

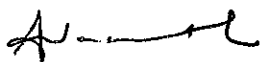


To: Finance Committee **Date:** August 23, 2010
From: Andrew Nazareth **File:** 03-0970-00/Vol 01
General Manager, Business & Financial Services
Re: Amendments to the 5 Year Financial Plan (2010-2014) Bylaw No. 8568

Staff Recommendation


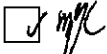

1. That the 5 Year Financial Plan be amended to reflect the following changes to the Council-approved 2010 Capital Budget to:
 - a. increase the land acquisitions by \$24,837,500 to accommodate land purchases, funded from Accumulated Surplus, Parkland Acquisition DCC's and the Industrial Use Reserve.
 - b. include the costs for the rehabilitation of No. 4 Road from Westminster Highway to Granville Avenue of \$574,000, funded from the Asphalt Paving Provision.
 - c. include subject to the approval of a separate staff report at the Council meeting on September 13, 2010 the Middle Arm Waterfront Greenway project increase of \$312,000, funded from Parks DCC's.
 - d. include the costs for the soil recycling project at the Sidaway site of \$150,000, funded from the Drainage Utility Reserve.
 - e. increase the Hamilton Community Centre Expansion project by \$145,000, funded from the Minor Capital Equipment Provision, Hamilton Community Centre Association contribution and a reduction to the approved 2010 Building Improvement Capital Program.
 - f. include the Capital one time additional expenditure of \$115,000 for the Watermania Filter Replacement, funded from 2009 Surplus.
2. That the 5 Year Financial Plan be amended to reflect the following changes to the Council-approved 2010 Operating Budget to:
 - a. include the Operating one time additional expenditures of \$1,964,703, funded from 2009 Surplus.
 - b. include the removal of the concrete foundation, asphalt entrance and parking lot from the former Hamilton Fire Hall site for \$10,000, funded from Property Costs Provision.
 - c. include the costs for the 2011 Tall Ships Maritime Festival operational plan of \$500,000, funded from the Major Events Provisional Fund.

- d. reclassify costs related to the newly acquired RCMP building from Capital to Operating in the amount of \$1,000,000 for moving related expenses.
 - e. include the non-cash expenses for Amortization by \$50,406,364 for 2010 from Capital Equity.
3. That the 5 Year Financial Plan (2010 – 2014) Bylaw No. 8568, Amendment Bylaw 8653, which would incorporate and put into effect the changes to the 2010 Capital and Operating Budgets (as summarized in Attachment1), be introduced and given first, second and third readings.



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

Att.

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER		
Law	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>				
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> 	NO <input type="checkbox"/>	REVIEWED BY CAO DEPUTY	YES <input checked="" type="checkbox"/> 	NO <input type="checkbox"/>

Staff Report

Origin

The 5 Year Financial Plan (2010-2014) Bylaw No. 8568 was adopted March 18, 2010. Included in the 5 Year Financial Plan (5YFP) are the 2010 Capital and 2010 Operating Budgets.

Subsection 165(2) of the Community Charter allows for amendments of the financial plan by bylaw and Section 137(1)b directs that the power to amend or repeal must be exercised by bylaw and is subject to the same approval and other requirements, if any, as the power to adopt a new bylaw under that authority.

Analysis

Subsequent to the adoption of the 5 Year Financial Plan (2010-2014) Bylaw No. 8568 on March 18, 2010, additional opportunities and projects have emerged. The current expenditure bylaw does not include these amounts and staff recommend that these amendments to the 5YFP be approved.

1. a. Staff recommend the increase of \$24,837,500 to the 2010 Capital Budget for land acquisitions (\$22,000,000 industrial acquisitions, \$1,537,500 parkland acquisitions and \$1,300,000 increase to the strategic land project).

