



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
General Manager, Business and Financial Services
Re: 2011 Operating Budget-Surplus Funding

Date: January 18, 2011

File:

Staff Recommendation

- 1) That the attached report from the Director of Finance on the 2011 Operating Budget-Surplus Funding be received for information;
- 2) That 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); and
- 3) That Council appropriate \$3.7M of the estimated 2010 operating surplus for the following items:

Contribution to Oval Corporation	\$1.5M
RCMP Provision	1.2M
Transfer to Reserves	1.0M
	<u>\$3.7M</u>

Andrew Nazareth
General Manager, Business and Financial Services
(604-276-4095)

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER 		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

The report "2011 Operating Budget" was presented at the General Purposes Committee on January 17, 2011. The report recommended an increase of \$4.55M in the City's 2011 net expenditures (2.94% tax increase) and an appropriation of \$3.7M of 2010 operating surplus. The rationale for utilizing 2010 operating surplus to reduce the tax increase is explained in this report.

Analysis

Prior to 2007 the BC and Canadian economy was enjoying significant growth, unemployment was at low levels and demand for skilled labour was high. In addition the City of Vancouver won the bidding process to host the Olympics by a vote of the International Olympic Committee on July 2, 2003. In order to ensure labour peace throughout the period of the games the Province initiated discussions with various public sector union groups and eventually the majority of municipalities followed by entering into five year collective agreements with their respective unions. The consequences to the City of Richmond was that there were significant increases to the operating budgets due to the negotiated settlements since salary and wages are the largest component of the City's operating budget. Based on the current economic conditions that exist and preliminary information from other sources, future wage settlements are not anticipated to approach levels experienced in the past. Therefore, staff do not anticipate a similar impact from salary and wages to the Budget over the next few years.

Due to the recession and forecasted decline in development and building, the City reduced the 2010 budgeted amount of building permit revenue by \$1.2M, which was offset by utilizing 2009 surplus of \$1.2M. Staff, based on discussions with individuals from various business sectors and economists had been made aware that while recessionary conditions were still present, there was also optimism that there would be a mild recovery. The prevailing advice was that the City should not take extreme measures otherwise the ability to operate under pre-recession conditions would be impacted. Therefore it was decided to stabilize the budget with surplus, in the event the economy recovered sooner than anticipated. In 2010, despite the recessionary conditions and declines in activity in many other municipalities, the City received over \$7.0M in building permit revenues. These building permit revenues are received under generally accepted accounting principles, which the City's budget is based upon and these revenues are required to be recognized over time to match the timing of related expenses that are incurred by the City. This revenue deferral means that a significant amount of the building permit revenues that were received in 2010 will not be recognized until future years. The timing difference between the collection of revenue and the recognition of that revenue, allows staff to take early action to address future revenue fluctuations. Building permit revenues have been reinstated to pre recession levels for 2011. In the event that they are met, temporary staffing will be required to clear the work associated with both applications/revenue from 2010. In the event that 2011 building permit revenue targets are not met, prior year revenue/work can be used to stabilize the building operation. In addition while the actual development will not translate into additional tax growth immediately, staff are confident that growth will materialize in future years, therefore minimizing the tax impact.

The 2010 operating surplus is mainly due to surpluses from vacant positions and prior year adjustments for the RCMP and better than expected revenues from building permits. The concept of the City utilizing surplus to stabilize the current year is not new. In addition to the \$1.2M utilized last year as explained here, the Water and Sewer Utility rates have also been consistently stabilized with surplus through rate stabilization accounts.

Based on the fact that the estimated year over year increases of salary and wages are expected to diminish; deferred building permit revenues from 2010 will be recognized in future years; and the fact that future building activity should result in tax growth, staff recommend the use of surplus on a one-time basis as a reasonable approach to balancing the budget. This approach was not recommended in the past, due to the fact that the favourable factors, such as the ones identified above were not present. Although the City budgets based on a calendar year, staff are preparing the current year budget with a longer term focus. Therefore, the use of surplus is being done in a responsible manner with risks calculated.

Staff recommend that \$3.7M of estimated 2010 operating surplus be appropriated. The \$3.7M includes the following: \$2.2M for reserves and the RCMP provision, which can be considered one-time expenditures, \$1.5M for the Oval Corporation, which can be considered ongoing, since the amounts will be eventually incorporated into the operating base budget.

Staff recommend that surplus be appropriated as follows:

- 1) Since prior to opening the Oval, Council have been made aware that in order to maintain the Oval as a world-class facility; provide further community access; and leverage the program to ensure that the City receives the maximum Games Operating Trust funding, the contribution from the City would have to be established at \$3.0M. In addition, the operating agreement between the City and Oval Corporation requires that a contribution be made to the capital reserve of the Oval Corporation. Therefore, in order to address these issues, staff recommends that the current contribution to the Oval Corporation be established at \$3.0M and that the increase be temporarily funded from the estimated 2010 surplus. Staff will review subsequent budgets to address the timing and period in which the additional contribution should be phased into the City's base Operating Budget. However it is anticipated that it will be done in increments of \$0.5M over three years.
- 2) During the Finance Committee meeting on December 6, 2010, staff provided information that the estimated surplus from the RCMP for 2010 was approximately \$2.6M. Upon receipt of this information, Committee requested that staff review the RCMP vacancy and surplus pattern and consider reducing the annual funding from tax revenues. The average annual vacancies (including the Integrated Teams), normalized over the past 5 years is approximately 10 and the surplus approximately \$1.6M. Due to the historical vacancy and surplus pattern, staff recommend that \$1.2M of the estimated 2010 surplus (approximately \$2.0M from the RCMP, which includes adjustments from 2009) be appropriated by Council and placed in a provisional account allowing for a reduction of the RCMP budget by the same amount.
- 3) The maintenance of reserves is important to fund future infrastructure, however this must be weighed against services that are currently being provided to taxpayers. Staff recommend

that \$1.0M in funding from tax revenues be reduced for 2011 and that this be replaced by funding in the same amount from the 2010 operating budget surplus on a one-time basis.

2011 Operating Budget

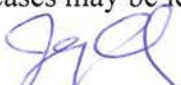
	\$	%	Cumulative %
Net expenditure increase (see Appendix 1)	9,197,908	5.94%	5.94%
Estimated growth	(2,000,000)	(1.29%)	4.65%
Same level of service increase	7,197,908	4.65%	4.65%
Operating Budget Impact 2011 from Capital Budget	499,078	0.32%	4.97%
Final phase of contribution to Oval Corp (total to \$3M)	1,500,000	0.97%	5.94%
	<u>9,196,986</u>	<u>5.94%</u>	<u>5.94%</u>
Recommended reductions (permanent/temporary)			
Contribution to Oval funded in 2011 through surplus (Temp)	(1,500,000)	(0.97%)	4.97%
Reallocate funding for RCMP contract increase	(1,200,000)	(0.78%)	4.19%
Reduce Transfer to Reserves (Temp)	(1,000,000)	(0.65%)	3.54%
Delayed replacements/hirings(Temp)	(750,000)	(0.48%)	3.06%
Fiscal Contingency budget	(100,000)	(0.06%)	3.00%
IT Maintenance budget	(100,000)	(0.06%)	2.94%
	<u>4,546,986</u>	<u>2.94%</u>	

Financial Impact

The proposed 2011 Operating Budget, which includes a surplus appropriation of \$3.7M of estimated 2010 surplus results in an increase of \$4.55M in net expenditures (2.94% tax increase).

Conclusion

Staff recommend that Council appropriate \$3.7M of estimated 2010 operating surplus and adopt the 2011 Budget net expenditure increase of \$4.55M. The net expenditure increase based on information provided in the preliminary roll will amount to an average tax increase of \$38.82 for an average residential home assessed at \$607,094, an increase of \$89,159 from the 2010 average of \$517,935. A property's tax change will vary depending on whether that property's assessment, as provided by BC Assessment was higher or lower than the average overall increase in assessment values. The average overall increase in the City's residential assessments was 17%. If an assessment increase was higher than average, the property tax increase will be higher than the 2.94% estimate given. If a property assessment increase was lower than the average increase, then the property tax increase will be lower than the 2.94% estimate given, and in some cases may be less than the previous year's taxes.


