



Finance Committee

**Council Chambers, City Hall
6911 No. 3 Road**

Monday, October 5, 2020

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on September 8, 2020.*



FINANCE AND CORPORATE SERVICES DIVISION

1. DEFERRING THE CPI INCREASE TO THE CONSOLIDATED FEES BYLAW TO 2021

(File Ref. No. 03-1240-01) (REDMS No. 6530565)

FIN-7

See Page FIN-7 for full report

Designated Speaker: Ivy Wong

STAFF RECOMMENDATION

That the annual CPI increase to the Consolidated Fees Bylaw be deferred to 2021.



Finance Committee Agenda – Monday, October 5, 2020

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ITEM

2. **PERMISSIVE PROPERTY TAX EXEMPTION (2021) BYLAW NO. 10196**

(File Ref. No. 03-0925-02-01) (REDMS No. 6488014)

FIN-10

See Page FIN-10 for full report

Designated Speaker: Ivy Wong

STAFF RECOMMENDATION

That Permissive Property Tax Exemption (2021) Bylaw No. 10196 be introduced and given first, second and third readings.



3. **AMENDMENTS TO THE REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024) BYLAW NO. 10183**

(File Ref. No. 03-0975-01) (REDMS No. 6515307 v. 14; 6515307; 6516649)

GP-15

See Page GP-15 for full report

Designated Speaker: Melissa Shiau

STAFF RECOMMENDATION

That the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183, Amendment Bylaw No. 10203, which incorporates and puts into effect the changes as outlined in the staff report titled “Amendments to the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183” dated September 15, 2020, from the General Manager, Finance and Corporate Services, be introduced and given first, second and third readings.



4. **DEVELOPMENT COST CHARGES IMPOSITION BYLAW ANNUAL INFLATIONARY UPDATE (2020)**

(File Ref. No. 03-0900-01) (REDMS No. 6413783 v. 8)

GP-34

See Page GP-34 for full report

Designated Speaker: Venus Ngan

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ITEM

STAFF RECOMMENDATION

That Option 1 – Keep DCC Rates Unchanged as outlined in the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2020)” dated September 8, 2020 from the Director, Finance be approved by Council.

☐

ADJOURNMENT

☐



Finance Committee

Date: Tuesday, September 8, 2020

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo (attending via teleconference)
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)

Call to Order: The Chair called the meeting to order at 5:32 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on June 1, 2020, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **EXTENSION OF NON-ACCEPTANCE OF CASH TRANSACTIONS
AT CITY HALL**

(File Ref. No. 03-1240-01) (REDMS No. 6513797)

It was moved and seconded

That Council extends non-acceptance of cash transactions at City Hall until March 31, 2021.

CARRIED

Finance Committee
Tuesday, September 8, 2020

2. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2020**

(File Ref. No. 03-0970-09-01) (REDMS No. 6502299 v. 7)

It was moved and seconded

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2020”, dated August 21, 2020 from the Director, Finance be received for information.

The question on the motion was not called as discussion ensued with regard to the number of building permits received and the property values in the city.

In reply to queries from Committee, staff noted (i) that staff will be providing Council with an update on gaming revenue in the City, (ii) the MyRichmond portal will be enhanced to streamline business license applications and renewals, and (iii) the City’s Economic Development staff are working with the city’s business community during the COVID-19 Pandemic.

The question on the motion was then called and it was **CARRIED**.

3. **ACTIVE CAPITAL PROJECTS INFORMATION - 2ND QUARTER JUNE 30, 2020**

(File Ref. No. 03-0975-01) (REDMS No. 6493962 v. 15)

It was moved and seconded

That the staff report titled, “Active Capital Projects Information – 2nd Quarter June 30, 2020”, dated August 21, 2020 from the Director, Finance be received for information.

The question on the motion was not called as staff responded to queries, noting that the new City Centre Community Police Office is operational, however will remain closed to the public due to the COVID-19 Pandemic and the completion of the No. 6 Road Multi-Use Pathway from Cambie Road to Bridgeport Road is expected on the third quarter of this year.

Discussion ensued with the design of the Alderbridge Way multi-use pathway along No. 4 Road to Shell Road, and it was suggested that staff provide a memorandum on the matter.

The question on the motion was then called and it was **CARRIED**.

LULU ISLAND ENERGY COMPANY

4. **LULU ISLAND ENERGY COMPANY – 2ND QUARTER JUNE 30, 2020 FINANCIAL INFORMATION**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 6515586 v. 2)

Finance Committee
Tuesday, September 8, 2020

It was moved and seconded

That the Lulu Island Energy Company report titled “2020 2nd Quarter Financial Information for the Lulu Island Energy Company” dated July 31, 2020 from the Chief Executive Officer and Chief Financial Officer, be received for information.

CARRIED

RICHMOND OLYMPIC OVAL CORPORATION

**5. RICHMOND OLYMPIC OVAL CORPORATION – 2ND QUARTER
JUNE 30, 2020 FINANCIAL INFORMATION**

(File Ref. No.) (REDMS No. 6519716)

It was moved and seconded

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2020 from the Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as discussion ensued with regard to the projected 2020 revenues.

The question on the motion was then called it was **CARRIED**.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:41 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Tuesday, September 8, 2020.

Mayor Malcolm D. Brodie
Chair

Evangel Biason
Legislative Services Coordinator



City of Richmond

Report to Committee

To: Finance Committee

Date: September 14, 2020

From: Jerry Chong
Director, Finance

File: 03-1240-01/2020-Vol
01

Re: Deferring the CPI Increase to the Consolidated Fees Bylaw to 2021

Staff Recommendation

That the annual CPI increase to the Consolidated Fees Bylaw be deferred to 2021.

Jerry Chong
Acting General Manager, Finance and Corporate Services
(604-276-4064)

| REPORT CONCURRENCE | |
|----------------------------|---------------|
| SENIOR STAFF REPORT REVIEW | INITIALS: |
| APPROVED BY CAO | |

Staff Report

Origin

As part of the City's Long Term Financial Management Strategy Policy 3707, fees and charges have been adjusted annually based on projected Vancouver Consumer Price Index increases.

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

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.

Analysis

Annually, staff updates the Consolidated Fees Bylaw using CPI estimates provided by the Conference Board of Canada. The Conference Board's last Vancouver 2021 CPI forecast was provided in March of this year during the early stages of the pandemic. The next forecast is not expected until November of this year, however, there would still be uncertainty due to the pandemic.

Historically CPI increases have always been around 1.75% to 2.25%. A 2% increase to the rates is estimated to bring in an additional \$225,000 to the City annually.

Currently a large portion of the fees in the Consolidated Fees Bylaw are related to commercial activities such as annual business license fees, filming fees, and development application fees. With many businesses still impacted by COVID, various social distancing restrictions, and changes in Provincial legislations due to infection rate increases, increasing City fees may will additional burden to many struggling businesses.

