



Finance Committee

Date: Monday, December 4, 2017

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 4:46 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on November 6, 2017, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2018 CAPITAL BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 5595928)

Andrew Nazareth, General Manager, Finance and Corporate Services, accompanied by Jerry Chong, Director, Finance, provided an overview of the 2018 Capital Budget.

Discussion took place in regards to parkland acquisition and staff were directed to provide information on sites in consideration and the status of acquisition prior to the next Council meeting.

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Mr. Nazareth and Mr. Chong then commented that the City goes through a comprehensive review of capital projects where stakeholders can submit proposals starting in June and that each project aligns with Council priorities and the Long Term Financial Management Strategy.

In response to queries from Committee in regards to the Pilot Sewer Grease and Heat Recovery Facility project, Robert Gonzalez, Deputy CAO and General Manager, Engineering and Public Works, offered the following comments:

- it is a pilot project that includes land acquisition for the installation of a pilot facility and if approved, staff would conduct a more technical analysis;
- the project would be conducted in conjunction with a number of companies at the leading edge of grease reuse and recycling technology;
- the City currently spends approximately \$400,000 a year on grease management and that repairs add significant additional costs when required;
- the Sanitary Pump Station and Forcemain Assessment, Upgrade and Grease Management project is similar to this as part of the same program and is meant as a multi-pronged approach to dealing with the grease issue; and
- staff are reviewing the possibility of cost recovery.

Discussion took place in regards to the proposed works for the Phoenix Net Loft and it was queried whether the funds could benefit other projects as it is a significant amount. In response, Jim Young, Senior Manager Capital Buildings Project Development, advised that the anticipated cost is an estimate and if approved, the funding would preserve the building's sub-structure thereby stabilizing it. Also, staff remarked that the project received a high ranking following evaluation, and a detailed staff report including potential programming options for the building is forthcoming.

Committee directed staff to provide historical information regarding funds approved for the restoration of the Phoenix Net Loft.

It was moved and seconded

- (1) ***That the 2018 Capital Budget totalling \$160,064,190 be approved and staff be authorized to commence the 2018 Capital Projects; and***
- (2) ***That the 2018 Capital Budget totalling \$160,064,190 and the 2019 - 2022 Capital Projects be included in the 5 Year Financial Plan (2018 - 2022).***

CARRIED
Opposed: Cllr. Day

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2. 2018 PROPOSED OPERATING BUDGET

(File Ref. No. 03-0985-01) (REDMS No. 5485687)

Councillor Au left the meeting (5:58 p.m.) and returned (6:01 p.m.).

Discussion took place regarding the Emergency Program Neighbourhood Preparedness Program Assistant and Expanded Senior Services at the Richmond Public Library and the rationale behind why these additional level requests were not recommended as they each engage and benefit the community.

Councillor Steves left the meeting (6:22 p.m.) and returned (6:26 p.m.).

It was moved and seconded

(1) That the 2018 Operating Budget as presented in Option 2 of the staff report titled "2018 Proposed Operating Budget" be approved as follows:

- (a) A same level of service budget increase of \$3,881,300 with a tax increase of 1.88%, before additional levels of service be approved;**
- (b) Operating budget impact of the 2018 Capital Projects totalling \$618,580 with a tax increase of 0.30% be approved;**
- (c) City-wide additional levels as presented in Attachment 9 of the staff report titled "2018 Proposed Operating Budget" in the amount of \$247,661 with a tax increase of 0.12% be approved;**
- (d) Ongoing additional levels for the operating costs of 16 additional RCMP Officers and 3 municipal employees to support the RCMP detachment in the amount of \$2,276,483 with a tax increase of 1.10% be approved;**
- (e) The Rate Stabilization Account be used to pay for the operating costs of the 16 additional RCMP Officers and 3 municipal employees to support the RCMP detachment for a total of \$2,276,483, resulting in a tax decrease of 1.10% be approved;**
- (f) The Capital and one-time costs for the additional 16 RCMP Officers and 3 municipal employees to support the RCMP detachment for a total of \$290,675 be approved;**
- (g) The Rate Stabilization Account be used to pay for the Capital and one-time costs for the additional 16 RCMP officers and 3 municipal employees to support the RCMP detachment for a total of \$290,675 be approved; and**

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- (h) *1.00% transfer to reserves for community facilities infrastructure needs as per Council's Long Term Financial Management Strategy in the amount of \$2,064,900 with a tax increase of 1.00% be approved;*
- (2) *That the overall tax increase of 2.30% and the additional 1.00% transfer to reserves, which is in accordance with Council's Long Term Financial Management Strategy policy to limit tax increase to CPI plus 1% transfer to reserves be approved; and*
- (3) *That the Operating Budget as detailed above be included in the 5 Year Financial Plan (2018-2022).*

The question on the motion was not called as discussion ensued with regards to amending the transfer to reserves and as a result, the following **amendment** was introduced:

It was moved and seconded

That the transfer to reserves be reduced to 0.5%.

