



## Finance Committee

Date: Monday, December 7, 2015

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

Absent: Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:34 p.m.

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on November 2, 2015, be adopted as circulated.*

**CARRIED**

### FINANCE AND CORPORATE SERVICES DIVISION

1. **2015 AUDIT ENGAGEMENT**  
(File Ref. No. 03-0905-01) (REDMS No. 4814774)

It was moved and seconded

*That the 2015 Audit Planning Letter from KPMG, LLP, dated November 13, 2015, be received for information.*

**CARRIED**

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2. **FINANCIAL INFORMATION – 3<sup>RD</sup> QUARTER SEPTEMBER 30, 2015**  
(File Ref. No.) (REDMS No. 4786970)

In response to queries from Committee, Jerry Chong, Director, Finance, accompanied by Cindy Gilfillan, Manager, Financial Reporting, advised that (i) gaming revenues are on target to meet the 2015 budgeted allocation of \$18 million, (ii) Council may review the transfer of operating surpluses to the Rate Stabilization Account at their discretion, and (iii) impacts to gaming revenue, due to the additional conditions introduced by the BC Lottery Corporation, will not be realized until the end of the 4<sup>th</sup> Quarter. Mr. Chong commented that applying the operating surpluses to the City's budget, while achieving a one-time reduction to the budget, would potentially increase budgets in future years. He further commented on the Real Estate Investment Strategy that will examine diversifying the City's funds and the need to maintain safe investment portfolios given the uncertain economic climate.

It was moved and seconded

*That the staff report titled, "Financial Information – 3<sup>rd</sup> Quarter September 30, 2015", dated November 18, 2015 from the Director, Finance be received for information.*

**CARRIED**

**RICHMOND OLYMPIC OVAL CORPORATION**

3. **3<sup>RD</sup> QUARTER 2015 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL**  
(File Ref. No.) (REDMS No. 4818693)

In reply to questions from Committee, Rick Dusanj, Controller, Richmond Olympic Oval Corporation (ROOC), noted that in-house marketing expenses for the Richmond Olympic Experience and other business initiatives will be realized in the 4<sup>th</sup> Quarter financials and that operating surpluses will be transferred into the ROOC's Capital Reserves.

It was moved and seconded

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2015 from the Controller of the Richmond Olympic Oval Corporation be received for information.*

**CARRIED**

## COMMUNITY SERVICES DIVISION

4. **2016 OPERATING AND CAPITAL BUDGETS FOR RICHMOND PUBLIC LIBRARY**

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

Greg Buss, Chief Librarian and Secretary to the Board, Richmond Public Library, provided background information and spoke to the ongoing transition from print-based information service to a blend of traditional and digital services and the request for an ongoing \$200,000 increase to the collection budget.

Discussion ensued in which Mr. Buss provided the following information:

- the new loan policies designed to provide better access to the collection while also increasing fine collection and printing charges will be reviewed within three months after its implementation in early 2016;
- the additional \$200,000 one-time funding received in 2015 was utilized to upgrade the collections to the Steveston, Ironwood and Brighthouse library branches;
- the ongoing additional \$200,000 funding would be used to maintain the print-form and digital collections;
- recent computer upgrades will allow for electronic fine notification and other service initiatives;
- increases in revenues are anticipated in 2016 due to cost effective technology;
- Regional comparisons indicate that the library's operating efficiencies are higher, its per capita expenditures are slightly below average, and its per capita support is significantly below the average;
- Inter-municipal borrowing revenue has been dramatically reduced due in part to the growth in the Chinese language collections at other libraries and to the limited resources to purchase new material;
- a portion of the 2015 operating surplus will be used towards establishing *The Launchpad* space at the Brighthouse Library branch; and
- the proposed budget increase of 2.96% plus additional funding of \$200,00 would maintain existing service levels and allow for the continued investment to the print-form and digital collections.

Discussion ensued regarding the allocation of the 2015 operating surplus, the ongoing additional level funding request and the proposed budget undergoing further review. Committee directed that 2015 actual figures and regional comparisons be provided.