 Jeffry Chong
 Director, Finance
 (604-276-4064)

JC:jc

Appendix 1

2011 Operating Budget

Department	2010 Adjusted Budget	2011 Proposed Budget	Change \$	%	Tax Impact
<u>LAW & COMMUNITY SAFETY</u>					
Revenues/Transfers	7,399,500	7,639,200	239,700	3.24%	
Expenditures	(72,864,582)	(76,421,886)	(3,557,304)	4.88%	
	(65,465,082)	(68,782,686)	(3,317,604)	5.07%	2.14%
<u>PARKS & RECREATION</u>					
Revenues/Transfers	7,388,100	7,634,400	246,300	3.33%	
Expenditures	(30,736,202)	(32,427,539)	(1,691,337)	5.50%	
	(23,348,102)	(24,793,139)	(1,445,037)	6.19%	0.93%
<u>ENGINEERING & PUBLIC WORKS</u>					
Revenues/Transfers	10,174,700	10,728,000	553,300	5.44%	
Expenditures	(28,960,119)	(30,427,763)	(1,467,644)	5.07%	
	(18,785,419)	(19,699,763)	(914,344)	4.87%	0.59%
<u>COMMUNITY SERVICES</u>					
Revenues/Transfers	3,931,000	4,072,400	141,400	3.60%	
Expenditures	(18,090,948)	(19,012,274)	(921,326)	5.09%	
	(14,159,948)	(14,939,874)	(779,926)	5.51%	0.50%
<u>CORPORATE SERVICES</u>					
Revenues/Transfers	130,000	130,000	-	0.00%	
Expenditures	(14,912,900)	(15,389,513)	(476,613)	3.20%	
	(14,782,900)	(15,259,513)	(476,613)	3.22%	0.31%
<u>PROJECT DEVT & FACILITY MTCE</u>					
Revenues/Transfers	1,400,000	1,400,000	-	0.00%	
Expenditures	(9,401,960)	(9,750,082)	(348,122)	3.70%	
	(8,001,960)	(8,350,082)	(348,122)	4.35%	0.22%
<u>PLANNING & DEVELOPMENT</u>					
Revenues/Transfers	4,218,800	4,852,400	633,600	15.02%	
Expenditures	(10,039,224)	(10,796,154)	(756,930)	7.54%	
	(5,820,424)	(5,943,754)	(123,330)	2.12%	0.08%
<u>CORPORATE ADMINISTRATION</u>					
Revenues/Transfers	-	-	-	0.00%	
Expenditures	(3,469,299)	(3,590,361)	(121,062)	3.49%	
	(3,469,299)	(3,590,361)	(121,062)	3.49%	0.08%
<u>BUSINESS & FINANCIAL SERVICES</u>					
Revenues/Transfers	3,827,300	3,891,700	64,400	1.68%	
Expenditures	(6,633,200)	(6,926,325)	(293,125)	4.42%	
	(2,805,900)	(3,034,625)	(228,725)	8.15%	0.15%
<u>FISCAL</u>					
Revenues/Transfers	210,329,400	212,095,900	1,766,500	0.84%	
Expenditures	(44,045,966)	(47,255,611)	(3,209,645)	7.29%	
	166,283,434	164,840,289	(1,443,145)	(0.87%)	0.93%
<u>TRANSFERS TO RESERVES</u>					
Revenues/Transfers	14,866,900	14,866,900	-	0.00%	
Expenditures	(24,511,300)	(24,511,300)	-	0.00%	
	(9,644,400)	(9,644,400)	-	0.00%	0.00%
<u>TOTAL</u>					
Revenues/Transfers	263,815,700	267,310,900	3,482,200	1.32%	
Expenditures	(263,815,700)	(276,508,808)	(12,724,108)	4.82%	
Net Increase	-	(9,197,908)	(9,197,908)		5.94%
Estimated Growth 2011			2,000,000		(1.29%)
Same level of service increase			(7,197,908)		4.65%

Detailed summaries of the year over year change are included in Appendix 2

Appendix 2

Law & Community Safety

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues / Transfers	7,399,500	7,639,200	239,700 ¹	3.24%	
Operating Expenditures	(72,864,582)	(76,421,886)	(3,557,304) ²	4.88%	
	(65,465,082)	(68,782,686)	(3,317,604)	5.07%	2.14%

Explanation Of Year Over Year Change

¹ Revenues Analysis

	Variance	% Change
YVR contract recovery	309,200	4.18%
Other revenues / adjustments	(69,500)	(0.94%)
Total change in revenue	239,700	3.24%

² Operating Expenditures Analysis

	Variance	% Change
Contract services - RCMP contract (\$1.28 m) / RCMP IHIT (\$360K)	(1,651,300)	2.27%
Fire Rescue salaries*	(983,925)	1.35%
RCMP (Municipal) salaries	(412,000)	0.57%
Contract - RCMP-YVR	(227,000)	0.31%
Other salaries (Bylaws, Emergency, Law & Community Safety admin)	(132,754)	0.18%
Others	(99,762)	0.14%
Natural gas	(24,000)	0.03%
Monthly vehicle charges	(13,900)	0.02%
Electricity / Power cost	(12,663)	0.02%
Total change in expenditure	(3,557,304)	4.88%
Net change	(3,317,604)	5.07%

* Does not include amounts for any collective agreement increases

Parks & Recreation

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues / Transfers	7,388,100	7,634,400	246,300 ¹	3.33%	
Operating Expenditures	(30,736,202)	(32,427,539)	(1,691,337) ²	5.50%	
	(23,348,102)	(24,793,139)	(1,445,037)	6.19%	0.93%

Explanation Of Year Over Year Change**¹ Revenues Analysis**

	Variance	% Change
Aquatic services	271,700	3.68%
Other revenues / adjustments	(25,400)	(0.34%)
Total change in revenue	246,300	3.33%

² Operating Expenditures Analysis

	Variance	% Change
Salaries and benefits	(854,770)	2.78%
Others: PW materials / PW equipment/ Lifesaving contract	(281,002)	0.91%
Electricity /power cost	(141,633)	0.46%
Natural gas	(131,470)	0.43%
OBI (South Arm basketball court / Hamilton Community Centre / Britannia / Walter Lee Playground)	(112,362)	0.37%
Leases for Watermania and Ice Centre	(95,400)	0.31%
Monthly vehicle charges	(61,200)	0.20%
Other	(13,500)	0.04%
Total change in expenditure	(1,691,337)	5.50%
Net change	(1,445,037)	6.19%

Engineering & Public Works

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues / Transfers	10,174,700	10,728,000	553,300 ¹	5.44%	
Operating Expenditures	(28,960,119)	(30,427,763)	(1,467,644) ²	5.07%	
	(18,785,419)	(19,699,763)	(914,344)	4.87%	0.59%

Explanation Of Year Over Year Change**¹ Revenues Analysis**

	Variance	% Change
MRN grant	211,700	2.08%
Increase in site service fee	160,000	1.57%
Monthly vehicle credit	182,400	1.79%
Other revenue and adjustment	(800)	(0.01%)
Total change in revenue	553,300	5.44%

² Operating Expenditures Analysis

	Variance	% Change
Salaries and benefits	(897,309)	3.10%
Electricity / Power cost	(201,900)	0.70%
Others: Hourly equipment, contracts, Leases & other operating expenditures	(145,535)	0.50%
Sanding and salting provision	(108,300)	0.37%
Asphalt capping contract	(65,200)	0.23%
Monthly vehicle charges	(49,400)	0.17%
Total change in expenditure	(1,467,644)	5.07%
Net change	(914,344)	4.87%

Community Services

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues /Transfers	3,931,000	4,072,400	41,400 ¹	3.60%	
Operating Expenditures	(18,090,948)	(19,012,274)	(921,326) ²	5.09%	
	(14,159,948)	(14,939,874)	(779,926)	5.51%	0.50%

Explanation Of Year Over Year Change**¹ Revenues Analysis**

	Variance	% Change
One card grant for Province, Provincial Interlibrary Loan Grant, Literacy Equity Grant	59,500	1.51%
Fringe overhead recovery for library	54,300	1.38%
Britannia: projected increase for programs and rentals	13,500	0.34%
Art Centre: projected increase for programs	9,233	0.23%
Others	4,867	0.12%
Total change in revenue	141,400	3.60%

² Operating Expenditures Analysis

	Variance	% Change
Salaries and benefits	(548,379)	3.03%
Others: supplies, garbage pick up, advertising expense, contracts	(147,830)	0.82%
Gateway theatre - municipal grant	(63,600)	0.35%
Fringe overhead recovery for library	(54,300)	0.30%
OBI 2010 -Japanese House and Interurban Car barn	(44,887)	0.25%
Electricity	(29,330)	0.16%
Natural gas	(24,000)	0.13%
Monthly vehicle charges	(9,000)	0.05%
Total change in expenditure	(921,326)	5.09%
Net change	(779,926)	5.51%