The question on the amendment motion was not called as discussion ensued with regards to considering additional amendments prior to voting on reducing the transfer to reserves. As a result, there was agreement by Committee to **table** the amendment until further amendments to the main motion had been considered.

The following **amendment** was introduced:

It was moved and seconded

That the following be added to Part (1) as (i):

The ongoing additional levels for the Emergency Program Neighbourhood Preparedness Program Assistant (\$100,125) and the Richmond Public Library – Expand Senior Services (\$203,004) for a total of \$303,129 be approved.

CARRIED

Opposed: Cllrs. Day

Johnston

Loo

Steves

A motion was introduced to add the additional level expenditure request for the Richmond Fire-Rescue Vehicle and Equipment Repair and Replacement but failed to receive a seconder.

Discussion further took place on utilizing the Rate Stabilization Account as opposed to a tax increase of 0.15% for the additional funding for the Emergency Program Neighbourhood Preparedness Program Assistant and the Richmond Public Library Expanded Senior Services, which would result in a 0% tax increase in 2018.

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In response to queries from Committee, Mr. Nazareth noted that the current balance of the Rate Stabilization Account is approximately \$20 million.

As a result of the discussion, the following **amendment** was introduced:

It was moved and seconded

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

The ongoing additional levels for the Emergency Program Neighbourhood Preparedness Program Assistant (\$100,125) and the Richmond Public Library – Expand Senior Services (\$203,004) for a total of \$303,129 be approved and that the Rate Stabilization Account be used to pay for those additional levels.

CARRIED

Opposed: Mayor Brodie
Cllr. Loo

Discussion further took place and as a result the following **amendment** was introduced:

It was moved and seconded

- (1) *That the Rate Stabilization Account be used to pay for half of the operating costs of the 16 additional RCMP Officers and 3 municipal employees; and*
- (2) *That the Rate Stabilization Account not be used to pay for the Capital and one-time costs for the additional 16 RCMP officers and 3 municipal employees.*

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Dang
Day
Johnston
McNulty
McPhail
Steves

The amendment relating to Part (1)(h) – the transfer to reserves – was **lifted** from the table.

Discussion took place and Committee commented on the City's practice to transfer funds to reserves annually and it was noted that a review of the City's Long Term Financial Management Strategy would be prudent.

Also, discussion ensued regarding the allocation of Gaming Revenue, and staff was directed to provide Council with a detailed breakdown of Table 1 of the staff report titled "2018 Proposed Operating Budget."

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The question on the amendment motion,

That the transfer to reserves be reduced to 0.5%.

was then called and it was **DEFEATED** with Mayor Brodie and Cllrs. Dang, Johnston, Loo, McNulty, McPhail, and Steves opposed.

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

- (1) *That the 2018 Operating Budget as presented in Option 2 of the staff report titled "2018 Proposed Operating Budget" be approved as follows:*
- (a) *A same level of service budget increase of \$3,881,300 with a tax increase of 1.88%, before additional levels of service be approved;*
 - (b) *Operating budget impact of the 2018 Capital Projects totalling \$618,580 with a tax increase of 0.30% be approved;*
 - (c) *City-wide additional levels as presented in Attachment 9 of the staff report titled "2018 Proposed Operating Budget" in the amount of \$247,661 with a tax increase of 0.12% be approved;*
 - (d) *Ongoing additional levels for the operating costs of 16 additional RCMP Officers and 3 municipal employees to support the RCMP detachment in the amount of \$2,276,483 with a tax increase of 1.10% be approved;*
 - (e) *The Rate Stabilization Account be used to pay for the operating costs of the 16 additional RCMP Officers and 3 municipal employees to support the RCMP detachment for a total of \$2,276,483, resulting in a tax decrease of 1.10% be approved;*
 - (f) *The Capital and one-time costs for the additional 16 RCMP Officers and 3 municipal employees to support the RCMP detachment for a total of \$290,675 be approved;*
 - (g) *The Rate Stabilization Account be used to pay for the Capital and one-time costs for the additional 16 RCMP officers and 3 municipal employees to support the RCMP detachment for a total of \$290,675 be approved; and*
 - (h) *1.00% transfer to reserves for community facilities infrastructure needs as per Council's Long Term Financial Management Strategy in the amount of \$2,064,900 with a tax increase of 1.00% be approved;*
 - (i) *The ongoing additional levels for the Emergency Program Neighbourhood Preparedness Program Assistant (\$100,125) and the Richmond Public Library – Expand Senior Services (\$203,004) for a total of \$303,129 be approved and that the Rate Stabilization Account be used to pay for those additional levels;*

