



To:	Finance Committee	Date:	November 22, 2019
From:	Jerry Chong, CPA, CA Director, Finance	File:	03-0985-01/2020-Vol 01
Re:	2020 Proposed Operating Budget		

Staff Recommendation

That:

1. The 2020 Operating Budget as presented in Budget Option 2 be approved as outlined below, or Council provide staff with direction to approve one of the alternative options presented in this staff report:
 - a. A same level of service budget increase, after tax growth, of \$3,875,707 with a tax increase of 1.69% and non-discretionary external senior government increases of \$300,000 with a tax increase of 0.13%, resulting in a combined increase of 1.82% be approved; and
 - b. Ongoing funding for expenditures previously approved by Council totaling \$984,045 for the following items: Minoru Centre for Active Living operating budget impact phase-in (Year 7 of 7), and the operating budget impact from developer contributed assets, with a tax increase of 0.43% be approved; and
 - c. Ongoing funding for expenditures previously approved by Council totaling \$527,500 for the operating budget phase-in impact of City Centre Community Centre North (Year 2 of 4), with a tax increase of 0.23% be approved; and
 - d. Ongoing funding for expenditures previously approved pursuant to Council's Safe Community Priority program (Year 2 of 3) in the amount of \$7,433,489 with a tax increase of 3.23% including:
 - i. Amounts which were funded by the rate stabilization account in the 2019 budget totaling \$4,325,868, with a tax increase of 1.88%; and
 - ii. 51 additional RCMP officers and 20 additional municipal employees to support the RCMP Detachment with a three-year phase-in plan (Year 2 of 3), totaling \$1,591,821 with a tax increase of 0.69% be approved; and
 - iii. 36 additional firefighters with a three-year phase-in plan (Year 2 of 3) in the amount of \$1,515,800 with a tax increase of 0.66% be approved; and

- e. Operating budget impact from the 2020 Capital Budget totaling \$644,794 with a three-year phase-in plan for an annual amount of \$214,931, resulting in a tax increase of 0.09% per year be approved; and
 - f. Two new positions, specifically a Regular Full-Time Affordable Housing Planner 1 and Regular Part-Time Child Care Program Planner 1 be approved with 0.00% tax increase as summarized in Attachment 9 and position complement control numbers be assigned; and
 - g. Ongoing expenditures for Emerging Organizational Additional Levels with an allowance of \$500,000 resulting in a tax increase of 0.22% be approved (refer to the recommended items from staff in Attachment 10); and
 - h. Transfer to reserves for infrastructure replacement needs as per Council’s Long Term Financial Management Strategy in the amount of \$2,299,025 with a tax increase of 1.00% be approved; and
 - i. The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$1,609,318 resulting in a tax decrease of 0.70% be approved; and
2. The 2020 Operating Budget, as approved in item 1 above, be included in the Consolidated 5 Year Financial Plan (2020-2024).

Jerry Chong, CPA, CA
 Director, Finance
 (604-276-4064)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY SMT	INITIALS
APPROVED BY CAO 	

Executive Summary

With the 2019 operating budget, Council approved an accelerated implementation of the Safe Community Priority Program which included funding for 107 safe community positions over three years (2019-2021) and directed staff to prepare the Consolidated 5 Year Financial Plan (2019-2023) with specific tax impacts approved for 2021 and 2022.

The 107 positions approved in Council's Safe Community Priority Program are:

- 36 Fire Rescue positions, phased-in over 3 year (2019-2021)
- 51 RCMP Officers over 3 years (2019-2021)
- 20 municipal employees to support the RCMP Detachment over 3 years (2019-2021)

At Council's direction, rate stabilization funding was utilized to reduce the 2019 tax increase to 4.82%, deferring part of the impact of the approved 2019 increase to future budgets. The Consolidated 5 Year Financial Plan incorporated a plan to gradually reduce the utilization of rate stabilization funding each year, until the increases from the Safe Community Priority Program are fully funded by 2022.

This multi-year budget approval approach provided staff with a degree of certainty in projecting the future year increases. It was projected that the tax increase for 2020 would be 6.69%.

SMT and the CAO have done considerable work including conducting a significant number of reviews to achieve a same level of service budget of 1.69% which is below the CPI target of 2.00%, and to provide a recommendation on the proposed tax increase for this five-year planning period.

2020 Proposed Budget

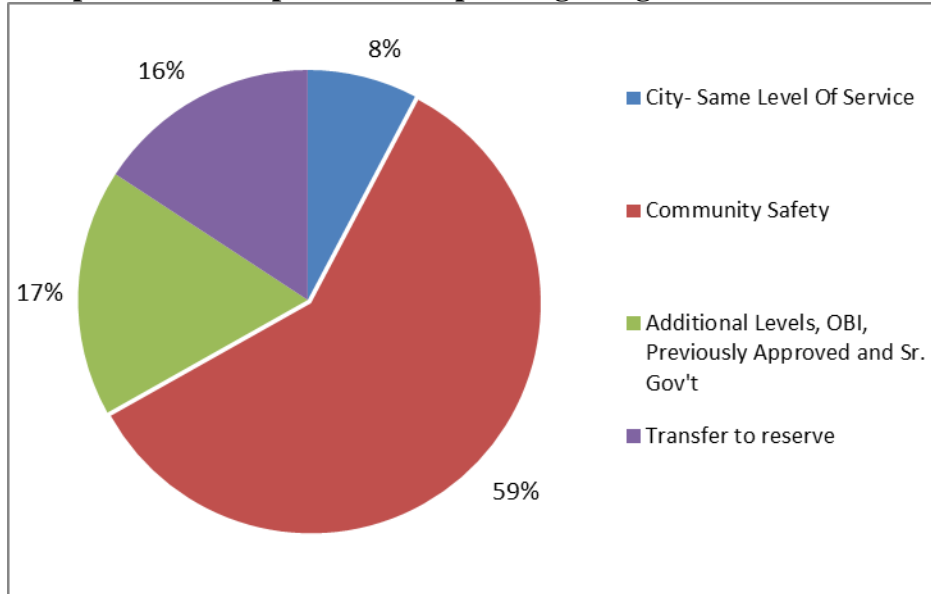
The outcome of the 2020 budget process results in a proposed tax increase of 6.32%, which is lower than the originally projected amount of 6.69%.

The 2020 budget increase includes Council's Safe Community Priority Program (Year 2 of 3), which includes the following new positions:

- 12 Fire Rescue positions
- 12 RCMP Officers
- 5 municipal employees to support the RCMP Detachment

59% of the 2020 budget increase is attributable to enhancing community safety as shown in the following graph.

Components of Proposed 2020 Operating Budget Increase



The components of the budget are summarized in the following table. For discussion on the budget components, refer to the corresponding reference number in the 2020 Proposed Operating Budget section on pages 10-16.

Ref	Budget Component	Amount (in \$'000s)	Tax Impact
1	Same Level of Service Increase (meets LTFMS target of 2.00%)	\$3,876	1.69%
2	External Senior Government Related Increases: Canada Pension Plan Enhancements	300	0.13%
3	Previously Approved Expenditures: Major Facilities OBI Phase-in (Year 7 of 7), Developer Contributed Assets OBI In Service in 2020	984	0.43%
4	Operating Budget Impact of the Previously Approved Developer Funded Community Centre: City Centre Community Centre North (Year 2 of 4)	527	0.23%
5	Safe Community Priority Program – 107 policing and fire rescue positions:		
	Deferrals from previous budget	4,326	1.88%
	36 fire rescue positions phased-in over three years (Year 2 of 3)	1,515	0.66%
	51 RCMP officers and 20 municipal employees to support the RCMP Detachment phased-in over three years (Year 2 of 3)	1,592	0.69%
	Total 107 Positions - Safe Community Priority Program (Year 2 of 3)	7,433	3.23%
6	Operating Budget Impact from the 2020 Capital Budget (Year 1 of 3)	215	0.09%
7	No Tax Impact Positions (Attachment 8)	-	-%
8	Emerging Organizational Additional Levels (Attachment 9)	500	0.22%
9	Less: Rate stabilization	(1,609)	(0.70%)
Proposed 2020 Operating Budget Increase		\$12,226	5.32%
10	Investment in Infrastructure Replacement Needs (Transfer to Reserves)	2,299	1.00%
Proposed 2020 Operating Budget Increase		\$14,525	6.32%

Should Council wish to consider an option that differs from what has already been approved as part of the 2019 Budget, SMT and the CAO have provided an alternative option which utilizes a combination of strategies to reduce the budget impact.

Option		2020	2021	2022	2023	2024
Option 1	Previously Approved Financial Plan	6.69%	5.20%	3.91%	5.36%	3.89%
Option 2 (recommended)	Minor Improvements to the Previously Approved Financial Plan	6.32%	5.18%	3.84%	4.19%	3.89%
Option 3	Corporate Reset and Rate Stabilization	4.82%	3.92%	3.73%	4.24%	3.95%

For discussion of other budget options, refer to pages 16 to 22.

Staff Report

Origin

Subsection 165(1) of the *Community Charter* requires the City to adopt a 5 Year Financial Plan (5YFP) Bylaw. The 2020 Operating Budget forms the basis of the City's 5YFP. Under the *Community 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.

The proposed 2020 Operating Budget ("Budget") applies the principles of Council's Long Term Financial Management Strategy (LTFMS) (Policy 3707), which was originally adopted in 2003, "*Tax increases will be at Vancouver CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1% towards infrastructure replacement needs.*"

At the Special Finance Committee meeting on January 14, 2019, staff were provided with the following direction:

- 1) *That 36 additional firefighters with 12 in 2019, 12 in 2020, 12 in 2021 and zero in 2022 be approved; and*
- 2) *That 51 RCMP officers and 20 municipal employees over three years (2019, 2020, 2021) with 19 RCMP officers designated for 2019 be approved.*

The 2020- budget has been prepared accordingly, adding 12 firefighters, 12 RCMP officers and 5 municipal employees to support the RCMP Detachments, as outlined in the RCMP's Three-Year Resource Plan (2019-2021).

This report supports Council's 2018-2022 Strategic Plan #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

- 5.1. *Maintain a strong and robust financial position.*
- 5.2. *Clear accountability through transparent budgeting practices and effective public communication.*
- 5.3. *Decision-making focuses on sustainability and considers circular economic principles.*
- 5.4. *Work cooperatively and respectfully with all levels of government and stakeholders while advocating for the best interests of Richmond.*

This report also supports Council's 2018-2022 Strategic Plan #1 A Safe and Resilient City:

Enhance and protect the safety and well-being of Richmond.

- 1.1. *Enhance safety services and strategies to meet community needs.*
- 1.2. *Future-proof and maintain city infrastructure to keep the community safe.*
- 1.3. *Ensure Richmond is prepared for emergencies, both human-made and natural disasters*
- 1.4. *Foster a safe, caring and resilient environment.*

Council's 2018-2022 Strategic Plan is summarized in Attachment 1.

Analysis

Environmental Scan

Economic Outlook

New home construction, as measured by housing starts, has remained relatively steady since the decline in 2016 and shows signs of improving. Year to date to Q3 2019, housing starts in Richmond have increased by 12% over the same period last year.

Led by multi-family residential construction in the City Centre, building activity reached an all-time high in 2015. 2019 is on track for another strong year of building activity with year-to-date values to Q3 2019 up by 27% over the same period last year. The number of building permits, meanwhile, has declined by 15% over the same period in 2018. Fewer permits with higher values is indicative of continued multi-family development as the implementation of the City Centre Area Plan continues.

Please refer to Attachment 2 for further information on the Economic Outlook.

Taxation

When compared to the 21 municipalities in Metro Vancouver, the 2019 average residential home in Richmond ranks as the 9th highest in average assessment value of \$1.13M while having the 4th lowest average municipal taxes (from 5th lowest the previous year) of \$1,745. Approximately 50% of the tax bill is comprised of levies collected for other taxing jurisdictions including Translink, School Board, Metro Vancouver, BC Assessment and Municipal Finance Authority. City Council has no control over the rate of increase of levies. Within the comparator group of Vancouver, Coquitlam, Burnaby and Surrey, Richmond continues to have the 2nd lowest municipal tax for the average residential assessment. Please refer to Attachment 3 for a comparison of all Metro Vancouver municipalities.

With significant increases in business assessments in comparison to residential assessments in the region, overall residential tax rates across the Metro Vancouver municipalities increased greater than business tax rates. As a result, business to residential tax ratios for 2019 are lower than the prior year. Richmond's business to residential tax ratio decreased from 3.19 in 2018 to 2.76 in 2019. Richmond's ranking improved by dropping from the 13th highest position in 2018

to the 15th highest in 2019, aligning with Council's goal of being in the middle in comparison to other municipalities in this regard. However, Richmond continues to be the lowest in business to residential tax ratio when compared to our comparator group.

Long Term Financial Management Strategy (LTFMS)

On March 23, 2015 Council approved a new Casino funding allocation model which took effect starting with the 2016 budget. At that time budgeted casino revenue was \$18.10M. In 2018, budgeted casino revenue was reduced to \$16.50M to align with the actual revenues received. For the 2020 budget, it is projected to further decrease to approximately \$14.50M. Table 1 summarizes the allocation of gaming revenue in comparison to the 2019 allocation.

Staff will continue to monitor the trend of casino revenue received and will prepare a revised allocation model for Council's consideration when it is confirmed whether this budget estimate appears to be a stable level of funding expected to be received.

Table 1 – Casino Funding Allocation (in \$000s)

Casino Funding	Allocation	2020 Preliminary Budget	2019 Approved Budget	Amount Change
Capital Reserve	30%	\$4,350	\$4,950	(\$600)
Grants*	15%	2,175	2,475	(300)
Council Community Initiatives Account	2%	290	330	(40)
Debt Servicing	Fixed	5,000	5,000	-
Operating (RCMP)	4 Officers	730	706	24
Capital Building Infrastructure Reserve	Remainder	1,955	3,039	(1,084)
Total		\$14,500	\$16,500	(\$2,000)

* The amount required for all grants funded by casino revenue is \$2.52M, including the recently approved contribution to a not-for-profit organization approved in Closed meetings. The difference of \$0.34M is to be funded from the Grants Provision which has accumulated a balance of \$1.29M since established in 2016 to hold surplus funds when the allocation from gaming revenue exceeded the annual grant expenditures.

