City of Richmond

Report to Committee

To:	Finance Committee	**Date:**	November 22, 2023
From:	Mike Ching, CPA, CMA Director, Finance	**File:**	03-0970-01/2023-Vol 01
Re:	**2024 One-Time Expenditures**		

Staff Recommendation

That the one-time expenditures totaling $2,977,311 as outlined in Attachment 1 of the 2024 One-Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2024-2028).

Mike Ching, CPA, CMA
Director, Finance
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Att. 2

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Staff Report

Origin

One-time expenditure requests are typically non-recurring items over and above the base annual budget or items that are recurring in nature but are not required on an annual basis. Council established a Rate Stabilization Account (RSA) to provide funding for such requests. The RSA has also been used to defer the City's annual tax increase to a future year. Each year, once the City's accounts from the prior year are finalized, any resulting surplus is transferred into the RSA.

Any approved one-time expenditure requests will be included in the 2024-2028 Consolidated 5 Year Financial Plan (5YFP).

This report supports Council's Strategic Plan 2022-2026 #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

> *4.1   Ensure effective financial planning to support a sustainable future for the City.*
>
> *4.2   Seek improvements and efficiencies in all aspects of City business.*
>
> *4.3   Foster community trust through open, transparent and accountable budgeting practices and processes.*
>
> *4.4   Work with all levels of governments for grant and funding opportunities.*

Analysis

For 2024, there are nine one-time expenditure requests totalling $3,141,811. The Senior Management Team (SMT) appointed a Review Team to review each request using established ranking criteria. The prioritized requests were also reviewed by the CAO and SMT. There is no additional tax impact from any of the proposed requests as they will be funded from the RSA.

The RSA has an unaudited balance of $18,521,271 as of October 31, 2023. While there is no additional tax impact from utilizing the RSA to fund one-time expenditure requests, the ability to fund such requests depends on the annual surplus.

The RSA was approved by Council in 2013 in order to ensure that funding be available to help balance the budget for non-recurring items and smooth out tax increases. The establishment of an RSA for the operating budget was also based on past experience where external non-controllable events impacted the City's operating budget and there was no funding available to offset this "temporary condition".

The City has used RSA in a practical and effective manner and staff are careful in managing the usage to ensure that the RSA is not carried forward on an indefinite basis. The risk and downside

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of utilizing RSA is that once it has been carried forward in this way, it must be maintained because the reduction or elimination of it will create pressure on the following year's operating budget. The tax increase is not reduced but temporarily shifted.

The CAO and SMT have carefully reviewed all one-time expenditure requests to be funded from RSA. A description of the requests recommended by the CAO and SMT for funding in 2024 are included in Attachment 1 and those not recommended for funding in 2024 are included in Attachment 2.

Council may change any of the staff recommendations. The Consolidated 5 Year Financial Plan (2024-2028) will include the amounts as approved by Council.

One-Time Expenditure Requests

Table 1 shows the summary of the one-time expenditure requests:

Table 1 – One-Time Expenditure Requests Summary

# of One-Time Expenditures Requested	Recommended Amount (In $000s)	Not Recommended for Funding in 2024 Amount (In $000s)	Total (In $000s)
9	$2,977	$165	$3,142

Table 2 summarizes the RSA balance after funding the recommended amounts:

Table 2 – Proposed RSA Utilization

RSA Balance as of October 31, 2023		**$18,521,271**
2024 One-Time Expenditures - Recommended (Attachment 1)	(2,977,311)	
* 2024 Initial Capital Costs from Emerging Organizational Ongoing Additional Levels (Attachment 10 of 2024 Proposed Operating Budget)	(250,424)	
* 2024 Initial Capital Costs from No Tax Impact Positions (Attachment 9 of 2024 Proposed Operating Budget)	(61,300)	
* Proposed Rate Stabilization of the 2024 Operating Budget	(1,612,500)	
Total 2024 Proposed RSA Utilization		**(4,901,535)**
Balance After Proposed 2024 Utilization		**$13,619,736**

* To be considered in companion report "2024 Proposed Operating Budget" dated November 8, 2023.

One-Time Initial Capital Costs Associated with Recommended Additional Level Expenditures Requests

The 2024 Proposed Operating Budget recommends approval of Emerging Organizational Additional Levels of service and No Tax Impact positions including additional bylaw officers

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and outreach staff which require upfront costs for vehicles and equipment. A total of $311,724 is required and this one-time cost is recommended to be funded from the Rate Stabilization Account.

A total of $1,612,500 from the RSA is proposed to be utilized to reduce the tax impact as presented in the 2024 Proposed Operating Budget.

Financial Impact

The recommended one-time expenditures totaling $2,977,311 as outlined in Attachment 1 are proposed to be funded from the Rate Stabilization Account with no additional tax impact. The final amount approved by Council will be included in the Consolidated 5 Year Financial Plan (2024-2028).