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In response to a question from Committee, Cathryn Volkering Carlile, General Manager, Community Services, commented that the Library Board's proposed budget does not undergo the same level of scrutiny by the City Senior Management Team as the line Department's budgets although the request for ongoing additional funding in the amount of \$200,000 was fully considered along with the other requests and was not recommended by staff.

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

It was moved and seconded

*That the 2016 Richmond Public Library Operating and Capital budgets be referred back to staff for further analysis.*

**CARRIED**

## FINANCE AND CORPORATE SERVICES DIVISION

5. **2016 CAPITAL BUDGET**

(File Ref. No. 03-0970-01) (REDMS No. 4761439 v. 8)

Andrew Nazareth, General Manager, Finance and Corporate Services, accompanied by Mr. Chong provided information regarding the proposed 2016 Capital Budget as follows:

- the proposed Capital Budget aligns with the 2014-2018 Council Term Goals and aligns the assets and the financing to achieve the service levels approved by Council;
- the building program is not included in the proposed budget;
- Parks Develop Cost Charges (DCC) funds were used for major park acquisitions in 2015;
- the 2016 land acquisition program aligns with the Investment Land Strategy approved earlier in 2015;
- the new fire vehicle and equipment is anticipated to be purchased in 2016;
- the City's DCC program consists of projects and the costs are allocated between existing development and new growth. There is a range of percentages depending on each program and the City funds a percentage for projects that benefit the existing population (benefit factor); and
- the City also funds a percentage of all DCC projects as it would be unfair to impose on new development all of the costs that are attributable to new development; therefore, the City funds an assist factor of 1%.

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In response to a query from Committee, Jim Young, Senior Manager, Capital Building Project Development, advised that the Garratt Wellness Centre requires upgrades to the electrical and mechanical systems.

In reply to a query from Committee, Mike Redpath, Senior Manager, Parks, commented that staff is in negotiations through the Council/School Board Liaison Committee regarding the potential disposition and/or acquisition of school property.

In response to a question from Committee, Robert Gonzalez, General Manager, Engineering and Public Works, noted that, regarding the LED Street Light Replacement Plan and the changing technologies, several products are undergoing testing to determine whether they meet performance standards prior to entering into discussions with potential suppliers regarding providing the products at no cost.

In reply to a query from Committee, Jane Fernyhough, Director, Arts, Culture and Heritage Services, advised that the Interurban Tram Restoration funding request would allow for the complete refurbishing of the tram, both inside and out.

It was moved and seconded

*That the 2016 Capital Budget totalling \$104.1M be approved and staff authorized to commence the 2016 Capital Projects.*

**CARRIED**

**6. 2016 PROPOSED OPERATING BUDGET**

(File Ref. No. 03-0970-01) (REDMS No.)

In response to questions from Committee, Mr. Nazareth and Mr. Chong provided the following information regarding the 2016 Proposed Operating Budget:

- the proposed budget does not include any provision for an increase in police officers;
- a “Corporate Reset” involves examining the Rate Stabilization Accounts, the budget for increased revenues, deferred savings through delayed replacements, and historic surplus balances to arrive at a figure that would reset the base line on a one-time bases only;
- a “Corporate Reset” and/or utilizing operating surpluses to offset the operating budget may expose the City to the risk of higher budget increases in subsequent years or depleting reserve funds;
- the Rate Stabalization Account assists the City in achieving minimal increases to the Operating budget by providing a source for one-time initiatives;

