



Finance Committee

Date: Monday, December 2, 2013

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 5:02 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the Finance Committee held on Monday, November 4, 2013, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DEPARTMENT

Councillor Steves left the meeting at 5:03 p.m. and returned at 5:05 p.m.

1. **FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2013**
(File Ref. No.) (REDMS No. 4033012)
- It was moved and seconded
That the staff report titled Financial Information – 3rd Quarter September 30, 2013 from the Director, Finance be received for information.

CARRIED

1.

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2. **2013 AUDIT ENGAGEMENT**

(File Ref. No. 03-0950-03) (REDMS No. 4043208)

It was moved and seconded

That the 2013 Audit Engagement report dated November 15, 2013 be received for information.

CARRIED

3. **2014 CAPITAL BUDGET**

(File Ref. No.) (REDMS No. 4024687 v.3)

Andrew Nazareth, General Manager, Finance and Corporate Services, accompanied by Jerry Chong, Director, Finance, advised that the Capital Budget is one of the largest components of the Five-Year Financial Plan. The proposed 2014 Capital Budget is \$185.9 million; approximately 65% of the proposed budget is related to Phase 1 of the Corporate Facilities Implementation Plan to build (i) a co-located Older Adults' Centre and Minoru Aquatic Centre at Minoru 2 Field in Minoru Park, (ii) a new Fire Hall No. 1, and (iii) a new City Centre Community Centre. The proposed budget meets the requirements of the Long-Term Financial Management Strategy (LTFMS) to ensure that sufficient long-term capital funding for infrastructure replacement and renewal is in place in order to maintain community viability and to generate economic development.

A discussion ensued regarding:

- the Minoru 2 artificial turf retrofit and Minoru Park track resurfacing in relation to the Facilities Plan, to which Mike Redpath, Senior Manager, Parks, advised that the artificial turf will be installed at its new location and the Minoru Park track will be maintained as a useable track during the construction phase of the Older Adults' Centre and Minoru Aquatic Centre; hence staff's request to resurface the track;
- staff providing more details on the purchase of the Inter-agency Emergency Command Vehicle;
- the purchase of a new fire truck, to which Fire Chief John McGowan, Richmond Fire-Rescue, advised that two vehicles, associated with the 2013 Capital Budget, are currently in production with an approximate delivery date of May 2014 or June 2014; the purchases requested for 2014 are for new fire vehicles;
- increasing the Strategic Land Acquisition budget to which Mr. Nazareth noted that the amount requested would augment the existing approved funds and that staff are currently preparing a long-term Land Strategy proposal;

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- gaming revenue being a consistent source of funding for specific Capital projects, such as playground improvements with the balance of the revenue being placed in the Gaming Provision Fund;
- the purchase of four vehicles for the RCMP Detachment Leadership Team, to which Phyllis Carlyle, General Manager, Law and Community Safety, advised that the recent policy for British Columbia was an arbitrary reduction of services that prevents officers driving directly from their residence to the scene of an investigation. Four City vehicles will be purchased and equipped to RCMP standards for the Officer in Charge and three Inspectors, in exchange for a one-time reduction to future billings of the RCMP Contract Policing Account;
- a letter being sent to the RCMP “E” Division challenging the recent reduction in the level of service;
- the costs associated with the Richmond Ice Centre to which Robert Gonzalez, General Manager, Engineering and Public Works, advised that the facility is reaching the end of its lifespan and in order to minimize monies spent on the facility staff are currently reviewing opportunities for funding;
- the lifespan of drainage pumps, to which Mr. Gonzalez stated pump stations are being built with long-term considerations in mind and that such pumps are being built to meet anticipated capacity for the next twenty years;
- the Mobile Middleware Framework to which Grant Fengstad, Director, Information Technology, advised that the purpose of the framework is to provide a solution which enables many of the City’s servers to properly communicate to the web and mobile devices, thereby enabling opportunities for innovation;
- funding for a public art component for the pump station replacement program;
- laneway improvements that comply with City standards; and
- confirmation that the Branscombe House renovations include accessible public washrooms.

It was moved and seconded

- (1) *That the 2014 Capital Budget be approved and staff be authorized to commence the 2014 Capital Projects effective January 1, 2014;*
- (2) *That the Five-Year Financial Plan (2014-2018) be prepared for presentation to Council incorporating the 2014 Capital Budget; and*

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- (3) *That a letter, signed by the Mayor, be sent to the RCMP "E" Division regarding the reductions in service as a result of the changing of vehicle policy.*

CARRIED

It was moved and seconded

That the Inter-Agency Emergency Command Vehicle be referred to staff for more details on its need, use, and cost.