Corporate Services

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues /Transfers	130,000	130,000	-	0.00%	
Operating Expenditures	(14,912,900)	(15,389,513)	(476,613) ¹	3.20%	
	(14,782,900)	(15,259,513)	(476,613)	3.22%	0.31%

Explanation Of Year Over Year Change**¹ Operating Expenditures
Analysis**

	Variance	% Change
Salaries and benefits	(349,313)	2.34%
Support costs (Peoplesoft-intergration and reporting and server costs)	(106,700)	0.72%
Storage costs and supplies, postage	(17,700)	0.12%
Election reserve	(1,700)	0.01%
Monthly vehicle charges	(1,200)	0.01%
Total change in expenditure	(476,613)	3.20%
Net change	(476,613)	3.22%

Project Development & Facility Maintenance

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues / Transfers	1,400,000	1,400,000	-	0.00%	
Operating Expenditures	(9,401,960)	(9,750,082)	(348,122) ¹	3.70%	
	(8,001,960)	(8,350,082)	(348,122)	4.35%	0.22%

Explanation Of Year Over Year Change**¹ Operating Expenditures Analysis**

	Variance	% Change
Salaries and benefits	(302,641)	3.22%
Natural gas	(32,100)	0.34%
Electricity	(9,027)	0.10%
Monthly vehicle charges & others	(4,354)	0.05%
Total change in expenditure	(348,122)	3.70%
Net change	(348,122)	4.35%

Planning & Development

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues / Transfers	4,218,800 *	4,852,400	633,600 ¹	15.02%	
Operating Expenditures	(10,039,224)	(10,796,154)	(756,930) ²	7.54%	
	(5,820,424)	(5,943,754)	(123,330)	2.12%	0.08%

Explanation Of Year Over Year Change**¹ Revenues Analysis**

	Variance	% Change
Increase in building permits	633,600 *	15.02%
Total change in revenue	633,600	15.02%

² Operating Expenditures Analysis

	Variance	% Change
Salaries and benefits	(652,554)	6.50%
Traffic signal maintenance	(60,276)	0.60%
Monthly vehicle charges	(39,700)	0.40%
Memberships and Urban Design Awards	(4,400)	0.04%
Total change in expenditure	(756,930)	7.54%
Net change	(123,330)	2.12%

* Includes \$1.2 million of revenue stabilization from surplus in 2010. Therefore, the actual increase in year over year building permit revenue is \$1.8 million.

Corporate Administration

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues /Transfers	-	-	-		
Operating Expenditures	(3,469,299)	(3,590,361)	(121,062) ¹	3.49%	
	(3,469,299)	(3,590,361)	(121,062)	3.49%	0.08%

Explanation Of Year Over Year Change**¹ Operating Expenditures Analysis**

	Variance	% Change
Salaries and benefits	(121,062)	3.49%
Total change in expenditure	(121,062)	3.49%
Net change	(121,062)	3.49%

Business and Financial Services

	2010 Adjusted Budget	2011 Proposed Budget	Year Over Year Change \$	Percentage Change	Tax Impact
Revenues /Transfers	3,827,300	3,891,700	64,400 ¹	1.68%	
Operating Expenditures	(6,633,200)	(6,926,325)	(293,125) ²	4.42%	
	(2,805,900)	(3,034,625)	(228,725)	8.15%	0.15%

Explanation Of Year Over Year Change**¹ Revenues Analysis**

	Variance	% Change
Business licence revenue	47,500	1.24%
Other revenues	16,900	0.44%
Total change in revenue	64,400	1.68%

² Operating Expenditures Analysis

	Variance	% Change
Salaries and benefits	(271,925)	4.10%
Strata management fee	(21,200)	0.32%
Total change in expenditure	(293,125)	4.42%
Net change	(228,725)	8.15%



City of Richmond

Report to Committee

To: General Purposes Committee
From: Andrew Nazareth
 General Manager, Business and Financial Services
Re: 2011 Operating Budget

Date: January 10, 2011

File:

Staff Recommendation

- 1) That the 2011 Operating Budget as presented in the attached report by the Director of Finance be approved; and
- 2) That Council appropriate \$3.7M of the estimated 2010 operating surplus for the following items:

Contribution to Oval Corporation	\$1.5M
RCMP Provision	1.2M
Transfer to Reserves	1.0M
	<u>\$3.7M</u>

Andrew Nazareth
 General Manager, Business and Financial Services
 (604-276-4095)

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

The proposed 2011 Operating Budget ("Budget") is the starting point for updating the 5 Year Financial Plan ("5 YFP") and the 2011 property tax rates and fees. Under the Community Charter ("Charter"), the City is prohibited from incurring any expenditure unless the expenditures have been included for that year in its financial plan, and the City is required to provide a balanced budget, with no projection of a deficit. Therefore under these requirements, staff projected all expenditures to the best of their ability in order to ensure that amounts have been included in the City's financial plan and protecting Council from incurring a deficit.

In order to reduce the reliance on property tax as a funding source, new revenue sources will have to be determined in order to fund the cost of services. The Charter restricts the sources of revenues available to the City in paying for required services. Municipalities are allowed to receive revenues through fees, property taxes, fines and penalties, agreements, gifts, grants or by other means authorized under this or another Act. Staff have considered examining other revenue sources and reviewing past agreements with respect to revenue sources, however Council have given direction to retain the status quo. In the meantime since a significant portion of City revenues do not increase at the same rate as expenditures, staff must look for efficiencies and innovative ways to deliver expanded services, which are not always apparent during the budget process.

The costs in providing programs while maintaining the same level of service has increased as the City and community grows. Municipal expenditures for such items as union negotiated collective agreements and non-discretionary items; i.e. policing services, asphalt, regional utility costs and materials increased at a rate more than the Consumer Price Index (CPI).

Analysis

The City was not immune to the recession that occurred over the last few years and sources of revenues were negatively impacted. As a result in 2009 Council was required to make difficult decisions in balancing the budget, while maintaining the service levels that residents enjoy. These decisions included reductions in exempt and unionized staffing complements, which resulted in reductions of service levels for City services such as street sweeping, building permit inspections, tax clerks, parks and boulevard plantings and business liaison. In 2009 while fees from City services were reviewed for additional increases, the significant revenue source of permit and development application fees were expected to decrease substantially. Due to the expected decrease, in 2010 Council utilized \$1.2M from prior years' surplus in order to stabilize these revenues until construction activity resumed (Attachment 3). In addition, although the City continues to face retirement in the workforce, it was decided to delay filling some of the current vacant positions. As a result of these prudent decisions, Council delivered an Operating Budget including additional levels of service with a tax increase of 2.97% and 3.45% respectively for 2009 and 2010 (Attachment 4). These tax increases were amongst the lowest in the Lower Mainland. Council approved the 5 Year Financial Plan (2010-2014) Bylaw 8568 which forecasts a tax increase of 4.17% for 2011.

Despite the reductions and forecasts, in 2010 a combination of higher than expected building permit revenues and financial stewardship allowed the City to meet its Budget. In 2010 building permit revenues recovered to pre-recession levels and for 2011 no revenue stabilization is required. It should be noted that development activity does not translate into additional tax growth immediately.

New tax growth estimates are based on “non-market change” figures provided by BC Assessment. Non-market change is the term BC Assessment uses for changes to the municipal roll value that is not a result of market conditions. Non-market change could include: changes in assessment class, exempt properties that become taxable in the following year or taxable properties that become exempt in the following year and developments under construction. With respect to developments under construction, Assessors at BC Assessment determine the value of all new developments under construction by percentage of completion by November 30th of each calendar year. Increases in a property’s market value are not included in the non-market change figure. Therefore the development applications received during the year should have no impact on new growth for the coming year as actual construction on the property would not have taken place. The reported project value of the development may take up to three years to be fully reflected in the municipality’s assessment roll. Based on the above, staff are confident that growth will materialize in future years, therefore minimizing the tax impact.

For 2011, the following assumptions and forecasts have been utilized in preparing the Budget:

Key financial drivers/indicators	Preliminary 2011 budget assumptions
Consumer Price Index	1.50%
Municipal Price Index (for comparative purposes only)	3.52%
Salaries and fringe benefits	In accordance with all collective agreements, policies and practices
Materials and supplies	2.00%
Natural gas	5.00%
Electricity	10.00%
RCMP contract increases	6.00%
User fees	1.50%
Return on investment	2.50%
Growth (tax base)	1.29%

The Budget has also been prepared taking into consideration Council’s Term Goals for 2008-2011. The key focus areas are as follows:

- Community Safety – Ensure the City remains a safe and desirable community to live, work and play in through an interdisciplinary approach to community safety.
- Financial Planning and Infrastructure – Ensure the City has the capacity to meet the financial challenges of today and in the future, while maintaining appropriate levels of service including low tax increases, with no reduction in services.

