
Building Program					
Community Safety Building	3,201	0	15,800	0	0
Major Building	850	113,550	0	100	0
Minor Building	1,175	600	600	600	600
Total Building Program	5,226	114,150	16,400	700	600
Parks Program					
Major Parks/Streetscapes	2,452	1,935	1,500	1,700	700
Minor Parks	550	850	550	350	550
Parkland Acquisition	3,400	3,500	4,500	3,500	3,500
Public Art	0	0	0	0	0
Total Parks Program	6,402	6,285	6,550	5,550	4,750
Land Program					
Land Acquisition	5,000	0	0	0	0
Total Land Program	5,000	0	0	0	0
Equipment Program					
Annual Fleet Replacement	1,563	1,000	1,255	1,478	1,600
Communication Equipment	0	0	595	0	0
Computer Capital/Software	1,655	1,105	1,105	1,105	1,105
Fire Dept Vehicles	1,240	1,250	80	800	800
Miscellaneous Equipment	7,910	1,170	1,370	1,800	1,170
Technology	0	300	220		0
Vehicle Equipment	894	0	0		0
Total Equipment Program	13,262	4,825	4,625	5,183	4,675
Child Care Program					
Child Care Program	295	225	0	0	0
Total Child Care Program	295	225	0	0	0
Internal Transfers/Debt Payment					
Internal Transfers/Debt Payment	11,477	9,607	9,107	8,589	3,847
Total Internal Transfers/Debt Payment	11,477	9,607	9,107	8,589	3,847
Total Capital Program	\$72,649	\$162,476	\$64,649	\$51,556	\$36,420

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN FUNDING SOURCES
(2011 – 2015)
(In \$000's)

	2011	2012	2013	2014	2015
DCC Reserves					
Drainage	539	1,248	167	403	0
Parks Acquisition	3,198	3,292	4,232	3,292	3,292
Parks Development	1,458	2,102	1,693	1,881	943
Roads	5,126	4,766	3,601	2,991	3,336
Sanitary Sewer	746	580	143	652	0
Water	717	444	370	337	671
Total DCC Reserves	11,784	12,432	10,206	9,556	8,242
Statutory Reserves					
Capital Building and Infrastructure Reserve Fund	300	8,500	7,300	0	0
Capital Reserve Fund	16,351	35,698	14,004	9,464	2,691
Child Care Development Reserve Fund	295	225	0	0	0
Drainage Improvement Reserve Fund	4,251	3,921	2,182	2,964	4,050
Equipment Replacement Reserve Fund	3,483	2,250	1,535	2,278	2,400
Leisure Facilities	0	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Public Art Program Reserve Fund	349	0	0	0	0
Sanitary Sewer Reserve Fund	2,938	20,127	2,375	2,893	2,970
Steveston Road Ends Reserve Fund	830	0	0	0	0
Watermain Replacement Reserve Fund	13,466	21,690	12,000	7,500	7,504
Total Statutory Reserves	43,013	93,161	40,146	25,849	20,365
Other Sources					
Appropriated Surplus/Surplus	6,612	51,088	6,088	6,088	6,088
Enterprise	1,466	0	0	0	0
Grant, Developer and Community Contributions	6,054	4,195	6,609	8,463	125
Utility Levy	420	0	0	0	0
Water Metering Provision	3,300	1,600	1,600	1,600	1,600
Total Other Sources	17,852	56,883	14,297	16,151	7,813
Total Capital Plan Contributions	\$72,649	\$162,476	\$64,649	\$51,556	\$36,420

Breakdown of \$1 of Municipal Taxes 2011





5 Year Financial Plan (2011-2015) Bylaw 8707

The Council of the City of Richmond enacts as follows:

- 1. Schedule "A", Schedule "B" and Schedule "C" which are attached and form a part of this bylaw, are adopted as the 5 Year Financial Plan (2011-2015).
2. 5 Year Financial Plan (2010 - 2014) Bylaw 8568 and all associated amendments are repealed.
3. This Bylaw is cited as "5 Year Financial Plan (2011 - 2015) Bylaw 8707".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signatures.

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2011 – 2015)
(in 000's)

