



## Finance Committee

Date: Monday, December 5, 2016

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Derek Dang  
Councillor Carol Day  
Councillor Ken Johnston  
Councillor Alexa Loo  
Councillor Bill McNulty  
Councillor Linda McPhail  
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:24 p.m.

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on November 7, 2016, be adopted as circulated.*

**CARRIED**

### LULU ISLAND ENERGY COMPANY

1. **2017 OPERATING BUDGET FOR THE LULU ISLAND ENERGY COMPANY**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 5224654 v. 6)

In response to questions, Alen Postolka, Manager, District Energy, confirmed that the service fee represents the funding for existing staff salary expenses.

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In reply to a follow up question, Jerry Chong, Director, Finance, noted that the service fee was not included in the base budget because Lulu Island Energy Company is still functioning as a start-up, requiring time to build financial strength. The City is funding the company from the City surplus in order to avoid a burden on the taxpayers. It was noted that the funding strategy will be evaluated on an annual basis.

John Irving, Director, Engineering, Mr. Postolka, and Mr. Chong, in reply to queries, stated that (i) district energy costs are covered through the user fees, (ii) the project needs to be evaluated every year but will be sustainable through the recovery of capital and operating costs, and (iii) the performance in terms of expenditure, revenue and return has come back higher than expected.

It was moved and seconded

*That the report titled "2017 Operating Budget for the Lulu Island Energy Company" dated November 17, 2016 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.*

**CARRIED**

## RICHMOND PUBLIC LIBRARY BOARD

2. **2017 OPERATING BUDGETS FOR RICHMOND PUBLIC LIBRARY**  
(File Ref. No. 03-0970-25) (REDMS No. 5244286 v. 2)

Greg Buss, Chief Librarian, Richmond Public Library, in reply to questions, confirmed that the additional funding is required to restore branch hours. Discussion ensued regarding funding options, such as funding the library on a per capita basis.

In response to a query, Mr. Chong stated that the municipal contribution for the same level of service is 2.86% for the library, compared to the City's operating budget increase of 1.19%. Staff noted that an increase in library funding of \$400,000 to cover the additional level requests would result in a tax impact of roughly 0.2%.

It was moved and seconded

(1) *That the 2017 Richmond Public Library budget of \$8,994,000 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.*

(2) *That the Richmond Public Library branch hours be restored to 2015 levels by utilizing savings within the library budget and augmented by City contingency accounts, with no additional tax impact.*

**CARRIED**

**FINANCE AND CORPORATE SERVICES DIVISION**

**3. 2017 COUNCIL COMMUNITY INITIATIVES ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01) (REDMS No. 5204469 v. 1)

Melissa Shiau, Manager, Financial Planning and Analysis, responded to questions on the Gateway Theatre Society's request for an English and Chinese speaking community dialogue mechanism. Staff noted the proposal will aim to improve relationships and communication with the customer base, and respond to the changing demographic in Richmond and the community as a whole.

In response to queries, Cathryn Volkering Carlile, General Manager, Community Services, stated that the City does not have the expertise in-house to undertake the proposed project.

In reply to questions, Mr. Chong explained that funds for the one-time expenditures are taken from the Council Community Initiatives Account in order to take advantage of federal funding opportunities.

It was moved and seconded

*That the one-time expenditure requests as outlined in Attachment 1 of the 2017 Council Community Initiatives One-Time Expenditures staff report, be received for information and staff be directed if any amounts should be included in the 5 Year Financial Plan (2017-2021).*

**CARRIED**

**4. 2017 CAPITAL BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 5207753 v. 2)

Andrew Nazareth, General Manager, Finance and Corporate Services, and Jerry Chong, Director, Finance, spoke on the Capital Budget process and noted the specific steps taken by staff and management throughout the year. In response to questions, Mr. Nazareth and Mr. Chong explained that:

- the interest rates are determined internally and take into account the comparative borrowing, cost of funding, and the income generated from investments;
- approval of the recommendation enables staff to take action on the projects described in the report,
- most programs have dedicated reserve funds and the funding cannot therefore be borrowed and allocated towards other programs;
- projected revenues for the Minoru Chapel part of the operating budget and cannot be used to offset capital budget restoration work;

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- funds set aside for parkland acquisition enable the City to respond to opportunities to purchase land, with all specific land acquisitions requiring Council approval;
- the City's Procurement Policy allows the purchasing professionals to assess and act accordingly to ensure the best value is obtained for Richmond taxpayers; and
- due to the funding constraints and higher priority projects, the items which did not score as high are included on the 'not recommended' list for funding.

