

Monday March 9,2015

Open City Council Meeting

Notice of Motion by

Councillor Carol Day

Whereas :

The 2015 budgeted expenditure of gaming revenue is 18 million and the total gaming revenue allocated to reserves since 2004 is 56.1 million dollars .

And the City of Richmond has 854.3 million in our investment portfolio.

And in 2015 these reserves from gaming revenue contributed approximately 76.9 million dollars to the comprehensive Major Capitals Facilities Program which included Minoru Aquatic centre, senior centre , City Centre Community centre and replacement of the City's No. 1 Fire Hall.

Be it resolved that policy 3707 that currently states : under TAX REVENUE that

Tax increases will be at Vancouver's CPI rate ( to maintain current programs and maintain existing infrastructure at the same level of service ) plus 1.0% towards infrastructure

Be changed to state : ***UP TO 1% towards infrastructure***

### Cash and Investment Portfolio

The City's cash and investment portfolio at December 31, 2014 was \$854.3M, with an average yield on investment of 2.00%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Appendix 4)

#### Market Interest Rates (for analytical purposes only)

	December 31, 2014
3 Month Government of Canada T-Bills	0.91%
2 Year Government of Canada Bonds	1.01%
5 Year Government of Canada Bonds	1.34%
10 Year Government of Canada Bonds	1.79%

Source: Bank of Canada

While the sharp decline in global crude oil prices in the past six months is expected to encourage overall global economic growth, it will likely have a negative impact for Canadian growth and underlying inflation. Canada has been recently experiencing general growth outside of the energy sector through increased foreign demand, stronger exports, improved business confidence and investment and employment growth. However, there is considerable uncertainty about the possible slowing growth momentum and how it will be affected by the drop in oil prices. In addition, the oil price shock increases both downside risks to inflation and financial stability risks. With these and other factors taken into consideration, the Bank of Canada announced on January 21, 2015 that it was lowering its benchmark overnight rate by  $\frac{1}{4}$  of 1 per cent to  $\frac{3}{4}$  per cent.

The City continues to comply with its Investment Policy (3703) by carrying a diversified investment portfolio with strong credit quality, meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return

## Financial Impact

Table 4 summarizes the Council approved 2015 tax increase of 1.89%. The proposed estimated tax increase for 2016 through 2019 is expected to be consistent with 2014 and includes a 1% levy for capital infrastructure replacement, as directed by Council in accordance with the Long Term Financial Management Strategy.

**Table 4 –5YFP 2015-2019 Summary**

<b>Year</b>	<b>Tax Increase</b>	<b>Transfer to Reserves</b>	<b>Total Increase</b>
2015 Approved Increase	1.89%	0.00%	1.89%
2016 Proposed Increase	1.98%	1.00%	2.98%
2017 Proposed Increase	1.98%	1.00%	2.98%
2018 Proposed Increase	1.99%	1.00%	2.99%
2019 Proposed Increase	1.96%	1.00%	2.96%

## Conclusion

The 5YFP 2015-2019 has been prepared based on the 2015 budgets approved by Council and the proposed increases for 2016-2019 are prepared as directed by Council through the Long Term Financial Management Strategy. Staff recommend approving the financial plan and undertaking the public consultation process based on the proposed five year financial plan.



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JC:ms

- Att. 1: 5 Year Financial Plan (2015-2019) Bylaw 9220  
 2: Reconciliation of 2015 Utility Budget Report to 5YFP 2015-2019  
 3: Reconciliation of 2015 Operating Budget Report to 5YFP 2015-2019  
 4: 2015-2019 Capital Plan