



Finance Committee

- Date: Monday, February 4, 2019
- Place: Anderson Room
Richmond City Hall
- Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day
Councillor Kelly Greene
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves
Councillor Michael Wolfe
- Call to Order: The Chair called the meeting to order at 5:40 p.m.

MINUTES

1. It was moved and seconded
That the minutes of the meeting of the Finance Committee held on January 14, 2019, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

2. **ADDITIONAL INFORMATION ON THE 2019 CAPITAL BUDGET**
(File Ref. No. 03-0970-01) (REDMS No. 6094831 v. 2)

Andrew Nazareth, General Manager, Finance and Corporate Services, accompanied by Jerry Chong, Director, Finance, advised that with the removal of the Minoru Aquatic Centre Demolition – Submission ID 6245, the proposed 2019 Capital budget is \$113,132,202.

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It was moved and seconded

- (1) *That the staff report titled "Additional Information on the 2019 Capital Budget" from the Director, Finance dated January 28, 2019 be received for information;*
- (2) *That the 2019 Capital Budget as presented in Appendix 3 of the staff report titled "2019 Capital Budget" from the Director, Finance dated January 11, 2019 totaling \$113,132,202 be approved and staff authorized to commence the 2019 Capital Projects; and*
- (3) *That the 2019 Capital Budget totaling \$113,132,202 and the 2020-2023 Capital Projects be included in the Consolidated 5 Year Financial Plan (2019-2023).*

Councillor Greene distributed material regarding the proposed 2019 Capital budget (attached to and forming part of these Minutes as Schedule 1).

The question on the motion was not called as discussion took place on the necessity of various Capital budget submissions and as a result, the following **amendment motions** were introduced:

It was moved and seconded

That the Terra Nova Rural Park Viewpoint Seating Area (Submission ID 6371) be removed.

The question on the amendment motion was not called as discussion took place and the following Committee comments were noted:

- the proposed seating does not complement the rustic character of the Park;
- the proposed seating would be funded through Parks Development Cost Charges;
- there have been requests from the public for seating at the Park;
- the mound at the Park is a result of excavation to create a slough for spawning salmon; should this no longer be feasible, the dirt from the mound should be returned;
- any proposal in relation to the mound should be delayed until after staff report back in late spring / early summer on the status of the slough; and
- appropriate seating for all park users, including those with limited mobility, is important.

The question on the amendment motion was then called and it was **CARRIED** with Mayor Brodie, Cllrs. Loo and McPhail opposed.

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It was moved and seconded

That the concession area renovation, in the amount of \$102,000, from the Gateway Theatre Infrastructure Replacements Phase 2 (Submission ID 6366) be removed.

The question on the amendment motion was not called as in reply to queries from Committee, Serena Lusk, General Manager, Community Services, advised that in consultation with the Gateway Theatre's Board of Directors, the proposed renovation is intended to increase accessibility and provide a service level to patrons that is equivalent to that of other theatres.

John Watson, Chair, Gateway Theatre Board of Directors, stated that the proposed renovation would allow for the Level 2 concession to be as functional as the Level 1 concession; therefore, patrons seated on Level 2 would no longer have to travel down to Level 1 for their concession needs.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie and Cllrs. Au, Loo, McPhail, and McNulty opposed.

It was moved and seconded

That the Minoru Arena Systems Renewals (Submission ID 5518) be capped at \$2.5 million.

The question on the amendment motion was not called as discussion took place on various items that would be removed from the submission in order to scale down the scope of work; it was noted that interior upgrades could be examined as renovations as would likely be more cost effective than replacements.

In reply to queries from Committee, Robert Gonzalez, General Manager, Engineering and Public Works, and Jim Young, Senior Manager, Capital Buildings Project Development, advised that safety matters are of utmost priority however staff also examine other works that may be due soon or are past due in an effort to maximize cost efficiencies and to reduce any potential program disruptions. Also, it was noted that the proposed works would significantly improve the life of the Minoru Arenas.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Loo, McPhail, McNulty and Steves opposed.

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It was moved and seconded

That the Minoru Place Activity Centre Program – Implementation (Submission ID 6394) be capped at \$1.7 million.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Loo
McPhail
McNulty
Steves
Wolfe

It was moved and seconded

That \$75,000 for the fitness centre flooring be removed from the Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (Submission ID 6368).

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Loo
McPhail
McNulty
Steves
Wolfe

Discussion took place on the potential to evaluate and expand on vehicle tracking and it was suggested that this matter be considered at a Public Works and Transportation Committee meeting.