Robert Gonzalez, Deputy CAO and General Manager, Engineering and Public Works, responded to a question on the 2017 Unfunded Infrastructure Program projects, noting that projects can be brought back to Council for consideration, should the need arise due to public feedback.

Ms. Shiau confirmed that, following public feedback, the decision was made to begin the London Steveston Park Phase 1 of 3 next year.

Kim Somerville, Manager, Community Social Development confirmed that the Child Care Support item would be used for staffing and an analysis on the requirements of additional staff would be undertaken.

Mr. Gonzalez, in response to a query, informed Council that a report regarding ageing infrastructure of Richmond facilities would be brought forward in 2017.

Mike Redpath, Senior Manager, Parks, replied to statements on the trees in the area of the Britannia Landscaping Improvements and Wayfinding project and the Garden City Lands project, and confirmed that he would take the requests for planting native species under advisement.

Mr. Gonzalez discussed the Dike Upgrades project and advised that the level of funding varies each year. Council noted that it is important to emphasize to the public regarding the City's significant funding for dikes and flood protection initiatives.

In reply to questions on the Sanitary Facility Land Acquisition for Grease Management project, Mr. Gonzalez listed the actions being taken by the City to replace sanitary pump stations and mitigate the damage caused by grease.

Mr. Gonzalez further confirmed that work on minor capital projects can be undertaken throughout the year at Council's discretion.

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Mr. Redpath, in response to questions on various projects confirmed that:

- the City Tree Planting Program is funded through development and each year a withdrawal is made. The strategy is to purchase as many trees as possible and to grow the trees in the City nursery to ensure availability when needed;
- the Rideau Neighbourhood Park Playground project is a priority and inspections of playgrounds are regularly conducted; and
- due to increased usage of the new Minoru Park fields the Minoru Latrace Backstop Upgrades project's primary goal is to reduce safety hazards to passing pedestrians and park users.

Victor Wei, Director, Transportation, responded to a question on the Accessible Pedestrian Signal Program and noted that the enhancements were to existing signalized intersections.

Grant Fengstad, Director, Information Technology, in speaking to the Program Registration and Facility Booking Solution project, stated that the current provider has notified the City that the software would be discontinued and support ceased at the end of 2017. As a result, the project will be dedicated to finding a replacement to the existing software.

*Cllr. Steves left the meeting (5:38 p.m.).*

Ms. Carlile noted that, contrary to the implied statements on FIN-192, the decision had not yet been made to demolish the Minoru Park Aquatic Centre and that a report would be coming forward shortly.

As part of 2018 to 2021 Capital Program, Mr. Redpath noted that the Garden City Lands Phase 3 to 6 to highlight the development of the Community Hub area, as it relates to Phase 2 of the project for 2017.

It was moved and seconded

- (1) ***That the 2017 Capital Budget totalling \$102,925,549 be approved and staff authorized to commence the 2017 Capital Projects; and***
- (2) ***That the 2017 Capital Budget totalling \$102,925,549 and the 2018-2021 Capital Projects be included in the 5 Year Financial Plan (2017-2021).***

**CARRIED**

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5. **2017 PROPOSED OPERATING BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 5243400)

Andrew Nazareth, General Manager, Finance and Corporate Services, and Jerry Chong, Director, Finance, introduced the 2017 Proposed Operating Budget and briefly commented on the main components the budget, which include a tax increase of 1.19% for maintenance of same level of services, a 0.7% increase for the growth in operations, and a 0.56% increase for Richmond RCMP, for a total proposed tax increase of 2.45%. The staff recommendation also includes a further 1% to reserves in accordance with the City's Long Term Financial Management Strategy.

*Cllr. Steves returned to the meeting (5:42 p.m.).*

In reply to questions, Renny Nessel, OIC, explained that the Richmond RCMP Detachment has one year to fill the positions following the approval from the Federal Minister. The OIC noted that all of the requested positions from last year are anticipated to be filled within the allotted year. The OIC provided an overview of the recruitment and hiring of officers.

Superintendent Nessel confirmed that the City is invoiced for 189 police officers. Council requested that updates be provided throughout the year regarding the recruitment of officers.

Council discussed the possibilities of mitigating the impacts of the tax increase on Richmond taxpayers.

Council proposed an additional recommendation to include \$1,000,000 from the Rate Stabilization Account towards general taxes. There was agreement to deal with Parts (1) through (6) separately.