Grants funded by gaming revenue include:

- Gateway Theatre contribution
- Health, Social and Safety grants
- Arts, Culture and Heritage grants
- Parks and Recreation grants
- Richmond Centre for Disability contribution
- Richmond Therapeutic Equestrian Society contribution
- Various Youth Grants

The Council Community Initiatives Account provides funding for one-time expenditures that address social, environmental, recreation and sports, heritage, arts and culture, safety and security, or infrastructure needs.

Debt servicing relates to the \$50M debt to fund the Minoru Centre for Active Living, part of the Major Facilities Replacement Plan – Phase 1, which will be repaid over a 10 year term (2015 through 2024).

Budget Challenges

The Operating Budget provides funding for a vast array of municipal operations, which include: funding police services; operation of fire halls; community centres; arenas; pools; parks; libraries; financial management and other corporate services; facility maintenance and development; maintenance of roads; technology services; corporate administration; traffic lights; planning for the transportation network; land use; building and development approvals; storm drainage flood protection; arts, culture, and heritage, etc.

Richmond has additional complexities with the diking system that is unique to our island city. Dikes along with watermains, pump stations, and sanitary sewers, as well as garbage and recycling services are funded through the City's Utility Budget which was approved by Council on November 12, 2019. Note that storm drainage operating costs are currently funded by the Operating Budget and investment in storm drainage infrastructure replacement (which is transferred into the reserves to fund capital projects) is funded by the Utility Budget.

The Operating Budget also includes funding for capital reserves which is required to maintain aging facilities, replacement of major facilities, and to fund various other capital projects funded by the Revolving Fund, including the assist factor portion (i.e. the portion required to be funded by the City) for projects funded by Roads Development Cost Charges and Parks Development Cost Charges. In addition, for expanded or repurposed facilities, and upgraded infrastructure, there is a tax impact from the associated Operating Budget Impact (OBI) which may include additional heat and electricity to operate the building as well as additional staff to expand the current programs offered within the new facility.

Attachment 4 presents the Municipal Breakdown of \$1 (before the OBI from the 2020 Capital Budget and 2020 recommended additional levels of service, which are subject to Council approval), which depicts how the budget is allocated to deliver all of the services funded by the Operating Budget. Over 38 cents of each dollar collected goes toward the provision of policing and fire rescue services.

Budget Process

The proposed 2020 Budget presents a same level of service budget, with only non-discretionary increases that can be clearly identified and supported. Enhanced or new levels of service are identified separately as ongoing additional expenditure requests by the respective divisions for Council's consideration in accordance with Council's Budget & 5-Year Financial Plan Preparation Policy. Please refer to Attachment 5 for the 2020 Budget Cycle.

The City undergoes a continuous review of its programs and services in order to identify further service improvements and cost reductions. Staff continually look for efficiencies and innovative

ways to deliver services that would streamline business processes, contain costs and leverage the increased use of technology.

2020 Proposed Operating Budget

This section of the report discusses each component of the 2020 Proposed Operating Budget as presented in the Executive Summary table on page 4.

The proposed 2020 Budget presents a same level of service budget, with only non-discretionary increases that can be clearly identified and supported. Enhanced or new levels of service are identified separately as ongoing additional expenditure requests by the respective divisions for Council's consideration in accordance with Council's Budget & 5-Year Financial Plan Preparation Policy.

1. Same Level of Service Increase

Council's Long Term Financial Management Strategy (LTFMS) policy is that the tax increase to maintain current programs and maintain existing infrastructure at the same level of service will be at Vancouver's CPI rate. Preliminary Vancouver CPI forecasts from the Conference Board of Canada is estimated at 2.0% for 2020. In comparison, the Municipal Price Index is estimated at 4.7%.

The same level of service increase as shown in Attachment 6 is 1.69%, therefore this policy target is met. Attachment 6 presents the net base budget by department/division for 2019 and the proposed net base budget to deliver the same levels of service in 2020, before external senior government related increases. This includes non-discretionary increases only as supported by contracts and agreements and does not include any additional levels of service.

Organization Profile

The City's six corporate divisions include:

- Community Safety
- Community Services
- Engineering and Public Works
- Finance and Corporate Services
- Corporate Administration
- Planning and Development

The All Divisions summary included in Attachment 7 shows the City's base operating budget to deliver the same level of services as last year, which totals \$340.89M. Since the City delivers many services and programs, labour is a significant component of the budget (48%). Contracts represent 23% of the base operating budget, which is largely due to the RCMP contract for policing services.

The base operating budget is primarily funded by property tax (69%). Community User Fees were increased by 2.00%, where possible through the Consolidated Fees Bylaw, effective January 1, 2020.

Attachment 7 also includes further details on each Division's same level of service budget.

Key Financial Drivers

The key financial drivers of the 2020 budget increase are summarized in Table 2.

Table 2 – 2020 Key Financial Drivers

Cost Breakdown	Amount (in 000's)
RCMP – Contract Increase	\$2,173
Salaries and Benefits Increase – City-wide	2,704
Salaries and Benefits – Fire Rescue and Policing support for RCMP Detachment	1,407
2019 OBI Phase-in Year 2 of 3	402
Snow and Ice Control Expenditures	447
Project Development Cost Escalation	377
Richmond Ice Centre Transfer of Maintenance Responsibilities	157
E-Comm Contract Increase	90
Other contracts – City wide	205
Revenue increase	(1,452)
Net Budget Increase	\$6,510

The largest cost driver of the 2020 budget which impacts all City divisions is the estimated salary and step increases in accordance with collective agreements, which are currently under negotiation.

The next largest cost driver of the same level of service budget is the RCMP contract increase to maintain the existing complement of RCMP officers, before the addition of 12 new officers.

The combined cost increases related to policing and fire rescue, including the RCMP contract increase, salaries and benefits for fire rescue and policing support for the RCMP detachment, and the E-Comm contract increase is \$3.67M which accounts for 56% of the net budget increase.

The budget for snow and ice removal has been based on a 6 year rolling average to account for fluctuations from year to year. Over the last several years actual costs have exceeded the 6 year rolling average, therefore the proposed budget for snow and ice control is based on a 4 year rolling average which results in an increase of \$447K.

Project Development has experienced cost increases with repairs and maintenance of building and is increasing their budget to ensure adequate funds are in place to address ageing infrastructure needs. The projected cost escalation amount is \$377K.

The recent acquisition of the Richmond Ice Centre resulted in additional budget impacts of \$157K for facility operations maintenance and snow and ice removal for the parking lot which the previous owner maintained.

Increases to revenue includes CPI increases in accordance with the Consolidated Fees Bylaw, increases to investment income and increase in payments in lieu of taxes.

Tax Growth

New tax growth projections are based on “non-market change” figures provided by BC Assessment Authority. Non-market change is the term BC Assessment Authority 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 Authority determine the value of all new developments under construction by the percentage of completion as of November 30th 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.

New tax growth for 2020 is estimated at \$2.63M.

2. External Senior Government Related Increases

Council Policy 3707 item 2 states:

“Any additional costs imposed on the City as a result of mandatory senior government policy changes should be identified and added to that particular year’s taxes above and beyond the CPI and infrastructure percentage contribution.”

In accordance with Council policy, these items are identified and included in the tax increase above and beyond the CPI target.

Canada Pension Plan Enhancement

Effective 2019, the Canada Pension Plan (CPP) will be gradually enhanced. This means the employee will receive higher benefits in exchange for making higher contributions.

Employers will pay the same increase in contributions as their employees. The estimated budget impact in 2020 is \$0.30M or a 0.13% tax impact. Future year impacts of this enhancement will continue through 2025 estimated to \$0.30M to \$0.40M per year.

3. Previously Approved Expenditures

There are two types of previously approved amounts that are included in the 2020 budget:

- i. Amounts gradually phased-in to the budget
- ii. OBI of Developer Contributed Assets negotiated through development that will be operational in 2020

Previously Approved Operating Budget Impacts of Major Facilities Phase 1

In the 2014 Budget, a Major Facilities Phase 1 Operating Budget Impact (OBI) phase-in plan was approved, resulting in approximately \$656K incremental budget added each year until 2020 to provide funding for:

- the new City Centre Community Centre;
- expanded Fire Hall No. 1;
- the expanded replacement of the Older Adults Centre; and
- the expanded replacement of the Minoru Aquatics Centre.

This OBI phase-in plan was amended on November 14, 2016 through the Minoru Centre for Active Living service levels. The final years of this OBI phase-in plan relates to funding for expanded programming at the Minoru Centre for Active Living.

The 2020 amount for the Major Facilities OBI phase-in is \$656K for a 0.29% tax impact.

Previously Approved Operating Budget Impact Associated With Other Developer Contributed Assets City-wide

Developer contributed assets that were previously approved by Council as part of development applications or rezoning approvals will be placed in service in 2020 and will require funding for ongoing operation and maintenance. These assets include road, water, sanitary and sewer infrastructure, traffic lights, and parks. As these assets become part of the City's inventory of assets to manage, additional operating budget funds are required to ensure the same level of service is maintained for the City's growing infrastructure.

2020 Developer Contributed Assets OBI amounts to \$328K or a 0.14% tax impact as detailed in Attachment 8.

The total previously approved expenditures have a total tax impact of 0.43%.

4. Operating Budget Impact of the Previously Approved Developer Funded Community Centre

On September 26, 2016 Council endorsed the City Centre Community Centre North facility which would require additional funds to be added to the operating budget. This facility is anticipated to open in 2022.

As part of the 2017 budget, the preliminary OBI estimate of \$1.42M with a four year phase-in plan commenced to align with the originally expected opening date. \$355K has been phased-in in 2017. In 2018 and 2019, the remainder of the phase-in plan was deferred due to changes in the anticipated opening date. The remainder of the phase-in plan could be completed over the years 2020-2022 to align with the anticipated opening of the new facility, with an estimated total OBI of \$1.94M over three years resulting in an increase of \$527K per year, or a tax impact of 0.23% in 2020. It is recommended to continue phasing-in this OBI over the years 2020-2022.

5. Council's Safe Community Priority Program - 107 Policing and Fire Rescue Positions (2019-2021)

On February 11, 2019, Council approved the following expenditures related to the Safe Community Priority Program to provide 51 RCMP Officers, 20 Municipal Employees to support the RCMP Detachment and 36 Fire Rescue positions phased-in over three years (2019-2021). The 2020 operating budget impacts are as follows:

Table 3 – Council's Safe Community Priority Program (Year 2 of 3) (in \$000s)

Previously Approved Expenditures	Amount	Tax Impact
Deferrals from the 2019 budget	\$4,326	1.88%
51 RCMP officers and 20 municipal employees to support the RCMP Detachment phased-in over three years (Year 2 of 3)	1,592	0.69%
36 fire rescue positions phased-in over three years (Year 2 of 3)	1,516	0.66%
Total Safe Community Priority Program (Year 2 of 3)	\$7,434	3.23%

Deferrals from the 2019 Budget

On February 11, 2019, Council approved the 2019 Operating Budget using the Rate Stabilization Account to reduce the overall impact of additional operating costs. In 2019, 2.00% impact was deferred to the 2020 budget. The impact of \$4.33M deferred from the 2019 budget is a tax impact of 1.88%, a lower percentage than was originally deferred due to the approved increase to the tax base. Refer to section 9 Rate Stabilization below for the portion that will be deferred to future budgets.

Policing

In 2019, 51 RCMP Officers were approved with 35 in 2019 (16 approved in 2018 and 19 more approved in 2019); 12 additional officers approved for 2020 and 4 additional officers in 2021. The 16 approved for 2020 and 2021 are phased-in equally over two years, with a tax impact of 0.51% per year.

In 2019, 20 municipal employees to support the RCMP detachment were approved with 13 funded in 2019, 5 additional municipal employees to support the RCMP detachment in 2020 and 2 more in 2021. The 20 positions are being phased-in to the budget over three years (2019-2021) with a tax impact of 0.18% per year.

Fire Rescue

In 2019, 36 firefighters were approved with 12 in 2019, 12 in 2020 and 12 in 2021. The 2020 budget includes 12 additional firefighters with a tax impact of 0.66%.

6. Operating Budget Impact from the 2020 Capital Budget

The 2020 Capital Plan includes new and expanded infrastructure and equipment which also requires operating funds to maintain. The 2020 Capital Budget total is \$155.65M. The OBI associated with the 2020 Capital program is \$793K. Of this amount \$148K is associated with utility projects and will be included in future utility budgets.

The operating budget impact from the 2020 Capital Budget in the amount of \$645K is proposed to be phased-in over three years, which amounts to \$215K or a 0.09% tax impact.

7. No Tax Impact Positions

Only high priority items which have funding sources are recommended to be added to the base budget with no tax impact. For 2020, 2 positions, namely, new Regular Full-Time Affordable Housing Planner 1 and Regular Part-Time Child Care Program Planner 1 are recommended with position complement control numbers requested to be assigned. These positions are funded through statutory reserves which hold the contributions received from developers to deliver specific programs.

Please refer to Attachment 9 for the list of recommended positions with no tax impact.

8. Emerging Organizational Additional Levels

The proposed 2020 budget includes an estimate of \$500K, or a tax impact of 0.22% to provide funding for new or expanded programs and services that Council may wish to approve.

In order to assist Council with their evaluation, the Senior Management Team (SMT) and the CAO have reviewed the emerging organizational additional level submissions. Only high priority items are recommended to be added to the base budget. For 2020, 17 additional level submissions have been received totaling \$1.90M. After reviews and discussions, four submissions totaling \$456K as outlined in Attachment 10 are suggested to be recommended and funded from the \$500K estimate. Refer to Attachment 11 for the list of emerging organizational additional level requests that are not recommended for funding due to budget constraints.

At the Finance Committee's discretion, any of the items recommended for funding may be removed from the recommended list. In addition, any item that is not recommended for funding may be reconsidered for recommendation. Should Council wish to approve a different amount from the \$500K estimate for emerging additional organizational levels, the proposed tax increase would increase or decrease accordingly.

If Council approves the items recommended for funding as presented in Attachment 10 totaling \$456K with a tax impact of 0.20%, the proposed tax increase would be reduced by 0.02% since the proposed tax increase already includes the \$500K estimate. If Attachment 10 is approved by Council as presented, this would result in three additional positions created: Regular Full-Time Tax Clerk, Regular Full-Time Homelessness Coordinator, and Regular Full-Time Planner 3, and three position complement control numbers would be assigned.