	2011	2012	2013	2014	2015
Revenues					
Property Taxes	161,335	168,343	175,485	181,890	188,562
Transfer from Capital Equity	46,821	54,931	61,127	67,498	74,247
Fees & Charges	26,492	27,223	29,044	30,879	31,796
Grant-in-lieu	11,770	11,920	12,070	12,320	12,420
Grants	3,715	3,789	3,865	3,942	4,021
Gaming Revenue	11,113	11,146	11,174	11,204	11,242
Investment Income	16,205	15,400	13,650	12,800	11,200
Penalties and Interest on Taxes	990	995	1,000	1,005	1,010
Miscellaneous Fiscal Earnings	25,635	23,222	23,038	23,664	24,238
Utilities	85,460	90,477	95,311	99,752	104,392
Transfer from Capital Equity	7,709	8,597	9,565	10,629	11,740
Capital Plan					
Transfer from DCC Reserve	11,784	12,432	10,206	9,556	8,242
Transfer from Other Funds and Reserves	60,865	150,044	54,443	42,000	28,178
Carry Forward Prior Years	143,382	64,809	68,186	39,850	27,422
TOTAL REVENUES	\$613,276	\$643,328	\$568,164	\$546,989	\$538,710
Expenditures					
Law & Community Safety	79,793	82,361	84,841	87,162	89,883
Parks & Recreation	36,825	39,680	41,460	43,505	45,340
Engineering & Public Works	55,176	59,946	64,005	68,507	73,043
Community Services	21,262	22,101	23,231	24,529	25,637
Corporate Services	17,124	17,562	18,209	18,990	19,605
Project Development & Facility Maintenance	11,652	11,882	12,205	12,582	12,885
Planning & Development Services	12,150	12,512	13,080	13,777	14,303
Business and Financial Services	6,930	7,059	7,305	7,617	7,820
Corporate Administration	4,343	4,414	4,555	4,735	4,849
Fiscal	24,786	24,761	27,700	31,020	33,735
Transfer to Funds: Statutory Reserves	29,511	30,389	30,392	31,356	31,636
Utilities	93,169	99,074	104,876	110,381	116,132
Municipal Debt					
Debt Interest	3,223	3,137	2,359	844	-
Debt Principal	1,301	1,165	1,111	578	-
Capital Plan					
Current Year Capital Expenditures	72,649	162,476	64,649	51,556	36,420
Carry Forward Prior Years	143,382	64,809	68,186	39,850	27,422
TOTAL EXPENDITURES	\$613,276	\$643,328	\$568,164	\$546,989	\$538,710
Proposed Property Tax Increase	2.95%	3.10%	3.05%	3.08%	3.12%

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN FUNDING SOURCES
(2011 – 2015)
(In 000's)

	2011	2012	2013	2014	2015
DCC Reserves					
Drainage	539	1,248	167	403	0
Parks Acquisition	3,198	3,292	4,232	3,292	3,292
Parks Development	1,458	2,102	1,693	1,881	943
Roads	5,126	4,766	3,601	2,991	3,336
Sanitary Sewer	746	580	143	652	0
Water	717	444	370	337	671
Total DCC Reserves	11,784	12,432	10,206	9,556	8,242
Statutory Reserves					
Capital Building and Infrastructure Reserve Fund	300	8,500	7,300	0	0
Capital Reserve Fund	16,351	35,698	14,004	9,464	2,691
Child Care Development Reserve Fund	295	225	0	0	0
Drainage Improvement Reserve Fund	4,251	3,921	2,182	2,964	4,050
Equipment Replacement Reserve Fund	3,483	2,250	1,535	2,278	2,400
Leisure Facilities	0	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Public Art Program Reserve Fund	349	0	0	0	0
Sanitary Sewer Reserve Fund	2,938	20,127	2,375	2,893	2,970
Steveston Road Ends Reserve Fund	830	0	0	0	0
Watermain Replacement Reserve Fund	13,466	21,690	12,000	7,500	7,504
Total Statutory Reserves	43,013	93,161	40,146	25,849	20,365
Other Sources					
Appropriated Surplus/Surplus	6,612	51,088	6,088	6,088	6,088
Enterprise	1,466	0	0	0	0
Grant, Developer and Community Contributions	6,054	4,195	6,609	8,463	125
Utility Levy	420	0	0	0	0
Water Metering Provision	3,300	1,600	1,600	1,600	1,600
Total Other Sources	17,852	56,883	14,297	16,151	7,813
Total Capital Plan Contributions					
	\$72,649	\$162,476	\$64,649	\$51,556	\$36,420

**City of Richmond
2011-2015 Financial Plan
Statement of Policies and Objectives**

Revenue Proportions By Funding Source

Property taxes are the largest portion of revenue for any municipality. Taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as community safety, general government, libraries and park maintenance.

Objective:

- Maintain revenue proportion from property taxes at current level or lower

Policies:

- Annually, review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce tax rate.

Table 1:

Revenue Source	% of Total Revenue*
Property Taxes	62.7%
Other Sources	10.4%
User Fees & Charges	10.3%
Investment Income	6.3%
Grants in Lieu of Taxes	4.6%
Gaming Revenue	4.3%
Grants	1.4%
Total	100.0%

**Total Revenue consists of general revenues*

Table 1 shows the proportion of total general revenue proposed to be raised from each funding source in 2011. Utility revenue that is billed on a cost recovery basis is not included in this table.

Distribution of Property Taxes

Table 2 provides the estimated 2011 distribution of property tax revenue among the property classes.

Objective:

- Maintain the City's business to residential tax ratio in the middle in comparison to other municipalities. This will ensure that the City will remain competitive with other municipalities in attracting and retaining businesses.

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.
- Continue economic development initiatives to attract businesses to the City of Richmond.

Table 2: (based on the 2011 Preliminary Roll figures)

Property Class	% of Tax Burden
Residential (1)	53.5%
Business (6)	37.6%
Light Industry (5)	7.6%
Others (2,4,8 & 9)	1.3%
Total	100.0%

Permissive Tax Exemptions

Objective:

- Council passes the annual permissive exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Policy and the Community Charter. There is no legal obligation to grant exemptions.
- Permissive exemptions are evaluated with consideration to minimizing the tax burden to be shifted to the general taxpayer.

Policy:

- Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Policy 3561 and Sections 220 and 224 of the Community Charter.