Since a CPI estimate is not available for 2021, staff proposes that the annual rate increase for the Consolidated Fees Bylaw is deferred to 2021 when an accurate Vancouver CPI rate available. At that time, Council can determine whether to increase rates for both 2021 and 2022 or to forego the 2021 rate increase entirely.

Financial Impact

The City will be foregoing an approximate revenue increase of \$225,000.

Conclusion

That the annual CPI increase to the Consolidated Fees Bylaw be deferred to 2021.

A handwritten signature in black ink, appearing to be 'Ivy Wong', with a stylized, flowing script.

Ivy Wong
Manager, Revenue
(604-276-4046)

IW:iw



City of Richmond

Report to Committee

To: Finance Committee

Date: September 21, 2020

From: Jerry Chong
Director, Finance

File: 03-0925-02-01/2020-
Vol 01

Re: **Permissive Property Tax Exemption (2021) Bylaw No. 10196**

Staff Recommendation

That Permissive Property Tax Exemption (2021) Bylaw No. 10196 be introduced and given first, second and third readings.

Jerry Chong
Acting General Manager, Finance and Corporate Services
(604-276-4064)

Att. 1

| REPORT CONCURRENCE | |
|----------------------------|---------------|
| SENIOR STAFF REPORT REVIEW | INITIALS: |
| APPROVED BY CAO | |

Staff Report

Origin

Permissive exemptions of property tax are provided to various properties in accordance with Sections 220 and 224 of the Community Charter and Council Policy 3561, which has been consistently applied since 1977. The exemption bylaw must be adopted by October 31 of each year to be effective for the following year.

This report supports Council's Strategic Plan 2018-2022 Strategy #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.

5.3 Decision-making focuses on sustainability and considers circular economic principles.

Analysis

Owners of exempted properties in 2020 were contacted and their eligibility for permissive exemptions were verified for the upcoming year. Changes to the 2021 bylaw are listed in Attachment 1.

New applications for Council consideration:

1. Sharing Farm Society – 2771 Westminster Highway

In 2017, the City entered into a five year agreement with the Sharing Farm Society for the Society to farm a 2.8 acre portion of land at Terra Nova Rural Park. In addition to raising public awareness to urban farming in our community, the Society donates surplus harvest to local residents in need through the Richmond Food Bank and other community programs.

As a non-profit tenant on City property, the Sharing Farm Society qualifies for a permissive exemption. The property was not added to the permissive exemption bylaw in 2018 because the formal agreement was not signed by both parties until 2020. Adding this property to Permissive Exemption Bylaw No. 10196 will formally recognize the tax exemption status of the lease.

2. Field Hockey Canada – 6111 River Road

Field Hockey Canada is a national sport organization that has leased space at the Oval for their head office. As a non-profit tenant at the Oval the applicant qualifies for exemption

under Council Policy 3561, however, since they serve as a national organization, they cannot provide programming or services specifically to Richmond residents.

As this property is the national head office for the organization and promotes the sport nationally, there is minimal benefit specifically to Richmond residents and the community. Therefore, staff is unable to recommend that this property be added to Permissive Exemption Bylaw No. 10196.

3. Richmond Baptist Church – 6640 Blundell Avenue

Richmond Baptist Church recently demolished a residential rental home that was on the southeast corner of lot at 6640 Blundell Avenue. The original residential building and the land beneath the building was subject to property taxes and the representative of the church contacted staff requesting for a tax exemption for that portion of the land. According to the representative, the land is currently used for parking purposes.

Under Council Policy 3561, parking area for religious organizations are exempted based on the number of church attendees. Currently, the property has the maximum allowable exemption for parking purposes based on the number of attendees as provided by the representative. No changes were made to Permissive Exemption Bylaw No. 10196 for this property.

Permissive Exemption Bylaw Deletions

1. Canadian Sport Institute Pacific Society – 2005 – 6111 River Road

The Canadian Sport Institute Pacific Society is no longer a tenant of the Oval. This should be removed from Permissive Exemption Bylaw No. 10196.

2. Canadian Mental Health Association – 8911 Westminster Highway

This property was designated as Supportive Housing by the Province of BC in 2020. With a supportive housing designation, the property is given an assessment value of \$1 for the land and \$1 for the improvements by BC Assessment. A property with a taxable value of \$2 will not trigger property taxes and therefore should be removed from Permissive Exemption Bylaw No. 10196.

No. 5 Road Backlands

As part of the review, staff ensured that all of the religious organizations on No. 5 Road with farming requirements were reminded of their obligation to farm the backlands.

Financial Impact

Property tax exemptions impact the City's finances by reducing the total assessed value of properties subject to taxation. This results in the City recovering the shortfall through tax increases to general taxpayers.

Church properties represent the largest number of permissively exempted properties and account for approximately \$546,000 in direct municipal taxes waived in 2020. Exempted non-City owned properties account for approximately \$133,000 in waived municipal taxes and City owned or leased properties account for approximately \$2.069 million.

Permissive exemptions impact both municipal and other agencies' taxes. It is fiscally prudent to provide permissive exemptions to City owned or leased properties, otherwise the City would need to increase annual municipal taxes in order to pay property taxes to the other taxing agencies.

Conclusion

Permissive exemptions are granted by Council annually to qualifying organizations that provide social benefit to the Community. Permissive Exemption Bylaw No. 10196 will provide tax exemptions in accordance with Provincial legislation and Council Policy.



Ivy Wong
Manager, Revenue
(604-276-4046)

IW:gjn

Att. 1: Changes to 2021 Permissive Property Tax Exemption (2021) Bylaw No. 10196

Changes to Permissive Property Tax Exemption (2021) Bylaw No. 10196

Additions to the Bylaw:

| ROLL NO | ORGANIZATION NAME | CIVIC ADDRESS | ADDITION |
|-------------|----------------------|---|------------|
| 091-575-614 | Sharing Farm Society | That portion of 2771 Westminster Hwy occupied by Sharing Farm Society | Schedule H |

Deletions to the Bylaw:

| ROLL NO | ORGANIZATION NAME | CIVIC ADDRESS | DELETION |
|-------------|--|------------------------|------------|
| 057-902-804 | Canadian Sport Institute Pacific Society | 2005 – 6111 River Road | Schedule H |
| 056-610-001 | Canadian Mental Health Association | 8911 Westminster Hwy | Schedule G |




City of Richmond

Report to Committee




To: Finance Committee
From: Andrew Nazareth
General Manager, Finance and Corporate Services
Date: September 15, 2020
File: 03-0975-01/2020-Vol 01
Re: Amendments to the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183

Staff Recommendation

That the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183, Amendment Bylaw No. 10203, which incorporates and puts into effect the changes as outlined in the staff report titled "Amendments to the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183" dated September 15, 2020, from the General Manager, Finance and Corporate Services, be introduced and given first, second and third readings.

 for
Andrew Nazareth
General Manager, Finance and Corporate Services
(604-276-4095)