9. Rate Stabilization

Council established a Rate Stabilization Account (RSA) to accumulate surplus and use it to fund one-time costs and to offset any large spikes in the City's annual tax increase allowing for a smoothing of the tax rate when required. Rate Stabilization is a temporary funding solution to stabilize the tax increase and therefore, defers the tax increase to future years.

The Consolidated 5 Year Financial Plan (2019-2023), was structured to reduce the amount of rate stabilization funding until it would gradually be phased-out. The approved plan projected to utilize rate stabilization funding to reduce the impact by 0.7% in 2020 which amounts to \$1.61M, 0.3% in 2021, and none for years 2022 or 2023.

10. Investment in Infrastructure Replacement Needs (Transfer to Reserves)

Civic buildings, including recreation facilities, fire halls, community centres and other public amenities are important to ensure the safety, upkeep and well-being of the community.

Council's Long Term Financial Management Strategy (LTFMS) has a policy to increase 1% transfer to reserves to fund community infrastructure replacement needs. This reserve funds the replacement of buildings, such as Fire Hall 1 which opened in 2018. The Minoru Centre for Active Living which partially opened in 2019. The Fitness Centre is scheduled to open to the public in January 2020 with full opening of the entire facility expected in the fall of 2020. In 2018, Council approved Major Facilities Phase 2 which includes the Animal Shelter, Lawn Bowling Clubhouse, Phoenix Net Loft, and Steveston Community Centre and Branch Library. This reserve fund is also largely utilized to fund major repairs for all City owned buildings to ensure community buildings remains safe and operational.

It is recommended to continue with Council's LTFMS and transfer an additional 1% into the capital reserves to replenish the funds spent on completed projects, as well as to replenish the funds that are committed to approved capital projects which are in progress. It is important to recognize that a significant portion of reserve balances are committed to active projects. The reserve balances are drawn down on a cash basis, not as projects are approved. Therefore it is prudent to ensure funding is in place for future investments, such as the Steveston Community Centre and Branch Library.

Budget Options

SMT and the CAO have done considerable work including conducting a significant number of reviews to achieve a same level of service budget of 1.69% which is below the CPI target of 2.00%, and to provide a recommendation on the proposed tax increase for this five-year planning period.

Various scenarios were evaluated to determine the 2020 proposed budget and projected 5 Year Financial Plan as summarized in Table 4 below.

Table 4 – 5 Year Financial Plan (2020-2024) Options Summary

Option		2020	2021	2022	2023	2024
Option 1	Previously Approved Financial Plan	6.69%	5.20%	3.91%	5.36%	3.89%
Option 2 (recommended)	Minor Improvements to the Previously Approved Financial Plan	6.32%	5.18%	3.84%	4.19%	3.89%
Option 3	Corporate Reset and Rate Stabilization	4.82%	3.92%	3.73%	4.24%	3.95%

All budget options proposed for the 2020-2024 5 Year Financial Plan include the following:

- 51 RCMP Officers, 20 Municipal Employees to support the RCMP detachment, phased-in over 3 years 2019-2021 (Year 2 of 3)
- 36 Firefighters including 12 for Steveston/Seafair and 24 for City Centre/Brighthouse, phased-in over 3 years (2019-2021) (Year 2 of 3)
- An increased investment in infrastructure replacement pursuant to Council's Long Term Financial Management Strategy.
- Rate stabilization funding is utilized to decrease the current year tax impact, deferring a portion to years 2021 and 2022.

Budget Option 1 – Previously Approved Financial Plan

This option was approved by Council through the 2019 Budget and 5 Year Financial Plan (2019-2023). Since Council took a multi-year approval approach to the 2019 budget, a viable option is to continue with the current plan, with the addition of projections for the 2024 year.

Table 5 – 5 Year Financial Plan (2024-2024) – Budget Option 1

Budget Component	2020	2021	2022	2023	2024
Same Level of Service Increase (meets LTFMS target of 2.00%)	1.68%	1.12%	1.49%	1.91%	1.95%
External Senior Government Related Increases: Canada Pension Plan Enhancements	0.16%	0.16%	0.18%	0.18%	0.12%
Previously Approved Expenditures	0.26%	0.05%	0.08%	0.09%	0.07%
City Centre Community Centre North OBI (Year 2 of 4)	0.21%	0.21%	0.20%	-%	-%
Safe Community Priority Program:					
Deferrals from previous budget	2.00%	0.70%	0.30%	-%	-%
36 fire rescue positions	0.93%	0.93%	-%	-%	-%
51 RCMP officers and 20 municipal employees to support the RCMP Detachment	0.73%	0.73%	-%	-%	-%
Total 107 Positions - Safe Community Priority Program	3.66%	2.36%	0.30%	-%	-%
Operating Budget Impact from Capital Budget	0.19%	0.37%	0.43%	0.56%	0.23%
City-Wide Additional Levels	0.23%	0.23%	0.23%	1.62%	0.52%
Less: Rate stabilization	(0.70%)	(0.30%)	-%	-%	-%
Proposed Tax Increase – including 107 positions – Safe Community Program (2019-2021)	5.69%	4.20%	2.91%	4.36%	2.89%
51 RCMP officers, 20 municipal employees to support the RCMP Detachment, and 36 fire rescue positions					
Investment in Infrastructure Replacement	1.00%	1.00%	1.00%	1.00%	1.00%
Proposed Tax Increase with LTFMS Transfer to Reserves	6.69%	5.20%	3.91%	5.36%	3.89%

Budget Option 2 (Recommended) – Minor Improvements to the Previously Approved Financial Plan

This option is based on Option 1, which was approved by Council through the 2019 Budget and 5 Year Financial Plan (2019-2023) with revisions based on updated information. In addition, staff have reallocated existing budgets to continue to deliver services most effectively, gaining efficiencies through leveraging technology and streamlining current processes. This is the recommended option because it is closely aligned with the option Council already approved, with minor improvements.

Options 2 proposes to follow the rate stabilization plan established in the 2019-2023 5 Year Financial Plan to utilize rate stabilization funding to reduce the tax impact in 2020 by 0.70%. This means that a portion of the increase approved in the 2019 budget is being deferred again to the 2021 budget. Under this option, the plan is to further defer 0.30% impact to 2022, and then no other deferrals are planned thereafter.

Table 6 – 5 Year Financial Plan (2020-2024) – Budget Option 2 (Recommended)

Budget Component	2020	2021	2022	2023	2024
Same Level of Service Increase (meets LTFMS target of 2.00%)	1.69%	1.32%	1.62%	1.98%	1.95%
External Senior Government Related Increases: Canada Pension Plan Enhancements	0.13%	0.14%	0.15%	0.15%	0.12%
Previously Approved Expenditures: Major Facilities OBI Phase-in (Year 7 of 7), Developer Contributed Assets OBI In Service in 2020	0.43%	0.12%	0.11%	0.07%	0.07%
Previously Approved Expenditures: Developer Contributed Assets OBI Phase-in for City Centre Community Centre North (Year 2 of 4)	0.23%	0.21%	0.20%	-%	-%
Safe Community Priority Program:					
Deferrals from previous budget	1.88%	0.65%	0.28%	-%	-%
36 fire rescue positions	0.66%	0.81%	-%	-%	-%
51 RCMP officers and 20 municipal employees to support the RCMP Detachment	0.69%	0.64%	-%	-%	-%
Total 107 Positions - Safe Community Priority Program (Year 2 of 3)	3.23%	2.10%	0.28%	-%	-%
Operating Budget Impact from the Capital Budget	0.09%	0.39%	0.29%	0.26%	0.23%
Emerging Organizational Additional Levels	0.22%	0.20%	0.19%	0.73%	0.52%
Less: Rate stabilization	(0.70%)	(0.30%)	-%	-%	-%
Proposed Tax Increase – including 107 positions – Safe Community Program (2019-2021)	5.32%	4.18%	2.84%	3.19%	2.89%
51 RCMP officers, 20 municipal employees to support the RCMP Detachment, and 36 fire rescue positions					
Investment in Infrastructure Replacement	1.00%	1.00%	1.00%	1.00%	1.00%
Proposed Tax Increase with LTFMS Transfer to Reserves	6.32%	5.18%	3.84%	4.19%	3.89%

Budget Option 3 – Utilize Corporate Reset and Rate Stabilization

Should Council wish to consider an option that differs from what has already been approved as part of the 2019 budget, SMT and the CAO have provided an alternative option which utilizes a combination of strategies to reduce the budget impact.

Staff must make numerous assumptions in developing the annual Operating Budget based on best information available during the budget preparation cycle. Under the *Community Charter*, municipalities cannot budget a deficit but rather, must present a balanced budget. In order to ensure a deficit is not incurred, staff use conservative estimates – lower revenue projections and conventional expenditures. While this conservative approach ensures the City is protected against incurring a deficit, this usually results in an annual operating surplus. The annual operating surplus is transferred to the RSA. The rate stabilization account prevents fluctuations in tax rate increases as the rate stabilization funding could be used to fund requests that are one-time or temporary in nature or to smooth out years with higher tax rate increases, such as in years of significant external senior government downloading. The rate stabilization account also affords Council the luxury in funding different one-time initiatives.

It is important to understand that this less conservative option would only provide initial, one-time budget relief. Over the long-term, this approach could also increase the risk of requiring higher property tax increases in order to achieve balanced budgets and may impact Council's flexibility to fund selected one-time projects through use of surplus allocations.

Budget for Anticipated Higher Revenue

The risk associated with higher forecasts is that revenues (other than taxation revenue) are subject to uncontrollable external factors which may fluctuate from year to year. If budgeted revenues do not materialize, then cost reductions would be required to avoid a deficit. In subsequent budgets, if revenue estimates need to be reduced due to changing external conditions, this shortfall would need to be made up through higher property taxes or by services cuts to reduce spending. Development fees and gaming revenue are examples that can significantly fluctuate from year to year and are beyond the City's control.

In addition, if budgeted revenue assumptions are increased, it would be expected that surplus would be lower, which would reduce the flexibility to fund one-time expenditures or reduce future tax increases.

Taking a riskier approach to budgeting revenues means that it is possible the revenue targets will not be met. In the past, this has reflected on the performance of the department even though it may be due to factors completely beyond their control.

Budget Lower Expenses Due to Delayed Replacements

Similar to any other employer, the city experiences staff turnover due to retirements and other staff departures.

Hiring new employees consumes a significant amount of time based on due diligence required in recruiting and selecting candidates for roles within the City and due to the tight labour market. The posting of a vacant position requires approval from the Employment Review Committee (ERC). The ERC ensures that the position and duties are aligned with the levels of service required. The combination of recruitment, tight labour market and ERC review increase the amount of time in order to fill a vacant position. Therefore, vacancy rates have increased over historic norms. By factoring the higher vacancy rates, staff could reduce the budgeted salary in 2020.

There are risks in reducing budgeted salaries since most of the City's programs and services are dependent upon labour. If actual expenditures are projected to exceed the budget estimate, a budget amendment would be required. This strategy would need to be reviewed annually.

2020 Corporate Reset

This option would reduce the same level of service budget by \$3.45M, through a combination of increased revenue and expense reductions, with a resulting permanent tax decrease of 1.50%.

It is unknown which area of the City's budget this reduction should be applied to; however an estimate would be required to prepare the 5 Year Financial Plan. Staff will require the flexibility to update the allocation of the corporate reset amounts as the year progresses and this will be reviewed annually during the budget process.

The same level of service tax impact as shown in Attachment 6 is 1.69%. If this revised budget approach is adopted, the same level of service increase for 2020 would be reduced to 0.19%. This budget option would reduce the 2020 tax increase from 6.32% to 4.82%.

Offset Using Rate Stabilization

Additional funding from the Rate Stabilization Account could be used to help balance the Operating Budget, thereby reducing the property tax impact. This would allow all levels of service to be maintained and keep the budget balanced, but would need to be reviewed annually, subject to funding available in the Rate Stabilization Account. If there are insufficient funds in future years to balance the budget, this could result in a tax increase in future years related to the ongoing approved expenditures which were funded by a one-time source of funding.

This option could utilize rate stabilization funding to reduce the 2021 tax impact by 1.60% and the 2022-2024 tax impact by 1.40%.

Table 7 – 5 Year Financial Plan (2020-2024) – Budget Option 3

Budget Component	2020	2021	2022	2023	2024
Same Level of Service Increase	1.69%	1.31%	1.62%	2.00%	1.96%
Less: 2020 Corporate Reset	(1.50%)				
Same Level of Service Increase with Corporate Reset	0.19%				
External Senior Government Related Increases: Canada Pension Plan Enhancements	0.13%	0.14%	0.16%	0.15%	0.13%
Previously Approved Expenditures: Major Facilities OBI Phase-in (Year 7 of 7), Developer Contributed Assets OBI In Service in 2020	0.43%	0.12%	0.12%	0.07%	0.07%
Previously Approved Expenditures: Developer Contributed Assets OBI Phase-in for City Centre Community Centre North (Year 2 of 4)	0.23%	0.22%	0.21%	-%	-%
Safe Community Priority Program:					
Deferrals from previous budget	1.88%	0.66%	1.53%	1.40%	1.40%
36 fire rescue positions	0.66%	0.82%	-%	-%	-%
51 RCMP officers and 20 municipal employees to support the RCMP Detachment	0.69%	0.65%	-%	-%	-%
Total 107 Positions - Safe Community Priority Program	3.23%	2.13%	1.53%	1.40%	1.40%
Operating Budget Impact from Capital Budget	0.09%	0.40%	0.29%	0.27%	0.24%
City-Wide Additional Levels	0.22%	0.20%	0.20%	0.75%	0.54%
Less: Rate stabilization	(0.70%)	(1.60%)	(1.40%)	(1.40%)	(1.40%)
Proposed Tax Increase – including 107 positions – Safe Community Program	3.82%	2.92%	2.73%	3.24%	2.95%
Investment in Infrastructure Replacement	1.00%	1.00%	1.00%	1.00%	1.00%
Proposed Tax Increase with LTFMS Transfer to Reserves	4.82%	3.92%	3.73%	4.24%	3.95%

Financial Impact

SMT and the CAO have done considerable work including conducting a significant number of reviews to achieve a same level of service budget of 1.69% which is below the CPI target of 2.00%. The proposed budget of 6.32% as presented in Budget Option 2 has been reduced from the original projection of 6.69%.

The 6.32% increase would result in an average residential property with a value of \$1.13M paying an additional \$110 in municipal taxes, of which 59% (approximately \$65) goes toward enhancing community safety.