Subsequent to the adoption of the 5 Year Financial Plan certain land acquisition opportunities have emerged. \$22,000,000 from appropriated surplus has been directed for a strategic land purchase and \$5,137,500 (including fees) for a parkland acquisition funded from existing parks capital projects (\$3,600,000) and from Parkland Acquisition DCC's resulting in a net 2010 Capital Budget increase of \$22,000,000 and \$1,537,500 respectively. The specifics were approved by Council at the Closed Council meetings on May 25, 2010 and July 12, 2010, respectively. In addition to the above acquisitions, staff recommend that the 2010 Capital Budget be amended with an additional increase to the strategic land acquisition project by \$1,300,000 funded from the Industrial Use Reserve, so that in the event that a potential acquisition(s) become available there is expenditure authorization in place. Staff will still require approval from Council prior to entering into any negotiations and agreements on the additional funds

- b. At the Council meeting on June 28, 2010, Council approved: "*\$574,000 be allocated to rehabilitation of No. 4 Road from Westminster Highway to Granville Avenue from the Asphalt Paving Provision Account.*" This section of road is deteriorating rapidly and rehabilitation is required immediately. This will result in an increase to the 2010 Capital Budget by \$574,000.
- c. Staff recommend that an increase of \$312,000 to the Middle Arm Waterfront Greenway Project for enhanced recreational opportunities be funded from Park DCC's. These include the Navy League Pier, User Groups Access Improvements, Access Stairs and Fire Fighter Access. Staff brought forward an update report dated July 5, 2010 for consolidation of various projects increasing the overall project budget by \$1,060,508 to a total of \$8,213,501. This increase of \$312,000 to the 2010 Capital Budget will bring the

overall project budget to \$8,525,501. This amendment is subject to approval by Council at the Council meeting on September 13, 2010.

- d. At the Council meeting on March 25, 2010, Council approved: *“the Sidaway Works Yard soil recycling project, in the amount of \$150,000 be approved; and, the funding of \$150,000 come from the Drainage Utility Reserve.”* This project will result in creating a wet soil processing facility whose efficiencies will allow the City to maintain its service level of a five year rotation of ditch cleaning. The soil recycling project will increase the 2010 Capital Budget by \$150,000.
- e. At the Council meeting on March 25, 2010, Council approved: *“a \$20,000 solar hot water system be approved as part of the Hamilton Community Centre project, and be funded by reducing the previously approved 2010 Building Improvement Capital program accordingly and re-allocating the transfer from the Capital Reserve to the Hamilton Community Centre capital budget; and, a \$125,000 commercial standard kitchen be approved as part of the Hamilton Community Centre project, and be funded from: \$62,500 from the Hamilton Community Centre Association and \$62,500 from Minor Equipment Provision.”* This results in a net overall increase to the 2010 Capital Budget of \$125,000.
- f. At the Council meeting on July 12, 2010, Council approved the following One Time Additional Expenditures:
- “(1) That the December 31, 2009 surplus be appropriated as outlined in the staff report, dated June 29, 2010, from the General Manager, Business and Financial Services for the following items:*
- (a) Hollybridge Lease and Maintenance Costs (\$253,603);*
 - (b) Outside Legal Costs (\$400,000);*
 - (c) Spray Equipment for Pesticide Bylaw and Maintenance (\$70,000);*
 - (d) Manager District Energy (Temp) (\$146,000);*
 - (e) Data Collection and System Integration related to new Fleet Management Software (\$225,000);*
 - (f) Cleaning of two Canada Line Station Plazas (\$40,000);*
 - (g) Social Planning Strategy (\$95,000);*
 - (h) Richmond Fire Rescue (RFR) Master Plan (\$90,000);*
 - (i) Watermania Filter Replacement Project (\$115,000);*
 - (j) Parks Open Space Strategy (\$120,000);*
 - (k) City Hall West Maintenance Costs (\$118,200); and*
 - (l) Richmond Museum (\$8,000);*
- (2) That the following items as listed in the December 31, 2009 surplus appropriation staff report be funded from the remaining 2009 surplus:*
- (a) Item 14 – Preparing for Carbon Neutrality (\$90,000);*
 - (b) Item 18 – Fire-fighter Drill Compliance (\$50,000);*
 - (c) Item 20 – Arts Strategy Update including a Cultural Facilities Plan (\$20,000);*
 - (d) Item 22 – Locate and Organize City 2010 Photographs for Archives (\$12,100);*
 - (e) Item 26 – London Farm Resurface Pathways (\$12,000);*
 - (f) Item 28 – Wildlife Management (\$114,800); and*
 - (g) Item 21 – Upgrade Junior Collection (\$100,000); and*

(3) That \$97,600 of the remaining 2009 surplus be transferred to the Council Provision account."