Att. 3

| REPORT CONCURRENCE | | |
|-----------------------------------|---|--|
| ROUTED TO: | CONCURRENCE | |
| Law | <input checked="" type="checkbox"/> | Sustainability and Energy Management <input checked="" type="checkbox"/> |
| Real Estate Services | <input checked="" type="checkbox"/> | Community Safety Policy & Programs <input checked="" type="checkbox"/> |
| Arts, Culture & Heritage | <input checked="" type="checkbox"/> | Emergency Programs <input checked="" type="checkbox"/> |
| Community Social Development | <input checked="" type="checkbox"/> | Transportation <input checked="" type="checkbox"/> |
| Recreation Services | <input checked="" type="checkbox"/> | Sanitation and Recycling <input checked="" type="checkbox"/> |
| Facilities & Project Development | <input checked="" type="checkbox"/> | CONCURRENCE OF GENERAL MANAGER |
| Parks Services | <input checked="" type="checkbox"/> |  (for Andrew Nazareth) |
| Roads & Construction | <input checked="" type="checkbox"/> | |
| Sewerage & Drainage | <input checked="" type="checkbox"/> | |
| SENIOR STAFF REPORT REVIEW | INITIALS: | APPROVED BY CAO |
| |  |  |

Staff Report

Origin

The Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183 was adopted on May 11, 2020. Included in the Revised Consolidated 5 Year Financial Plan (5YFP) are the City's 2020 Capital, Utility and Operating Budgets. In addition, the Revised Consolidated 5YFP includes the budgets of Richmond Olympic Oval Corporation and Richmond Public Library. The following budget amendments are for the 2020 Capital, Utility and Operating Budgets of the City.

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

5.2 Clear accountability through transparent budgeting practices and effective public communication.

Analysis

Subsequent to the adoption of the 5YFP, new projects and changes to previously established programs have occurred. Individual staff reports detailing these amendments have been presented to Council for approval.

Increases to the operating and capital budget are required where expenses were not contemplated in the 5YFP. The current expenditure bylaw does not include these amounts and in order to comply with Section 173 of the *Community Charter*, the 5YFP needs to be amended to have authority to incur these expenditures. There is no tax impact for any of these amendments.

The Council approved amendments to the Revised Consolidated Five Year Financial Plan (2020-2024) presented in order of Council meeting dates, are:

- 1 a) At the Council meeting on March 9, 2020, Council approved the following:
 - (1) *That the application to the Union of British Columbia Municipalities (UBCM) 2020 Poverty Reduction Planning and Action Program for \$25,000 be endorsed; and*
 - (2) *That should the funding application be successful, that the Chief Administrative Officer and the General Manager, Planning and Development be authorized on behalf of the City to enter into an agreement with UBCM for the above mentioned project and that the Consolidated 5 Year Financial Plan (2020–2024) be amended accordingly.*

In May 2020, the City was informed that this funding application was successful. The Planning and Development Operating Budget will be increased by \$25,000 funded by the Union of British Columbia Municipalities (UBCM) 2020 Poverty Reduction Planning and Action Program to further actions in the 2013-2022 Social Development Strategy.

b) At the Council meeting on March 23, 2020, Council approved the following:

- (1) That Consolidated Fees Bylaw No. 8636, Amendment Bylaw No. 10160, which adds a service fee for video footage requests, be introduced and given first, second and third reading; and*
- (2) That the Consolidated 5 Year Financial Plan (2020-2024) be amended to include the operating budget impact of implementing the Traffic Intersection Cameras system of \$100,000 funded by an estimate of \$50,000 from revenue and a reallocation of resources from the Community Safety Division.*

This operating budget impact of \$100,000 provides funding for a new Traffic Signal Systems Technologist position. The 2020 Community Safety Operating Budget will be increased by \$50,000 funded by the revenues from public requests for video footage. The remaining \$50,000 is funded by a reallocation of existing resources within Community Safety.

c) At the Council meeting on May 25, 2020, Council approved the following:

- (1) That the Revised City Event Program 2020 and budget as outlined in Table 1 of the staff report titled "Revised City Event Program 2020", dated April 20, 2020, from the Director, Arts, Culture and Heritage Services be approved; and*
- (2) That \$780,000 be returned to the Rate Stabilization Account after payment of \$17,000 for the Providence contract and an increase to \$20,000 for farm markets.*

The 2020 Community Services Operating Budget will be decreased by \$780,000, which will be returned to the Rate Stabilization Provision.

The 2020 Neighbourhood Celebration Grant Program totalling of \$75,000 is deferred to 2021.

d) At the Council meeting on May 25, 2020, Council approved the following:

- (1) That the application to the Union of British Columbia Municipalities Community Emergency Preparedness Fund for up to \$25,000 in grant funding to support Emergency Support Services for the City of Richmond be endorsed;*
- (2) That the application to the Union of British Columbia Municipalities Community Emergency Preparedness Fund for up to \$25,000 in grant funding to support Emergency Operations Centres & Training for the City of Richmond be endorsed;*

- (3) *That the application to the Union of British Columbia Municipalities Community Emergency Preparedness Fund for up to \$25,000 in grant funding to support Evacuation Route Planning for the City of Richmond be endorsed;*
- (4) *That should the funding application be successful, the Chief Administrative Officer and the General Manager, Community Safety be authorized to execute the agreements on behalf of the City of Richmond with the UBCM; and*
- (5) *That should the funding application be successful, the 2020-2024 Five Year Financial Plan Bylaw be adjusted accordingly.*

The Union of BC Municipalities Community Emergency Preparedness Fund program approved both funding applications on May 28, 2020 as follows:

- i. \$23,432 in grant funding to support Emergency Support Services;
- ii. \$24,942 in grant funding to support Emergency Operations Centres and Training Program.

The 2020 Community Safety Operating Budget will be increased by \$48,374.

- e) At the Council meeting on July 27, 2020, Council approved the following:
That the Equipment Renewal and GHG Reduction Project, described as Option 2 on page 4 in the staff report titled “Library Cultural Centre Mechanical Upgrade Project”, dated July 20, 2020, from the Director, Sustainability and District Energy, be approved.

Option 2 offers a greater greenhouse gas (GHG) emission reduction at City facilities by implementing a deep greenhouse gas emission and energy-efficient retrofit of heating and cooling systems. The 2020 Capital Budget – Equipment Program will be increased by \$1,630,000, comprised of:

- \$1,075,000 funded from the Capital Building and Infrastructure Reserve,
- \$465,000 from the Gas Tax Provision;
- \$200,000 grant from BC Hydro;
- \$40,000 grant from Fortis BC;
- \$150,000 anticipated reduction of grant funding from the Federation of Canadian Municipalities’ (FCM) Municipal Climate Innovation Program (MCIP).

- f) At the Closed Council meeting held on July 27, 2020, Council approved an increase to the 2020 Capital Budget – Other Program of \$3,000,000 funded by the Capstan Station Capital Reserve.
- g) At the Council meeting on July 27, 2020, Council approved the following:

That as described in the report titled “TransLink 2020 Capital Cost-Share Program – Supplemental Applications” dated June 19, 2020 from the Director, Transportation.

