



Special Finance Committee

- Date: Monday, February 11, 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 3:31 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on February 4, 2019, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **ALTERNATIVE FUNDING SOURCES FOR THE 2019 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0970-01) (REDMS No. 6121598 v. 3)

In response to questions from Committee, staff advised the following:

- the Enterprise Fund (i) has been accumulated over numerous years sourced from excess debt funding and surpluses through various accounts, (ii) is maintained by staff to ensure projects are funded where there is no funding source and a payback is available, and (iii) is self-sustaining;

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- as part of the existing gaming revenue allocation model any excess gaming revenue is put to the capital building and infrastructure reserve and there is an additional \$500,000 approximately in that reserve from this allocation model;
- in total for 2018, \$16.7 million was received in gaming revenue and staff follow the allocation model with any surplus put into the capital building and infrastructure reserve;
- the Shipyard Operations Supervisor position would be operational in nature, overseeing the operations related to boat building and repair activities on the site and is a one-time request;
- the Cultural Precinct Study would require an architect and specialized expertise to complete the building assessment and make recommendations on how to best utilize the space and ensure planning for the City's facilities;
- a majority of the Automated External Defibrillators (AED) were gifted in 2010 and 2011 as a legacy of the Olympics and have been utilized for life saving measures since their installation;
- PeopleSoft has gone through two major upgrades as well as significant changes in workflows and the PeopleSoft Review and Knowledge Development would provide necessary training to pertinent staff; and
- the Community Needs Assessment is recommended in five year intervals to measure effectiveness over time and align with other strategies which are also completed every five years and the intent is to start in 2019 for launch in 2020.

Discussion then took place on (i) the Gaming Revenue Provision and the Enterprise Fund, (ii) the status of staffing and the requirement of a Shipyard Operations Supervisor at Britannia Shipyards National Historic Site, (iii) the use of staff to complete the Cultural Precinct Study, and (iv) installing library book vending technology at Minoru Centre for Active Living.

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

It was moved and seconded

That the recommended one-time expenditures totaling \$1,315,909 and an additional \$110,000 for Minoru Aquatic Centre operational maintenance for a total of \$1,425,909 as outlined in Table 1, be approved with funding from the Rate Stabilization Account (RSA).

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

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It was moved and seconded

That the Cultural Precinct Study (\$100,000) be removed from the recommended 2019 one-time expenditures.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Greene
Loo
McPhail
Steves
Wolfe

It was moved and seconded

That the Resources to Conduct a Community Needs Assessment (\$125,000) be removed from the recommended 2019 one-time expenditures.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Greene
Loo
McPhail
Wolfe

It was moved and seconded

That the Cultural Precinct Study (\$100,000) be funded from the Gaming Revenue Provision.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Loo
McNulty
McPhail
Steves

It was moved and seconded

That the Resources to Conduct a Community Needs Assessment (\$125,000) be funded from the Gaming Revenue Provision.

DEFEATED

Opposed: Mayor Brodie
Cllrs. Au
Loo
McNulty
McPhail
Steves

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It was moved and seconded

That the PeopleSoft Review and Knowledge Development (\$100,000) be removed from the recommended 2019 one-time expenditures.

DEFEATED

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

It was moved and seconded

That the funding for the 2019 one-time expenditure of the PeopleSoft Review and Knowledge Development be reduced to \$50,000.

DEFEATED

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

It was moved and seconded

That the Library Book Vending Technology at Minoru Centre for Active Living (\$41,500) be added to the recommended 2019 one-time expenditures to be funded from the Council Community Initiatives Account (CCIA).

The question on the amendment motion was not called as discussion ensued regarding the library book vending technology installation at Minoru Centre for Active Living. In response to queries from Committee, Susan Walters, Chief Librarian, commented that should a vending machine be installed at Minoru Centre for Active Living, the materials would be targeted to seniors with a regularly rotating collection available.

The question on the amendment motion was then called and it was **CARRIED** with Cllrs. Greene and Wolfe opposed.

As a result of further discussion regarding the potential to install signage at the Steveston Tram Building, the following additional **amendment motions** were introduced:

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It was moved and seconded

That the Steveston Tram Building Signage (\$30,000) be added to the recommended 2019 one-time expenditures to be funded from the Council Community Initiatives Account (CCIA).

DEFEATED

Opposed: Cllrs. Au
Day
Greene
Steves
Wolfe

It was moved and seconded

That the Steveston Tram Building Signage be reduced to \$15,000 and added to the recommended 2019 one-time expenditures to be funded from the Council Community Initiatives Account (CCIA).

The question on the amendment motion was not called as, in response to questions from Committee, Marie Fenwick, Manager, Museum and Heritage Services advised that a final decision on constructing the Steveston Tram Building Signage in house or externally has not been made and staff would review the signage plan for the site to remain consistent.