It was moved and seconded

That the Arterial Roadway Improvement Program (Submission ID 5459) be removed.

The question on the amendment motion was not called as discussion took place on the proposed improvements and Committee commented that (i) the proposed improvements fail to physically reduce a cyclist's speed, (ii) similar improvements have proven effective in other areas of the city such as on Garden City Road at Saunders Road, and (iii) those on mobility scooters often cannot navigate around traditional physical obstacles.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Loo, McPhail, McNulty and Steves opposed.

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It was moved and seconded

That the Neighbourhood Walkway Program (Submission ID 5454) be removed.

The question on the amendment motion was not called as discussion took place on the need for a walkway along the west side of No. 6 Road, between Bridgeport Road and Cambie Road.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Loo, McPhail, McNulty and Wolfe opposed.

It was moved and seconded

That the Budget Planning and Monitoring Solution (Submission ID 6359) be removed.

The question on the amendment motion was not called as in reply to queries from Committee, Grant Fengstad, Director, Information Technology, spoke to the City's current budget planning practices, noting that the software utilized is no longer supported and the process is very time consuming and labour intensive.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Loo, McPhail, McNulty, Steves and Wolfe opposed.

It was moved and seconded

That the Contract Life Cycle Management (Submission ID 6355) be removed.

The question on the amendment motion was not called as in reply to queries from Committee, Mr. Fengstad remarked that the current process is manual and that there is no mechanism to file contracts appropriately or to evaluate vendors. The proposed solution would manage the overall effectiveness of the City's procurement process.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Loo, McPhail, McNulty, and Wolfe opposed.

It was moved and seconded

That the Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (Submission ID 6451) be removed.

The question on the amendment motion was not called as in reply to queries from Committee, Lloyd Bie, Director, Transportation, advised that any potential physical limitations on the proposed pathway would be addressed through detailed engineering design. Also, Mr. Bie remarked that as per the City's Official Community Plan, the proposed multi-use pathway is envisioned to extend to Steveston Village.

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The Chair directed staff to provide a memorandum prior to the next Council meeting with regard to road allowance along Steveston Highway to accommodate the proposed multi-use pathway.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Loo, McPhail, McNulty, Steves and Wolfe opposed.

It was moved and seconded

That the Minoru Bowling Green Artificial Turf Replacement (Submission ID 6337) be removed.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Loo
McPhail
McNulty
Steves

It was moved and seconded

That the Minoru Lakes Renewal (Submission ID 5948) be removed.

The question on the amendment motion was not called as in reply to Committee's comments, Ms. Lusk advised that failing infrastructure necessitates immediate action on this project.

As a result, there was agreement that the amendment motion be **WITHDRAWN**.

It was moved and seconded

That \$975,000 for the RCMP Exhibit Compound (part of Submission ID 6367) be funded from the Capital Building and Infrastructure Reserve instead of the Rate Stabilization Account.

The question on the amendment motion was not called as in reply to queries from Committee, Mr. Nazareth advised that the Capital Building and Infrastructure Reserve was not selected as a funding source for this project in anticipation of its use for upcoming significant Capital projects such as the Steveston Community Centre and Branch Library.

The question on the amendment motion was then called and it was **CARRIED** with Mayor Brodie, Cllrs. Loo, McPhail and McNulty opposed.

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In reply to queries from Committee, Fire Chief Tim Wilkinson, Richmond Fire-Rescue (RFR), spoke to the Fire Vehicle Replacement Reserve Purchases (Submission ID 5411). He noted that it is proposed that the Hazmat Response Vehicle be replaced as the current vehicle, which was purchased used, is 20 years old and is at the end of its life. Fire Chief Wilkinson then commented on the various substances that move through the city, noting that the vehicle allows for RFR to safely mitigate risks of hazardous materials.

The Chair summarized the various amendments passed by Committee: (i) the removal of the Terra Nova Rural Park Viewpoint Seating Area (Submission ID 6371) and (ii) the use of the Capital Building and Infrastructure Reserve to fund \$975,000 for the RCMP Exhibit Compound (part of Submission ID 6367).

There was agreement to consider Parts (1) to (3) of the main motion separately.