- Growth / Urban Development / Physical Design – Ensure effective growth management for the City.
- Community & Social Services – Improve the effectiveness of the delivery of social services in the City through the development and implementation of a Social and Community Service Strategy.
- Major Projects and Special Events – Advance the City's destination status and ensure our continued development as a vibrant cultural city with well-established festivals and the arts.
- Transportation – Improve City transportation and mobility elements.
- Sustainability and the Environment – Demonstrate leadership in and significant advancement of the City's agenda for sustainability through the development and implementation of a comprehensive strategy.
- Economic Development – Effectively manage local economic development issues and opportunities through the creation of clearly articulated economic development objectives
- Workforce -- The City will have a stable, effective, and knowledgeable workforce to serve Council and the community now and into the future.

The demand for City services has increased annually and this is reflected in the following statistics:

	2007	2008	2009	2010	<i>Est.2011</i>
Population Growth (per annum)	1.50%	1.20%	1.50%	1.40%	<i>1.40%</i>
Capital Construction Costs (\$mil)	\$168.72	\$147.83	\$63.90	\$152.95	<i>\$53.17</i>
Registration in Recreation Programs	103,999	109,789	113,396	114,000	<i>114,500</i>
RCMP Calls for Services	79,388	77,876	82,767	88,039	<i>94,000</i>
Fire Rescue Responses	10,125	8,989	9,240	9,046	<i>9,146</i>
Public Works Calls for Services	4,023	6,334	12,554	13,664	<i>14,500</i>

The City of Richmond has tried to maintain a value proposition by offering excellent services while maintaining relatively low taxes (Attachment 4). In comparison to other municipalities the City has tried to balance its tax structure in this manner.

	2010 Average Residential Property Taxes	2010 Business to Residential Tax Ratio
Richmond	\$1,252	3.4
Vancouver	\$1,679	4.6
Burnaby	\$1,378	3.9
Surrey	\$1,082	3.0

The most recent published information of the other Municipalities concerning their respective 2011 Operating Budget tax increases are as follows:

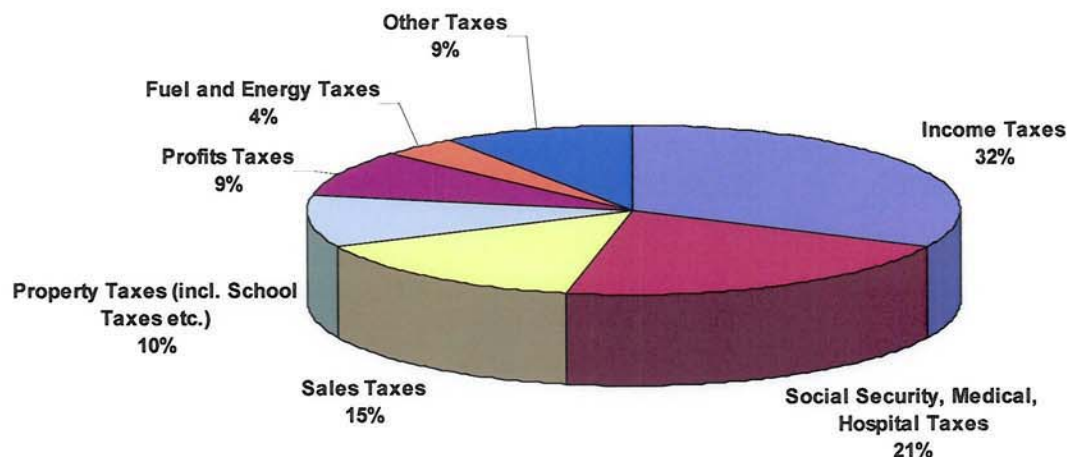
Vancouver (includes burden shift from business)	4.20%
Burnaby (offset by \$2.10M of surplus)	3.95%
Surrey (offset by \$3.95M from prior year surplus)	2.90%

Staff are aware of the tax burden that is faced by the average Canadian household. Based on information obtained from the Fraser Institute in their "2010 Canadian Consumer Tax Index" published on April 19, 2010, the average household incurs 42% of their average income on taxes. However it should be noted that 4% of the 42% is for property taxes, which includes taxes collected on behalf of the Province including school taxes and TransLink taxes.

	Amount	% of Income	% of Tax
Total Cash Income	\$69,175	100%	
Income Taxes	\$9,341	14%	32%
Social Security, Medical, Hospital Taxes	\$6,074	9%	21%
Sales Taxes	\$4,259	6%	15%
Property Taxes (incl. School Taxes etc.)	\$2,834	4%	10%
Profits Taxes	\$2,484	3%	9%
Fuel and Energy Taxes	\$1,146	2%	4%
Other Taxes	\$2,740	4%	9%
Total Taxes	\$28,878	42%	100%

Source: Fraser Institute in their "2010 Canadian Consumer Tax Index"

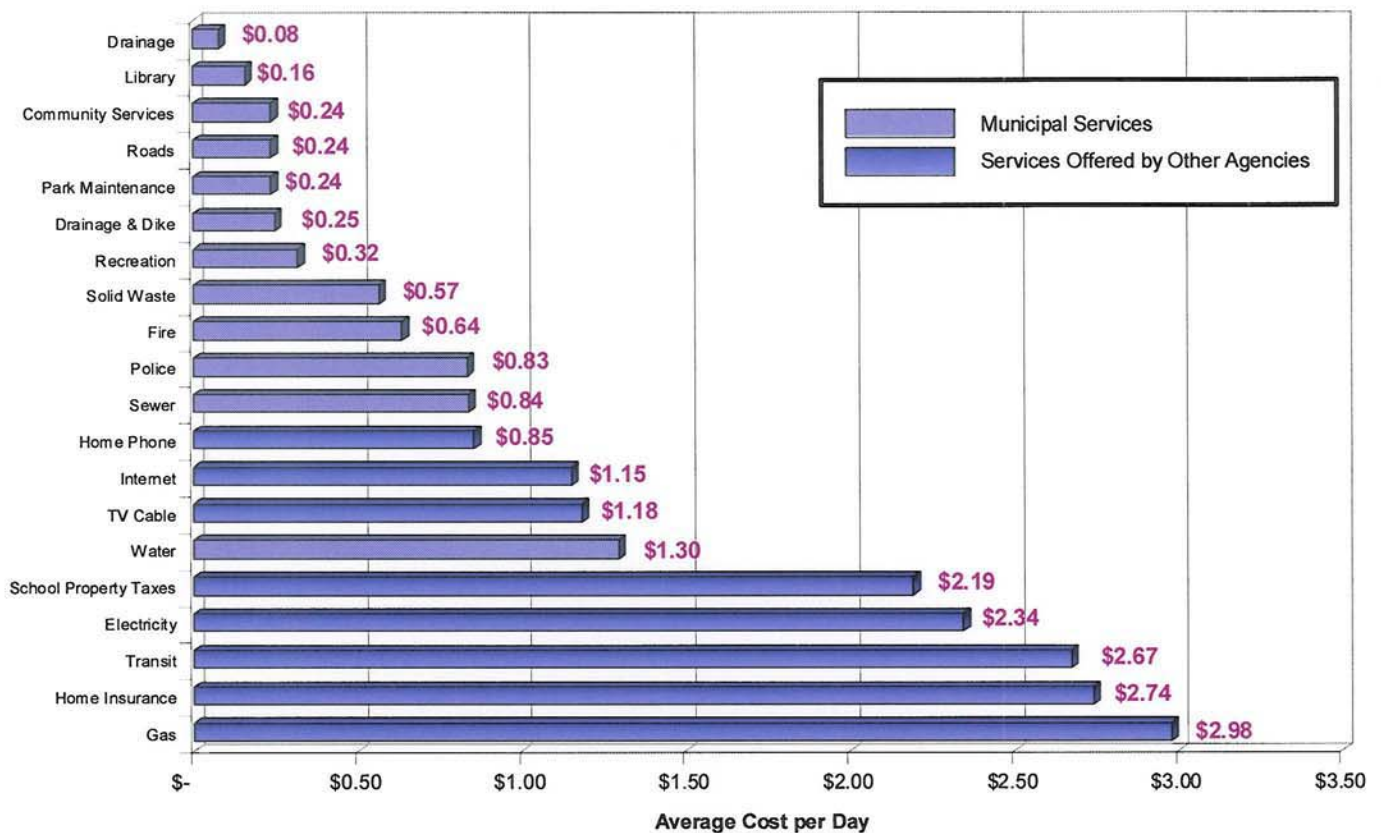
Average Household's Percentage of Tax



The collection of property taxes includes the municipal portion and the portion that is remitted to the Province. Historically the split has been approximately 50/50 between the municipal and provincial portion (For residential in 2010 the split was 51% /49% between the City and the Province).