It was moved and seconded

- (1) ***That the 2017 Operating Budget presented in the staff report titled 2017 Proposed Operating Budget dated November 30, 2016 from the Director, Finance with a total tax increase of 1.89% before additional levels of service, be approved;***

**CARRIED**

Opposed: Cllr. Day

- (2) ***That ongoing additional levels in the amount of \$162,682 with a tax impact of 0.08% as presented in Attachment 9 of the staff report titled 2017 Proposed Operating Budget from the Director, Finance be approved;***

**CARRIED**

Opposed: Cllr. Day

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- (3) *That ongoing additional levels for policing in the amount of \$2,285,685 for 11 additional police officers and 3 municipal employees to support the RCMP detachment with a tax impact of 0.48% in 2017 and 0.51% in 2018 as presented in Budget Option 3 of the staff report titled 2017 Proposed Operating Budget from the Director, Finance be approved;*

**CARRIED**  
Opposed: Cllr. Au

- (4) *That the Rate Stabilization Account be used to pay for the capital and other one time costs associated with the additional 11 police officers and 3 municipal employees to support the RCMP detachment for a total of \$272,000; and*

**CARRIED**  
Opposed: Cllrs. Au  
Loo  
McNulty

- (5) *That \$1,000,000 from the Rate Stabilization Account be used towards general taxes to reduce the base level of taxation.*

**CARRIED**  
Opposed: Cllrs. Loo  
McNulty

- (6) *That a tax increase of 1.00% for community facilities infrastructure replacement needs as per Council's Long Term Financial Management Strategy, be approved; and*

**CARRIED**  
Opposed: Cllrs. Au  
Day  
McNulty

- (7) *That the 2017 Proposed Operating Budget as described above and the 2018-2021 same level of service base budget be included in the 5 Year Financial Plan (2017-2021).*

**CARRIED**  
Opposed: Cllr. Day

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6. **2017 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01) (REDMS No. 5204512)

With regards to the Museum and Artefact storage request that is presently not recommended, staff were requested to track this item and bring it forth in the future as part of an overall strategy for a new museum.

Tim Wilkinson, Fire Chief, noted that the intent of the Emergency Programs Plan and the Richmond Fire Rescue Plan Updates would be to have a consultant analyze the plans while having internal staff work with the consultant as a professional development opportunity.

In response to queries, Jane Fernyhough, Director, Arts, Culture and Heritage Services, commented that the Major Event Funding for 2018 needs to be requested a year in advance as an initial allocation and that staff will bring forward detailed reports on the event programs for Council approval. In response to a follow up question, Mr. Nazareth noted that the funds received from sponsorship funding for major events is usually calculated into the budget and projects can be scaled back if anticipated funding is not received.

In response to questions, Ivy Wong, Manager, Revenue, confirmed that the interest rate for the Auto Property Tax Deferral Renewal is 0.7% and the deferral program is currently being used by 5000 tax payers. The system is expected to arrive in 2018 allowing residents to complete the process online from their homes.

In reply to a question, Kim Somerville, Manager, Community Social Development, advised that the aim of the Connected Richmond – Community Harmony Research Project is to improve public engagement, cultural communication, and interaction with different stakeholders and agencies in the City.

In reply to questions, Ms. Fernyhough explained that the Gateway Theatre Main Stage Lighting Replacement cannot be undertaken in phases as the project requires the replacement of the entire lighting system.

Mike Redpath, Senior Manager, Parks, in response to a question, communicated that the Partners for Beautification Program was established in 1997. The program has generated invaluable sponsorships and many volunteer hours, and a refresh of the program will be a worthy investment.

In reply to various questions, Ms. Fernyhough commented that:

- the new Museum and City Hall Display Cases would reduce staff costs due to improved efficiencies;
- the rental fees from weddings and picnics contribute to the London Heritage Farm operations, however, the income from those events alone are not enough to fund the upgrades to the building; and



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- the funding for the Update of the Richmond Arts Strategy is towards an update to the blueprint which was created by staff years ago including a needs assessment of art events which are needed within the community.

Comments were made on the Minoru Arenas Infrastructure Replacements and staff were requested to recirculate a previous report regarding infrastructure replacements.

It was moved and seconded

*That the recommended one-time expenditures in the amount of \$7,789,167 as outlined in Attachment 1 of the 2017 One-Time Expenditures staff report, be approved for funding from the Rate Stabilization Account.*

**CARRIED**

Opposed: Cllr. Day

## ADJOURNMENT

It was moved and seconded

*That the meeting adjourn (6:45 p.m.).*

**CARRIED**

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 5, 2016.

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Mayor Malcolm D. Brodie  
Chair

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Shaun Divecha  
Legislative Services Coordinator