Of the above approved additional expenditures, the Watermania Filter Replacement Project for \$115,000 (1(i)) is considered the only capital project and will be included as an amendment to the 2010 Capital Budget

2. a. The remaining \$1,964,703 of approved One Time Additional Expenditures from the list above will be included as amendments to the 2010 Operating Budget, after transferring \$97,600 into the Council Provision account.
- b. At the Council meeting on March 25, 2010, Council approved: *"staff remove the concrete foundation, asphalt entrance and parking lot from the former Hamilton Fire Hall site (23031 Westminster Highway); and, funding for the demolition and removal of materials come from the Property Costs Provision Account."* This results in a one time increase to the 2010 Operating Budget by \$10,000 and will reduce the potential for illegal dumping on this site.
- c. At the Council meeting on July 12, 2010, Council approved: *"up to \$500,000 from the Major Events Provisional Fund be approved as funding towards Tall Ships 2011."* This amount relates to the operation plan, which is to begin implementation in 2010, and will be included as a one time increase to the 2010 Operating Budget.
- d. Staff recommends that the 2010 Operating Budget be amended to reclassify expenditures from capital to operating in order to accommodate projected expenditures for the future move to the new RCMP building in the amount of \$1,000,000. The total renovation project was budgeted for \$16,000,000 with \$15,000,000 resulting in a 2010 Capital Project and \$1,000,000 as a non-capital related cost of the project.
- e. The purpose of recording amortization as an expense over a period is to spread the initial purchase price of the asset over its useful life. This represents the cost of use of the asset to the department receiving the amortization expense as a result of the new tangible capital asset regulations. Staff recommend that amortization expense be included in the 2010 Operating budget as follows:

2010 Amortization (in \$000's)	
Business & Financial Services	-
Community Services	1,845
Corporate Administration	-
Corporate Services	2,286
Engineering & Public Works	22,444
Fiscal	9,704
Law & Community Safety	2,519
Parks & Recreation	4,561
Planning & Development Services	120
Project Dev & Facility Maintenance	-
Utilities	6,927
Total 2010 Amortization	\$50,406

Financial Impact

The proposed 2010 budget amendments will have **no tax impact**. Overall, there is an increase of \$26,113,500 to the 2010 Capital Budget and \$52,881,067 (\$50,406,364 is non-cash for amortization) to the 2010 Operating Budget. Each of these annual budgets combine to form part of the 2010-2014 5YFP. The 2010-2014 5YFP schedule, capital program and funding sources can be found in **Attachment 1**.

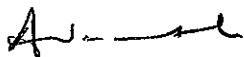
Capital Budget as at March 18, 2010		\$ 134,412
Strategic land acquisitions	23,300	
Parkland acquisitions (gross \$5M)	1,538	
No. 4 Rd asphalt capping	574	
Middle arm waterfront greenway enhancements	312	
Sidaway wet soil processing facility	150	
Hamilton Community Centre (gross \$145K)	125	
Watermania filter replacement (one time additional expenditure)	115	
Total amendments		26,114
Total Capital Budget including amendments		\$ 160,526

Operating Budget as at March 18, 2010		\$ 327,381
Amortization	50,406	
One time additional expenditures	1,965	
RCMP moving expenses	1,000	
Transfer to statutory reserves	(1,000)	
2011 Tall Ships maritime festival operational plan	500	
Demolition of former Hamilton fire hall site	10	
Total Amendments		52,881
Total Operating Budget including amendments		\$ 380,262

Conclusion

Staff recommend that Council approve the 2010 Capital and Operating Budget amendments to accommodate the expenditures within the 5 Year Financial Plan Bylaw. The proposed 2010 budget amendments will have no tax impact. Overall, there is an increase of \$26,113,500 to the 2010 Capital Budget and \$52,881,067 to the 2010 Operating Budget.

As required in Section 166 of the Community Charter staff will conduct a process of public consultation prior to final reading September 27, 2010.



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

JC:cg

City of Richmond
5 Year Financial Plan
2010 - 2014 (in \$000's)