Table 8 – Proposed 2020 Budget Increase (in \$000s)

Budget Component	Amount (in \$'000s)	Tax Impact
Same Level of Service Increase (meets LTFMS target of 2.00%)	\$3,876	1.69%
External Senior Government Related Increases: Canada Pension Plan Enhancements	300	0.13%
Previously Approved Expenditures: Major Facilities OBI Phase-in (Year 7 of 7), Developer Contributed Assets OBI In Service in 2020	984	0.43%
Operating Budget Impact of the Previously Approved Developer Funded Community Centre: City Centre Community Centre North (Year 2 of 4)	527	0.23%
Safe Community Priority Program – 107 policing and fire rescue positions:		
Deferrals from previous budget	4,326	1.88%
36 fire rescue positions phased-in over three years (Year 2 of 3)	1,515	0.66%
51 RCMP officers and 20 municipal employees to support the RCMP Detachment phased-in over three years (Year 2 of 3)	1,592	0.69%
Total 107 Positions - Safe Community Priority Program (Year 2 of 3)	7,433	3.23%
Operating Budget Impact from the 2020 Capital Budget (Year 1 of 3)	215	0.09%
No Tax Impact Positions (Attachment 8)	-	-%
Emerging Organizational Additional Levels (Attachment 9)	500	0.22%
Less: Rate stabilization	(1,609)	(0.70%)
Proposed 2020 Operating Budget Increase	\$12,226	5.32%
Investment in Infrastructure Replacement Needs (Transfer to Reserves)	2,299	1.00%
Proposed 2020 Operating Budget Increase	\$14,525	6.32%

Conclusion

The proposed operating budget for 2020 incorporates all items previously approved by Council including Council's Safe Community Priority program (Year 2 of 3) which provides funding for 107 safe community positions over three years. Staff will prepare the Consolidated 5 Year Financial Plan (2020-2024) according to the budget option approved by Council.

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2020 Proposed Operating Budgets

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1. Council Strategic Plan (2018-2022)



2. Economic Outlook

Businesses contribute over 40 per cent of the City's property tax revenues, resulting in a healthy local economy and providing families and residents exceptional levels of municipal services while ensuring a reasonable allocation of taxation among property classes. Richmond's economy is subject to constantly changing global, regional and local trends. As part of its budget planning process, the City examines the current economic context and available forecasts to manage short-term risks and advance long-term financial sustainability.

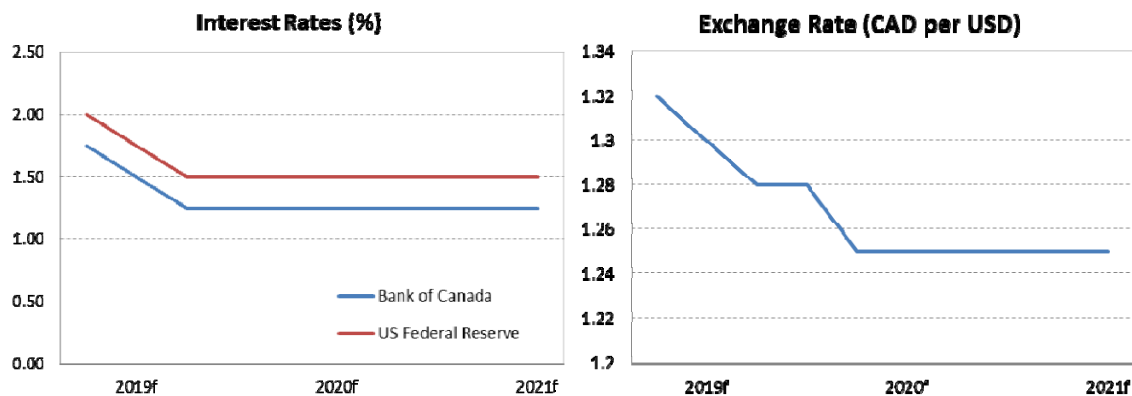
Global, National and Provincial Forecasts

With Richmond's advantageous location for international trade, market conditions in the world's major economies and the overall global trade climate have a significant impact on the local economy.

1. Global Forecast¹

Global gross domestic product (GDP) growth for 2019 is projected at 3%, its slowest pace since the global financial crisis in 2008 and down from 3.8% in 2017. This subdued forecast is largely the result of elevated uncertainty surrounding trade policy, higher import tariffs and geopolitical tensions. The global growth forecast of 3.4% for 2020 remains precarious despite a resilient services sector and strong employment growth in major economies.

2. Canadian Forecast²



Central banks, including the US Federal Reserve and the Bank of Canada, are expected to respond to these uncertainties by lowering interest rates to reduce downside risks and spur investment.

The value of the Canadian currency has remained competitively low for the last few years which, along with investments in trade infrastructure, have resulted in the growth of tourism and export sectors. The Canadian dollar is expected to appreciate slightly against the US dollar over the course of 2020 and remain stable over the forecast period.

Canadian Economic Indicators	2018	2019f	2020f	2021f
Real GDP	1.9	1.6	1.8	1.9
Consumer Price Index	2.3	1.9	2.0	2.2
Residential Investment	-1.5	-1.7	3.1	2.5

¹ Source: International Monetary Fund, World Economic Outlook (October 15, 2019)

² Source: Scotiabank Global Outlook (October 10, 2019)

Business Investment	2.2	-2.3	3.0	2.3
Unemployment Rate (%)	5.8	5.7	5.9	5.9
Housing Starts (000s)	213	210	206	202

Modest Canadian economic growth of 1.6% in 2019, 1.8% in 2020 and 1.9% in 2021 is forecast as a result of continued uncertainty surrounding global trade. As the new US-Mexico-Canada trade deal is expected to be ratified, growth in business investment is forecasted to pick up in 2020 and 2021 and will continue to drive job creation. The unemployment rate is expected to remain under 6% over the forecast period, resulting in persistent upward pressure on wages.

Government housing policy measures will continue to impact annual housing starts and nation-wide levels will trend downward over the forecast period from their elevated levels in 2017, stabilizing at around 200,000 which is in line with long-run averages.

3. British Columbia Forecast³

British Columbia Indicators	2018	2019f	2020f	2021f
Real GDP	2.4	2.2	2.6	2.1
Consumer Price Index	2.7	2.5	1.8	2
Residential Investment	0.3	0.4	-3.9	-0.5
Business Investment ⁴	-1.0	10.4	28.7	9.4
Unemployment Rate (%)	4.7	4.6	4.1	3.8
Housing Starts (000s)	40.9	39.4	33.2	34.8

Economic growth in B.C. is forecast to slow to 2.2% this year and rebound in 2020 to 2.6% as major project construction picks up. Labour availability continues to be a constraint for employers, with the unemployment rate expected to continue its steady decline to a very low 3.8% in 2021. As a result, employee compensation continues to grow at a robust pace as companies compete for skilled workers.

Province-wide housing starts are past their peak, reflecting a drag from mortgage lending requirements, interest rates and government tax measures. A continuous decline is forecast through 2020 marking the end of the current development cycle that is fulfilling pre-sale activity from previous years.

Local Trends⁵

As in all of Metro Vancouver, a large share of Richmond's jobs (40%) are community-oriented, representing jobs dependent on population and business growth. The remaining jobs are in sectors that serve national and international markets and drive the Richmond economy. Nearly 70% of these economic base jobs are in sectors linked to the city's role as a people and goods movement gateway, including transportation, warehousing and logistics, manufacturing, wholesale, and tourism⁶. Richmond has a regional advantage in the above industries, due to the presence of the port and airport.

After a tepid increase of 1.7% between 2006 and 2011, Richmond job growth heated up over the next five year census period and, at 7.8%, Richmond outpaced job growth in the region's major cities, with the exception of Surrey⁷.

³ Source: Central 1 Credit Union, Economic Analysis of British Columbia (August 2019)

⁴ Includes both non-residential construction and machinery and equipment

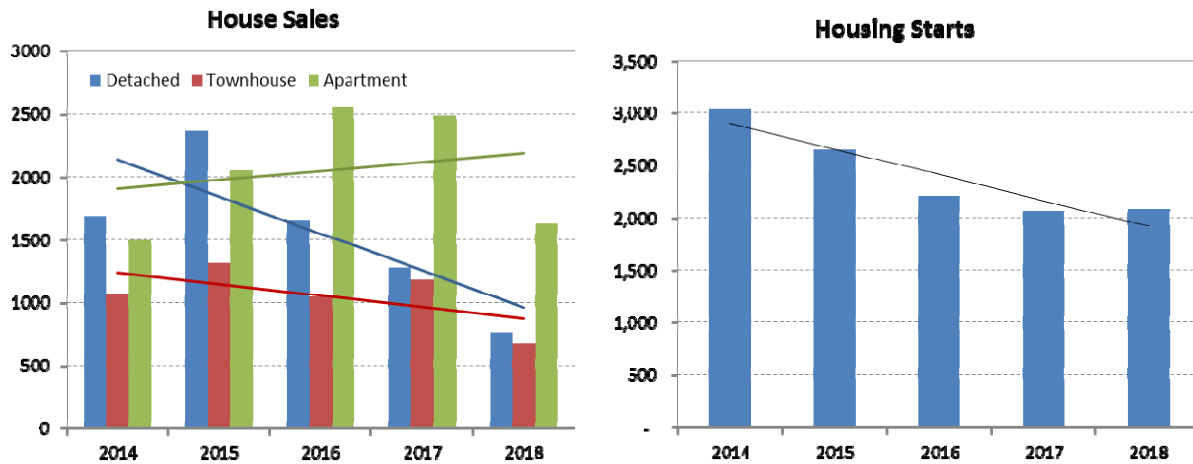
⁵ Source: Interactive Data, <http://www.businessinrichmond.ca/data-centre/> (unless stated otherwise)

⁶ Source: City of Richmond – Resilient Economy Strategy

⁷ Source: Statistics Canada, Census 2016

The following key local economic performance indicators, including Housing & Development, Commercial Space, Business Growth and Tourism & Trade are monitored on a quarterly and annual basis.

Housing Market

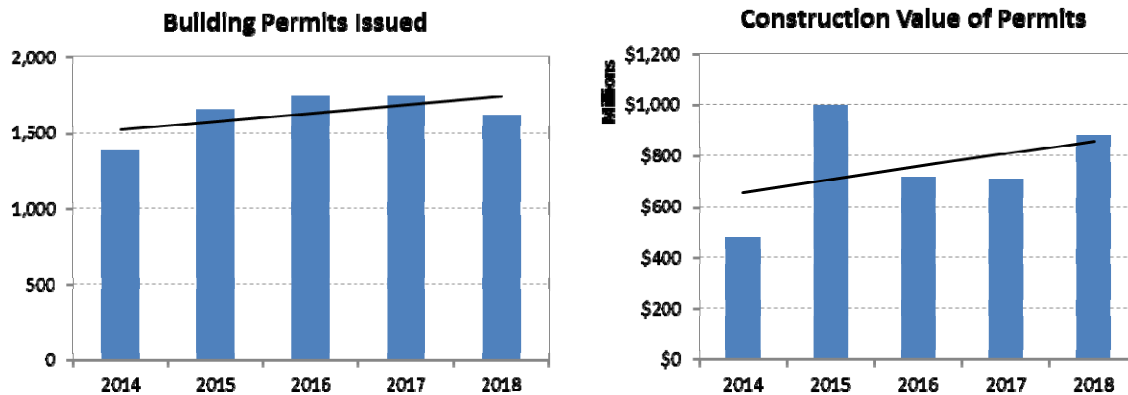


The decline in Richmond home sales and housing starts in recent years is a result of multiple policy interventions introduced since mid-2016. Tougher mortgage qualifications, rising interest rates and government tax measures have been implemented to cool the housing market in overheated regions including Metro Vancouver.

Due to ongoing development in the City Centre, apartment sales have outperformed all other categories, yet tightening market conditions have caught up with this indicator which began slowing down in 2017 and 2018. The first three quarters of 2019 has registered another decline in home sales compared to the same period in 2018 (-11% for detached, -21% for townhouses and -27% for apartments) indicating continued downward pressure on real estate sales.

New home construction, as measured by housing starts, has remained relatively steady since the decline in 2016 and shows signs of improving. Year to date to Q3 2019, housing starts in Richmond have increased by 12% over the same period last year.

Construction Activity

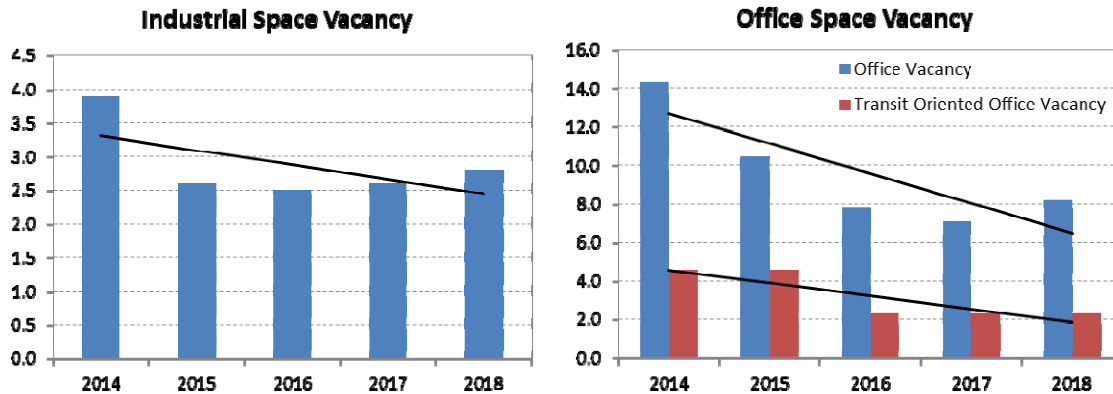


Led by multi-family residential construction in the City Centre, building activity reached an all-time high in 2015. The total construction value of building permits issued was nearly \$1 billion, more than double the

value in 2014. In both 2016 and 2017 construction value was upwards of \$700 million annually and reached another high of \$880 million in 2018.

2019 is on track for another strong year of building activity with year-to-date values to Q3 2019 up by 27% over the same period last year. The number of building permits, meanwhile, has declined by 15% over the same period in 2018. Fewer permits with higher values is indicative of continued multi-family development as the implementation of the City Centre Area Plan continues.