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- (2) *That the overall tax increase of 2.30% and the additional 1.00% transfer to reserves, which is in accordance with Council's Long Term Financial Management Strategy policy to limit tax increase to CPI plus 1% transfer to reserves be approved; and*
- (3) *That the Operating Budget as detailed above be included in the 5 Year Financial Plan (2018-2022).*

was then called and it was **CARRIED** with Cllrs. Au and Day opposed.

As a result of the discussion, the following **referral** was introduced:

That staff conduct an analysis on the Long Term Financial Management Strategy, specifically examining the need for the 1% transfer to reserves going forward.

CARRIED

Opposed: Cllr. Loo

3. 2018 ONE-TIME EXPENDITURES

(File Ref. No. 03-0985-01) (REDMS No. 5589738)

In response to questions from Committee, Jane Fernyhough, Director, Arts, Culture and Heritage Services, clarified that once one-time funding for additional levels of service has been exhausted, the base operating budget for the Steveston Heritage facilities would provide the same level of service from 2016. Ms. Fernyhough further clarified that this would result in reduced operating hours from 2017.

Councillor Day left the meeting (7:03 p.m.) and returned (7:04 p.m.).

It was moved and seconded

That the recommended one-time expenditures totalling \$1,449,774 as outlined in Attachment 1 of the staff report titled "2018 One-Time Expenditures," be approved and included in the 5 Year Financial Plan (2018 – 2022).

The question on the motion was not called as discussion took place in regards to maintaining the enhanced hours and programming for the Steveston Heritage sites and as a result of the discussion, the following **amendment** was introduced:

It was moved and seconded

- (1) *That the request for "Enhanced Hours and Programming for Steveston Heritage Sites: Britannia, Tram, Steveston Museum" totalling \$303,093 be approved and included in the 5 Year Financial Plan (2018-2022); and*
- (2) *That the matter of Enhanced Hours and Programming be reviewed by the end of April 2018.*

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The question on the amendment motion was not called as staff were directed to provide visitor information on the Steveston Heritage sites prior to the next Council meeting. The question was then called and it was **CARRIED** with Cllrs. Au, Johnston, and Loo opposed.

The question on the main motion as amended was then called and it was **CARRIED** with Cllrs. Johnston and Loo opposed.

4. **2018 COUNCIL COMMUNITY INITIATIVES ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01) (REDMS No. 5589826 v. 2)

The Chair noted that the staff report details a recommended motion should Council decide to approve the request outlined in the report and as a result the following **motion** was introduced:

It was moved and seconded

That the one-time expenditure request as outlined in Attachment 1 of the 2018 Council Community Initiative One-Time Expenditures staff report be approved for funding from the Council Community Initiatives Account and included in the 5 Year Financial Plan (2018-2022).

CARRIED

LULU ISLAND ENERGY COMPANY

5. **2018 OPERATING BUDGET FOR THE LULU ISLAND ENERGY COMPANY**

(File Ref. No. 10-6600-10-01) (REDMS No. 5653478 v. 3)

It was moved and seconded

That the Lulu Island Energy Company report titled "2018 Operating Budget for the Lulu Island Energy Company" dated November 8, 2017 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company, be received for information.

The question on the motion was not called as in response to queries from Committee, staff clarified that the operation of Lulu Island Energy Company as a Government Business Enterprise would not change the corporate structure and would provide further transparency.

The question on the motion was then called and it was **CARRIED**.

ADJOURNMENT

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It was moved and seconded

That the meeting adjourn (7:19 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 4, 2017.

Mayor Malcolm D. Brodie
Chair

Amanda Welby
Legislative Services Coordinator