- a) *The transit-related projects recommended for cost-sharing as part of the TransLink 2020 Bus Speed and Reliability Program be endorsed.*
- b) *Should the above project receive final approval from TransLink, the Chief Administrative Officer and General Manager, Planning and Development be authorized to execute the funding agreements and the Revised Consolidated 5 Year Financial Plan (2020-2024) be updated accordingly.*

The 2020 Capital Budget - Roads Program will be increased by \$950,150 funded by TransLink's Bus Speed and Reliability (BSR) Program to achieve a higher transit mode share and improve traffic operations for the public at two key locations: Steveston Highway-No. 5 Road and Garden City Road-Sea Island Way.

- h) At the Council meeting on September 14, 2020, Council approved the following:

- (1) *That the Chief Administrative Officer and the General Manager, Planning and Development, be authorized to execute the Rail Safety Improvement Program funding agreement with Transport Canada for the Williams Road-Shell Road intersection; and*
- (2) *That the Revised Consolidated 5 Year Financial Plan (2020-2024) be amended accordingly.*

The 2020 Capital Budget - Roads Program will be increased by \$547,200 funded by a grant from Transport Canada for the implementation of road and rail safety measures at Williams Road - Shell Road.

- i) At the Council meeting on September 14, 2020, Council approved the following:

- (3) *That the Minoru Place Activity Centre Project capital budget be increased by \$749,000, which will be funded by Project Developments 2020 Operating Budget account "Infrastructure Replacement" and that the Revised Consolidated 5 Year Financial Plan (2020-2024) be amended accordingly; and*
- (4) *That the Revised Consolidated 5 Year Financial Plan (2020-2024) be amended accordingly should the aforementioned project be approved for funding as outlined in the report titled, "Investing in Canada Infrastructure Program - Minoru Place Activity Centre Conversion to Arts Centre," dated August 5, 2020 from the Director, Facilities and Project Development.*

The 2020 Capital Budget – Building Program will be increased by \$749,000 reallocated from Project Development's 2020 Operating Budget (Infrastructure Replacement), to enable the completion of base building upgrades and sustainability features of the Minoru Place Activity Centre Conversion to Arts Centre project. If the application for funding is approved, a further amendment will be required.

During the year, the Revised Consolidated 5 Year Financial Plan Bylaw may require Capital Budget amendments due to external contributions or unanticipated expenditures. The amendments are as follows:

- 2 a) i. Increase the scope of existing programs and projects by a total of \$2,123,630 from external funding received or anticipated to be received from various sources including developers, grants, etc. The Capital Budget is proposed to be amended as follows:

Table 1: Various Grants and External Sources (in \$000's)

| Capital Programs | Amounts |
|------------------|----------------|
| Roads | \$1,895 |
| Equipment | 90 |
| Drainage | 73 |
| Building | 66 |
| Total | \$2,124 |

- ii. The Revised Consolidated 5 Year Financial Plan includes an estimate of \$10,000,000 in Contingent Capital Grants, which may be received throughout the year for various projects. Spending is only incurred if the funds are confirmed. Once the funds are confirmed, the amount is transferred into the applicable capital program as summarized above. A total of \$2,123,630 has been transferred to the above programs to date.
- b) Increase the 2020 Capital Budget - Building Program by \$1,598,008 funded by the Corporate Provision for minor building capital improvement projects.

- 3 The following reallocations within previously approved capital projects are summarized in the following table:

Table 2: Capital Budget Reallocations (in \$000's)

| | Program | Transfer From | Transfer To | Amount |
|-------|-----------|--|---|--------|
| 3a | Building | Enhanced Community Centre Police Office (2018) | Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency (2014) | \$330 |
| 3b | Building | Community Safety Building Mechanical Upgrades (2017) | Community Safety Building - Mechanical Component Replacements and Associated Works (2020) | 70 |
| 3c.i | Equipment | WiFi Network Expansion Phase II (2016) | Network Refresh for City Facilities (Phase 1 of 3) (2020) | 12 |
| 3c.ii | Equipment | Wifi Network Expansion (2017) | Network Refresh for City Facilities (Phase 1 of 3) (2020) | 6 |

Table 2: Capital Budget Reallocations - continued**(in \$000's)**

| | Program | Transfer From | Transfer To | Amount |
|-----------------------------------|----------------|---|---|---------------|
| 3d | Roads | Annual Asphalt Re-Paving Program - MRN (2020) | Annual Asphalt Re-Paving Program - Non-MRN (2019) | 4 |
| 3e | Equipment | Log Management Implementation Payment Card Industry Compliance (2016) | Microsoft Exchange 2016 Upgrade (2017) | 3 |
| 3f | Water | Development Coordinated Works - Water (2019) | Development Coordinated Works - Water (2018) | 1 |
| Total Budget Reallocations | | | | \$426 |

- 4 The following amendment represents program changes that result in no net increase to the 2020 Capital Budget:
 - a) The Capital Program of the Advancement of Partial Funding for the Canada Line Capstan Station and the Capstan Station Construction projects are changed from Building and Roads to Other.
- 5 Budget Amendment Policy 3001 states that changes to salaries be reported to the Finance Committee. The following amendments will result in no net increase to the 2020 Operating Budget:
 - a) Reallocate \$43,574 within the Community Services Operating Budget from Contracts-Other and Supplies to salaries for converting an Arts Coordinator position from auxiliary to regular full-time as agreed within collective bargaining.
 - b) Reallocate staff resources between Divisions as follows:
 - Transfer \$280,000 from Community Services, \$249,000 from Engineering and Public Works, \$220,000 from Finance and Corporate Services, \$73,000 from Sanitation and Recycling, \$180,000 from Planning and Development, \$165,000 from Corporate Administration, \$13,000 from Sanitary Sewer Utility for a total of \$1,180,000 to the Community Safety Division for the activation of the Community Ambassador program.
 - Transfer \$302,000 from Community Services to the Engineering and Public Works Division mainly for additional janitorial services required in order meet recommended public health regulations to reduce the risk of spreading the coronavirus and for public works seasonal labour.
 - Transfer \$28,000 from Planning and Development and \$15,000 from Community Services to Water for a total of \$43,000.
 - Transfer \$28,000 from Community Services to Finance and Corporate Services for seasonal labour.
- 6 Budget Amendment Policy 3001 states that increases in City's expenditures are only permitted where funding is from sources other than taxation and utility fees. The following amendments to the Operating and Utility Budget are funded by external grants, contributions, transfer of existing budget resources, or funding from provisions and has no tax impact:

- a) Increase the Corporate Administration Operating Budget by \$700,000 funded from the Legal Provision for professional legal expenditures.
 - b) Increase the Sustainability and Energy Management Operating Budget by \$248,044 for the following:
 - i. \$150,000 funded by the Carbon Tax Provision for completing the Circular Economy project;
 - ii. \$98,044 funded by the Corporate Provision for completing the Community Energy and Emissions Plan (CEEP), Energy Step Code, and electric vehicle projects.
 - c) Increase the Storm Drainage Operating Budget by \$170,000 funded by the Corporate Provision for completing processing and removal of wet materials.
 - d) Increase the Sanitary Sewer Utility Operating Budget by \$150,000 funded by the Corporate Provision for completing planned maintenance and pump replacements.
 - e) Increase the Sanitation and Recycling Operating Budget by \$42,139 funded by the Corporate Provision for the works related to dewatering permits.
- 7 The following amendment represents organization changes that result in no net increase to the 2020 Operating Budget:
- a) Transfer the Corporate Partnerships Operating Budget from Finance and Corporate Services to Community Services resulting from an organization change in 2020.