The main motion, which now reads as follows:

- “(1) That the staff report titled “Additional Information on the 2019 Capital Budget” from the Director, Finance dated January 28, 2019 be received for information;*
- (2) That the 2019 Capital Budget as presented in Appendix 3 of the staff report titled “2019 Capital Budget” from the Director, Finance dated January 11, 2019 totaling \$112,932,202 (including the removal of \$200,000 for the Terra Nova Rural Park Viewpoint Seating Area and the use of the Capital Building and Infrastructure Reserve to fund \$975,000 for the RCMP Exhibit Compound) be approved and staff authorized to commence the 2019 Capital Projects; and*
- (3) That the 2019 Capital Budget totaling \$112,932,202 and the 2020-2023 Capital Projects be included in the Consolidated 5 Year Financial Plan (2019-2023).”*

The question on Part (1) of the main motion was then called and it was **CARRIED**.

The question on Part (2) of the main motion was then called and it was **CARRIED** with Cllrs. Day and Greene opposed.

The question on Part (3) of the main motion was then called and it was **CARRIED** with Cllrs. Day and Greene opposed.

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3. **ADDITIONAL INFORMATION ON THE 2019 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0970-01) (REDMS No. 6095085 v. 3)

It was moved and seconded

- (1) *That the staff report titled “Additional Information on the 2019 One-Time Expenditures” from the Director, Finance dated January 28, 2019 be received for information; and*
- (2) *That the recommended one-time expenditures totaling \$1,315,909 as outlined in Table 1, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2019-2023).*

The question on the motion was not called as discussion took place to not consider any of the proposed 2019 one-time expenditures in an effort to reduce the proposed tax impact. Discussion further took place and it was noted that many of the recommended and not recommended 2019 one-time expenditures are important such as the Automatic External Defibrillator renewal, the Post Office software update, the library book vending technology at the Minoru Centre for Active Living, the Steveston Tram building signage and so forth to name a few.

In reply to a query from Committee, Mr. Chong advised that the use of the Council Community Initiatives account is at Council’s discretion and there is approximately \$852,000 in the account.

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

It was moved and seconded

That staff report back on alternative funding sources for the 2019 One-Time Expenditures at a Special Finance Committee meeting scheduled for February 11, 2019.

The question on the referral motion was not called as discussion took place on the lack of coordination in regards to various projects taking place in Steveston Village and it was suggested that the matter be brought before the Parks, Recreation and Cultural Services Committee for consideration.

Discussion then took place on the use of the Rate Stabilization Account and the need to move away from the current practice of utilizing the account to fund items that may be more appropriately funded through other sources.

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

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4. **2019 PROPOSED OPERATING BUDGET – REFERRAL RESPONSE**
(File Ref. No. 03-0970-01) (REDMS No. 6101097 v. 3)

It was moved and seconded

(1) That the 2019 Operating Budget as presented in Table 8 of the staff report titled 2019 Proposed Operating Budget – Referral Response be approved as follows:

- (a) A same level of service budget increase, after tax growth, of \$3,249,703 with a tax increase of 1.50% before additional levels of service be approved; and*
- (b) Non-discretionary external senior government related increases of \$2,987,000 with a tax increase of 1.38% be approved; and*
- (c) Ongoing funding for expenditures previously approved by Council totaling \$1,112,825 for the following items: an Emergency Program Neighbourhood Preparedness Program Assistant, Richmond Public Library Expanded Senior Services, Minoru Centre for Active Living operating budget impact phase-in, and operating budget impact of developer contributed assets with a tax increase of 0.51% be approved; and*
- (d) Pursuant to Council's Safe Community Priority program, provide funding for 36 additional firefighters in the amount of \$6,023,898 with a three-year phase in plan, resulting in a tax increase of 0.93% in 2019, 0.93% in 2020 and 0.93% in 2021 be approved; and*
- (e) Pursuant to Council's Safe Community Priority program, the capital and one-time costs for the additional 36 firefighters in the amount of \$2,541,276 be approved with funding from the Rate Stabilization Account; and*
- (f) Pursuant to Council's Safe Community Priority program, provide funding for 51 RCMP officers and 20 municipal employees to support the RCMP Detachment in the amount of \$8,844,350 with a three-year phase-in plan, resulting in a tax increase of 2.62% in 2019, 0.73% in 2020 and 0.73% in 2021 be approved; and*
- (g) Pursuant to Council's Safe Community Priority program, the capital and one-time costs for the additional 35 RCMP officers and 17 municipal employees to support the RCMP Detachment in the amount of \$839,519 be approved with funding from the Rate Stabilization Account; and*

