



City of Richmond

Report to Committee

To: Finance Committee **Date:** June 29, 2010
From: Andrew Nazareth **File:** 03-0970-06-01/2010-Vol
General Manager, Business & Financial 01
Services
Re: **2009 Surplus Appropriation**

Staff Recommendation

That the December 31, 2009 surplus of \$2,177,303 be appropriated as outlined in the attached report.

Andrew Nazareth
General Manager Business & Financial Services Department
(4046)

FOR ORIGINATING DIVISION 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

For the year ended December 31, 2009, the City of Richmond had a surplus of \$2,177,303. This amount, which excludes the operations of the Library and the Oval, is due primarily to the following:

- RCMP contract costs were lower than budgeted due to delayed personnel replacements, reduced use of overtime and reduced cost for the regional integrated teams, therefore billings were less than the approved contract costs (approximately \$1.5 million),
- Fire Rescue costs for ECOMM were lower than budgeted (approximately \$0.4 million)
- Other items such as vacant positions, supplies, maintenance, investment income, etc.

The City is required to present a balanced budget and does not budget for a surplus in the annual operating budget, however, the City might realise a surplus due to favourable revenues and costs at the end of each fiscal year. Historically, the City has utilized the surplus to fund one-time expenditures that could not be accommodated in the City's annual budget. The use of any arising surplus in this manner allows the City to address important unanticipated and unfunded corporate expenditures without impacting property taxes.

Analysis

For 2009 there were 40 submissions seeking additional funding for various projects from City Departments and Councillors totalling approximately \$6.2 million. The Administrators Group (TAG) reviewed and discussed each of these submissions and prioritized each as high, medium and low. In addition, TAG assessed the financial impact of each submission and recommend the amount which should be considered for funding. TAG developed a scoring system based on the following criteria;

- 1) Health and Safety requirements
- 2) Social Benefits
- 3) Financial Benefits

The final results (see Appendix 1) have been compiled for Council's consideration. If any appropriations are approved by Council, the respective expenditure will be included in the City's 5 Year Financial Plan with no tax impact as the funding from the 2009 Surplus will offset this impact.

The following provides a brief description of all one time expenditure requests from departments and Councillors, with recommendations provided by TAG. Council may change any of the recommendations or may choose to address other one-time funding needs, which are not contained in this section.

1) Hollybridge Lease & maintenance costs

This lease expires on May 30, 2012. Only \$27,000 was budgeted in the 2010 base budget until the end of March 31, 2010. In addition to lease costs, funds are required in order to provide maintenance, janitorial, hydro & gas for the similar period as above. This request will provide the required funding from April 1, 2010 to May 30, 2012.

Amount requested: \$314,000

Amount recommended: \$253,603

The \$253,603 will be sufficient funding through the end of 2011 at which time it is anticipated that staff in the Hollybridge building will be relocated to the current RCMP building.

2) Outside Legal Costs

While the Law division is able to provide a breadth of in-house legal support, not all legal matters can be effectively 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.

Amount requested: \$810,000

Amount recommended: \$400,000

3) Spray Equipment for Pesticide Bylaw and maintenance

With the new Pesticide Bylaw in place we need to replace spray equipment with alternate steam weed killer equipment at a cost of 10K for two units. Also there is an increase in maintenance costs due to the new Pesticide Bylaw.

Amount requested: \$70,000

Amount recommended: \$70,000

4) Building Permits Stabilization fund

In order to offset the revenue fluctuations from external factors such as cyclical declines in the economy, and the disconnect between the timing of receipt of revenue and the need to deliver City building services, staff recommend that monies be set aside to begin a stabilization fund.

Overall the building function generates a considerable surplus over direct costs which historically has been appropriated for other projects as part of surplus allocation. There is a need to retain some of this surplus in a stabilization fund to avoid budget fluctuations and tax pressure during the beginning of a recession when building revenues drop (e.g., by approximately \$2M in 2009) but demand for services (inspections, conclusion of incomplete permits, etc.) remains high. It is proposed that an initial appropriation to a stabilization fund be made and that additional contributions be made from building

permit surplus revenues in future years.

Amount requested: \$1,000,000

Amount recommended: \$ 496,500

5) Manager District Energy (Temp)

The City is currently pursuing multiple opportunities for the establishment of District Energy Utilities (DEU). The majority of these opportunities are based on multi-family residential developments and are therefore highly time sensitive. Staff are currently addressing this workload with a multi-departmental team. The most heavily burdened positions right now are the Director, Engineering and Energy Manager (Corporate) each spending approximately 2 to 3 days a week on DEU files, all of which is additional effort over core duties. This level of effort can be maintained over the short-term, however there is no capacity to maintain this effort over the long-term or to pursue additional opportunities that arise. This is an exempt TFT position that will eventually be partially funded from DEU revenue.