Financial Impact

The proposed 2020 budget amendments have no tax impact. Each of these annual budgets combines to form part of the 2020-2024 5YFP. The 2020-2024 Revised Consolidated 5YFP Amended Bylaw and Amended Capital Program can be found in Attachments 1 - 3.

| Table 3 Capital Budget – Summary of Changes (in \$000's) | | | Reference |
|--|--|-------|------------------|
| Capital Budget as at May 11, 2020 | | | \$166,492 |
| 1 | Withdrawal from Capstan Station Reserve | 1f | 3,000 |
| 2 | Library Cultural Centre Mechanical Upgrade Project | 1e | 1,630 |
| 3 | Minor Building Capital Improvement Projects | 2b | 1,598 |
| 4 | TransLink 2020 Capital Cost-Share Program | 1g | 950 |
| 5 | Budget Transfer for Minoru Place Activity Centre | 1i | 749 |
| 6 | Transport Canada Rail Safety Improvement Program | 1h | 547 |
| 7 | Various Grants & External Sources | 2a.i | 537 |
| 8 | Various Capital Budget Reallocations | 3a-f | - |
| 9 | Contingent External Contributions | 2a.ii | (2,124) |
| | | | 6,887 |
| | | | \$173,379 |

| Table 4 Net Budget – Summary of Changes (in \$000's) | | Reference | |
|---|--|------------------|-----------------|
| Net Budget as at May 11, 2020 | | | \$87,364 |
| Revenue | | | |
| 1 | Traffic Intersection Cameras Sales of Services | 1b | 50 |
| 2 | UBCM Emergency Preparedness Grants | 1d.i-ii | 48 |
| 3 | UBCM 2020 Poverty Reduction Planning and Action Program Grants | 1a | 25 |
| Total Revenue Amendments | | | 123 |
| Expenses | | | |
| 1 | Increased Legal services | 6a | 700 |
| 2 | Increase to Sustainability and Energy Management | 6b.i-ii | 248 |
| 3 | Increase to Storm Drainage | 6c | 170 |
| 4 | Increase to Sanitary Sewer Utility | 6d | 150 |
| 5 | Increase Community Safety Traffic Intersection Cameras Implementation Planning | 1b | 50 |
| 6 | Emergency Support Services grant expenses | 1d.i-ii | 48 |
| 7 | Increase to Sanitation and Recycling | 6e | 42 |
| 8 | Poverty Reduction Planning and Action Program grant expenses | 1a | 25 |
| 9 | Arts Coordinator Position Conversion | 5a | - |
| 10 | Staff redeployment | 5b | - |
| 11 | Corporate Partnerships Budget Transfer from Finance and Corporate Services to Community Services | 7a | - |
| 12 | Reduce Arts Culture and Heritage for the Neighbourhood Celebration Grant deferred to 2021 | 1c | (75) |
| 13 | Budget Transfer to Minoru Place Activity Centre Capital project | 1i | (749) |
| 14 | Decrease from the Revised City Event Program 2020 | 1c | (780) |
| Total Expenses Amendments | | | (171) |
| NET AMENDMENT | | | 294 |
| Total Amended 2020 Net Budget | | | \$87,658 |

Conclusion

Staff recommend that Council approve the 2020 Capital, Operating and Utility Budget amendments to accommodate the expenditures within the Revised Consolidated 5 Year Financial Plan Bylaw. The proposed 2020 budget amendments have no tax impact.

As required in Section 166 of the *Community Charter*, staff will conduct a process of public consultation prior to bylaw adoption, which is anticipated to be November 9, 2020.



Melissa Shiau, CPA, CA
Manager, Financial Planning and Analysis
(604-276-4231)

MS:sx

- Att. 1: Revised Consolidated 5 Year Financial Plan (2020-2024) Amended Revenue and Expenses
2: Revised Consolidated 5 Year Financial Plan (2020-2024) Amended Capital Funding Sources
3: Amended Revised 5 Year Capital Plan Summary (2020-2024)

| CITY OF RICHMOND REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024) AMENDED REVENUE AND EXPENSES (In \$000's) | | | | | |
|--|------------------------|----------------------|----------------------|----------------|----------------|
| | 2020 Amended Budget | 2021 Amended Plan | 2022 Amended Plan | 2023 Plan | 2024 Plan |
| Revenue: | | | | | |
| Taxation and Levies | 239,357 | 250,992 | 264,144 | 278,025 | 291,175 |
| User Fees | 115,210 | 121,447 | 128,203 | 135,460 | 143,422 |
| Sales of Services | 37,804 | 44,165 | 44,701 | 45,247 | 45,803 |
| Investment Income | 15,562 | 16,190 | 16,754 | 17,256 | 17,695 |
| Payments In Lieu Of Taxes | 14,841 | 14,989 | 15,139 | 15,290 | 15,443 |
| Gaming Revenue | 7,905 | 7,905 | 7,905 | 7,905 | 7,905 |
| Other Revenue | 13,708 | 14,122 | 16,263 | 18,409 | 18,902 |
| Licenses and Permits | 11,435 | 11,657 | 11,884 | 12,116 | 12,352 |
| Provincial and Federal Grants | 6,868 | 9,368 | 9,439 | 9,511 | 9,584 |
| Developer Contributed Assets | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Development Cost Charges | 29,111 | 20,493 | 17,984 | 15,802 | 16,910 |
| Other Capital Funding Sources | 16,274 | 15,028 | 15,191 | 14,005 | 13,150 |
| | 558,075 | 576,356 | 597,607 | 619,026 | 642,341 |
| Expenses: | | | | | |
| Community Safety | 119,176 | 122,450 | 127,353 | 131,159 | 135,038 |
| Engineering and Public Works | 78,340 | 77,180 | 78,804 | 80,034 | 81,423 |
| Community Services | 64,568 | 68,317 | 69,639 | 73,184 | 74,820 |
| Finance and Corporate Services | 25,279 | 23,990 | 24,525 | 25,131 | 25,747 |
| Planning and Development Services | 24,159 | 23,904 | 24,386 | 24,934 | 25,538 |
| Fiscal | 22,507 | 21,016 | 21,959 | 24,810 | 27,847 |
| Corporate Administration | 14,512 | 13,817 | 14,135 | 14,521 | 14,917 |
| Debt Interest | 1,677 | 1,677 | 1,677 | 1,677 | 838 |
| Utility Budget | | | | | |
| Water Utility | 46,440 | 49,427 | 53,234 | 57,435 | 62,101 |
| Sanitary Sewer Utility | 37,677 | 40,135 | 42,614 | 45,310 | 48,240 |
| Sanitation and Recycling | 20,795 | 20,170 | 20,576 | 20,999 | 21,432 |
| Richmond Public Library | 11,095 | 11,052 | 11,269 | 11,533 | 11,805 |
| Richmond Olympic Oval Corporation | 17,120 | 17,409 | 17,736 | 18,104 | 18,481 |
| | 483,345 | 490,544 | 507,907 | 528,831 | 548,227 |
| Annual Surplus | 74,730 | 85,812 | 89,700 | 90,195 | 94,114 |
| Transfers: | | | | | |
| Debt Principal | 5,149 | 5,355 | 5,570 | 5,792 | 6,024 |
| Transfer To (From) Reserves | 64,919 | 67,620 | 70,229 | 72,908 | 75,715 |
| Transfer To (From) Surplus | (23,539) | (8,093) | 2,256 | 3,409 | 2,966 |
| Capital Expenditures - Current Year | 173,379 | 213,275 | 118,370 | 103,759 | 109,631 |
| Capital Expenditures - Prior Years | 308,609 | 114,470 | 75,154 | 41,819 | 41,819 |
| Capital Expenditures - Developer Contributed Assets | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Expenditures - Richmond Public Library | 892 | 892 | 892 | 892 | 892 |
| Capital Expenditures - Richmond Olympic Oval Corporation | 1,721 | 1,970 | 2,215 | 2,236 | 2,548 |
| Capital Funding | (506,400) | (359,677) | (234,986) | (190,620) | (195,481) |
| Transfers/Amortization offset: | 74,730 | 85,812 | 89,700 | 90,195 | 94,114 |
| Balanced Budget | \$- | \$- | \$- | \$- | \$- |
| Tax Increase | 2.97% | 4.03% | 4.44% | 4.50% | 4.01% |

