



## Finance Committee

Date: Monday, November 16, 2020

Place: Council Chambers  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Carol Day  
Councillor Kelly Greene (by teleconference)  
Councillor Alexa Loo  
Councillor Bill McNulty (by teleconference)  
Councillor Linda McPhail (by teleconference)  
Councillor Harold Steves (by teleconference)  
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 5:07 p.m.

## MINUTES

It was moved and seconded

*That the minutes of the meetings of the Finance Committee held on October 5, 2020 and the Special Finance Committee held on August 26, 2020, be adopted as circulated.*

**CARRIED**

## PRESENTATION

1. KPMG Audit Plan

By teleconference, C.J. James, Audit Partner, KPMG, and Aanu Adeleye, Senior Manager, KPMG, stated that there are no changes or updates to the City of Richmond Audit Planning report for the year ending December 31, 2020.

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**FINANCE AND CORPORATE SERVICES DIVISION**

**2. 2021 UTILITY BUDGETS AND RATES**

(File Ref. No. 03-0970-01) (REDMS No. 6545588 v. 10)

By teleconference, Jason Ho, Manager, Engineering Planning, and Suzanne Bycraft, Manager, Fleet and Environmental Programs, reviewed the proposed 2021 utility rates for water, sewer, drainage and diking, and solid waste and recycling.

Water Utility

Option 1 proposes a zero rate impact with a draw of \$1.4 million from the Rate Stabilization provision, Option 2 proposes a \$700,000 draw from the Rate Stabilization provision (recommended by staff), and Option 3 proposes non-discretionary increases with no draw from the Rate Stabilization provision.

In reply to queries from Committee, Mr. Ho advised that the latest water consumption data reflect a change in water consumption patterns likely as a result of COVID-19, and thus staff have adjusted their recommendation to account for this change in consumption.

Sewer Utility

Option 1 proposes a zero rate impact with a draw of \$1.2 million from the Rate Stabilization provision, Option 2 proposes a \$600,000 draw from the Rate Stabilization provision (recommended by staff), and Option 3 proposes non-discretionary increases with no draw from the Rate Stabilization provision.

Drainage and Diking Utility

Option 1 proposes a zero rate impact (recommended by staff), Option 2 proposes a 15% increase to medium and large non-stratified properties, 2% increase to single-family properties, and 1% increase to multi-family properties, and Option 3 proposes a 30% increase to medium and large non-stratified properties, 4% increase to single-family properties, and 2% increase to multi-family properties.

In reply to queries from Committee, Mr. Ho advised that, unlike water and sewer, the diking and drainage utility is not impacted by external cost factors like Metro Vancouver. He highlighted that staff have been highly successful in securing grant funding for the City's diking network and therefore, staff recommend a zero rate impact as it will not affect the City's flood protection initiatives.

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Solid Waste and Recycling Budget

Option 1 proposes a zero rate impact, Option 2 proposes partial cost increases offset by a operating budget impact draw from the provision account, and Option 3 proposes partial cost increases with no offset from the provision account.

It was moved and seconded

*That the 2021 utility budgets, as presented in Option 2 for Water (page 5), Option 2 for Sewer (page 10), Option 1 for Drainage and Diking (page 16), and Option 3 for Solid Waste and Recycling (page 18), as outlined in the staff report, dated November 6, 2020 from the General Manager, Engineering and Public Works and the Acting General Manager, Finance and Corporate Services, be approved as the basis for establishing the 2021 utility rates and included in the Consolidated 5 Year Financial Plan (2021-2025) Bylaw.*

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

It was moved and seconded

*That Option 2 for Drainage and Diking (page 16) be approved, instead of Option 1.*

**DEFEATED**

Opposed: Mayor Brodie  
Cllrs. Au  
Loo  
McNulty  
McPhail

The question on the main motion was then called and it was **CARRIED** with Cllr. Wolfe opposed.

## ENGINEERING AND PUBLIC WORKS DIVISION

3. **2021 DISTRICT ENERGY UTILITY RATES**

(File Ref. No. 01-0060-20-LIEC1; 12-8060-20-010208/010209/010210) (REDMS No. 6537172 v. 10; 6538843; 6538844; 6538846)

In reply to queries from Committee, by teleconference, Alen Postolka, Manager, District Energy, advised that the proposed district energy utility rates are competitive with conventional energy costs based on the same level of service; also he remarked that the rate increase ensures sufficient revenues to offset the capital investment and operating costs.

Committee requested that a memorandum comparing district energy utility rates with those of conventional utility rates be provided to Council.

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Discussion took place on the proposed 2.5% blended increase and in particular, the 2.0% for Consumer Price Index (CPI) and in response, Mr. Postolka advised that the CPI is one factor in the overall service rates costs.

It was moved and seconded

- (1) *That the Alexandra District Energy Utility Bylaw No. 8641, Amendment Bylaw No. 10208 be introduced and given first, second and third readings;*
- (2) *That the Oval Village District Energy Utility Bylaw No. 9134, Amendment Bylaw No. 10209 be introduced and given first, second and third readings; and*
- (3) *That the City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 10210 be introduced and given first, second and third readings.*

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

It was moved and seconded

*That the staff report titled “2021 District Energy Utility Rates” dated September 25, 2020 from the Director, Sustainability and District Energy be referred back to staff to reduce the rate increases.*

The question on the referral motion was not called as in reply to Committee comments, John Irving, General Manager, Engineering and Public Works, by teleconference, advised that the CPI is one factor in the overall proposed rate increases. He remarked that there is no proposed increase to the Alexandra District Energy Utility rate, which is the majority of the district energy customer base. He added that the proposed district energy utility rates are competitive with those of conventional utilities and a lower rate for 2021 would result in a higher rate increase in future years.

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

The question on the main motion was then called and it was **CARRIED** with Cllr. Greene opposed.

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Mayor Brodie acknowledged Councillor Greene for her hard work on Council and congratulated her on her new role as Member of the Legislative Assembly.

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (5:37 p.m.).*

**CARRIED**

Certified a true and correct copy of the Minutes of the meeting of the Special Finance Committee of the Council of the City of Richmond held on Monday, November 16, 2020.

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Mayor Malcolm D. Brodie  
Chair

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Hanieh Berg  
Legislative Services Associate