Amount requested: \$146,000

Amount recommended: \$146,000

6) Data collection and system integration related to new Fleet Management Software.

This funding would provide for additional temporary staffing and/or consultant assistance as required to gather detailed vehicle data information for incorporation into the new Fleet Management Software as well as provide for IT assistance to design & develop system integration (PeopleSoft and Hansen) as part of the implementation process. Funding for acquisition of the Fleet Management Software has previously been approved as part of the capital program.

Implementation of this system will enable staff to plan for the replacement of the City's \$31M fleet in a more effective manner and stretch the life of equipment to maximize value.

Amount requested: \$225,000

Amount recommended: \$225,000

7) Cleaning of two Canada Line Station Plazas

Additional funding is required for the ongoing cleaning of the two plaza areas outside of the Canada Line stations, Brighouse and Lansdowne. This responsibility is that of the City as the plazas are outside of the stations. This is an ongoing request that will need to be considered in the 2011 budget process.

Amount requested: \$40,000

Amount recommended: \$40,000

8) Social Planning Strategy

Staff are preparing a comprehensive 10-year Social Planning Strategy - one of Council's Term Goals. The process will involve extensive public consultation, acquisition of an Internet software package, printing, meetings, survey development, and related costs.

Amount requested: \$95,000

Amount recommended: \$95,000

9) Richmond Fire Rescue (RFR) Master Plan

Consulting costs for the development of a new Master Plan for RFR to build on their 2007-2008 Strategic Plan. The Master Plan would link Corporate Strategies, Law & Community Safety Department's Strategic Plan and identify RFR's 5-year goals and objectives. It would evaluate community risk; examine existing response time, fire halls, staffing, vehicles and equipment; align associated key performance indicators and include a long-term financial resources plan. As discussed at the Community Safety Committee, RFR's annual work plans would be based on the master plan.

Amount requested: \$90,000

Amount recommended: \$90,000

10) Watermania Filter Replacement Project

The revised scope of the project includes required changes to the main grates, repair of the existing filter system, add a DE feed system to limit staff exposure to diatomaceous earth and install new check valves, actuators and level controllers to reduce the risk of flooding the lower mechanical room. The revised project cost is \$300,000, a reduction of \$475,000. This one time request of \$115,000 is for a portion of the project cost that was to be funded from the Enterprise Fund. Due to a change in the scope of the project, the pay back for the Enterprise fund would have taken too long, thus this request for funding. The balance being funded from previously allocated funds for this project.

Amount requested: \$115,000

Amount recommended: \$115,000

11) Parks Open Space Strategy

Consulting costs to develop a comprehensive Parks & Open Space Strategy, which will provide direction and policies to manage the City's green infrastructure. This will achieve an attractive and liveable community and ultimately establish an implementation plan, which sets priorities and funding requirements for open space acquisition and development. The strategy will respond to several concurrent or recent studies including the City Centre Area Plan, the Parks Land Acquisition Strategy and the OCP Update.

Amount requested: \$120,000

Amount recommended: \$120,000

12) City Hall West Maintenance Costs

The current facilities operating budget does not include sufficient funding in order to provide maintenance, janitorial, hydro & gas for City Hall West. This request is for both labour and materials and is an ongoing request that will need to be considered in the 2011

budget process.

Amount requested: \$118,200

Amount recommended: \$118,200

13) Richmond Museum

The Richmond Museum is requesting this funding in order to provide general education kits, which will engage children in exploring Richmond's high tech past and as an alternative to field trips. This is part of the Museum's school program.

Amount requested: \$8,000

Amount recommended: \$8,000

The following requests are **not recommended/deferred** due to their respective scores and the fact that there is insufficient funding available.

14) Preparing for Carbon Neutrality

Funding is being sought to develop an action plan and implement a strategy for energy and emissions reduction to meet the City's commitment to carbon neutrality. It will also allow for leveraging for matching funds to be sought through FCM, BC Hydro and other sources. This includes establishing a CoR ghg emission accounting system that will avoid expensive external accounting in the future, creating a city project evaluation process to determine the best energy and ghg gas reduction outcome to reduce carbon offset liability, and establish City carbon offset projects to reduce offset expenditures and support local community investment. This will enable us to be strategic in our approach to how we achieve carbon neutrality, significantly reduce costs and establish Richmond as a municipal leader.