CARRIED

4. **2014 OPERATING BUDGET**
(File Ref. No.) (REDMS No. 4016840 v.2)

Mr. Nazareth advised that the 2014 Operating Budget included high level estimates for the Aquatic Centre and City Centre Community Centre with a future report being brought forward to Council. Also, he noted that the Chief Administrative Officer (CAO) has directed that the Operational Review Committee (ORC) review the expenses going forward. The ORC will also be reviewing administrative staffing to determine whether a portion of the tax growth can be utilized to meet administrative needs. The 2014 Operating Budget meets the requirements of the City's LTFMS.

In response to a query regarding an analysis of the incremental staffing needs, George Duncan, CAO, advised that a personnel strategy would be part of the ORC process and included in the staff report to Council. For the past number of years the City has satisfied staffing requirements by offsetting efficiencies that had been identified. The operational review will examine anticipated staffing needs for the next five to seven years and identify efficiencies to minimize any impact to the operating budget for 2015. Staff is confident that there are sufficient funds, through the efficiencies identified, for any staffing requirements for 2014.

In reply to a query regarding the need for a Quick Response Team Officer, Superintendent Renny Nessel, Officer in Charge, Richmond RCMP, advised that the additional officer would meet resource levels for the Quick Response Team as it has a proactive and targeted approach to managing hotspots and high risk offenders.

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Discussion ensued regarding the funds for the one percent transfer to reserves be taken from the surplus for 2013 in lieu of charging taxpayers. The City has consistently raised taxes over the past several years, however private industry salaries have not increased accordingly. Concern was expressed that the taxpayer be given a break in the municipal taxes. Mr. Nazareth advised that Council's direction had been to protect the yearly surplus for rate stabilization and yearly one-time expenditures. Mr. Chong noted that taxpayers are being given a break by applying the surplus to reduce the operating budget impact over the next five years. Committee discussed removing the one percent transfer to reserves from the operating budget.

In response to queries, Greg Buss, Chief Librarian, Richmond Public Library, advised that the proposed increase in fine revenue was the result of combining all fine revenue into one account. Actual figures reflect a modest decline in fine revenue. There is a one-time contract expense for the Consultant fees related to strategic planning.

Committee expressed the need for staff to have a communication strategy with regard to the transfer to reserves both in terms of where these funds have been used over the years and of the importance of continuing to build the reserve funds in order to meet the future needs of the community.

It was moved and seconded

- (1) *That the 2014 Operating Budget, as presented under Budget Option 1 in the staff report dated November 29, 2013 from the Director Finance, be approved;*
- (2) *That the 2014 Richmond Public Library budget as presented in Attachment 3 of the staff report dated November 29, 2013 from the Director Finance be approved in accordance with the Library Act;*
- (3) *That the Five-Year Financial Plan (2014-2018) be prepared for presentation to Council incorporating the 2014 Operating Budget; and*
- (4) *That staff prepare a communication strategy regarding the City Financing and the use of reserves.*

The question on the motion was not called, as the following amendment was introduced:

It was moved and seconded

That Part (1) be amended to read as follows:

- (1) *That the 2014 Operating Budget, as presented under Budget Option 1 in the staff report dated November 29, 2013 from the Director Finance, be approved provided that the transfer to reserves of 1% be deleted;*

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The question on the **amendment** was not called as a brief discussion ensued during which those members of Committee supporting the amendment expressed the importance of providing a tax break to taxpayers in light of current economic pressures. Also, it was noted that Council has other sources of revenue to draw from for the one percent transfer to reserves. Members of Committee opposed to the amendment expressed the need to continue the prudent conservative LTFMS in order to meet the increasing demand of the aging infrastructure and for future Capital projects. Experience has shown that it took the City years to recover from the decline in reserves when allocations were suspended in the past.

In response to a query, Mr. Nazareth stated that the one percent transfer today would accumulate to a loss in revenue of \$8.5 million in five years time. Mr. Chong advised that the balance of uncommitted reserves is approximately \$200 million with much of the balance being held in restricted reserves such as the Affordable Housing Reserve.

The question on the **amendment** motion was then called, and it was **DEFEATED** with Mayor Brodie and Councillors Au, Barnes, Halsey-Brandt, McPhail, and Steves opposed.

The question on the main motion was then called, and it was **CARRIED** with Councillors Dang, Johnston, and McNulty opposed.

5. **2014 ONE-TIME EXPENDITURES**

(File Ref. No.) (REDMS No. 4034216)

Mr. Nazareth advised that the 2014 One-Time Expenditures do not impact property taxes for 2014.

Discussion ensued regarding the low priority rating for Item 13 "Gateway Theatre Facility Need Options." Committee expressed that the Arts are an important component of the community and that the project should be included as part of the 2014 expenditures. It was noted that the inclusion of such funding be subject to Gateway Theatre receiving matching funds. Mr. Nazareth advised that the priority level was based on the evaluation criteria related to health, safety, and social benefits.