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

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

That the recommended one-time expenditures totaling \$1,315,909 and an additional \$110,000 for Minoru Aquatic Centre operational maintenance for a total of \$1,425,909 as outlined in Table 1 be approved with funding from the Rate Stabilization Account (RSA), with the addition of the following:

- *\$41,500 for the Library Book Vending Technology at Minoru Centre for Active Living from the Council Community Initiatives (CCIA) Account; and*
- *\$15,000 for the Steveston Tram Building Signage from the Council Community Initiatives (CCIA) Account.*

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

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

It was moved and seconded

That the Consolidated 5 Year Financial Plan (2019-2023) be amended accordingly and brought to the Council meeting on February 11, 2019.

CARRIED

Opposed: Cllr. Day

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Discussion further took place and as a result, the following **referral motions** were introduced:

It was moved and seconded

That staff look into the potential for charging admission to the Britannia Shipyards National Historic Site.

CARRIED

It was moved and seconded

That staff provide further details regarding the Enterprise Provision including its history and decisions regarding how the Provision is operating.

CARRIED

It was moved and seconded

That staff provide further details regarding the Gaming Revenue Provision including its history and outline of funds being deposited.

CARRIED

2. **2019 PROPOSED OPERATING BUDGET – SAME LEVEL OF SERVICE REFERRAL RESPONSE**

(File Ref. No. 03-0970-01) (REDMS No. 6122324)

In response to questions from Committee, staff noted that (i) the \$150,000 increase in criminal record checks is anticipated due to an increase in job application requirements for a criminal record check, (ii) the anticipated surplus for 2018 is \$6 million and will be added to the \$3.3 million balance of the Rate Stabilization Account, (iii) the Rate Stabilization Account has been utilized as a funding source to address expenditures in order to reduce the tax impact, (iv) staff anticipate bringing a report regarding 2020 Major Events to Council in the near future, and (v) the increase in business licence revenue and increase on other fines revenue is supported by reviewing the trend over the past three years.

Councillor Harold Steves left the meeting (4:26 p.m.) and returned (4:29 p.m.).

In further response to Committee's questions, Mr. Nazareth and Mr. Chong provided further clarification regarding (i) the use of the Rate Stabilization Account, (ii) the same level of service increase, (iii) the operating budget surplus, and (iv) the annual tax rate calculation.

Discussion then took place regarding the staff recognition event and direction was given to staff to provide further information including cost.

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

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It was moved and seconded

That:

- (1) *a same level of service budget increase, after tax growth, of \$2,167,033 with a tax increase of 1.00% before additional levels of service be approved;*
- (2) *the 2019 Operating Budget overall tax increase of 4.82% as presented in Table 2 of the staff report titled “2019 Proposed Operating Budget – Same Level of Service Referral Response” be approved; and*
- (3) *the 2019 Operating Budget of 4.82% be included in the Consolidated 5 Year Financial Plan (2019-2023).*

The question on the motion was not called as, in response to queries from Committee, Mr. Nazareth and Mr. Chong advised that (i) staff have reduced the same level of service budget increase as much as possible without an impact to services, (ii) community safety accounts for 70% of the same level of service increase in 2019 and 61% of the overall increase of the proposed budget, (iii) if the operating budget for 2019 was approved as recommended by staff, the average household would see an approximate tax increase of \$94.51.

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

It was moved and seconded

That the 2.37% Rate Stabilization funding for the 2019 Operating Budget be reduced to 1.37 % with a resulting greater tax increase.

The question on the amendment motion was not called as there was agreement to **table** the motion and the following **amendment motion** was introduced:

It was moved and seconded

That the transfer to reserves be reduced from 0.5% to 0%.

The question on the amendment motion was not called as discussion took place on the transfer to reserves and pursuing alternative revenue sources. In response to questions from Committee, Mr. Nazareth and Mr. Chong advised that at the end of November 2018 there was approximately \$300 million in uncommitted reserves and \$60 million in building reserves, which includes capital building and leisure facilities. Mr. Nazareth and Mr. Chong further remarked that the return on community infrastructures is approximately 2¾ %.

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

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There was agreement that the previous amendment motion to reduce the use of the Rate Stabilization Account be **lifted** from the table.

Discussion further took place on amending the reduction to the use of the Rate Stabilization Account and the amendment motion was **WITHDRAWN** and the following **amendment motion** was introduced:

It was moved and seconded

That the 2.37% Rate Stabilization funding for the 2019 Operating Budget be reduced by 0.68 % with a resulting tax increase.

The question on the amendment motion was not called as, in response to Committee's queries, staff noted that if the amendment motion were to pass, the resulting tax increase for 2019 would be 5.5% and 6.01% in 2020.

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

The question on the main motion was then called and it was **CARRIED** with Cllrs. Au, Greene, and Day opposed.

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

(File Ref. No. 12-8060-20-009979) (REDMS No. 6121102)

It was noted that an updated Consolidated 5 Year Financial Plan (2019-2023) Bylaw could be provided to Council at the February 11, 2019 Council meeting.

It was moved and seconded

(1) ***That the Consolidated 5 Year Financial Plan (2019-2023) Bylaw No. 9979 be introduced and given first, second, and third readings; and***

(2) ***That staff undertake a process of public consultation as required in Section 166 of the Community Charter.***

CARRIED
Opposed: Cllrs. Au
Day

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:00 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 19, 2019.

Mayor Malcolm D. Brodie
Chair

Amanda Welby
Legislative Services Coordinator