| CITY OF RICHMOND REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024) AMENDED CAPITAL FUNDING SOURCES (In \$000's) | | | | | |
|---|------------------------|----------------------|------------------|------------------|------------------|
| | 2020 Amended Budget | 2021 Amended Plan | 2022 Plan | 2023 Plan | 2024 Plan |
| DCC Reserves | | | | | |
| Drainage DCC | - | 1,510 | - | - | 2,144 |
| Park Development DCC | 6,330 | 3,907 | 1,647 | 1,787 | 1,740 |
| Park Land Acquisition DCC | 5,964 | 5,964 | 5,964 | 5,964 | 5,964 |
| Roads DCC | 13,152 | 8,478 | 8,047 | 8,051 | 5,731 |
| Sanitary DCC | 3,527 | - | 1,428 | - | 658 |
| Water DCC | 138 | 634 | 898 | - | 673 |
| Total DCC | \$29,111 | \$20,493 | \$17,984 | \$15,802 | \$16,910 |
| Statutory Reserves | | | | | |
| Affordable Housing | 925 | 725 | 725 | 725 | 725 |
| Capital Building and Infrastructure | 25,303 | 63,512 | 6,800 | 13,700 | 10,550 |
| Capital Reserve | 16,050 | 54,706 | 28,979 | 8,575 | 14,010 |
| Capstan Station | 31,000 | - | - | - | - |
| Child Care | 170 | 172 | 174 | 177 | 179 |
| Drainage Improvement | 12,415 | 13,552 | 14,577 | 15,603 | 23,286 |
| Equipment Replacement | 3,655 | 3,392 | 3,310 | 4,833 | 4,066 |
| Leisure Facilities | - | 4,934 | - | - | - |
| Public Art Program | 745 | 150 | 150 | 150 | 150 |
| Sanitary Sewer | 13,386 | 12,850 | 14,641 | 14,620 | 11,542 |
| Watermain Replacement | 10,590 | 8,820 | 8,466 | 8,407 | 8,480 |
| Total Statutory Reserves | \$114,239 | \$162,813 | \$77,822 | \$66,790 | \$72,988 |
| Other Sources | | | | | |
| Enterprise Fund | 125 | 550 | 550 | 550 | - |
| Grant and Developer Contribution | 16,274 | 15,028 | 15,191 | 14,005 | 13,150 |
| Other Sources | 12,180 | 12,221 | 6,248 | 5,862 | 5,883 |
| Rate Stabilization | - | 1,320 | - | - | - |
| Sewer Levy | 350 | 100 | - | 50 | 50 |
| Solid Waste and Recycling | 450 | 300 | 300 | 300 | 300 |
| Water Levy | 650 | 450 | 275 | 400 | 350 |
| Total Other Sources | \$30,029 | \$29,969 | \$22,564 | \$21,167 | \$19,733 |
| Total Capital Program | \$173,379 | \$213,275 | \$118,370 | \$103,759 | \$109,631 |

| CITY OF RICHMOND | | | | | |
|--|------------------------|----------------------|------------------|------------------|------------------|
| AMENDED REVISED 5 YEAR CAPITAL PLAN SUMMARY (2020-2024) | | | | | |
| (in \$000s) | | | | | |
| | 2020 Amended Budget | 2021 Amended Plan | 2022 Plan | 2023 Plan | 2024 Plan |
| Infrastructure Program | | | | | |
| Roads | 26,588 | 14,821 | 14,867 | 14,527 | 13,480 |
| Drainage | 14,280 | 18,934 | 17,859 | 18,228 | 27,201 |
| Water | 9,143 | 7,779 | 7,792 | 6,906 | 7,751 |
| Sanitary Sewer | 15,063 | 11,300 | 15,450 | 13,370 | 10,950 |
| Infrastructure Advanced Design and Minor Public Works | 5,130 | 5,700 | 4,049 | 4,080 | 3,980 |
| Total Infrastructure Program | \$70,204 | \$58,534 | \$60,017 | \$57,111 | \$63,362 |
| Building Program | | | | | |
| Building | 16,533 | 113,610 | 26,800 | 13,700 | 11,160 |
| Heritage | 7,940 | - | - | - | - |
| Total Building Program | \$24,473 | \$113,610 | \$26,800 | \$13,700 | \$11,160 |
| Parks Program | | | | | |
| Parkland | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Parks | 8,180 | 6,144 | 2,780 | 2,860 | 2,700 |
| Total Parks Program | \$12,180 | \$10,144 | \$6,780 | \$6,860 | \$6,700 |
| Public Art Program | \$745 | \$150 | \$150 | \$150 | \$150 |
| Land Program | \$10,000 | \$10,000 | \$5,000 | \$5,000 | \$10,000 |
| Affordable Housing | \$400 | \$200 | \$200 | \$200 | \$200 |
| Equipment Program | | | | | |
| Vehicle | 3,441 | 2,528 | 2,334 | 3,995 | 4,434 |
| Fire Vehicle | 416 | 1,186 | 1,221 | 1,258 | - |
| Information Technology | 1,996 | 1,386 | 913 | 526 | 548 |
| Equipment | 2,168 | 779 | 580 | 581 | 32 |
| Total Equipment Program | \$8,021 | \$5,879 | \$5,048 | \$6,360 | \$5,014 |
| Child Care Program | \$170 | \$172 | \$174 | \$177 | \$179 |
| Other Program | \$34,000 | \$- | \$- | \$- | \$- |
| Internal Transfers/Debt Payment | \$5,310 | \$4,586 | \$4,201 | \$4,201 | \$2,866 |
| Contingent External Contributions | \$7,876 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Total Capital Program | \$173,379 | \$213,275 | \$118,370 | \$103,759 | \$109,631 |