	2010	2011	2012	2013	2014
Property Taxes	\$154,777	\$163,224	\$172,111	\$180,918	\$189,028
Grants-in-lieu	11,277	11,342	11,609	11,676	11,544
Utilities	75,597	82,398	86,414	91,057	95,018
Transfer from Capital Equity	6,927	7,274	7,637	8,019	8,420
Grants	4,332	4,376	4,421	4,469	4,518
Fees & Charges	33,485	30,417	31,780	32,345	32,493
Gaming Revenue	11,080	11,080	11,080	11,080	11,080
Investment Income	11,197	11,197	11,197	11,197	11,197
Penalties and Interest on Taxes	1,075	1,075	1,075	1,075	1,075
Miscellaneous Fiscal Earnings	27,036	19,309	19,543	18,471	18,093
Transfer from Capital Equity	43,479	45,653	47,937	50,333	52,849
Capital Plan					
Transfer from DCC Reserve	11,123	8,666	7,881	7,443	6,858
Transfer from Other Funds and Reserves	149,403	27,563	102,824	34,694	28,230
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL REVENUES	\$707,603	\$513,942	\$553,488	\$507,382	\$496,426
Corporate Administration	\$3,532	\$3,665	\$3,735	\$3,807	\$3,867
Parks & Recreation	35,723	36,912	37,767	38,654	39,523
Business & Financial Services	6,531	6,782	6,906	7,032	7,140
Engineering & Public Works	57,537	59,407	61,286	63,223	65,224
Planning & Development Services	10,147	10,546	10,742	10,942	11,112
Utilities	82,514	89,671	94,052	99,077	103,438
Fiscal	28,463	29,729	34,675	38,878	40,622
Corporate Services	16,623	17,107	17,454	17,812	18,646
Project Dev & Facility Maint	18,620	9,717	9,892	10,072	10,242
Law & Community Safety	75,924	78,628	81,064	83,394	85,709
Community Services	21,137	20,670	21,087	21,517	21,915
Transfer to Funds: Statutory Reserves	23,511	24,511	26,144	26,232	27,877
Capital Plan					
Current Year Capital Expenditures	160,526	36,229	110,705	42,137	35,088
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL EXPENDITURES	\$707,603	\$513,942	\$553,488	\$507,382	\$496,426
Proposed Property Tax Increase	\$5,102	\$6,447	\$6,887	\$6,807	\$6,110

CITY OF RICHMOND
5 YEAR CAPITAL PROGRAM
2010 - 2014
(in \$000's)

	2010	2011	2012	2013	2014
INFRASTRUCTURE PROGRAM					
Drainage	2,275	1,630	3,269	2,191	3,318
Infrastructure Advanced Design & Land	829	897	907	1,210	750
Local & Neighbourhood Improvements	775	750	750	750	750
Minor Public Works	1,100	1,100	1,100	1,100	300
Roads	4,964	770	2,560	2,131	2,525
Sanitary Sewer	7,475	1,966	3,205	3,047	3,669
Water Main Replacement	12,429	9,283	9,096	8,986	9,337
District Energy Utility	0	0	0	0	0
Total	29,847	16,396	20,887	19,415	20,649
BUILDING PROGRAM					
Community Safety Building	35,250	0	15,800	0	0
Major Building	9,706	1,441	57,300	6,800	110
Minor Building	2,995	1,650	1,650	1,650	1,650
Total	47,951	3,091	74,750	8,450	1,760
PARKS PROGRAM					
Major Parks/Streetscapes	5,529	1,875	1,075	1,100	1,150
Minor Parks	900	450	500	550	350
Parkland Acquisition	5,138	3,000	2,500	2,500	2,000
Public Art	600	300	300	300	300
Total	12,167	5,625	4,375	4,450	3,800
LAND PROGRAM					
Garden City Lands Acquisition	28,170	0	0	0	0
Land Acquisition	28,700	0	0	0	0
Total	56,870	0	0	0	0
EQUIPMENT PROGRAM					
Annual Fleet Replacement	1,600	1,600	1,600	1,600	1,600
Communication Equipment	100	0	0	515	0
Computer Capital/Software	250	0	0	0	0
Fire Dept Vehicles	106	1,360	1,286	0	0
Miscellaneous Equipment	881	0	0	0	0
Total	2,937	2,960	2,886	2,115	1,600
CHILD CARE PROGRAM					
Child Care Program	3,179	0	0	0	0
Total	3,179	0	0	0	0
Capital Program Subtotal	152,951	28,072	102,898	34,430	27,809
INTERNAL TRANSFERS/DEBT PAYMENT					
Internal Transfers/Debt Payment	7,575	8,157	7,807	7,707	7,279
Total	7,575	8,157	7,807	7,707	7,279
Capital Program Total	\$160,526	\$36,229	\$110,705	\$42,137	\$35,088

CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2010 - 2014
(in \$000's)