The municipal portion of property taxes collected by the City are utilized in the provision of many essential services to residents and the following table may assist individuals in comprehending both types of property taxes and relative their values of the services provided.

Daily Municipal Expenses vs. Major Household Expenses for a Single Family Dwelling



For the 2011 Budget, the significant non-discretionary drivers that are impacting the City are as follows:

Significant Drivers	Estimated Increase (\$'000s)	Tax Impact
Salaries and benefits	\$6,051	3.91%
Contract services – RCMP	\$1,651	1.10%
Final phase of contribution to Oval Corporation	\$1,500	0.97%
Building Permits – 2010 stabilization offset by 2011 Bldg Permit rev.	\$1,200	0.77%
Delayed replacements – 2010 added back into the base Budget	\$750	0.48%
Operating Budget Impact – 2011 Capital Budget	\$630	0.40%

The Council approved 5 Year Financial Plan (2010-2014) Bylaw 8568 tax increase for 2011 is 4.17%.

The Proposed 2011 Budget indicates that additional funding in the amount of \$7.2M for the same level of service is required in order to balance the budget. Staff have reviewed different alternatives in order to balance the budget and given the past reductions in staffing and associated service levels did not want to compromise the future service level requirements of current and future taxpayers. The reductions, as explained on the following table, have risks attached to them however staff believe that these risks are mitigated although flexibility with future expenditures will be compromised in order to balance the budget. The strategy will require Council to appropriate \$3.7M of estimated 2010 surplus.

	\$	%	Cumulative %
Proposed Budget - Net Increase	9,197,908	5.94%	5.94%
Estimated growth	(2,000,000)	(1.29%)	4.65%
Same level of service increase (Attachment 1)	7,197,908	4.65%	4.65%
¹ Operating Budget Impact 2011 from Capital Budget	499,078	0.32%	4.97%
² Final phase of contribution to Oval Corp (total to \$3M)	1,500,000	0.97%	5.94%
	9,196,986	5.94%	5.94%
Recommended reductions (4 permanent/3 temporary)			
² Contribution to Oval funded in 2011 through surplus (Temp)	(1,500,000)	(0.97%)	4.97%
³ Reallocate funding for RCMP contract increase	(1,200,000)	(0.78%)	4.19%
⁴ Reduce Transfer to Reserves (Temp)	(1,000,000)	(0.65%)	3.54%
⁵ Delayed replacements/hiring's (Temp)	(750,000)	(0.48%)	3.06%
⁶ Fiscal Contingency budget	(100,000)	(0.06%)	3.00%
⁷ IT Maintenance budget	(100,000)	(0.06%)	2.94%
	4,546,986	2.94%	

1) 2011 Operating Budget Impact (OBI)

The ongoing OBI of the 2011 Capital Budget is \$0.5M, the amount previously approved by Council on December 13, 2010 was \$0.63M, however this has reduced upon further review. The increase to the tax base is approximately 0.32%. In the 2010 Budget, the OBI portion included only 1/3 of the total OBI of the 2010 projects as this was phased in over 3 years. As

such, approximately \$0.2M of the impact from the 2010 capital projects will be included in the Budget in 2011 as a result of this phasing in process.

Some of the major components of the \$0.5M OBI related to the 2011 capital projects are:

- Britannia – Seine Net Loft – OBI of \$88,252. The labour portion is \$78,152 (1 FTE for a Visitor Services Coordinator - \$54,095, for which a position complement control number will need to be authorized by Council, and \$24,057 associated with labour costs for building maintenance) and \$10,100 for electricity and maintenance.
 - Middle Arm Waterfront Park – No. 2 Rd. to Cambie Road – OBI of \$70,000. The Labour portion is \$49,728 for associated labour costs for parks maintenance, and \$20,272 for materials and equipment.
 - Public Safety Building (RCMP renovation) – Partial OBI of \$275,125. The labour portion is \$86,281 relating to costs for building maintenance and the remaining \$188,844 is mainly for gas, hydro and janitorial costs.
- 2) Since prior to opening the Oval, Council have been made aware that in order to maintain the Oval as a world-class facility; provide further community access; and leverage the program to ensure that the City receives the maximum Games Operating Trust funding, the contribution from the City would have to be established at \$3.0M. In addition, the operating agreement between the City and Oval Corporation requires that a contribution be made to the capital reserve of the Oval Corporation. Therefore, in order to address these issues, staff recommends that the current contribution to the Oval Corporation be established at \$3.0M and that the increase be temporarily funded from the estimated 2010 surplus. Staff will review subsequent budgets to address the timing and period in which the additional contribution should be phased into the City's base Operating Budget. However it is anticipated that it will be done in increments of \$0.5M over three years.
 - 3) Due to the challenges that the RCMP face in maintaining the budgeted complement, staff are suggesting an alternative method in funding the annual increase through the use of prior years surplus. Staff recommend that \$1.2M of the estimated 2010 surplus (approximately \$2.0M from the RCMP) be appropriated by Council and placed in a provisional account. If the 2011 budgeted increase (\$1.65M) does occur, this account would be used to supplement the funding.
 - 4) The current annual transfer to reserves budget is \$24.0M including contributions from casino revenues and investment income. Maintaining a healthy reserve is important to fund future infrastructure however this must be weighed against current services that are provided to taxpayers. Staff recommends that \$1.0M in transfer to reserves be reduced for 2011 and that \$1.0M from the estimated 2010 surplus and/or surplus casino revenues be utilized to increase the reserve accounts. Staff recommends that this be done on a temporary basis until new growth materializes.

- 5) Due to the time that it takes to recruit and fill current vacant positions, Staff will continue to assume additional responsibilities and duties while once again temporarily delaying the hiring of citywide vacant positions in the amount of \$0.75M.
- 6) Staff recognize that even with the best forecasting unanticipated events and expenditures will occur however reductions are required, therefore staff recommend that the contingency accounts be reduced by \$0.1M.
- 7) Changes in vendor and software programs will allow the Information Technology budget to reduce its maintenance budget by \$0.1M.

TAG have reviewed the additional level requests (Attachment 2) and classified them as high, medium or low based upon order of priority. Due to the challenges in reducing the current year tax increase, staff are not recommending any additional level increases for 2011, however requests may be addressed in future years or through the one time additional expenditure process.

Financial Impact

The proposed 2011 Operating Budget, which includes a surplus appropriation of \$3.7M of estimated 2010 surplus results in an increase of \$4.55M in net expenditures (2.94% tax increase).

Conclusion

Staff recommend that Council appropriate \$3.7M of estimated 2010 surplus and adopt the 2011 Budget net expenditure increase of \$4.55M. The net expenditure increase based on information provided in the preliminary roll will amount to an average tax increase of \$38.82 for an average residential home assessed at \$607,094, an increase of \$89,159 from the 2010 average of \$517,935. A property's tax change will vary depending on whether that property's assessment, as provided by BC Assessment was higher or lower than the average overall increase in assessment values. The average overall increase in the City's residential assessments was 17%. If an assessment increase was higher than average, the property tax increase will be higher than the 2.94% estimate given. If a property assessment increase was lower than the average increase, then the property tax increase will be lower than the 2.94% estimate given, and in some cases may be less than the previous year's taxes.



