



Special Finance Committee

Date: Monday, January 24, 2011

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Greg Halsey-Brandt
Councillor Sue Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:01 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on Monday, December 6, 2010, be adopted as circulated.

CARRIED

BUSINESS AND FINANCIAL SERVICES DEPARTMENT

There was agreement that for discussion purposes, Item No. 1 – 2011 Operating Budget Referrals and Item No. 2 – 2011 Operating Budget Surplus Funding would be dealt with simultaneously.

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1. **2011 OPERATING BUDGET REFERRALS**
(File Ref. No.:) (REDMS No. 3126960)
2. **2011 OPERATING BUDGET-SURPLUS FUNDING**
(File Ref. No.:) (REDMS No. 3126267)

Andrew Nazareth, General Manager, Business and Financial Services, accompanied by Jerry Chong, Director, Finance, advised that the additional level funding requests were not recommended at this time, and that the City is able to continue providing the same level of service without approving the additional level requests.

A discussion then ensued about the following matters:

- postponement of additional level requests until May or June of 2011, subsequent to the financial audit;
- the funding for a youth worker for the City Centre, Hamilton and Sea Island Community and Recreation Centres. It was noted that the funding had been integrated into the base budget and would no longer be an additional level request;
- the funding request for the Richmond Community Services Advisory Committee (RCSAC). It was noted that the funding had been integrated into the base budget;
- the difference between accumulated operating surplus and operating surplus;
- provisions for adequate public washrooms in order to meet the community demands in Steveston;
- funding the RCMP Administration position (as prioritized in Appendix 1 - 2011 Prioritized Additional Level Expenditure Requests) and the feasibility of a civilian performing the duties related to the position;
- the high vacancy trend at the RCMP and the rationale for a RCMP provisional account. It was noted that placing funds in a provisional account would allow for a reduction of the RCMP budget;
- the charge out rate for fleet vehicles. It was noted that the level of annual contribution to the City's vehicle fleet reserve is insufficient to adequately replace vehicles within the City's fleet;
- the calculated risk associated with utilizing surplus funds. It was noted that operating costs were anticipated to be lower and revenues to be higher in the following year as: (i) building permit revenues were anticipated to grow in the next two years; and (ii) salaries and operating expenses would not be increasing at the same rate as they have been in previous years;

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- the feasibility for viewing the RCMP budget in comparison to its complement. It was noted that the Officer in Charge (OIC) had been tracking vacancy rates and the number of officers on the streets, including where and how those officers were deployed. It was further noted that the OIC could bring back a report related to the matter;
- the appropriation of previous and future surplus funds generated by the Richmond Olympic Oval. It was noted that the operating agreement between the Richmond Olympic Oval Corporation and the City specifies that a sinking fund must be developed by the Oval Corporation;
- adequate provisions for the uncommitted reserves;
- staff's conservative accounting practices related to the revenue projections in order to ensure a balanced budget; and
- concerns associated with relying on gaming revenues to balance the budget.

It was moved and seconded

That:

- (1) ***the staff reports entitled (i) "2011 Operating Budget Referrals" dated January 18, 2011, from the General Manager, Business and Financial Services; (ii) "2011 Operating Budget-Surplus Funding" dated January 18, 2011 from the Director of Finance on the 2011 Operating Budget-Surplus Funding; and (iii) "2011 Operating Budget" dated January 10, 2011 (Appendix 3), each be received for information;***
- (2) ***the 2011 Operating Budget report dated January 10, 2011 (Appendix 3) with an average tax increase impact of 2.94% be approved as the basis for preparing the 5 Year Financial Plan (2011-2015) together with additional level funding for items 16 and 17 - Diversity Services (as listed in Appendix 2 of the report dated January 18, 2001 from the General Manager, Business and Financial Services) for a total increase of 2.95%;***
- (3) ***Council appropriate \$3.7M of the estimated 2010 operating surplus for the following items:***

<i>(a)</i>	<i>Contribution to Oval Corporation</i>	<i>\$1.5M</i>
<i>(b)</i>	<i>RCMP Provision</i>	<i>\$1.2M</i>
<i>(c)</i>	<i>Transfer to Reserves</i>	<i><u>\$1.0M</u></i>
		<i>\$3.7M</i>

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- (4) the RCMP Administrative position set out as No. 5 on the “2011 Prioritized Additional Level Expenditure Requests” be referred back to staff for further analysis and a report back to the Community Safety Committee; and*
- (4) staff provide further analysis on (i) future projections for surplus and reserves and how they may apply to future construction, (ii) projections on future development, and (iii) a review of general RCMP costs.*

The question on the motion was not called as discussion continued about (i) the necessity of keeping surplus funds available; (ii) funding for the Youth worker as well as RCSAC; (iii) Richmond’s rising real estate values; (iv) Steveston’s parks and the need for additional funds for washroom supplies at the Britannia Heritage and Gulf of Georgia sites.

During the discussion, staff were requested to provide information on Richmond’s ageing infrastructure.

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

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:27 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, January 24, 2011.

Mayor Malcolm D. Brodie
Chair

Shanan Dhaliwal
Executive Assistant
City Clerk’s Office