	2010	2011	2012	2013	2014
DCC Reserve					
Drainage	160	166	473	167	403
Parks Acquisition	4,832	2,822	2,351	2,351	1,881
Parks Development	1,276	1,293	1,246	1,223	1,270
Roads	3,300	3,061	2,670	2,674	2,315
Sanitary Sewer	751	746	697	658	652
Water	804	578	444	370	337
TOTAL	11,123	8,666	7,881	7,443	6,858
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	500	0	0	0	0
Capital Building and Infrastructure Reserve Fund	5,735	0	11,100	0	0
Capital Reserve Fund	42,223	9,742	40,070	10,091	9,063
Child Care Development Reserve Fund	237	0	0	0	0
City Centre Facility	100	0	0	0	0
Community Legacy & Land Repl Reserve Fund	28,170	0	0	0	0
Drainage Improvement Reserve Fund	2,420	1,800	2,981	2,182	2,964
Equipment Replacement Reserve Fund	2,006	2,960	2,886	1,600	1,600
Leisure Facilities	1,365	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Neighbourhood Improvement Reserve Fund	25	0	0	0	0
Public Art Program Reserve Fund	100	100	100	100	100
Sanitary Sewer Reserve Fund	3,900	1,686	12,482	6,416	2,870
Steveston Road Ends Reserve Fund	1,805	0	0	0	0
Waterfront Improvement Reserve Fund	550	750	50	50	50
Watermain Replacement Reserve Fund	12,100	7,500	29,000	10,400	7,500
Subtotal Statutory Reserves	101,986	25,288	99,419	31,589	24,897
Other Sources					
Appropriated Surplus	25,753	0	0	0	0
Enterprise	1,690	0	0	0	0
Grant, Developer and Community Contributions	16,074	275	1,405	1,105	1,333
Water Metering Provision	3,900	2,000	2,000	2,000	2,000
Subtotal Other Sources	47,417	2,275	3,405	3,105	3,333
TOTAL RESERVES & OTHER SOURCES	149,403	27,563	102,824	34,694	28,230
TOTAL CAPITAL PLAN CONTRIBUTIONS	\$160,526	\$36,229	\$110,705	\$42,137	\$35,088



5 Year Financial Plan (2010 - 2014) Bylaw 8568, Amendment Bylaw 8653

The Council of the City of Richmond enacts as follows:

- 1. Schedule "A", Schedule "B" and Schedule "C" of the 5 Year Financial Plan (2010-2014) Bylaw 8568, are deleted and replaced with Schedule "A", Schedule "B" and Schedule "C" attached to and forming part of this amendment bylaw.
2. This Bylaw is cited as "5 Year Financial Plan (2010 - 2014) Bylaw 8568, Amendment Bylaw 8653".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

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

Schedule A to Bylaw 8653
City of Richmond
5 Year Financial Plan
2010 - 2014 (in \$000's)

	2010	2011	2012	2013	2014
Property Taxes	\$154,777	\$163,224	\$172,111	\$180,918	\$189,028
Grants-in-lieu	11,277	11,342	11,609	11,676	11,544
Utilities	75,597	82,398	86,414	91,057	95,018
Transfer from Capital Equity	6,927	7,274	7,637	8,019	8,420
Grants	4,332	4,376	4,421	4,469	4,518
Fees & Charges	33,485	30,417	31,780	32,345	32,493
Gaming Revenue	11,080	11,080	11,080	11,080	11,080
Investment Income	11,197	11,197	11,197	11,197	11,197
Penalties and Interest on Taxes	1,075	1,075	1,075	1,075	1,075
Miscellaneous Fiscal Earnings	27,036	19,309	19,543	18,471	18,093
Transfer from Capital Equity	43,479	45,653	47,937	50,333	52,849
Capital Plan					
Transfer from DCC Reserve	11,123	8,666	7,881	7,443	6,858
Transfer from Other Funds and Reserves	149,403	27,563	102,824	34,694	28,230
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL REVENUES	\$707,603	\$513,942	\$553,488	\$507,382	\$496,426
Corporate Administration	\$3,532	\$3,665	\$3,735	\$3,807	\$3,867
Parks & Recreation	35,723	36,912	37,767	38,654	39,523
Business & Financial Services	6,531	6,782	6,906	7,032	7,140
Engineering & Public Works	57,537	59,407	61,286	63,223	65,224
Planning & Development Services	10,147	10,546	10,742	10,942	11,112
Utilities	82,514	89,671	94,052	99,077	103,438
Fiscal	28,463	29,729	34,675	38,878	40,622
Corporate Services	16,623	17,107	17,454	17,812	18,646
Project Dev & Facility Maint	18,620	9,717	9,892	10,072	10,242
Law & Community Safety	75,924	78,628	81,064	83,394	85,709
Community Services	21,137	20,670	21,087	21,517	21,915
Transfer to Funds: Statutory Reserves	23,511	24,511	26,144	26,232	27,877
Capital Plan					
Current Year Capital Expenditures	160,526	36,229	110,705	42,137	35,088
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL EXPENDITURES	\$707,603	\$513,942	\$553,488	\$507,382	\$496,426
Proposed Property Tax Increase	\$5,102	\$6,447	\$6,887	\$6,807	\$6,110