In reply to a query concerning Item 1 "Contribution to Facility Maintenance/Repair Provision" not being included in the 2014 Capital or Operating Budgets; Mr. Chong stated that the monies would be placed in a provisional account in order to ensure that the funds are available as needs arise.

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Discussion ensued regarding (i) the need for the evaluation of the Major Event Provision Fund, (ii) which events are supported, and (iii) the possibility of expanding support to other events. Cathryn Carlile, General Manager, Community Services, advised that the funds are placed in a provision account. When requests for support are received, staff would report to Council for approval prior to any disbursement of said funds. In terms of other events, such as the Dragon Boat Festival, the organizers have accessed grant funding or Corporate Sponsorships for financing. Ms. Carlile advised that Council could direct staff to support other events at their discretion.

In response to a query regarding Item #7 “Law and Community Safety Facility Long-term Review and Deployment Plan-Fire and Police Services in the City”, Ms. Carlyle noted that as development progresses in the City, staff examine how to manage matters such as Duck Island, the urbanization of the City Centre core, and the proposed fuel line tank farm in light of the 2041 Official Community Plan.

Ms. Carlile advised that a Community Needs Assessment is completed every five years which establishes community needs. The assessment will also include the professional review for future aquatic service needs in the community.

Ted Townsend, Senior Manager, Corporate Communications, stated that “Let’s Talk Richmond” has been used on a wide variety of projects over the past three years. “Let’s Talk” has been a successful tool for expanding public participation and seeking direction on such matters as the Official Community Plan, the Dyke Master Plan, and the Garden City Lands. Staff has evaluated other available options and has been satisfied that “Let’s Talk” provides the best value to the City.

It was moved and seconded

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

The question on the motion was not called, as the following **amendment** was introduced:

It was moved and seconded

That the Gateway Theatre Facility Need Options be included subject to receiving matching funds as identified.

CARRIED

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Staff was directed to provide more information on Item 10 "Let's Talk Richmond" and Item #4 "Major Events Provision Fund" prior to the next Council meeting.

Discussion ensued and a member of Committee moved that Item 4 "Major Events Provision Fund" be deleted (no seconder for the motion). Further discussion ensued and as a result the following **amendment** was introduced:

It was moved and seconded

That Item #7 "Law and Community Safety Facility Long-term Review and Deployment Plan-Fire and Police Services in the City" be deleted.

The question on the amendment was not called, as clarification was requested. Ms. Carlyle advised that review would primarily focus on geography and concentration of population to determine personnel requirements to respond to the need of the community.

The question on the amendment was then called and it was **DEFEATED** with Mayor Brodie and Cllrs. Au, Barnes, Dang, Halsey-Brandt, Johnston, McPhail, and Steves opposed.

Discussion continued and a member of Committee moved that Item 9 "Community Needs Assessment" be deleted (no seconder for the motion). Also, there was agreement to include direction to staff to provide more information on Item 10 "Let's Talk Richmond" and Item #4 "Major Events Provision Fund" prior to the next Council meeting as Part (4).

The question on the main motion, as amended, which now reads:

- (1) *That the recommended one-time expenditures in the amount of \$3.1M, as outlined in the staff report titled 2014 One-Time Expenditures, be approved;*
- (2) *That the one-time expenditures be included in the City's Five-Year Financial Plan (2014-2018) Bylaw;*
- (3) *That the Gateway Theatre Facility Need Options be included subject to receiving the matching funding as identified; and*
- (4) *That staff provide more information on Item 10 "Let's Talk Richmond" and Item #4 "Major Events Provision Fund".*

was then called and it was **CARRIED**.

RICHMOND OLYMPIC OVAL CORPORATION

6. **3RD QUARTER 2013 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL CORPORATION**
(File Ref. No.) (REDMS No. 4048098)

It was moved and seconded

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended September 30, 2013 from the Controller of the Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as discussion ensued regarding the approximate \$615,000 surplus funds and staff was requested to provide the current balance of the capital reserve fund to Committee.

In response to a query regarding the 30% decrease in Administration/Finance expenses, Rick Dusanj, Controller, Richmond Olympic Oval Corporation, noted that the favourable variance is due in part to: (i) contingency related to a specific project, (ii) savings in professional fees, and (iii) vacant and auxiliary staffing. On the revenue side, registered programming for high performing and sports camps have been higher than anticipated. The favourable variance in the marketing expenses is due to vacancies in personnel.

CARRIED

7. **2014 OPERATING AND CAPITAL BUDGETS FOR THE RICHMOND OLYMPIC OVAL CORPORATION**
(File Ref. No.) (REDMS No. 4048160)

Discussion ensued regarding future allocations related to the 2014 Games Operating Trust.

It was moved and seconded

That the report on the 2014 Operating and Capital Budgets for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (6:43 p.m.).

CARRIED

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Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, December 2, 2013.

Mayor Malcolm D. Brodie
Chair

Heather Howey
Committee Clerk