Amount requested: \$90,000

15) Microfiche Reader Scanner and dedicated PC

The City of Richmond designs approximately 20% of the Capital Program, valued this year at \$40 million. Part of this design work is producing drawings, which include existing private underground utilities owned by BC Hydro, Terasen Gas and Telus etc. Approximately 70% of these records are in microfiche form. The more recent records are saved and available in digital format. At present there is no available means to print these micro fiche records as the existing machine no longer functions and is at an age where no replacement parts are available. Staff are now required to take the records elsewhere to get their printing done. Purchase of this machine would allow these records not only to be printed but also to be scanned to digital form and filed electronically and integrated within the City's G.I.S. system allowing for citywide access.

Amount requested: \$30,000

16) Collection & Maintenance of Drawings

Funding requested in order to set up drawing and manuals library, scanned into REDMS, standards and systems catalogued (same in hardcopy and digital format)

Amount requested: \$30,000

17) Tall Ships Festival

At the Council meeting held on May 10, 2010, Council passed a resolution to consider a sum of \$500,000 from the 2009-operating surplus for the implementation of the Richmond Tall Ships 2011 Operational Plan.

Amount requested: \$500,000

TAG recommends that Council consider using the surplus funds remaining from the 2010 ROBO Operating budget.

18) Fire-fighter drill compliance

Consulting costs for fire-fighter drill compliance with Human Rights and Fire Industry Standards. The analysis outcome would include the development of appropriate performance assessment tools for fire fighters who are completing these drills, tasks and testing.

Amount requested: \$50,000

19) Computer Software DCC

In order to address some of the issues, which were identified in KPMG's Management Letter to Council, staff are investigating various software packages. Tempest, which is being implemented for property tax also has a module which allows the City to interface with it's current GIS and Amanda software which may enable tracking of DCC credits, programs and provide users with on line access and information.

Amount requested: \$100,000

20) Arts Strategy Update including a Cultural Facilities Plan

The current Arts Strategy was adopted in 2004 and should be updated given the fact that the arts community has changed and the 2010 Arts & Culture Plan, which built on the 2004 Arts Strategy, has been implemented. As the Community and the City place more importance and emphasis on the arts and the need to create programs and policies to create the environment to support artists and arts organizations, the Arts Strategy should include the preparation of a Cultural Facilities Plan. Development opportunities are also being presented to the City and a Cultural Facilities Plan would enable us to take advantage of these opportunities in a more knowledgeable and strategic manner. The policies and strategies will also inform the OCP update. Staff have applied for a grant for \$20,000 and this funding would be the matching funding for the grant application

Amount requested: \$20,000

21) Upgrade Junior Collection

Heavy use and increased demand makes it necessary to upgrade the Library's junior collection. The kids' non-fiction collection is heavily used by children and parents for both school support and to encourage interest in learning about a wide range of topics. Due to high circulation the current collection is wearing out. In addition, dated materials need to be replaced. Some of the subjects that require replacement include countries, general science, First Nations, recent historical events, space and space exploration and biographies.

Amount requested: \$100,000

22) Locate and Organize City 2010 Photographs for Archives

Funding request in order to acquire and organize all photographs created or received by City staff that document Richmond's role as an Olympic Venue City. This would include Oval construction, lead-up events and the Games-time events such as the Torch Relay and the O Zone prep and celebrations. The photographs would be gathered and prepared for preservation (and access) through the City of Richmond Archives.

Amount requested: \$12,100

23) Fire Vehicle Reserve Increase

Fire-Rescue has identified that their vehicle reserve is not adequate to ensure fully funding 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.

Amount requested: \$400,000

24) Tangible Capital Asset (TCA) accounting requirements

The Public Sector Accounting Board (PSAB) has mandated changes to the accounting of tangible capital assets and also to the financial reporting standards for municipal governments. These changes require the City to collect additional asset information from across the organization and maintain them in an appropriate system. Based on the review of PSAB requirements and after discussions and consultation with other Municipalities, the need for additional resources has been identified. For 2010 funds are required for software, audit and temporary staffing expenditures.

Amount requested: \$175,000

25) Colour Scanner & Printing equipment

Purchase/lease of new batch colour scanning and printing equipment would create efficiencies for agenda production, research services, and access to records requests.

Amount requested: \$8,500

26) London Farm resurface pathways

Request for assistance in funding of the removal of the current gravel surface and installation of aggregate paving, which will eliminate dust and is wheel chair friendly.