Schedule B to Bylaw 8653
City of Richmond
5 Year Capital Funding Sources
2010 - 2014
(in \$000's)

	2010	2011	2012	2013	2014
DCC Reserve					
Drainage	160	166	473	167	403
Parks Acquisition	4,832	2,822	2,351	2,351	1,881
Parks Development	1,276	1,293	1,246	1,223	1,270
Roads	3,300	3,061	2,670	2,674	2,315
Sanitary Sewer	751	746	697	658	652
Water	804	578	444	370	337
TOTAL	11,123	8,666	7,881	7,443	6,858
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	500	0	0	0	0
Capital Building and Infrastructure Reserve Fund	5,735	0	11,100	0	0
Capital Reserve Fund	42,223	9,742	40,070	10,091	9,063
Child Care Development Reserve Fund	237	0	0	0	0
City Centre Facility	100	0	0	0	0
Community Legacy & Land Repl Reserve Fund	28,170	0	0	0	0
Drainage Improvement Reserve Fund	2,420	1,800	2,981	2,182	2,964
Equipment Replacement Reserve Fund	2,006	2,960	2,886	1,600	1,600
Leisure Facilities	1,365	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Neighbourhood Improvement Reserve Fund	25	0	0	0	0
Public Art Program Reserve Fund	100	100	100	100	100
Sanitary Sewer Reserve Fund	3,900	1,686	12,482	6,416	2,870
Steveston Road Ends Reserve Fund	1,805	0	0	0	0
Waterfront Improvement Reserve Fund	550	750	50	50	50
Watermain Replacement Reserve Fund	12,100	7,500	29,000	10,400	7,500
Subtotal Statutory Reserves	101,986	25,288	99,419	31,589	24,897
Other Sources					
Appropriated Surplus	25,753	0	0	0	0
Enterprise	1,690	0	0	0	0
Grant, Developer and Community Contributions	16,074	275	1,405	1,105	1,333
Water Metering Provision	3,900	2,000	2,000	2,000	2,000
Subtotal Other Sources	47,417	2,275	3,405	3,105	3,333
TOTAL RESERVES & OTHER SOURCES	149,403	27,563	102,824	34,694	28,230
TOTAL CAPITAL PLAN CONTRIBUTIONS	\$160,526	\$36,229	\$110,705	\$42,137	\$35,088

City of Richmond
2010-2014 Financial Plan
Statement of Policies and Objectives
Schedule C to Bylaw 8653

In accordance with Section 165(3.1) of the *Community Charter*, the City of Richmond (“City”) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2010. It excludes utility revenues such as water, sewer and sanitation charges as they are billed separately on cost recovery basis and it also excludes the transfer from capital equity as this represents the non-cash reduction in equity as a result of amortization expense.

Property taxes are the largest portion of revenue for the City. 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.

User fees and charges form the second largest portion of planned revenue. These include many municipal services, such as aquatics, sports fields, building permits, business licenses, development applications etc. that can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

Objective:

- Maximize alternative revenues to lessen the burden on property taxes.

Policies:

- 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	64%
User Fees & Charges	14%
Investment Income	5%
Gaming Revenue	5%
Grants in Lieu of Taxes	5%
Other Sources	7%
Total	100%

**Total Revenue consists of general revenues*

Distribution of Property Taxes

Table 2 provides the 2010 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:

Property Class	% of Total Property Tax
Residential (1)	50%
Business (6)	40%
Light Industry (5)	8%
Others (2,4,8 & 9)	2%
Total	100%

Permissive Tax Exemptions

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.

Objective:

- The City will review its current policy of permissive tax exemptions to determine whether there are any possible options for revitalization opportunities.