Commercial Space



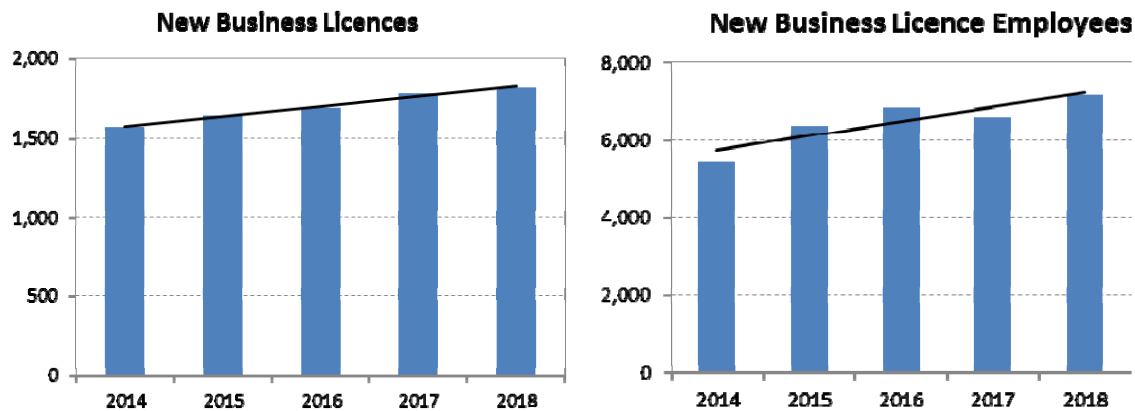
Both the industrial and office space vacancy rates Richmond have registered a sharp overall decline in the last five years, suggesting substantial business growth and expansion.

Richmond has over 38.9 million square feet of industrial space, which, at 18%, represents the largest share of Metro Vancouver’s regional industrial inventory. For the last three years, the industrial vacancy rate has hovered at an unhealthy 2.5% mark, despite a 3% inventory growth over the period.

Severe industrial land supply shortages in Richmond and the region remains the number one obstacle for business expansion in the people and goods movement industries, which are sectors of competitive advantage for Richmond. As a result, Richmond has led the Metro Vancouver region by initiating an industrial land intensification policy project, targeting better utilization and higher productivity of its existing industrial lands for industrial purposes.

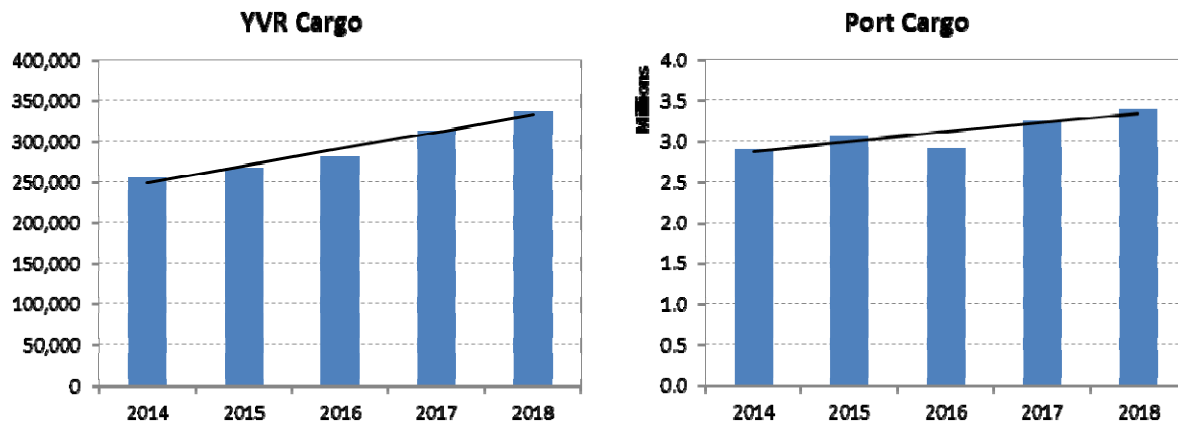
At 4.5 million square feet, Richmond’s share of the regional office inventory is 8%, which is the fourth largest after Vancouver, Burnaby and Surrey. Increased leasing activity over the last five years has resulted in a 42% drop in Richmond’s office vacancy rate, which now sits around 8%. Meanwhile, at 2.3% availability, transit-oriented office space in Richmond is virtually non-existent while demand for high quality office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.

Business Growth



The number of new business licences, and associated employment have grown on average by 3.2% and 6.6% respectively over the last five years. At between 13,000 and 14,000, growth in total business licences has remained nominal in the last five years, registering an average annual growth rate of 1.8%. These two indicators combined reveal that a portion of Richmond’s business growth is occurring through attrition (new businesses displacing businesses closing or leaving).

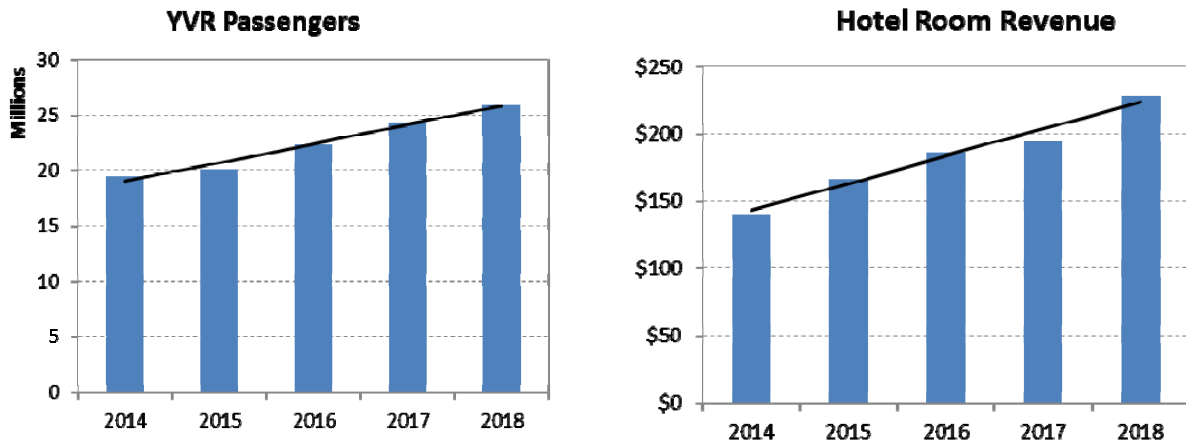
Trade



Responding to growth in global trade volumes, both Port of Vancouver and YVR cargo volumes registered sustained growth over the last five years. Ongoing expansion of services at YVR’s Cargo Village in cargo flights and ground distribution facilities led to a healthy 6% average annual growth rate in cargo tonnes. Port of Vancouver cargo growth, as measured by twenty-foot-equivalent container movements, registered a 3% annual average growth rate in the last five years.

However, uncertainties around global trade present downside risks to growth in international trade volumes in the short term. Year to date air cargo volumes to August declined by 9% over the same period last year while container volumes maintained their average growth rate at 3%.

Tourism

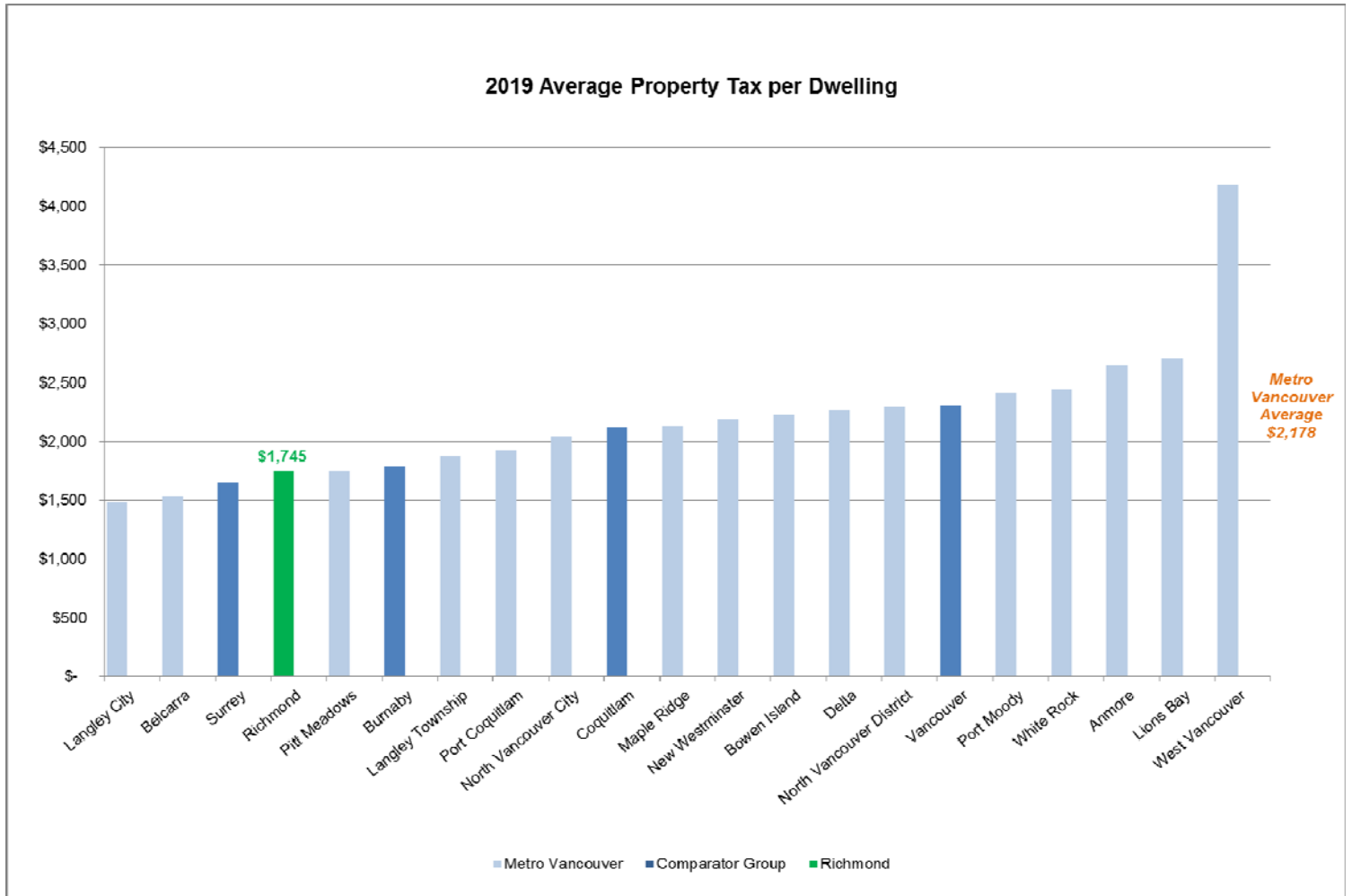


A low Canadian dollar and growth of global travel have created opportunities for tourism in Canada, BC and the region. In 2017 overnight visitation to Metro Vancouver was 10.35 million, with about one third of these visitors staying in Richmond.

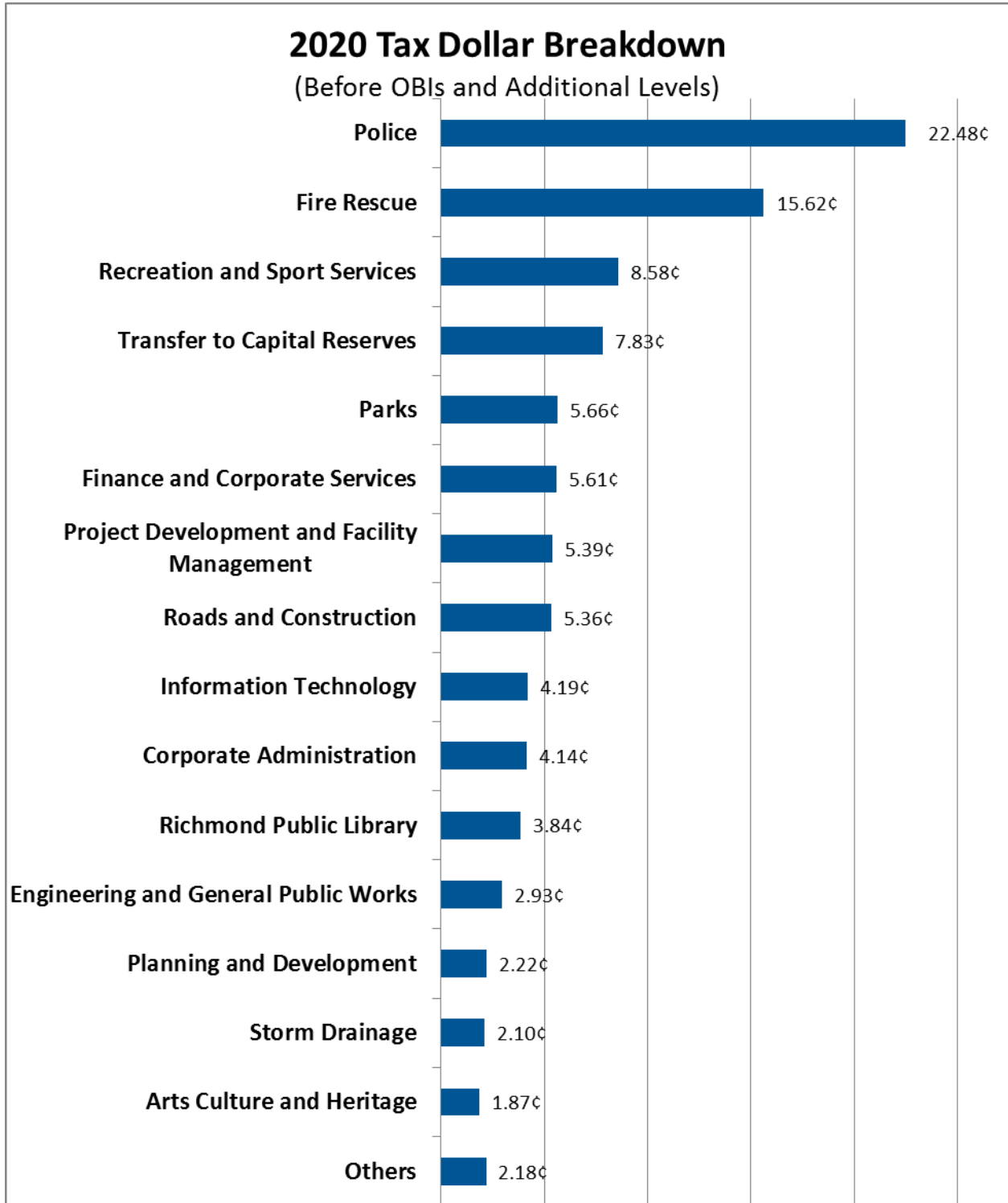
Tourism has been one of the fastest growing sectors of the Richmond economy, registering 12% average annual growth, as measured by local hotel revenues, over the five-year period from 2014 to 2018. YVR passenger growth over the period (7% annually on average) is another strong indicator for the sector, suggesting sustained and significant growth in travellers to the region.