Conclusion

One-time expenditure requests were carefully reviewed by the CAO and SMT. The high priority requests in the amount of $2,977,311 as summarized in Attachment 1 are recommended to be approved and included in the Consolidated 5 Year Financial Plan (2024-2028).

Melissa Shiau, CPA, CA
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Att.   1: 2024 One-Time Expenditure Requests – RECOMMENDED
        2: 2024 One-Time Expenditure Requests – NOT RECOMMENDED FOR FUNDING IN 2024

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	2024 One-Time Expenditure Requests – RECOMMENDED		
Ref	**Category**	**Description**	**Amount**
1	**Council Strategic Plan**	**Recreation Fee Subsidy Program (RFSP) - Central Fund** The RFSP requires continued support through a Central Fund as work on the Community Services Pricing Policy progresses. The program was to be funded by contributions from Associations/Societies; however, this funding source was put on hold while the age of eligibility for seniors pricing is revisited as directed by Council.	$80,000
2	**Council Strategic Plan**	**City Events Program 2024** This request is to fund 2024 City events, in alignment with the Event Guiding Principles, and as detailed in the City Events Program 2024 Report approved by the General Purposes Committee on November 20, 2023. Events contribute to social and economic well-being, build community capacity and identity and raise Richmond's profile.	$810,000
3	**Infrastructure Need**	**Richmond Fire-Rescue Scheduling Software Migration** Telestaff is a critical workforce management tool used by Fire-Rescue 24/7 for roster scheduling, time tracking, and vacancy filling. Migration to the cloud is necessary as on-premise support is being discontinued with the vendor only providing support for their Software as a Service (cloud) based solution.	$78,489
4	**Infrastructure Need**	**Public Safety Mobile Command and Communication Centre Vehicle** This vehicle is a multi-agency, multi-purpose, and multi-jurisdiction mobile Command Post for first responders during operations or emergencies. It is a critical piece of policing infrastructure for the community that positively impacts policing services, safety and overall preparedness for major emergencies and natural disasters. The vehicle also offers interoperable space for staging and briefings of other first responders such as Richmond Fire-Rescue, BC Ambulance Service, Public Works, Coast Guard and Emergency Programs during joint operations. There is an operating budget impact associated with this one-time funding request estimated at $197,120; this is included in the 2024 Proposed Operating Budget with a tax impact of 0.07%.	$1,815,000
5	**Council Strategic Plan**	**Wharves Bylaw Enforcement and Programming** This request is for year 3 of a pilot waterfront program approved by Council on December 6, 2021. The auxiliary positions will support dock operations across the City, including adherence to regulations, fee collection at Imperial Landing, and community use and activation.	$81,947
6	**Council Strategic Plan**	**Boulevard Maintenance Program** Impacts from climate change have resulted in a decline in the health and condition of existing landscapes requiring replacement of declining/stressed plants with climate adapted species, additional manual watering and improving irrigation technologies (Eg, No. 3 Road median plantings).	$111,875
2024 One-Time Expenditures Total – RECOMMENDED			**$2,977,311**

2024 One-Time Expenditure Requests – NOT RECOMMENDED FOR FUNDING IN 2024			
Ref	Category	Description	Amount
1	Infrastructure Need	**Richmond Fire-Rescue Community Relations Vehicle Painted or Wrapped for Public Education Opportunities and Community Events** There is an opportunity to repurpose a decommissioned fire truck to ensure attendance for community events. The final step is to have the decommissioned fire truck painted or wrapped so it is clearly identified as an event support vehicle and non-operational.	$65,000
2	Infrastructure Need	**Incident Report & Investigation for Safety (IRIS) Intelex Patch Version Update** The IRIS software system facilitates the City's commitment to enhance and automate workplace Health and Safety incidents and WorkSafeBC claims. Due to end-of-support of Windows Server 2012, the IRIS server has been upgraded but a software version update is required as the last update was applied 5 years ago. Due to the complexity of updating the system from the old version, this funding request is for vendor consultant support. This software update addresses security items, performance improvements and system reliability.	$37,500
3	Infrastructure Need	**Application Centric Infrastructure (ACI) Controller Refresh** The City fully deployed Cisco ACI as a replacement for its Data Centre network solution in the year 2020. It provided significant improvement in performance, operational stability, and potential to provide granular network policy controls not available in the past. This specific request is to refresh the now outdated component of this solution: Application Policy Infrastructure Controller (APIC) devices that form the "brain" of this deployment. The relatively short lifespan (5 years) of these specific controller devices is driven by the vendor to maintain the solution support agreement and is likely propelled by the overall fast pace of development in the software-defined networking space.	$62,000
2024 One-Time Expenditures Total – NOT RECOMMENDED FOR FUNDING IN 2024			$164,500