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ATTACHMENT 1

2011 SAME LEVEL OF SERVICE BUDGET

Department	2010 Adjusted Budget	2011 Proposed Budget	Change \$	%	Tax Impact
<u>LAW & COMMUNITY SAFETY</u>					
Revenues/Transfers	7,399,500	7,639,200	239,700	3.24%	
Expenditures	(72,864,582)	(76,421,886)	(3,557,304)	4.88%	
	(65,465,082)	(68,782,686)	(3,317,604)	5.07%	2.14%
<u>PARKS & RECREATION</u>					
Revenues/Transfers	7,388,100	7,634,400	246,300	3.33%	
Expenditures	(30,736,202)	(32,427,539)	(1,691,337)	5.50%	
	(23,348,102)	(24,793,139)	(1,445,037)	6.19%	0.93%
<u>ENGINEERING & PUBLIC WORKS</u>					
Revenues/Transfers	10,174,700	10,728,000	553,300	5.44%	
Expenditures	(28,960,119)	(30,427,763)	(1,467,644)	5.07%	
	(18,785,419)	(19,711,763)	(914,344)	4.87%	0.59%
<u>COMMUNITY SERVICES</u>					
Revenues/Transfers	3,931,000	4,072,400	141,400	3.60%	
Expenditures	(18,090,948)	(19,012,274)	(921,326)	5.09%	
	(14,159,948)	(14,939,874)	(779,926)	5.51%	0.50%
<u>CORPORATE SERVICES</u>					
Revenues/Transfers	130,000	130,000	-	0.00%	
Expenditures	(14,912,900)	(15,389,513)	(326,613)	2.19%	
	(14,782,900)	(15,259,513)	(326,613)	2.21%	0.31%
<u>PROJECT DEVT & FACILITY MTCE</u>					
Revenues/Transfers	1,400,000	1,400,000	-	0.00%	
Expenditures	(9,401,960)	(9,750,082)	(348,122)	3.70%	
	(8,001,960)	(8,350,082)	(348,122)	4.35%	0.22%
<u>PLANNING & DEVELOPMENT</u>					
Revenues/Transfers	4,218,800	4,852,400	633,600	15.02%	
Expenditures	(10,039,224)	(10,796,154)	(756,930)	7.54%	
	(5,820,424)	(5,943,754)	(123,330)	2.33%	0.08%
<u>CORPORATE ADMINISTRATION</u>					
Revenues/Transfers	-	-	-	0.00%	
Expenditures	(3,469,299)	(3,590,361)	(121,062)	3.49%	
	(3,469,299)	(3,590,361)	(121,062)	3.49%	0.08%
<u>BUSINESS & FINANCIAL SERVICES</u>					
Revenues/Transfers	3,827,300	3,891,700	64,400	1.68%	
Expenditures	(6,633,200)	(6,926,325)	(293,125)	4.42%	
	(2,805,900)	(3,034,625)	(228,725)	8.15%	0.15%
<u>FISCAL</u>					
Revenues/Transfers	210,329,400	212,095,900	1,766,500	0.84%	
Expenditures	(44,045,986)	(47,255,611)	(3,209,645)	7.29%	
	166,283,434	164,840,289	(1,443,145)	(0.87%)	0.93%
<u>TRANSFERS TO RESERVES</u>					
Revenues/Transfers	14,866,900	14,866,900	-	0.00%	
Expenditures	(24,511,300)	(24,511,300)	-	0.00%	
	(9,644,400)	(9,644,400)	-	0.00%	0.00%
<u>TOTAL</u>					
Revenues/Transfers	263,815,700	267,310,900	3,482,200	1.32%	
Expenditures	(263,815,700)	(276,508,808)	(12,724,108)	4.82%	
Net Increase	-	(9,197,908)	(9,197,908)		5.94%
Estimated Growth 2011			2,000,000		(1.29%)
Same level of service increase			(7,197,908)		4.65%

ATTACHMENT 2**2011 ADDITIONAL LEVEL REQUESTS****NONE RECOMMENDED AT THIS TIME**

	Description	Amount
HIGH PRIORITY		
RCMP Administration	The additional member for Professional standards would address the internal human resource matters relating to RCMP members. There is currently one member performing these duties but with a 51% increase in case load over the past 2 years is overburdened and unable to effectively manage the file load. There were 39 files in 2007, 48 in 2008, 58 in 2009 and 58 in 2010. Professional Standards are also responsible for disclosure of all discipline records for an officer every time the officer is involved in a case going to court. Professional Standards is now responsible for overseeing this disclosure, maintaining up to date records, forwarding and receiving required discipline documents for submission to Crown Counsel.	144,142
Risk Manager	An RFT Risk Management position is requested to provide corporate support to all areas of activities. Corporate growth and complexity requires resources to review, manage and mitigate operational risks and reduce liability exposure. As part of the 2009 reductions, the City eliminated the vacant Business Liaison/Chief License Inspector position at the time and moved the duties to the Risk Manager. However the results have shown that this is not feasible as the workload for both roles are significant and thus cannot be continued in an effective manner.	105,000
Community and Recreation Services Administration	Youth worker funding for City Centre, Hamilton and Sea Island. \$4,100 per centre.	12,300
Law	While the Law division is able to provide a breadth of in-house legal support, not all legal matters can effectively be provided in-house. Some legal matters (litigation and some procurement matters are typical examples) require the expertise and/or infrastructure of an outside law firm.	250,000
ROW Maintenance	When the former B-line landscape was removed for construction of the portion of the Canada Line along No. 3 Road the maintenance and landscape budget was reduced accordingly. The landscape for No. 3 Road under the Canada Line was completed in 2008. However, the landscape and maintenance budget was not re-instated even though it is an additional level of service and new inventory. The breakdown of cost of each part of the landscape is approximately: Flower beds- \$8,000; Perennial and shrub beds: \$18,000; Grass - \$4,000; Irrigation - \$4,000 and Trees - \$2,000	36,000
TOTAL HIGH PRIORITY		547,442
MEDIUM PRIORITY		
RCMP Administration	3 - RCMP Officers (Serious Crime) The Serious Crime Unit will be responsible for conducting investigations of historical unsolved crimes that occurred in Richmond. Some of these cases are several decades old and new forensic investigative techniques and the cooperation of previous reluctant witnesses may provide opportunity to clear files.	432,427

City Wide Parks	The number of visitors and residents in the Steveston area has increased dramatically to the point that many visitors, residents, business owners and leaders in the Steveston community are suggesting that the Steveston level of service is noticeably less than the level of service in the City Centre and have requested that the level of service in Steveston be increased to parity with City Centre. The cost to maintain City Centre parks is \$5,672 per acre while the present cost for Steveston area parks is \$3,298 per acre. The combined park area consists of Steveston Park, Imperial Landing, Britannia, the Kuno Garden and parking lot at Garry Point, Steveston Town Square and Tin Shed Site for a total of approximately 50 acres. The cost difference is \$118,700. Add to this \$8,000 for more washroom supplies and service at Tin Shed and Britannia and \$10,000 for a suggested banner program for the 100 poles at Imperial Landing and the total estimate for this additional level of service is \$136,700.	136,700
Community Services Administration	RFT administrative position to provide administrative support to the Department programs and services. Increased demand for administrative services within the Department.	61,939
Fire Administration	Fire-Rescue has identified that their vehicle reserve is not adequate to ensure funding source for current and future vehicle replacements. Some vehicle replacements have already been pushed out to the maximum life of 15 years to keep the reserve intact but will be insufficient for vehicle replacement by 2014.	400,000
Fleet	Increase in vehicle reserve contribution per MMK financial report, which indicated vehicle reserve to be increased to \$3 million annually. This increases the annual reserve contribution to \$1,921,600.	225,000
Parks Additional Programs & Grants (Wildlife Management)	Until now wildlife management has been performed on a reactive basis. However, given the increasing interactions between residents and wildlife, the City must better plan and perform proactive wildlife management programs. These wildlife management programs will be targeted at reducing the impact of Snow Geese on school parks and playing fields, managing large flocks of Canada Geese in residential areas and producing strategies for long-term habitat management for both of these species. Other wildlife species will also be considered under this program including coyotes and rabbits.	39,800
Recreation Admin	In 2010 we moved from the former registration system to CLASS a move, which was necessitated by Telus' advice that they would no longer be able to provide support for Bookit. During the business case analysis for the project there was a clear need identified for a position which would fill a combined IT Business System Analyst, Line Department System Administrator and Planning role. It was also been recommended that the position be created and filled while the project was being implemented or as soon as possible thereafter to help ensure a smooth transition to the new software and business processes. We have implemented the first modules and are proceeding now with analysis and implementation of the rentals module, which presents the most challenging issues for development, and implementation. This position was also identified as a requirement under the Operational Budget Impact in the capital submission approved to purchase the Active Network CLASS Recreation Software.	106,657
TOTAL MEDIUM PRIORITY		1,402,523