Both Richmond hotel room revenue and YVR passenger indicators are expected to grow at a slower pace in 2019. As of August 2019, the number of YVR passengers has grown by only 2% over the same period last year. Subdued growth in air passengers can be attributed partially to cancelled flights as a result of the unrest in Hong Kong as well as the grounding of Boeing 737 Max aircrafts. Hotel room revenue as of July 2019 has grown by 5% over the same period in 2018.

3. 2019 Average Property Tax per Dwelling



4. 2020 Municipal Tax Dollar



5. 2020 Budget Cycle

2020 Budget Cycle



* Council Involvement

6. 2020 Same Level of Service Base Net Budget

Department/Division	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Net Base Budget	Amount Change	Per Cent Change	Tax Impact
Policing	\$55,067	\$57,696	\$2,629	4.77%	1.15%
Fire Rescue	39,210	40,097	887	2.26%	0.39%
Community Safety - Other	(1,065)	(830)	235	(22.08%)	0.10%
Community Safety Total	\$93,212	\$96,963	\$3,751	4.02%	1.64%
Community Services	41,594	42,515	921	2.21%	0.40%
Library	9,651	9,863	212	2.19%	0.09%
Community Services including Library	\$51,245	\$52,378	\$1,133	2.21%	0.49%
Engineering and Public Works	38,828	40,483	1,655	4.26%	0.72%
Finance and Corporate Services	21,251	21,760	509	2.40%	0.22%
Corporate Administration	13,790	14,002	212	1.54%	0.09%
Planning and Development	7,474	7,779	305	4.08%	0.13%
Fiscal	(225,800)	(226,855)	(\$1,055)	0.47%	(0.45%)
Same Level of Service Increase	\$-	\$6,510	\$6,510		2.84%
Less: Estimated 2020 New Tax Growth		(2,634)	(2,634)		(1.15%)
Same Level of Service Increase After Growth		\$3,876	\$3,876		1.69%

7. 2020 Same Level of Service Base Budget Details

All Divisions

Community Safety, Community Services (including Library), Engineering and Public Works (excluding Utilities), Finance and Corporate Services, Corporate Administration, Planning and Development, and Fiscal.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(329,811,000)	(334,384,300)	(4,573,300)	1.39%
Expenditures				
Labour	157,083,800	162,521,000	5,437,200	3.46%
Contract Services	77,320,000	78,224,600	904,600	1.17%
Operating Expenses	43,223,800	43,133,200	(90,600)	(0.21%)
Total Expenditures	277,627,600	283,878,800	6,251,200	2.25%
Fiscal Expenses	59,791,100	71,635,000	11,843,900	19.81%
Transfers	(7,607,700)	(14,619,500)	(7,011,800)	92.15%
Grand Total¹	\$-	\$6,510,000	\$6,510,000	

¹ 2020 Proposed Base Budget increase represents the same level of service before tax growth.

FTE Change

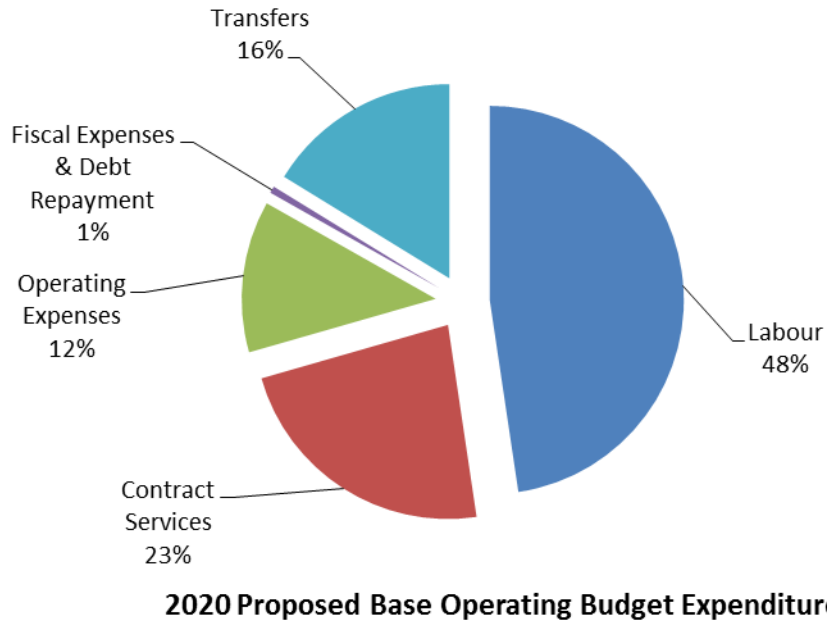
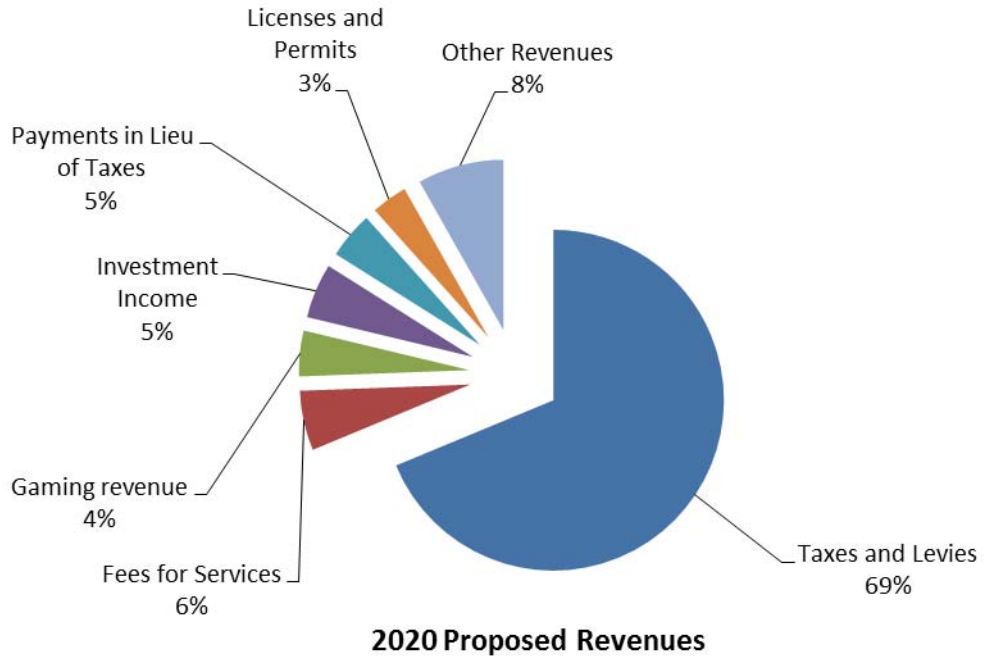
	2019 FTE ²	2020 FTE ³	Change 2020	Change 2020 %
Total	1,426.6	1,460.6	34.0	2.38%

² 2019 Full-Time Equivalent (FTE) includes same level of service base budget, additional levels approved in 2019, the operating budget impact (OBI) relating to previously approved capital submissions, 2019 budget amendments, and positions funded by Capital or one-time expenditures.

³ 2020 FTE includes same level of service base budget, additional levels previously approved in 2019, the operating budget impact (OBI) relating to previously approved capital submissions, positions funded by Capital or One-Time funding, including recommended 2020 One-Time Expenditures, and 2020 recommended one-time expenditures.

FTE Change - Library

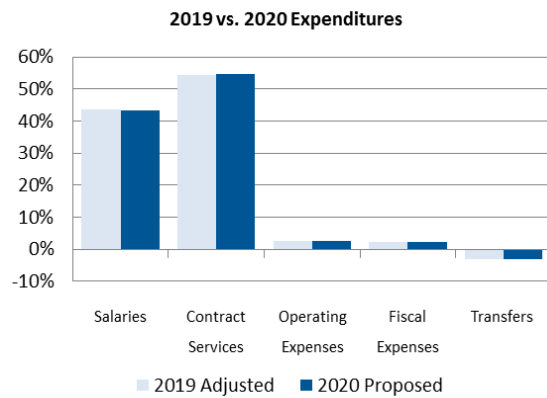
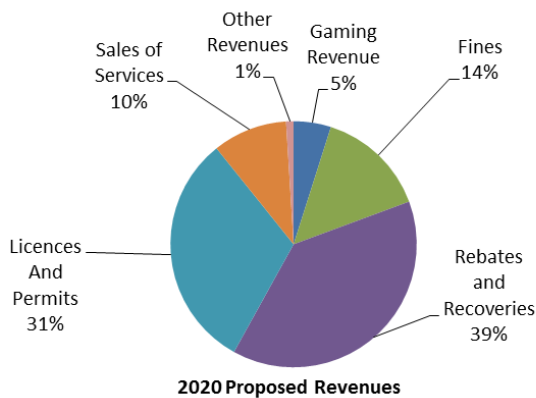
	2019 FTE	2020 FTE	Change 2020	Change 2020 %
Total	93.7	93.7	-	-%



Community Safety

The City's primary community safety providers are Police (RCMP), Fire-Rescue, Emergency Programs, Business Licences, and Community Bylaws. The role of the Community Bylaws Department is to lead, assist or partner with others to ensure that the City's various bylaws are complied with for the overall benefit of the community.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(14,296,300)	(14,530,900)	(234,600)	1.64%
Expenditures				
Labour	46,991,000	48,558,300	1,567,300	3.34%
Contract Services	58,562,800	60,931,800	2,369,000	4.05%
Operating Expenses	2,698,700	2,729,500	30,800	1.14%
Total Expenditures	108,252,500	112,219,600	3,967,100	3.66%
Fiscal Expenses	2,607,400	2,660,700	53,300	2.04%
Transfers	(3,351,600)	(3,386,700)	(35,100)	1.05%
Grand Total	\$93,212,000	\$96,962,700	\$3,750,700	4.02%



FTE Change

	2019 FTE ⁴	2020 FTE	Change 2020 ⁵
Total	387.0	406.7	19.7

⁴A Business License Inspector Regular Full-Time position was approved by Council on November 12, 2019 and already included in the 2019 FTE count.

⁵FTE change due to 5 Municipal Employees & 12 firefighters pre-approved in the 2019 Budget for 2020, 0.3 FTE reduction for OBI reallocation to Facility Services and 2020 recommended one-time expenditure requests for 2 Bylaw Officers and 1 Licensing Clerk.

RCMP Contract Complement (Funded)

	2019 FTE	2020 FTE	Change 2020 ⁵
Officers	258.0	270.0	12.0
Civilian Members	2.0	2.0	-
Less: Non-Budgeted	(11.0)	(11.0)	-
Municipal Policing	249.0	261.0	12.0
Integrated Teams including RTIC	17.7	17.7	-
Total	266.7	278.7	12.0

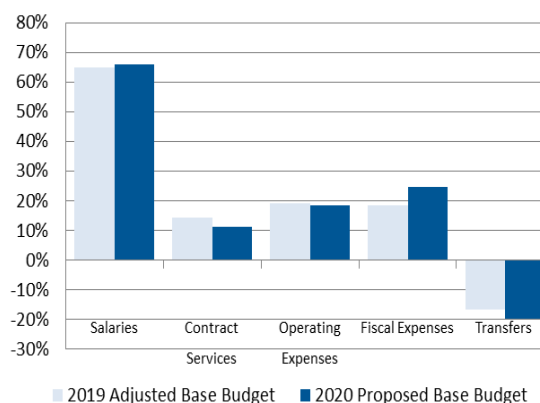
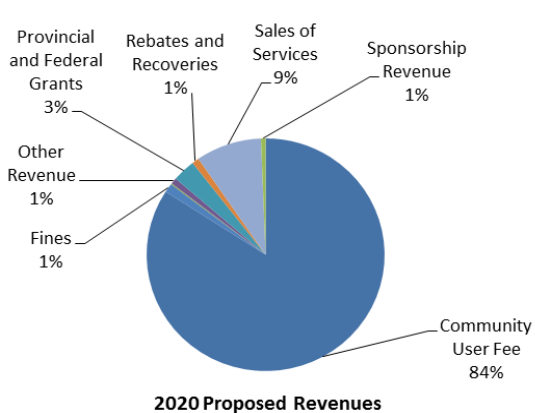
⁵FTE change due to 12 officers pre-approved in the 2019 Budget for 2020.

Community Services

Coordinates, supports and develops Richmond's community services including recreation, library, arts, heritage and sports. Oversees City owned public facilities and the design, construction and maintenance of City parks, trails and green spaces. Works with community partners and coordinates events and filming in the City.