Amount requested: \$12,000

27) Richmond Fire Rescue IT Projects

Funding request, which includes an integrated server that would allow ECOMM to Mobile Device capability (\$5,000). The purchase and installation of 6 computers workstations and data drops at outside fire-halls (\$15,000) and the upgrade of connectivity and workstations (38) to increase web access for research and business tools as well as increased ability to deliver online training, online meetings and reduce apparatus movement (\$75,000)

Amount requested: \$95,000

28) Wildlife Management

Consulting costs to 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.

Amount requested: \$114,800

29) Special Events

Increasing the number and scope of Major Events is one of Council's Term Goals. In order to reach that goal, Parks and Recreation is striving to develop and promote more community events, which will build on our City's reputation as a City with strong community involvement, and community events established during the 2010 Games. Although Parks and Recreation staff have the skills and ability to develop and manage such events, more resources are needed to allow development in this area.

Amount requested: \$50,000

30) CCTV Camera Equipment

Funding request in order to replace the City's current CCTV camera equipment. The City's CCTV equipment was purchased approximately 10 years ago and relies on technology that is becoming obsolete such as VHS tapes. This equipment is used to verify the condition of underground utilities from inside the pipes.

Amount requested: \$100,000

31) Critical Incident Stress Management (CISM) Program Development

Consulting costs to implement a CISM program for fire fighters who are often exposed to horrific and tragic events. In June 2009, a strategic planning session was conducted, with the assistance of mental health professionals, and a CISM revitalization program was developed.

Amount requested: \$30,000

32) RCMP Officers Historical Crime Team

The Historical Crime Team will be responsible for conducting investigations of historical unsolved crimes that occurred in Richmond, in some cases, several decades old. The current resources and workload demands of the Serious Crime Unit and the Unit's requirement to respond to current and active crimes is such that these types of investigations are not actively pursued. Historical investigations may remain inactive for extended periods allowing further erosion of evidence.

Amount requested: \$383,301

33) Tempest Software-Bylaws

The City's Tax Department is currently implementing new property tax based management software for municipalities called Tempest. There are a lot of calls for a service module as well as a Dog Licensing module which would provide a secure digital file format for receipt, dispatch, investigation and archiving of property based bylaw enforcement. The cost would be (\$45,000) for the Calls of Service only or (\$70,000) for both modules including consulting and installation. The addition of laptops to fully utilize this program would be an additional (\$20,000).

Amount requested: \$90,000

34) Cultural Tourism Strategy

In 2008 the City developed a Community Tourism Strategy and a sub strategy of Sport Hosting. One of the areas identified as having potential for growth in Richmond is the Cultural Tourism area. Tourism Richmond will partner with the City on this initiative and will contribute cash and expertise to the project.

Amount requested: \$15,000

35) Fast-Tracking Sustainability Framework Development

\$80,000 in one time funding is being requested to elevate existing efforts in developing the City's Sustainability Framework. This funding is to be used to add the following components: 1. Engage staff in a larger capacity and increase awareness in the community 2. Increase innovation in setting targets and action initiatives.

Amount requested: \$80,000

36) Cinder Block House

Funding request for construction of a cinder block house to accommodate the relocation of the existing PRV station at Nelson Road and Westminster Hwy due to interchange

construction.

Amount requested: \$75,000

37) Fire Prevention Officer

Fire Prevention staff has not changed in 20 years. Current resources are unable to fulfill all legislative requirements as demanded for inspections alone have increased by 228%.

Amount requested: \$146,526

38) RMS/CAD Module Person

Richmond Fire-Rescue (RFR) has several primary computer systems unique to their business operations. A resource is required to tactically manage the integration and day-to-day functioning of these critical systems (eg. Incident Dispatch and Data Management)

Amount requested: \$112,160

39) 2 -General Duty Support (ME)

These positions would provide administrative support to the general duty watches for the Richmond RCMP Detachment. Currently there is no administrative support assigned to assist the general duty watches, and as such the 92 police officers are required to fulfill a myriad of administrative tasks rather than being able to patrol the streets of Richmond.

Amount requested: \$150,198

40) Department Associate 1

Law and Community Safety Department - Temporary Full-Time staff. Currently there is one Executive Assistant supporting this area, with auxiliary assistance provided one day per week. With the anticipated increase in growth and workload within the Department, provision of additional clerical support will be required. Coverage for Executive Asst absence when working for the CAO, plus vacation periods is also required.

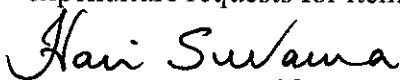
Amount requested: \$60,610

Financial Impact

For the year ended December 31, 2009, the City of Richmond had a surplus of \$2,177,303 and staff recommend that this surplus be appropriated to meet some of the additional one time expenditure requests.