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- the City is statutorily restricted in terms of the types of investments it invests in and that principal must be protected at all times;
- the City is in a solid financial position; however, one major incident could dramatically affect the City's resources;
- the *Community Charter* requires municipalities to fix one tax rate per class, such as residential, commercial, and industrial, etc.;
- the impact of the City's Service Level Review process to the proposed budget would be challenging to quantitatively demonstrate;
- 98% of the budget increase can be attributed to salaries (65%), RCMP contract increases (17%), and senior level of government downloading (15%);
- the largest portion of the Law and Community Safety budget related to contract services is the RCMP contract, the Community Services contract services relate to the Community Centres, and the Engineering and Public Works budget has a variety of contract services;
- one-time expenditures are not included in the Operating budget as requests are funded through the Rate Stabilization Accounts;
- staff would examine the additional level funding, the Rate Stabilization Account, and revenue increases in an effort to achieve a 2% budget increase;
- relying on casino revenue to offset the Operating budget may cause the City to be at risk to higher budget increases in future years in the event the casino revenues decline in the future; and
- casino revenues have been allocated towards specific projects; however, Council may make changes at any time.

In reply to a question from Committee, Ms. Fernyhough commented that it is difficult to project over the long-term whether the funds requested for the Arts Centre Recreation Leader Auxiliary Hours would be offset by increased program registrations.

Discussion ensued regarding (i) including Item #19 "Increased BSW Hours for Steveston Museum/Tram" (Attachment 11) in the Operating Budget, (ii) staff providing a breakdown of the Law and Community Safety Operating Budget into its various components, (iii) staff including the City's Organizational Chart in the report, and (iv) strategies for achieving a 2% budget increase; (v) staff providing further details pertaining to personnel vacancies and the impact of vacancies to the organization.

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In response to a query from Committee, George Duncan, Chief Administrative Officer, advised that, in the event of a staff vacancy, a review is undertaken to ensure that the position should be legitimately filled; therefore, the delay in filling the position generates savings during the vacancy. He further advised that a portion of the budget increase reflects the projected pay increases for the coming year and that, while the City's turnover rate is low, vacancies are an ongoing process.

In reply to a query from Committee, Superintendent Renny Nessel, Officer in Charge (OIC), Richmond RCMP, stated that an extensive review of police resource levels and that the proposed additional staff request is necessary to adequately service the city. Also, he commented that over the past five years requests for additional resources have been between 0 and 2 officers per year.

In response to a question from Committee, Ms. Fernyhough advised that the current Arts Outreach Van is not a part of the fleet inventory replacement program; therefore resources are not available for the van's future replacement.

In reply to a query from Committee, Ed Warzel, Manager, Community Bylaws, commented that the request for an Agrologist Contractor would be an off-site resource and the contractor is critical for the timely processing of applications.

Discussion ensued regarding (i) a strategy related to police services and the cost implications to the Operating budget, (ii) the need for additional information related to the rationale for not recommending certain ongoing expenditure requests, (iii) a breakdown of the Law and Community Safety budgets to show the various services separately, (iv) an analysis of the "Corporate Reset", and (v) further details pertaining to personnel vacancies and the impact of vacancies for the City.

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

It was moved and seconded

***That the 2016 Proposed Operating Budget be referred back to staff for further information related to the following:***

- (1) the rationale as to why the items listed in "Attachment 11 - Ongoing Expenditures Request (Not Recommended)," were not recommended by staff;***

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- (2) *a breakdown of the Law and Community Safety budget to show the Richmond RCMP budget separately;*
- (3) *a description of the “Corporate Reset” as discussed by staff;*
- (4) *details pertaining to personnel vacancies and the impact of vacancies; and*
- (5) *strategies for reducing the proposed tax increase to 2% and the impacts to the proposed budget.*

The question on the motion was not called as discussion ensued regarding (i) the Richmond RCMP staffing request (outlined in Attachment 10), (ii) maintaining 2015 tax levels, and (iii) examining the corporate surpluses and Rate Stabilization Fund. Committee directed that, if possible, staff report back to the December 14, 2015 General Purposes Committee meeting.

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

7. **2016 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0970-01) (REDMS No. 4763304 v. 6)

In reply to a question from Committee, Mr. Nazareth advised that the request for the Public Safety Mobile Command Vehicle is not a part of the recommended one-time expenditures total.

In response to a query from Committee, Fire Chief John McGowan, Richmond Fire-Rescue (RFR), spoke to the poor condition of the Public Safety Mobile Command Vehicle and to the need for its replacement.