During the 2019 year, community social development, including social planning, affordable housing, diversity, youth, childcare and older adult services were transferred to the Planning and Development Division. The 2019 budget has been restated for comparison purposes.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(11,767,500)	(12,027,500)	(260,000)	2.21%
Expenditures				
Labour	40,923,800	42,458,900	1,535,100	3.75%
Contract Services	8,976,200	7,156,500	(1,819,700)	(20.27%)
Operating Expenses	12,006,800	11,835,900	(170,900)	(1.42%)
Total Expenditures	61,906,800	61,451,300	(455,500)	(0.74%)
Fiscal Expenses	11,564,800	15,784,400	4,219,600	36.49%
Transfers	(10,458,700)	(12,829,800)	(2,371,100)	22.67%
Grand Total	\$51,245,400	\$52,378,400	\$1,133,000	2.21%



FTE Change

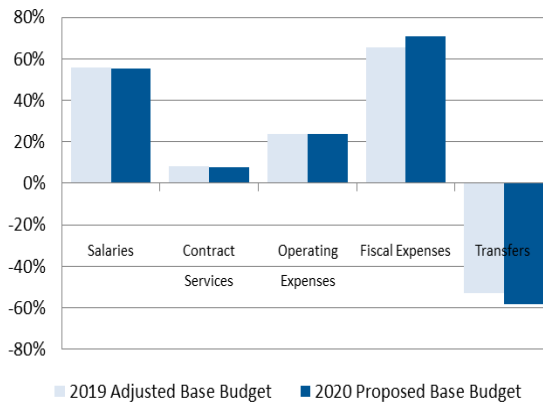
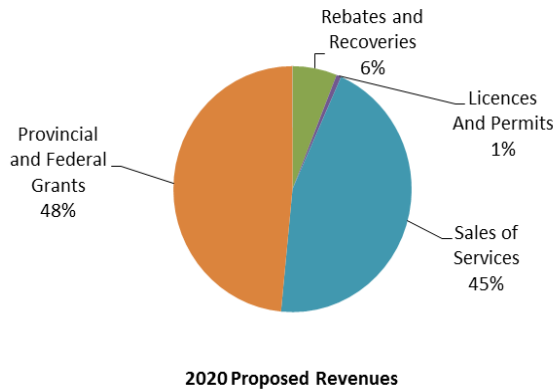
	2019 FTE	2020 FTE	Change 2020 ⁶
Community Services	421.6	433.0	11.4.0
Library	93.7	93.7	-
Total	515.3	526.7	11.4

⁶FTE change due to OBI phase-in of Minoru Place Activity Centre Program Implementation of 2.3 additional FTE, 1.4 FTE due to new auxiliary BSW previously completed by contractor, 0.4 FTE Parks Labour OBI phase-in and Richmond Ice Centre acquisition, and 9.4 FTE relate to 2020 one-time expenditure requests for Enhanced Programming for Steveston Heritage Sites (8.9) and Sustainability Community Event Initiatives (0.5) offset by elimination of 2.1 FTE under Major Events.

Engineering and Public Works (excluding Utilities)

Comprises engineering planning, design, construction and maintenance services for all utility and City building infrastructure. Responsible for dikes and irrigation system, roads and construction services, street lighting, corporate sustainability, corporate and community energy programs.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(6,792,900)	(7,719,100)	(926,200)	13.63%
Expenditures				
Labour	25,359,400	26,709,100	1,349,700	5.32%
Contract Services	3,787,700	3,819,200	31,500	0.83%
Operating Expenses	10,753,400	11,519,300	765,900	7.12%
Total Expenditures	39,900,500	42,047,600	2,147,100	5.38%
Fiscal Expenses	29,961,500	34,151,700	4,190,200	13.99%
Transfers	(24,241,300)	(27,997,000)	(3,755,700)	15.49%
Grand Total	\$38,827,800	\$40,483,200	\$1,655,400	4.26%



FTE Change

	2019 FTE	2020 FTE	Change 2020 ⁷
Total	262.8	267.1	4.3

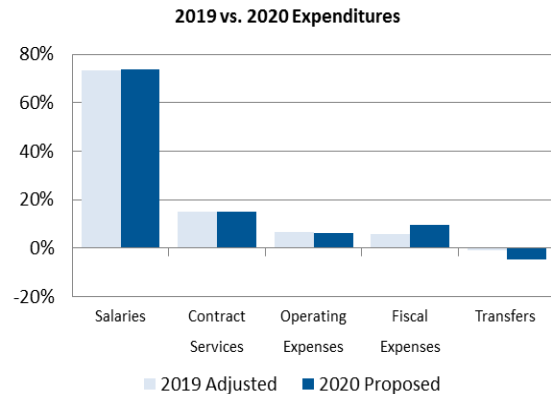
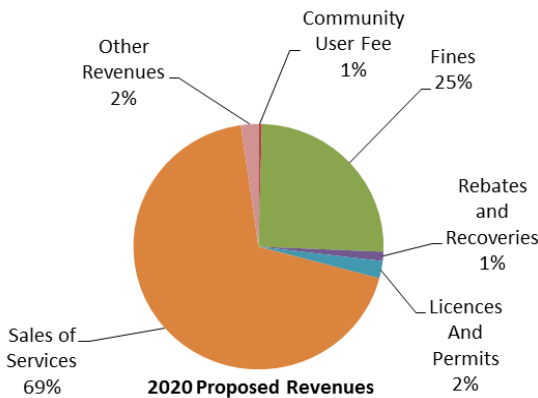
⁷FTE change due to 2.0 FTE for Snow & Ice control maintenance, 0.8 FTE OBI phase-in (including 0.3 FTE OBI reallocation from Community Safety), 400 hours for commercial vehicle inspections of 0.5 FTE and MRN Knight Street maintenance previously completed by contractor of 1.0 FTE.

Finance and Corporate Services

Responsible for the financial well-being of the City, through the provision of financial advice, services and information to Council, staff and the public, as well as through the support and fostering of a viable business community. This division includes customer service, information technology, finance, economic development, real estate services, and corporate business service solutions.

During the 2019 year, Legal and Legislative Services were transferred to Corporate Administration. The 2019 budget has been restated for comparison purposes.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(660,300)	(660,300)	-	-
Expenditures				
Labour	15,674,800	16,066,400	391,600	2.50%
Contract Services	3,701,400	3,842,600	141,200	3.81%
Operating Expenses	1,430,600	1,406,300	(24,300)	(1.70%)
Total Expenditures	20,806,800	21,315,300	508,500	2.44%
Fiscal Expenses	1,448,000	2,447,500	999,500	69.03%
Transfers	(343,100)	(1,342,600)	(999,500)	291.31%
Grand Total	\$21,251,400	\$21,759,900	\$508,500	2.40%



FTE Change

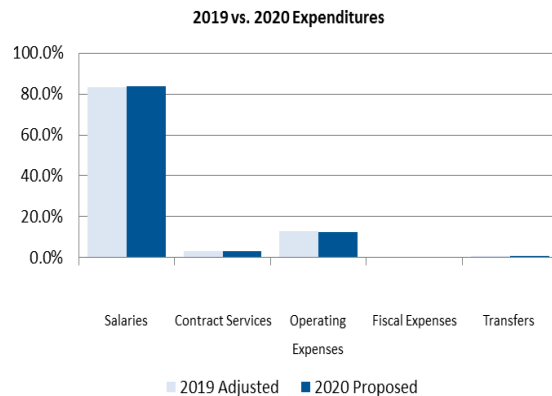
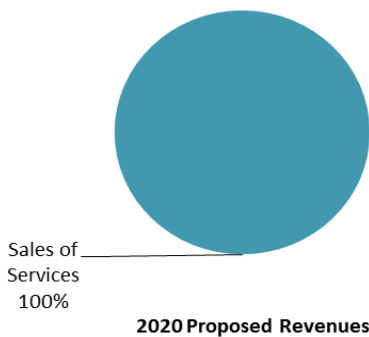
	2019 FTE	2020 FTE	Change 2020
Total	144.0	144.0	-

Corporate Administration

The CAO's Office oversees the overall administration of the corporate body (business units/operations) of the City and employees. It is also home to the Corporate Planning and Programs Management Group (CPMG) and Legal and Legislative Services. CPMG and Intergovernmental Relations are responsible for research and development of corporate policy, strategic and corporate planning, intergovernmental relations, human resources, corporate communications, protocol, business advisory services, special projects and coordination of interdivisional projects and initiatives. This is also where the budget for Mayor and Councillors resides. The Legal and Legislative Services department is responsible for providing advice to City Council and staff regarding the City's legal rights and obligations and records keeping.

During the 2019 year, Legal and Legislative Services were transferred from Finance and Corporate Services. The 2019 budget has been restated for comparison purposes.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(7,100)	(7,100)	-	-
Expenditures				
Labour	11,511,200	11,724,000	212,800	1.85%
Contract Services	402,100	402,100	-	-
Operating Expenses	1,765,500	1,765,500	-	-
Total Expenditures	13,678,800	13,891,600	212,800	1.56%
Transfers	117,800	117,800	-	-
Grand Total	\$13,789,500	\$14,002,300	\$212,800	1.54%



FTE Change

	2019 FTE	2020 FTE	Change 2020 ⁸
Total	92.4	89.4	(3.0)

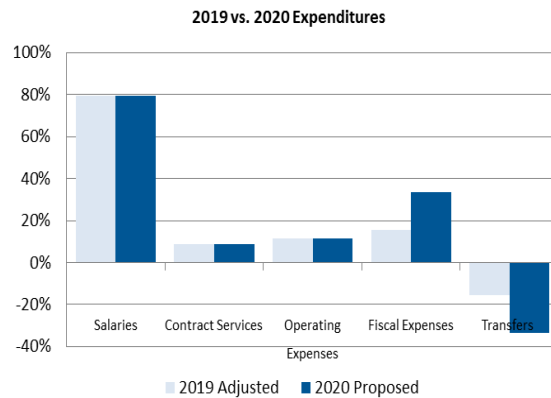
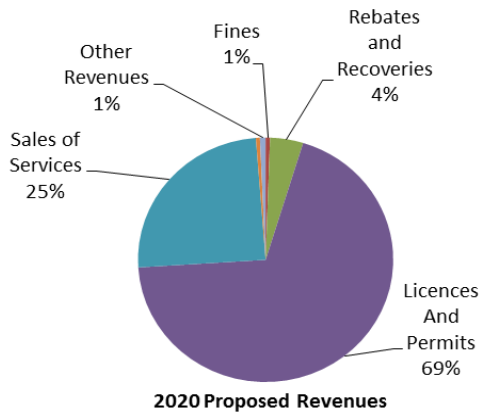
⁸FTE change due to temporary full-time positions for Smart Cities Challenge of 2.0 FTE and Organization Development Program Initiatives of 1.0 FTE.

Planning and Development

Incorporates policy planning, transportation planning, development applications, building approvals, and community social development, which includes social planning, affordable housing, diversity, youth, childcare and older adult services. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability. These planning functions play a vital part in the City's life cycle and involve the development of community plans and policies, zoning bylaws, as well as development related approvals and permits.

During the 2019 year, community social development, including social planning, affordable housing, diversity, youth, childcare and older adult services were transferred from Community Services. The 2019 budget has been restated for comparison purposes.

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(9,678,400)	(9,810,300)	(131,900)	1.36%
Expenditures				
Labour	13,638,000	13,966,800	328,800	2.41%
Contract Services	1,533,500	1,566,100	32,600	2.13%
Operating Expenses	1,967,900	2,043,000	75,100	3.82%
Total Expenditures	17,139,400	17,575,900	436,500	2.55%
Fiscal Expenses	2,691,500	5,905,700	3,214,200	119.42%
Transfers	(2,678,400)	(5,892,600)	(3,214,200)	120.00%
Grand Total	\$7,474,100	\$7,778,700	\$304,600	4.08%



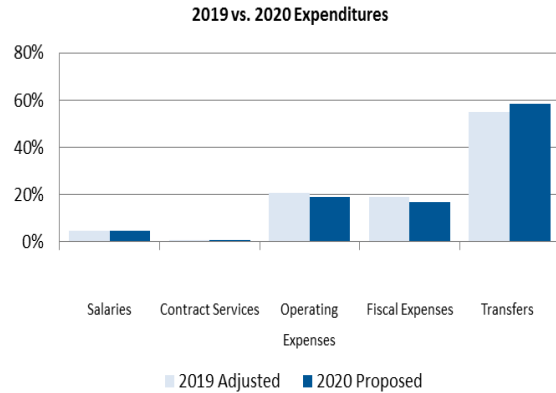
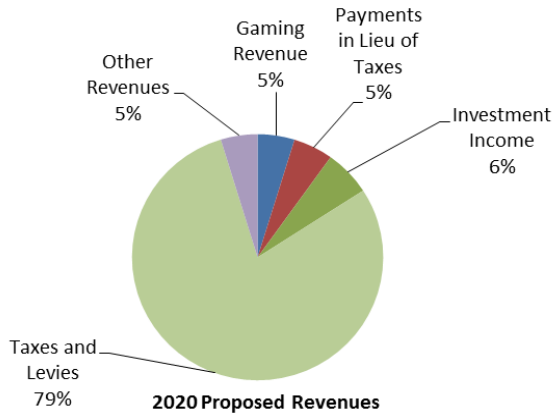
FTE Change

	2019 FTE	2020 FTE	Change 2020 ⁹
Total	118.8	120.4	1.6

⁹FTE change due to recommended 2020 one-time expenditure for Recreation Fee Subsidy Program Administrative Support of 1.6 FTE.