Conclusion

Staff recommend that the 2009 surplus of \$2,177,303 be appropriated towards one-time expenditure requests for items (1) to (13).



Hari Suvarna,
Manager, Budgets & Accounting
(4365)

	Priority	Department	Description	Total Amount Requested \$	Amount Recomm'd by TAG \$	Not Recomm'd /Deferred by TAG \$
1	High	Business & Financial Services/Project Development & Facility Maintenance	Hollybridge Lease & maintenance costs	314,000	253,603	60,397
2	High	Law & Community Safety	Outside Legal Costs	810,000	400,000	410,000
3	High	Parks	Spray Equipment for Pesticide Bylaw & maintenance	70,000	70,000	
4	High	Fiscal	Building Permits Stabilization fund	1,000,000	496,500	503,500
5	High	Community Services	Manager District Energy-ML3 (temp)	146,000	146,000	
6	High	Engineering & Public Works & Fire Rescue Services	Data Collection and system Integration related to new Fleet Management Software	225,000	225,000	
7	High	Parks/ Engineering	Cleaning of two Canada Line Station Plazas	40,000	40,000	
8	High	Community Services	Social Planning Strategy	95,000	95,000	
9	High	Law & Community Safety	Richmond Fire Rescue Master Plan	90,000	90,000	
10	High	Parks & Recreation	Watermania Filter Replacement Project	115,000	115,000	
11	High	Parks	Parks Open Space Strategy	120,000	120,000	
12	Medium	Project Development & Facility Maintenance	City Hall West Maintenance Costs	118,200	118,200	
13	Medium	Community Services	Richmond Museum	8,000	8,000	
		Subtotal		3,151,200	2,177,303	973,897
14	High	Community Services	Preparing for Carbon Neutrality	90,000	0	90,000
15	High	Engineering & Public Works	Microfiche Reader Scanner and dedicated PC	30,000	0	30,000
16	High	Project Development & Facility Maintenance	Collection & Maintenance of Drawings	30,000	0	30,000
17	High	Community Services	Tall Ships Festival	500,000	0	500,000
18	High	Law & Community Safety	Firefighter Drill Compliance	50,000	0	50,000
19	High	Business & Financial Services/ Planning and Development	Computer Software DCC	100,000	0	100,000
20	High	Community Services	Arts Strategy Update Including a Cultural Facilities Plan	20,000	0	20,000
21	High	Community Services	Upgrade Junior Collection	100,000	0	100,000
22	High	Corporate Services	2010 Photographs - Location and Organize for Archives	12,100	0	12,100
23	High	Law & Community Safety	Fire Vehicle Reserve Increase	400,000	0	400,000
24	High	Business & Financial Services	Additional resources to manage compliance of Tangible Capital Asset (TCA) accounting requirements	175,000	0	175,000
25	High	Corporate Services	Colour Scanner & Printing equipment	8,500	0	8,500
26	Medium	Community Services	London Farm	12,000	0	12,000
27	Medium	Law & Community Safety	RICHMOND FIRE RESCUE IT PROJECTS	95,000	0	95,000
28	Medium	Parks	Wildlife Management	114,800	0	114,800
29	Medium	Parks	Special Events	50,000	0	50,000

	Priority	Department	Description	Total Amount Requested \$	Amount Recomm'd by TAG \$	Not Recomm'd /Deferred by TAG \$
30	Medium	Engineering & Public Works	<i>CCTV Camera Equipment</i>	100,000	0	100,000
31	Low	Law & Community Safety	<i>Critical Incident Stress Management (CISM) Program Development</i>	30,000	0	30,000
32	Low	Law & Community Safety	<i>RCMP Officers Historical Crime Team</i>	383,301	0	383,301
33	Low	Law & Community Safety	<i>Tempest Software</i>	90,000	0	90,000
34	Low	Community Services	<i>Cultural Tourism Strategy</i>	15,000	0	15,000
35	Low	Community Services	<i>Fast-Tracking Sustainability Framework Development</i>	80,000	0	80,000
36	Low	Engineering & Public Works	<i>Cinder Block House</i>	75,000	0	75,000
37	Low	Law & Community Safety	<i>Fire Prevention Officer</i>	146,526	0	146,526
38	Low	Law & Community Safety	<i>RMS/CAD Module Person</i>	112,160	0	112,160
39	Low	Law & Community Safety	<i>2 -General Duty Support (ME)</i>	150,198	0	150,198
40	Low	Law & Community Safety	<i>Department Associate 1</i>	60,610	0	60,610
		Grand Total		6,181,395	2,177,303	4,004,092