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- (h) Operating budget impact of the 2019 Capital Budget totaling \$1,208,320 with a three-year phase-in plan, resulting in a tax increase of 0.18% in 2019, 0.18% in 2020 and 0.18% in 2021 be approved; and*
 - (i) Transfer to reserves for community facilities infrastructure needs as per Council's Long Term Financial Management Strategy in the amount of \$2,167,033 with a tax increase of 1.00% be approved; and*
 - (j) City-wide additional levels in the amount of \$149,828 as presented in Attachment 1, with a tax increase of 0.07% be approved; and*
 - (k) The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$2,968,835 resulting in a tax decrease of 1.37% be approved; and*
- (2) That the 2019 Operating Budget overall tax increase of 6.82% as listed in staff recommendation 1 above be approved; and*
- (3) That the 2019 Operating Budget of 6.82% be included in the Consolidated 5 Year Financial Plan (2019-2023).*

The question on the motion was not called as in reply to queries from Committee, Mr. Nazareth and Mr. Chong advised that the proposed Operating budget includes the addition of RCMP and Richmond Fire-Rescue personnel as approved by Finance Committee on January 14, 2019.

Discussion further ensued on the financial implications of phasing-in the additional RCMP and Richmond Fire-Rescue personnel and it was noted that ultimately the budget will be notably impacted, whether it is at the beginning or end of the phase-in process.

Discussion then took place on reducing the tax increase to 0.75% for the same level of service budget increase and the Chair remarked that a same level of service cannot be achieved with a decrease to the proposed tax increase.

In reply to a query from the Chair, George Duncan, Chief Administrative Officer, stated that service level reviews are carried out continuously and resources from efficiencies are utilized to fund services in an effort to not impact budgets. Mr. Duncan further commented that due to the nature of business of a municipality, which is labour-based, cuts to positions are where significant financial impacts are realized; however, such cuts result in a reduction in service levels and / or programs.

The question on Part (1) (i) of the motion was then called and it was **DEFEATED** with Mayor Brodie, Cllrs. Au, Day, Green, McNulty, McPhail and Steves opposed.

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The following **amendment motions** were introduced:

It was moved and seconded

That a transfer to reserves for community facilities infrastructure needs as per Council's Long Term Financial Management Strategy in the amount of \$1,083,517 with a tax increase of 0.5% be approved.

CARRIED

Opposed: Cllrs. Au
Day
Greene
McNulty

It was moved and seconded

That the Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$7,302,901 resulting in a tax decrease of 3.37 %.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Day
Greene
Loo
Steves
Wolfe

It was moved and seconded

That the Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$5,135,868 resulting in a tax decrease of 2.37 %.

CARRIED

Opposed: Cllrs. Au
Greene
Steves
Wolfe

The question on Part (1) (b) of the motion was then called and it was **CARRIED**.

The question on Part (1) (c) of the motion was then called and it was **CARRIED**. Also, the Chair directed staff to reassess the items listed in Part (1) (c) in one year.

The question on Part (1) (d) of the motion was then called and it was **CARRIED** with Cllrs. Day and Wolfe opposed.

The question on Part (1) (e) of the motion was then called and it was **CARRIED**.

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The question on Part (1) (f) of the motion was then called and it was **CARRIED**.

The question on Part (1) (g) of the motion was then called and it was **CARRIED**.

The question on Part (1) (h) of the motion was then called and it was **CARRIED**.

The question on Part (1) (j) of the motion was then called and it was **CARRIED**.

The question on Part (1) (k) of the motion was then called and it was **CARRIED**.

It was moved and seconded

(1) *That Part (1) (a) – “A same level of service budget increase, after tax growth, of \$3,249,703 with a tax increase of 1.50% before additional levels of service” be referred back to staff to reduce the overall tax increase by 0.5% and examine special events, and report back at a Special Finance Committee meeting scheduled for February 11, 2019; and*

(2) *That Parts (2) and (3) of the main motion be referred back to staff.*

CARRIED

5. **CONSOLIDATED 5 YEAR FINANCIAL PLAN (2019-2023) BYLAW NO. 9979**

(File Ref. No. 03-0970-25-2019, 12-8060-20-009979) (REDMS No. 6106877)

It was moved and seconded

That the staff report titled “Consolidated 5 Year Financial Plan (2019-2023) Bylaw No. 9979” dated January 28, 2019 be referred to the Special Finance Committee meeting scheduled for February 11, 2019.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (8:15 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, February 4, 2019.