LOW PRIORITY		
Budgets and Accounting	The additional work and level of service is currently being assumed by existing staff and a TFT, however the additional effort and overtime required is not practical or economical. This is a mandatory (non-discretionary) change to financial reporting under the Public Service Accounting Boards standards, which the City must comply with, as mandated under the Community Charter. Two RFT positions for the additional level of service for Tangible Capital Assets are requested. 1) Capital Asset Analyst (TFT currently funded with one time funding) 2) Asset Coordinator - This is a new position that is required for the additional level of service to identify, track and report all infrastructure assets.	209,200
Arts and Cultural Services	RFT Manager of Community Cultural Development to continue the work started in the City's 2010 Arts and Cultural Program. This position produces the City's Art Awards, Winter festival for the Arts, Community Arts Development and artist support.	95,000
Community and Recreation Services Administration	Additional hours for BSW cleaning during the weekends at Thompson Community Centre, Steveston Community Centre, West Richmond Community Centre, Cambie Community Centre and South Arm Community Centre.	62,757
Community and Recreation Services Administration	In past years most of our community centres have been closed on statutory holidays. This additional level is requested to provide the funding necessary to staff six of our community centres on statutory holidays so that we can meet this community need.	49,192
Diversity Services	The Richmond Centre for Disability (RCD) is requesting an increase of 10% of annual funding. This additional \$10,090 will bring the annual amount of funding to \$110,986.	10,090
Diversity Services	The Richmond Therapeutic Equestrian Society (RTES) is requesting an increase in their annual funding. The Society is looking for an increase of \$10,000 to help offset increased overhead costs. (Total budget for RTES is \$23,000)	10,000
Enterprise Services Admin	RPT Programmer to support the Major Events Development programs and events.	40,500
Fleet	Patroller Foreman	115,189
Heritage Sites	RFT Heritage Conservation Coordinator to oversee and manage the treatment of heritage resources on City owned heritage sites. Currently there is no staff to manage and oversee conservation issues in 27 buildings, and over 30,000 artifacts and the various collections.	86,072
Human Resources	The growth in services and programs within Human Resources requires the added support of one RFT Human Resources Assistant. Duties will be multi-dimensional in providing clerical support for four HR functional areas.	66,260
Information Technology	Restoration of the software budget to 2009 levels, to establish software provision funding for future mass software upgrades.	100,000
Information Technology	Restoration of hardware budget to 2009 levels, to return computer hardware purchase lifecycle to 5 year from 7 year cycle.	100,000
Janitorial Services	Additional City Hall Window Washing as per quote from ACOM	13,000
Major Events	City contribution to host Winter fest event annually. If not funded, staff will have to request one time funding annually from surplus.	150,000
Other Parks Maintenance	Pesticide by-law. Council has adopted a Pesticide bylaw to reduce the use of pesticides on all non-ALR land. This will have a financial effect on parks landscape maintenance including rebuilding 1 or 2 weed infested all weather turf fields per year, extra time for weeding shrub borders and converting high profile shrub borders to turf where extra weedings are required to maintain desired goals.	120,001

Parks Program and City Wide Special Events (Nature Park)	An increase in the level of maintenance service to the Nature Park and Nature House will better respond to safety concerns on the trails and the changing nature of a bog forest. A semi-annual cutback and removal of overgrowth and resurfacing of the trails will limit hazards, a more thorough annual maintenance of the Nature house will improve the appeal of the Nature Park and ongoing maintenance of signage and furniture around the Nature Park will ensure a more user-friendly atmosphere.	34,500
Parks Program and City Wide Special Events (Partners for Beautification)	Environmental awareness among groups and individuals is increasing and the City is receiving more and more requests each year to facilitate groups in helping beautify our City. These requests primarily arrive in the summer and additional staff is required to manage the volume and to help facilitate the groups in order to ensure projects are beneficial to both the group and the City.	35,500
Parks Program and City Wide Special Events (Terra Nova Barn)	RFT Coordinator for the Terra Nova Barn	86,970
Programs and Projects	Funding from the City to continue supporting the operation of the "Community Information and Volunteer Centre" at Richmond Centre.	75,000
RCMP Administration	1 - Information Technology Support (ME) The RCMP members have increased over the past several years but the municipal employees have remained constant. It is now necessary to increase municipal staff to handle the workload generated by the Detachment. Computer Services is requesting the creation of an additional position. Current staff consists of one manager and two support staff supporting the current municipal staff and police officers as well as 4-satellite office (Elmbridge, YVR, Southarm, and Steveston). Plain clothes support would be utilized to assist 49 police officers that require clerical support. Duties include preparation of information packages for court, transcription of statements, and maintaining data banks of persons of interest.	86,220
RCMP Administration	1 - General Duty Support (ME) Currently there are no administrative support to the general duty watches. Plain clothes support would be utilized to assist 49 police officers that require clerical support. Duties include preparation of information packages for court, transcription of statements, and maintaining data banks of persons of interest.	61,939
Richmond Public Library	RFT Librarian 1 to serve seniors and provide outreach services.	66,714
Sustainability	TFT Sustainability Programs Manager position and consulting funds to implement Council adopted Energy and Climate Change Strategic programs as well as other strategic sustainability programs as identified by Council. This position is funded \$50,000 by BC Hydro and also includes the community energy function.	100,000
TOTAL LOW PRIORITY		1,774,104
Total for 2011 Additional Levels-NOT RECOMMENDED		3,724,069

ATTACHMENT 3

2009 Budget Cost Reductions/Revenue Increases Approved by Council

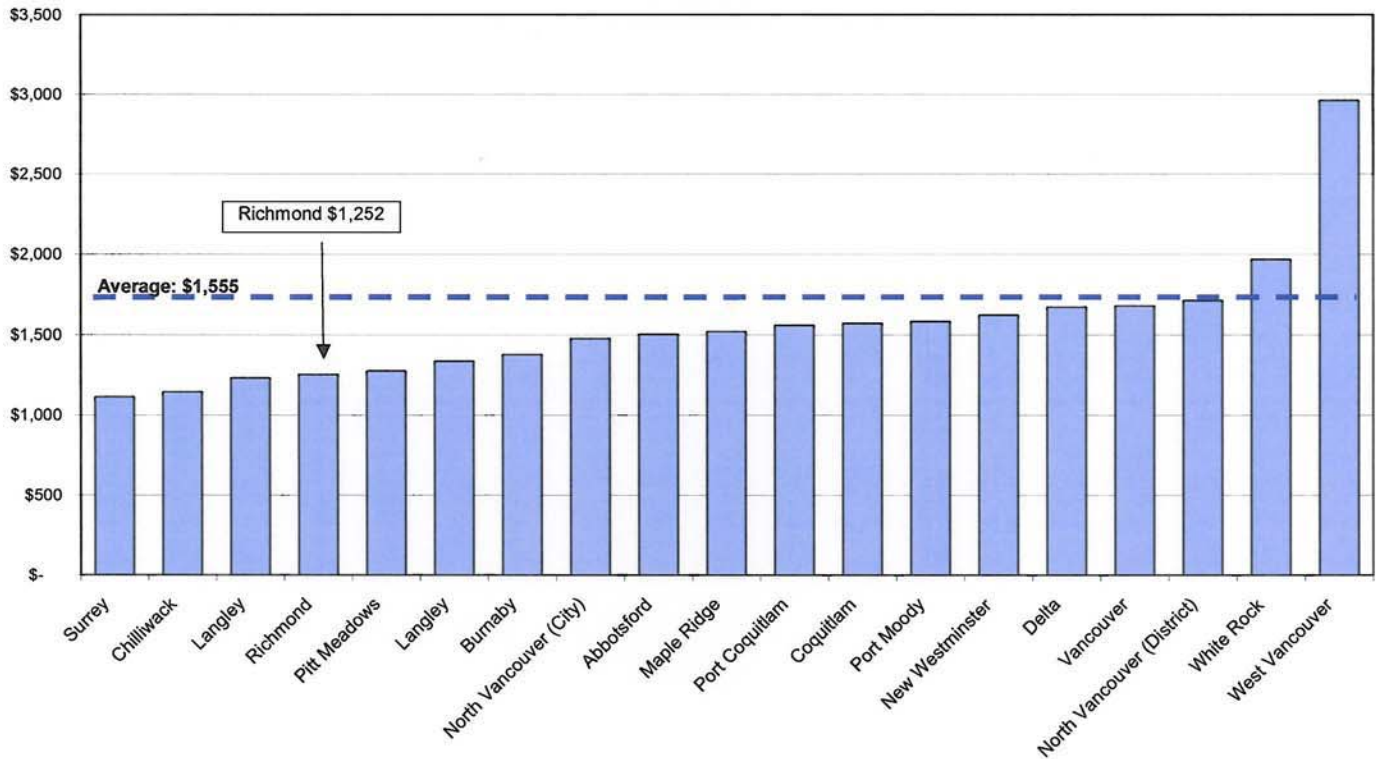
Department		Amount(\$)	Tax %	Service Level Impact
	REVENUE INCREASES			
PRCS	Arena Revenue	100,000	0.07%	Increase Arena users revenue from fees by CPI.
PRCS	Aquatic Revenue	50,000	0.04%	Increase Aquatic users revenue from fees by CPI.
PRCS	Tree Revenue	80,000	0.06%	Revenue from development.
PRCS	Artificial Turf Revenue	8,800	0.01%	Increased fees for artificial turf fields by CPI
PRCS	Pitch & Putt Revenue	5,000	0.00%	Increased fees for pitch and putt by CPI.
	Sub-total	243,800	0.18%	
	COST REDUCTIONS (Non-Staff impact)			
PL	Photocopy-Production Ctr.	(30,000)	-0.02%	Reduction of lease options in selecting equipment for the production of "professional" graphics for all departments.
CS	Criminal Records	(10,000)	-0.01%	Efficiency
CORP SVC	Photocopy	(25,000)	-0.02%	Reduced hard copies for all corporate services
CORP SVC	Stat Advertising	(9,000)	-0.01%	Fewer ads for statutory ads (reduced public hearings)
PRCS	Library Admin	(56,000)	-0.04%	Reduction in administration of Library, materials and programs
PRCS	Gateway Admin	(6,000)	0.00%	Reduction in Gateway Administration costs.
PRCS	Security	(12,000)	-0.01%	Reduce security in response to issues on parks.
CORP SVC	IT support for HP/Peoplesoft /Wang	(60,000)	-0.04%	Less customizations for PeopleSoft System. Information required from Wang System will have to be retrieved manually
E & PW	Charge capital staffing to capital	(250,000)	-0.18%	Transfer project focussed staff to Capital rather than Operating. Higher costs for Capital Projects
PL	Traffic light maintenance	(45,000)	-0.03%	Reduction of existing maintenance contract. No safety impact.
E & PW	Reduce street sweeping (contractor)	(100,000)	-0.07%	Reduced service level. Sweep main roads 1/2 weeks instead of 1/week during Summer/Fall peaks
PRCS	Marketing budget	(10,000)	-0.01%	Efficiency.
E & PW	Charge cost of survey crew (718) to Capital Projects	(300,000)	-0.21%	Transfer Survey crews to Capital Projects as required, rather than Operating.
	Sub-total	\$(913,000)	-0.65%	