Fiscal

	2019 Adjusted Base Budget (Restated for Comparison)	2020 Proposed Base Budget	Change 2020 \$	Change 2020 %
Revenues	(286,608,500)	(289,629,100)	(3,020,600)	1.05%
Expenditures				
Labour	2,985,600	3,037,500	51,900	1.74%
Contract Services	356,300	506,300	150,000	42.10%
Operating Expenses	12,600,900	11,833,700	(767,200)	(6.09%)
Total Expenditures	15,942,800	15,377,500	(565,300)	(3.55%)
Fiscal Expenses	11,517,900	10,685,000	(832,900)	(7.23%)
Transfers	33,347,600	36,711,400	3,363,800	10.09%
Grand Total	(\$225,800,200)	(\$226,855,200)	(\$1,055,000)	0.47%



8. OBI From Developer Contributed Assets

2020 OBI From Developer Contributed Assets				
Ref	Description	RZ/DP Number	Address	OBI
1	<p>AM-PRI Developments (2013) Ltd. On July 27, 2015, Council approved an application from AM-PRI Developments (2013) Ltd. to rezone 5460, 5480, 5500, 5520, 5540 & 5560 Moncton Street from the "Single Detached (RS1/C & RS1/E)" zones to a new site specific single-family residential zone, the "Single Detached (ZS23) – Steveston" zone to permit subdivision into thirty (30) smaller residential lots, including the creation of two (2) new roads, a new rear lane system and a new pedestrian walkway.</p>	RZ 14-674749	5460-5560 Moncton St.	\$7,044
2	<p>Ecowaste Industries Ltd. On January 23, 2017, Council approved an application from Ecowaste Industries Ltd. Ecowaste Industries Ltd. has applied for permission to develop a 65.22 ha (161.14 acres) industrial site at 15111 Williams Road and Richmond Key 1095.</p>	DP 11-566011	15111 Williams Rd. and Richmond Key 1095	\$154,036
3	<p>Keltic (Brighthouse) Development Ltd. On June 11, 2018, Council approved an application from Keltic (Brighthouse) Development Ltd. Keltic (Brighthouse) Development Ltd., has applied to the City of Richmond to create the "High Density Mixed Use and ECD Hub (ZMU37) – Brighthouse Village (City Centre)" zone, and to rezone the property at 6340 No. 3 Road from "Land Use Contract 062" to a new site-specific zone, "High Density Mixed Use and ECD Hub (ZMU37) – Brighthouse Village (City Centre)", in order to permit the development of a commercial, office, residential and institutional use development in the City Centre's Brighthouse Village.</p>	RZ 17-773703	6340 No. 3 Rd.	\$16,620
4	<p>1056023 Holdings Limited Partnership On April 18, 2017, Council approved an application from 1056023 Holdings Limited Partnership to rezone 12320 Trites Road (Attachment 1) from the "Light Industrial (IL)" zone to the "Single Detached (ZS23) – Steveston" zone to permit subdivision into 30 single-family residential lots. The development would also result in the creation of two new roads, a new rear lane system and a new pedestrian walkway. The site previously contained two industrial buildings.</p>	RZ 16-723761	12320 Trites Rd.	\$11,485
5	<p>Westmark Developments Ltd. On January 29, 2018, Council approved an application from Westmark Developments Ltd. to rezone the property at 5400 Granville Avenue from the "Single Detached (RS1/E)" zone to the "Single Detached (RS2/B)" zone, to permit the property to be subdivided into nine lots, with vehicle access from the new road under construction. The subject site is currently occupied by a single-family dwelling, which will be demolished. The applicant advises that the single-family dwelling currently contains a one-bedroom secondary suite. No Building Permits have been issued by the City in relation to the secondary suite.</p>	RZ 13-644768	5400 Granville Ave.	\$5,880

2020 OBI From Developer Contributed Assets				
Ref	Description	RZ/DP Number	Address	OBI
6	S-8135 Holdings Ltd. On July 28, 2014, Council approved an application from S-8135 Holdings Ltd. to rezone 9191 and 9231 Alexandra Road from "Single-Detached (RS1/F)" to a new site-specific zone, "Residential/Limited Commercial (ZMU28) - Alexandra Neighbourhood (West Cambie)", in order to develop 49 three-storey townhouses; including nine (9) live/work units, with an overall floor area ratio (FAR) of 0.9. Amendments of the West Cambie Area Plan (WCAP) are also required.	RZ 14-656219	9191 and 9231 Alexandra Rd.	\$4,604
7	0989705 BC Ltd. On June 25, 2018, Council approved an application from 0989705 BC Ltd. to rezone the properties at 7960 Alderbridge Way and 5333 & 5411 No. 3 Road from "Auto-Oriented Commercial (CA)" to a new site-specific zone; "City Centre High Density Mixed Use (ZMU34) – Lansdowne Village" (Attachment 1), in order to permit the development of a high-density commercial, office and residential use development in the City Centre's Lansdowne Village.	RZ 15-692485	7960 Alderbridge Way and 5333 & 5411 No. 3 Rd.	\$27,941
8	Westmark Developments (Camosun) Ltd. On October 11, 2016, Council approved an application from Westmark Developments (Camosun) Ltd. to rezone 9240, 9248, 9260 Cambie Road from Single Detached (RS1/F) to a site specific zone in order to develop a 59-unit townhouse project. The site is located in the Alexandra neighbourhood.	RZ 15-692812	9240, 9248, 9260 Cambie Rd.	\$5,730
9	Yamamoto Architecture Inc. On March 23, 2015, Council approved an application from Yamamoto Architecture Inc. to rezone 5320, 5340 and 5360 Granville Avenue and 7260 Lynnwood Drive in order to construct a townhouse development with approximately 43 two and three-storey townhouse units. The application includes rezoning the properties from the "Single Detached (RS1/E)" zone to: the "School & Institutional Use (SI)" zone for a 9 m wide expansion to McKay neighbourhood park over a portion of 5320 Granville Avenue and 7260 Lynnwood Drive; and to the "Medium Density Townhouses (RTM3)" zone for the remainder of the subject site.	RZ 12-610630	5320, 5340, 5360 Granville Ave. and Lynnwood Dr.	\$6,894
10	Brighthouse Bus Mall On November 13, 2018, Council approved an application from Brighthouse Bus Mall. At the time of the planning and design of the Canada Line, TransLink acquired sufficient property to enable construction of the Richmond-Brighthouse Station as well as a small off-street bus exchange immediately south of the station. In July 2006, the City and TransLink signed a Memorandum of Understanding (MOU) regarding the design, construction and funding of a bus mall adjacent to the Richmond-Brighthouse Canada Line Station between No. 3 Road and Buswell Street with each party contributing funding towards the bus mall.	DP 11-593871	6300 No. 3 Rd. and 6411 Buswell St.	\$23,503

2020 OBI From Developer Contributed Assets				
Ref	Description	RZ/DP Number	Address	OBI
11	<p>New Tree Asset Infrastructure</p> <p>Through the City's development and permit process, 1,269 new trees have been planted and now require funding to support ongoing asset maintenance (pruning, watering, mulching, pest management, vandalism, infrastructure management, inspection and leaf control).</p> <p>These trees have been planted throughout the community within the following neighbourhood planning areas (Blundell 46, Bridgeport 73, Broadmoor 98, City Centre 398, East Cambie 16, East Richmond 42, Fraser Lands 280, Gilmore 9, Hamilton 5, Sea Fair 18, Sea Island 6, Shellmond 12, Shellmont 7, Steveston 54, Thompson 122, and West Cambie 83).</p> <p>Trees provide many social (calming, lower stress and fatigue), communal (provide privacy, screening and shade) and environmental (moderate climate, improve air quality, reduce storm water runoff, and harbour wildlife) benefits, while also supporting action strategies towards the Climate Emergency and preservation of our community and planet.</p>	Various	Various	\$71,120
12	<p>Patterson Road End</p> <p>A new park located in the road right-of-way of Patterson Road was constructed for the City by a developer (Concord Pacific) as per Park Servicing Agreement #13-650553 and delivered to the City in 2018. The purpose of this submission is to request the funding required to maintain this park. Permanent park features include pedestrian level lighting, asphalt and concrete walkways, seating, picnic tables, a basketball hoop situated on a half court, a drinking fountain, extensive tree and shrub plantings and open lawn areas. The park was approved by Council on various dates as per the Rezoning Considerations (RZ 06-349722).</p>	RZ 06-349722	Patterson Rd.	\$8,924
Total OBI From Developer Contributed Assets				\$343,781
Less: Utility OBI				16,136
Total OBI From Developer Contributed Assets, net of Utility				\$327,645

9. 2020 No Tax Impact Positions

2020 No Tax Impact Positions				
Ref	Requested By	Description	Amount	Tax Impact
1	Planning and Development – Community Social Development	Affordable Housing - Planner 1 - Regular Full-Time (RFT) A RFT Planner 1 is required to support the implementation of the Affordable Housing Strategy. Position duties will include managing the Low-End Market Rental program, policy development, and liaising with stakeholders. To be funded through the Affordable Housing Reserve with no base budget impact.	\$0	-%
2	Planning and Development – Community Social Development	Child Care Program - Planner 1 - Regular Part-Time (RPT) A RPT Planner 1 position is required to continue to support the Child Care section, implement actions in the 2017-2022 Child Care Needs Assessment and Strategy adopted by Council on July 24, 2017, and support planning and design of child care facilities secured as community amenity contributions. To be funded through the Child Care Operating Reserve with no base budget impact.	\$0	-%
Total 2020 No Tax Impact Positions			\$0	-%

10. Emerging Organizational Additional Levels - Recommended for Funding in 2020

Emerging Organizational Additional Levels – Recommended for Funding in 2020				
Ref	Requested By	Description	Amount	Tax Impact
1	Community Services - Parks	<p>City Centre Landscape Maintenance – Public Works Labour and Materials</p> <p>This funding request is to cover increased landscape horticultural service costs for the grounds in our City Centre due to enhanced densification, use and draught/climate change adaptation (irrigation, plant replacement, etc.).</p>	\$98,749	0.04%
2	Finance and Corporate Services - Finance	<p>Tax Clerk - Regular Full-Time (RFT)</p> <p>Since 2000, the number of properties in Richmond have increased by over 38% or almost 23,000 properties while staffing levels in the Tax Section have remained constant. A new Tax Clerk is needed to improve the current level of customer service to the growing number of taxpayers.</p>	\$78,278	0.04%
3	Planning and Development - Community Social Development	<p>Homelessness Coordinator - Regular Full-Time (RFT)</p> <p>The City's Homelessness Strategy identifies the need for a dedicated City position to lead City initiatives related to homelessness. The Homelessness Coordinator position would lead policy development, coordination with external stakeholders, and homelessness outreach activities in the community.</p>	\$131,990	0.06%
4	Planning and Development - Policy Planning	<p>Planner 3 - Regular Full-Time (RFT)</p> <p>This proposed Planner 3 position will play a significant role in the initiation of the proposed update to the Official Community Plan (beginning in early 2020), with a focus on housing choice and affordability, Neighbourhood Service Centre redevelopment, and climate change response; and will advance the update of the 2003 Agricultural Viability Strategy.</p>	\$146,819	0.06%
Total Emerging Organizational Additional Levels – Recommended for Funding in 2020			\$455,836	0.20%

11. Emerging Organizational Additional Levels - Not Recommended for Funding in 2020

Emerging Organizational Additional Levels – Not Recommended for Funding in 2020				
Ref	Requested By	Description	Amount	Potential Tax Impact
1	Community Services - Arts, Culture, and Heritage	Art Truck Leader – Increased Level of Service The Art Truck is a low-barrier after-school program offering arts education, physical activity and healthy snacks. Scaling up this program is an action identified in the Council-approved Arts Strategy and Community Wellness Strategy, and supports the Youth Service Plan.	\$37,477	0.02%
2	Community Services - Parks	Environmental Management and Mitigation Resources are required to manage the increase of pests such as rabbits, chafer beetle, knotweed and hogweed. To comply with federal regulation, the City is also required to ensure that regular operations do not impact or disturb migratory birds.	\$178,776	0.08%
3	Community Safety - Fire Rescue	Communication and Program Development Coordinator - Regular Full-Time (RFT) Richmond Fire Rescue Community & Public Education Plan (COPEP) 2018-23 (endorsed by Council Jan. 29, 2018) was to strategically communicate & deliver safety education. Time required to develop communication tools by current staff reduced public engagements by 58%. Additional staffing is needed to fulfill the plan.	\$100,877	0.04%
4	Community Safety - Fire Rescue	Fire & Life Safety Educator - Regular Full-Time (RFT) Richmond Fire Rescue Community & Public Education Plan (COPEP) 2018-2023 (endorsed by Council Jan 29, 2018) is to deliver fire & life safety education to public schools & at risk community groups. Current staffing levels are unable to fulfill the mandate, 19 presentations last year compared to 30 annually (2013-17).	\$149,743	0.07%
5	Corporate Administration - Legislative Services	Election Reserve – Increase Annual Transfer To adequately fund civic elections, an increase of \$45K for the annual transfer to the Election Reserve is required (\$117K to \$162K annually). The amount will be accumulated through the election reserve and used every 4th year for election costs. \$670K was spent on the 2018 election, which was funded through a one-time additional expenditure in 2018.	\$45,000	0.02%
6	Engineering and Public Works - Facilities	Facilities Services Maintenance Planner - Regular Full-Time (RFT) This position develops all facilities preventative maintenance programs, contracts, equipment repair and replacement, janitorial program. A large number of City facilities have entered into the accelerated ageing category this position is critical to maintain current service levels and reduce costs.	\$87,187	0.04%

Emerging Organizational Additional Levels – Not Recommended for Funding in 2020				
Ref	Requested By	Description	Amount	Potential Tax Impact
7	Engineering and Public Works - Facilities	Facilities Services Project Coordinator - Regular Full-Time (RFT) Coordinates and assists in the planning, procurement and implementation of maintenance projects. A large number of City facilities have entered into the accelerated ageing category this position is critical to maintain current service levels and reduce costs.	\$87,187	0.04%
8	Engineering and Public Works - Fleet	Fleet Technical Analyst - Regular Full-Time (RFT) A Global Positioning System (GPS) pilot program was undertaken on key City vehicles. This initiative proved that a permanent program is required to support routing efficiencies, investigations, and in defense of legal claims and complaints. To support a permanent program, a full-time technical analyst position is required.	\$103,705	0.05%
9	Finance and Corporate Services - Finance	Financial Systems Analyst - Regular Full-Time (RFT) Emerging technologies (middleware, Software as a Service) have increased the complexities of data being consolidated into PeopleSoft. Functionality enhancements, modern systems, and increased focus on internal controls elevate the need to resolve system issues, review best practices, and oversee regression testing.	\$125,000	0.05%
10	Finance and Corporate Services - Finance	Payroll Analyst - Regular Full-Time (RFT) As recommended by the Service Level Review Team, the Payroll Analyst will act as a back up to the Payroll Manager to ensure the timely and accurate payroll processing of Council, Executive and Exempt Groups. The Payroll Analyst will deliver accurate and timely processing of City, Library and Lulu Island Energy Company payroll. The Payroll Analyst will also assist in various PeopleSoft HCM projects such as tax updates and other continuous improvement initiatives.	\$125,590	0.06%
11	Planning and Development - Policy Planning	Policy Program Manager Existing work items and new referrals are leading Policy Planning to examine the need for an Official Community Plan update and Agricultural Strategy update. This will take a substantial amount of existing staff resources, other policy items will be delayed.	\$164,481	0.07%
12	Planning and Development - Transportation	HUB Annual Cycling Education Program in Elementary Schools in Richmond Provision of cycling skills education courses by HUB Cycling to Grade 6 and 7 students in all 38 elementary schools over a revolving two-year period (19 schools per year). Current funding supports cycling education courses at 4 elementary schools per year.	\$75,000	0.03%

Emerging Organizational Additional Levels – Not Recommended for Funding in 2020				
Ref	Requested By	Description	Amount	Potential Tax Impact
13	Richmond Public Library	<p>Two Librarian Positions - Specializing in Youth Would Expand Services and Programs for Richmond Families - Regular Full-Time (RFT) Two specialized librarian positions for children/youth are needed to significantly expand services delivered in and outside library walls and to build new and strengthen existing relationships with City departments, community partners and Richmond families.</p>	\$167,150	0.07%
Total Emerging Organizational Additional Levels - Not Recommended for Funding in 2020			\$1,447,173	0.64%