Mayor Malcolm D. Brodie
Chair

Hanieh Berg
Legislative Services Coordinator

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Page	Item	Cancel/Amend/Defer	Comment/Question	Capital	Savings	OBI savings
18/124	Minoru Aquatic Demolition	Defer	Does \$ return to rate stabilization	\$ 3,392,000		\$ -
20/142	Terra Nova Seating	Cancel	Does \$ return to Parks DCC	\$ 200,000	\$ 200,000	\$ 110,000
22/120	Gateway Infrastructure	Amend	No to \$120k concession	\$ 102,000	\$ 102,000	
23-24/125	Minoru Arena Systems Renewals	Amend	Scale down, cap \$2.5M	\$ 800,000	\$ 800,000	
25-26/126	Minoru Place Activity Centre	Amend	Scale down, cap \$1.7M	\$ 811,000	\$ 811,000	\$ 50,000
26-28/128	Watermania Mechanical/Infrastructure	Amend	Scale down, cap \$1.191M	\$ 150,000	\$ 150,000	
28-30/156/272	Vehicle & Equipment Purchases		5 year \$15,235M; 10 year replacement cycle; does not apply to everything; scale down capital purchases, increase maintenance	?	?	
28-30/156/272	Vehicle & Equipment Purchases	Comment Amend	No speaker system			
31/72	Arterial Roadway Improvement	Referral	Staff to evaluate costs and benefits of expansion of Vehicle Tracking to Entire Fleet			
31-32/77	Neighbourhood Walkway Program	Cancel	Without physical methods of slowing bikes at intersections, it's a waste of \$.	\$ 225,000	\$ 225,000	
33/118	City Hall Upgrades	Cancel	Low pedestrian volume, no transit, shuttered warehouses.	\$ 500,000	\$ 500,000	\$ 22,992
36/161	Budget Planning & Monitoring	Comment	Very concerned 'disaster rated' building needs structural repairs under no stress. 2020 upgrades of \$11.1M, two year total \$12.08M.			
37-39/162	Contract Life Cycle Management	Cancel	No	\$ 1,000,000	\$ 1,000,000	\$ 50,000
	Capital Budget by Program	Cancel	No	\$ 622,994	\$ 622,994	\$ 80,384
51		Comment	Very concerned there are no capital affordable housing plans in the next 5 years. Current year \$0.75M spent and no housing.			
		Referral	To direct staff to include affordable and/or seniors housing in all CoR buildings that are not industrial/infrastructure/heritage.			
80	Steveston MUP	Cancel	Physical barrier (mansion) on part 2 of the Steveston Hwy program. Do not proceed with part 1 until verified solution to part 2.	\$ 1,000,000	\$ 1,000,000	\$ 24,666
43/149	Land Acquisition	Comment	Does unspent \$ remain in capital acct or go to rate stabilization?	\$10M		
46	Animal Shelter	Defer	On referral, remove	\$8M		
47	Lawn Bowling	Defer	On referral, remove	\$4M		
47	Phoenix Net Loft	Comment	Find revenue streams			
47	Steveston Community Centre	Defer	On referral, remove	\$90M		
48/185	Police Office	Comment	Confirm this is 100% developer \$.			
62/188	Roof Replacements (3)	Recommend	Ensure cost avoidance.	\$ 277,000	\$ 277,000	
110	Public Works Minor Capital Roads	Comment	Source funds from Roads Capital, not Rate Stabilization			
113	Public Works Minor Capital Traffic	Comment	Source funds from Roads Capital, not Rate Stabilization			
135	Lawn Bowling Turf	Cancel	Only 9 years old, with light use compared to 15 year old Boyd turf.		\$ 350,000	
136	Minoru Lakes Renewal	Defer	Hold until Master Plan adopted	\$ 1,750,000		
155	Fleet Electrical Charging Stations	Comment	Are these for CoR fleet only?	\$ 521,700		

Schedule 1 to the Minutes of the Finance Committee meeting of Richmond City Council held on Monday, February 4, 2019.

158	Fire Vehicles	Defer	Hold hasmat truck if CoR has one	\$ 650,000	
163	Digital Strategy	Comment	Confirm this is LAST payment (4/4)?	\$ 900,000	
160-166	IT Total Budget	Comment	Scale down; wants versus needs; cost recovery on surplus?	\$4,474M	
226	Community Needs Assessment	Defer	How can delaying mean insufficient time to get a consultant? Cycle every 7/8 years instead of 5; significant cost savings.	\$ 125,000	
252	Sister City Program Additional Levels	Comment	Can the program be added at no cost to the scope of the Protocols & Intergovernmental Office, like they do in Vancouver?	\$	60,000
259	Tempest Mobile App	Recommend	Get more enforcement from same number of bylaw officers. Would this pay for itself in additional fines?	-\$	12,000
Total Savings				\$ 5,483,994	\$ 166,042