	COST REDUCTIONS (staffing impact)			
PL	Planning Assistant (718) occupied	(65,000)	-0.05%	Reduced activity - will require lay off of union person.
PL	Building Inspector TFT (718) occupied	(76,000)	-0.05%	Reduced activity - will require lay off of union person.
CORP SVC	Permit Centre Clerk (718) vacant	(62,000)	-0.04%	Reduced activity - will not fill.
PL	PCG Inspector (718) vacant	(91,000)	-0.06%	Reduced activity - will not fill.
PL	Permit Clerk (718) vacant	(55,000)	-0.04%	Reduced activity - will not fill.
PRCS	RPT Staff Museum (718) Vacant	(30,000)	-0.02%	Eliminate new ½ time position for Steveston museum 1040 hours / .57 FTE.
BFS	Tax Clerk Aux (718)	(30,000)	-0.02%	Reduction in summer student hire
PRCS	Community Centre Svs Aux (718)	(50,000)	-0.04%	Reduce aux hours of service to community centres 2500 hours / 1.37 FTE .
PRCS	Parks 4 TFTs (394)	(100,000)	-0.07%	Eliminate parks services and boulevard plantings. Overall reduction in maintenance in parks and boulevards (2700 hours)
PRCS	Jr. Lifeguards Aux (718)	(25,000)	-0.02%	Efficiency
PL	TFT (718)	(17,000)	-0.01%	Reduced ability in Transportation & Development Applications Division to conduct research, data gathering, etc.
PL	Auxiliary (718)	(16,000)	-0.01%	Reduced ability in Development Applications to deal with unexpected leave and workload.
PL	Overtime (718)	(9,000)	-0.01%	Reduced ability in Policy Planning to meet with Advisory Committees.
E & PW	Summer employees (394)	(150,000)	-0.11%	Reduced service level of temp staff for Summer coverage of Capital Projects.
PRCS	Reduce TFT Hirings in Parks (394)	(55,000)	-0.04%	Reduce start dates for temporary full time staff for parks maintenance and lay off TFT staff earlier (1,500 hours). Will reduce parks, sidewalk and blvd. maintenance.
BFS	Stores Restructuring (394) vacant	(100,000)	-0.07%	Efficiency.
BFS& Other	3 Vacant Exempt positions be deferred indefinitely	(290,000)	-0.20%	
	Sub-total	(1,221,000)	-0.86%	
	Total	(2,377,800)	-1.69%	

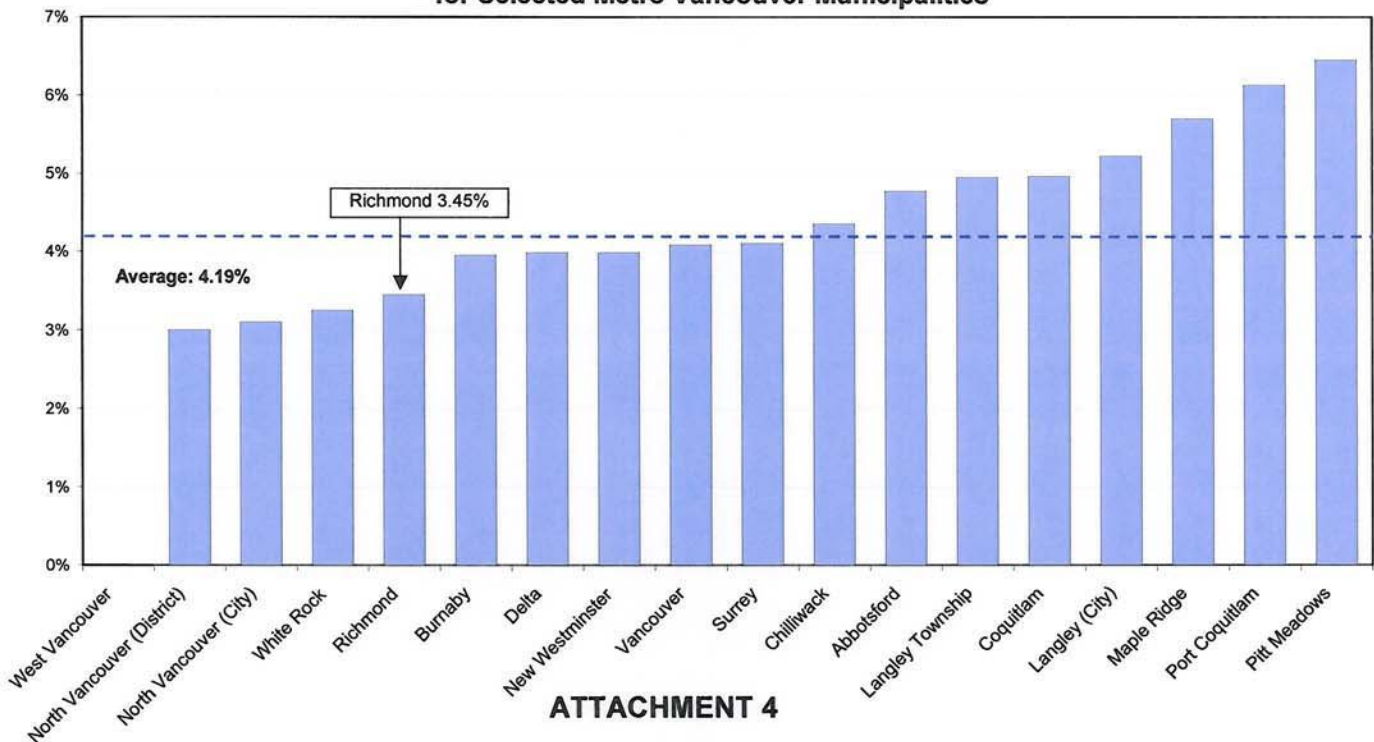
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	REVENUE INCREASES/COST REDUCTIONS (no staffing impact)			
	REVENUE INCREASES			
L&CS	Increase in parking rates and fines	163,000	-0.11%	User Pay principle
	COST REDUCTIONS (Non-Staff impact)			
CORP SVC	Reduce computer hardware and software	(200,000)	-0.14%	Will impact the replacement cycle of hardware for some users and reduce available options for software. Will reduce Corporate efficiency
ALL Cap	Phase in OBI over three years	(344,000)	-0.23%	Increase passed into future years.
ALL	Delayed replacement (Gap Funding)	(750,000)	-0.51%	Service levels will be affected, however, high need areas will be exempted and not be affected
Fiscal	Revenue stabilization to fund temporary decline in permits & development	(1,200,000)	-0.81%	Reduces flexibility for bridge funding other projects
	Total	(2,657,000)	-1.80%	

2010 Average Residential Property Tax per Dwelling



Comparison of 2010 Property Tax Rate Increase for Selected Metro Vancouver Municipalities



ATTACHMENT 4