Regarding a query related to the Museum Development Plan, Ms. Fernyhough commented that staff is currently examining various museum models and that future development plans would be presented to Council for approval.

In reply to a question from Committee, Mr. Redpath noted that the Steveston Harbour Log Debris Removal would cover the harbour from Gilbert Beach through to the Cannery channel. In addition, he noted that, while log removal is the responsibility of the Federal government, the request is for a one-time expenditure for the City’s harbour to address navigational hazards.

In response to a query from Committee, Victor Wei, Director, Transportation, commented that the request to fund new traffic and speed counters is for the replacement of existing outdated equipment and would be used throughout the city.

In reply to a query from Committee, Serena Lusk, Senior Manager, Recreation and Sport Services, advised that the bulk of the funds requested related to the Community Services Communications/Marketing Plan would be directed towards the cost of external consultants to assist the marketing staff.



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Grant Fengstad, Director, Information Technology, commented that the City Grants System Improvements are to fund enhancements to the existing web-based application system.

Fire Chief McGowan stated that the RFR Mobile Inspections are tablet computers useful for building inspections, on-site recordings, and various HAZMAT applications.

Ms. Fernyhough advised in reply to questions, that the Heritage Inventory Review funding request would update the inventory database and allow for additional resources to complete the update. She further advised that the proposed Museum Development Plan funding is for works associated with Phase 1 of the Plan that would allow staff to (i) examine museum models, (ii) undertake a feasibility study, and (iii) gather other detailed information regarding development partnerships.

It was moved and seconded

*That the recommended one-time expenditures in the amount of \$1.635M, as outlined in the staff report titled "2016 One-Time Expenditures", be approved for funding from the Rate Stabilization Account.*

**CARRIED**

Opposed: Cllr. Day

8. **2016 COUNCIL COMMUNITY INITIATIVES ONE-TIME EXPENDITURES**

(File Ref. No. 03-0970-01) (REDMS No. 4811158 v. 3)

Discussion ensued regarding the merits of the proposed Council Community Initiatives One-Time Expenditures and the feasibility of including the Interurban Tram Restoration Capital Project to the list of initiatives.

In reply to queries from Committee, Ms. Fernyhough advised that the rehabilitation of the tram would cost approximately \$396,000 and that the ongoing expenditure request to increase the operating hours at the tram building was not recommended. She further advised that the current hours of operation are (i) from July and August - Tuesday through Sunday, and (ii) from September to June - Saturday and Sunday. Also, the ongoing expenditure request would extend the daily operating hours from May through to the end of September.

It was moved and seconded

*(1) That the one-time expenditure requests as outlined in Attachment 1 of the staff report titled "2016 Council Community Initiatives One-Time Expenditures" from the Director, Finance, be approved as follows:*

*(a) 2017 Canada 150<sup>th</sup> Steveston Ships to Shore Events in the amount of \$895,000;*

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- (b) Richmond Gateway Theatre Society Sustainability in the amount of \$24,000;*
- (c) Interurban Tram Restoration Project in the amount of \$396,000; and*
- (2) That funding for the initiatives outlined above be included in the City's 5-Year Financial Plan (2016-2020) Bylaw.*

The question on the motion was not called as staff was directed to provide a memorandum to Council on the history of the tram prior to the next regular meeting of Council. There was agreement to deal with Parts (a), (b), and (c) separately.

The question on Part (a) 2017 Canada 150<sup>th</sup> Steveston Ships to Shore Events was then called and it was **CARRIED**.

The question on Part (b) the Richmond Gateway Theatre Society Sustainability was then called and it was **CARRIED**.

The question on Part (c) the Interurban Tram Restoration Project was then called and it was **DEFEATED** with Cllrs. Au, Dang, Day, Johnston, and McPhail opposed.

## ADJOURNMENT

It was moved and seconded  
*That the meeting adjourn (6:52 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 December 7, 2015.

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Mayor Malcolm D. Brodie  
Chair

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Heather Howey  
Legislative Services Coordinator