City of Richmond

Bylaw 10203

The Council of the City of Richmond enacts as follows:

1. Schedule "A", Schedule "B", and Schedule "C" of the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183, are deleted and replaced with Schedule "A", Schedule "B", and Schedule "C" attached to and forming part of this amendment bylaw.
2. This Bylaw is cited as "**Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183, Amendment Bylaw No. 10203**".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

| |
|-------|
| _____ |
| _____ |
| _____ |
| _____ |

| |
|---|
| CITY OF RICHMOND |
| APPROVED for content by originating dept. <i>MS</i> |
| APPROVED for legality by Solicitor <i>LB</i> |

MAYOR

CORPORATE OFFICER

SCHEDULE A:

**CITY OF RICHMOND
REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
AMENDED REVENUE AND EXPENSES
(In \$000's)**

| | 2020 Amended Budget | 2021 Amended Plan | 2022 Amended Plan | 2023 Plan | 2024 Plan |
|-----------------------------------|---------------------------|-------------------------|-------------------------|----------------|----------------|
| Revenue: | | | | | |
| Taxation and Levies | 239,357 | 250,992 | 264,144 | 278,025 | 291,175 |
| User Fees | 115,210 | 121,447 | 128,203 | 135,460 | 143,422 |
| Sales of Services | 43,926 | 44,165 | 44,701 | 45,247 | 45,803 |
| Investment Income | 18,562 | 19,190 | 19,754 | 20,256 | 20,695 |
| Payments In Lieu Of Taxes | 14,841 | 14,989 | 15,139 | 15,290 | 15,443 |
| Gaming Revenue | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 |
| Other Revenue | 14,075 | 14,122 | 16,263 | 18,409 | 18,902 |
| Licenses And Permits | 11,435 | 11,657 | 11,884 | 12,116 | 12,352 |
| Provincial and Federal Grants | 10,061 | 9,368 | 9,439 | 9,511 | 9,584 |
| Developer Contributed Assets | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Development Cost Charges | 29,111 | 20,493 | 17,984 | 15,802 | 16,910 |
| Other Capital Funding Sources | 16,274 | 15,028 | 15,191 | 14,005 | 13,150 |
| | 577,352 | 585,951 | 607,202 | 628,621 | 651,936 |
| Expenses: | | | | | |
| Community Safety | 119,483 | 122,450 | 127,353 | 131,159 | 135,038 |
| Engineering and Public Works | 78,340 | 77,180 | 78,804 | 80,034 | 81,423 |
| Community Services | 70,610 | 68,317 | 69,639 | 73,184 | 74,820 |
| Finance and Corporate Services | 25,279 | 23,990 | 24,525 | 25,131 | 25,747 |
| Planning and Development Services | 24,159 | 23,904 | 24,386 | 24,934 | 25,538 |
| Fiscal | 22,507 | 21,016 | 21,959 | 24,810 | 27,847 |
| Corporate Administration | 14,512 | 13,817 | 14,135 | 14,521 | 14,917 |
| Debt Interest | 1,677 | 1,677 | 1,677 | 1,677 | 838 |
| Utility Budget | | | | | |
| Water Utility | 46,440 | 49,427 | 53,234 | 57,435 | 62,101 |
| Sanitary Sewer Utility | 37,677 | 40,135 | 42,614 | 45,310 | 48,240 |
| Sanitation and Recycling | 20,795 | 20,170 | 20,576 | 20,999 | 21,432 |
| Richmond Public Library | 11,095 | 11,052 | 11,269 | 11,533 | 11,805 |
| Richmond Olympic Oval Corporation | 17,120 | 17,409 | 17,736 | 18,104 | 18,481 |
| | 489,694 | 490,544 | 507,907 | 528,831 | 548,227 |
| Annual Surplus | 87,658 | 95,407 | 99,295 | 99,790 | 103,709 |

CITY OF RICHMOND
REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
TRANSFERS
(In \$000's)

| | 2020 Amended Budget | 2021 Amended Plan | 2022 Amended Plan | 2023 Plan | 2024 Plan |
|---|---------------------------|-------------------------|-------------------------|---------------|----------------|
| Transfers: | | | | | |
| Debt Principal | 5,149 | 5,355 | 5,570 | 5,792 | 6,024 |
| Transfer To (From) Reserves | 74,424 | 76,925 | 79,534 | 82,213 | 85,020 |
| Transfer To (From) Surplus | (20,116) | (7,803) | 2,546 | 3,699 | 3,256 |
| Capital Expenditures - Current Year | 173,379 | 213,275 | 118,370 | 103,759 | 109,631 |
| Capital Expenditures - Prior Years | 308,609 | 114,470 | 75,154 | 41,819 | 41,819 |
| Capital Expenditures - Developer Contributed Assets | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Expenditures - Richmond Public Library | 892 | 892 | 892 | 892 | 892 |
| Capital Expenditures - Richmond Olympic Oval Corporation | 1,721 | 1,970 | 2,215 | 2,236 | 2,548 |
| Capital Funding | (506,400) | (359,677) | (234,986) | (190,620) | (195,481) |
| Transfers/Amortization offset: | 87,658 | 95,407 | 99,295 | 99,790 | 103,709 |
| Balanced Budget | \$- | \$- | \$- | \$- | \$- |
| Tax Increase | 2.97% | 4.03% | 4.44% | 4.50% | 4.01% |

SCHEDULE B:

**CITY OF RICHMOND
REVISED 5 YEAR FINANCIAL PLAN
AMENDED CAPITAL FUNDING SOURCES (2020-2024)
(In \$000's)**

| | 2020 Amended Budget | 2021 Amended Plan | 2022 Plan | 2023 Plan | 2024 Plan |
|-------------------------------------|---------------------------|-------------------------|------------------|------------------|------------------|
| DCC Reserves | | | | | |
| Drainage DCC | - | 1,510 | - | - | 2,144 |
| Park Development DCC | 6,330 | 3,907 | 1,647 | 1,787 | 1,740 |
| Park Land Acquisition DCC | 5,964 | 5,964 | 5,964 | 5,964 | 5,964 |
| Roads DCC | 13,152 | 8,478 | 8,047 | 8,051 | 5,731 |
| Sanitary DCC | 3,527 | - | 1,428 | - | 658 |
| Water DCC | 138 | 634 | 898 | - | 673 |
| Total DCC | \$29,111 | \$20,493 | \$17,984 | \$15,802 | \$16,910 |
| Statutory Reserves | | | | | |
| Affordable Housing | 925 | 725 | 725 | 725 | 725 |
| Capital Building and Infrastructure | 25,303 | 63,512 | 6,800 | 13,700 | 10,550 |
| Capital Reserve | 16,050 | 54,706 | 28,979 | 8,575 | 14,010 |
| Capstan Station | 31,000 | - | - | - | - |
| Child Care | 170 | 172 | 174 | 177 | 179 |
| Drainage Improvement | 12,415 | 13,552 | 14,577 | 15,603 | 23,286 |
| Equipment Replacement | 3,655 | 3,392 | 3,310 | 4,833 | 4,066 |
| Leisure Facilities | - | 4,934 | - | - | - |
| Public Art Program | 745 | 150 | 150 | 150 | 150 |
| Sanitary Sewer | 13,386 | 12,850 | 14,641 | 14,620 | 11,542 |
| Watermain Replacement | 10,590 | 8,820 | 8,466 | 8,407 | 8,480 |
| Total Statutory Reserves | \$114,239 | \$162,813 | \$77,822 | \$66,790 | \$72,988 |
| Other Sources | | | | | |
| Enterprise Fund | 125 | 550 | 550 | 550 | - |
| Grant and Developer Contribution | 16,274 | 15,028 | 15,191 | 14,005 | 13,150 |
| Other Sources | 12,180 | 12,221 | 6,248 | 5,862 | 5,883 |
| Rate Stabilization | - | 1,320 | - | - | - |
| Sewer Levy | 350 | 100 | - | 50 | 50 |
| Solid Waste and Recycling | 450 | 300 | 300 | 300 | 300 |
| Water Levy | 650 | 450 | 275 | 400 | 350 |
| Total Other Sources | \$30,029 | \$29,969 | \$22,564 | \$21,167 | \$19,733 |
| Total Capital Program | \$173,379 | \$213,275 | \$118,370 | \$103,759 | \$109,631 |

SCHEDULE C:

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
AMENDED STATEMENT OF POLICIES AND OBJECTIVES**

Revenue Proportions By Funding Source

Property taxes are the largest portion of revenue for any municipality. Taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as community safety, general government, libraries and park maintenance.

Objective:

- Maintain revenue proportion from property taxes at current level or lower

Policies:

- Tax increases will be at CPI + 1% for transfers to reserves
- Annually, review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2020.

Table 1:

| Funding Source | % of Total Revenue |
|---|---------------------------|
| Property Taxes | 49.6% |
| User Fees | 23.9% |
| Sales of Services | 9.1% |
| Investment Income | 3.9% |
| Payments in Lieu of Taxes | 3.1% |
| Gaming Revenue | 3.0% |
| Licenses and Permits | 2.4% |
| Provincial and Federal Grants | 2.1% |
| Other | 2.9% |
| Total Operating and Utility Funding Sources | 100.0% |

SCHEDULE C (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
AMENDED STATEMENT OF POLICIES AND OBJECTIVES**

Distribution of Property Taxes

Table 2 provides the estimated 2020 distribution of property tax revenue among the property classes.

Objective:

- Maintain the City's business to residential tax ratio in the middle in comparison to other municipalities. This will ensure that the City will remain competitive with other municipalities in attracting and retaining businesses.

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.

Table 2: (Based on the 2020 Revised Roll figures)

| Property Class | % of Tax Burden |
|-----------------------|------------------------|
| Residential (1) | 56.53% |
| Business (6) | 34.64% |
| Light Industry (5) | 6.80% |
| Others (2,3,4,8 & 9) | 2.03% |
| Total | 100.00% |

Permissive Tax Exemptions**Objective:**

- Council passes the annual permissive exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Policy and the Community Charter. There is no legal obligation to grant exemptions.
- Permissive exemptions are evaluated with consideration to minimizing the tax burden to be shifted to the general taxpayer.

Policy:

- Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Policy 3561 and Sections 220 and 224 of the *Community Charter*.



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong, CPA, CA
Director, Finance
Date: September 8, 2020
File: 03-0900-01/2020-Vol
01
Re: Development Cost Charges Imposition Bylaw Annual Inflationary Update
(2020)

Staff Recommendation

That *Option 1 – Keep DCC Rates Unchanged* as outlined in the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2020)” dated September 8, 2020 from the Director, Finance be approved by Council.

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

| REPORT CONCURRENCE | | |
|-----------------------------------|-------------------------------------|---------------------------------------|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| Economic Development | <input checked="" type="checkbox"/> | Acting for A. Nazareth |
| Law | <input checked="" type="checkbox"/> | |
| Parks Services | <input checked="" type="checkbox"/> | |
| Engineering | <input checked="" type="checkbox"/> | |
| Building Approvals | <input checked="" type="checkbox"/> | |
| Development Applications | <input checked="" type="checkbox"/> | |
| Policy Planning | <input checked="" type="checkbox"/> | |
| Transportation | <input checked="" type="checkbox"/> | |
| SENIOR STAFF REPORT REVIEW | INITIALS: | APPROVED BY CAO |

Staff Report

Origin

Development Cost Charges (DCC's) are collected by local governments from new developments in order to fund the capital cost of infrastructures required by growth, such as parkland purchase, park development, traffic improvements and engineering infrastructures.

The Ministry's Development Finance Review Committee (DFRC), through its *Development Cost Charges Best Practice Guide*, recommends annual amendments to the DCC bylaw be made by municipalities to reflect general inflationary increase in their DCC program costs.

During the City's last major DCC update in 2017, the development industry expressed concerns with respect to the significant increase in DCC rates due to the compounding effect of cost escalation between major DCC updates. Therefore, the development industry supported the City's proposal to adjust DCC rates annually. The City has since completed two annual DCC updates in May 2018 and May 2019 that reflected the general inflationary increase of DCC program costs.

The annual DCC rate update for the current year (2020) was originally scheduled to take place in May 2020. However, due to the COVID-19 pandemic, the update that was scheduled to take place in May 2020 was put on hold. The purpose of this report is to review the current market conditions and provide recommendation on the City's 2020 annual DCC rate update.

This report supports Council's Strategic Plan 2018-2022 Strategy #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.

5.4 Work cooperatively and respectfully with all levels of government and stakeholders while advocating for the best interests of Richmond.

This report supports Council's Strategic Plan 2018-2022 Strategy #6 Strategic and Well-Planned Growth:

Leadership in effective and sustainable growth that supports Richmond's physical and social needs.

6.1 Ensure an effective OCP and ensure development aligns with it.

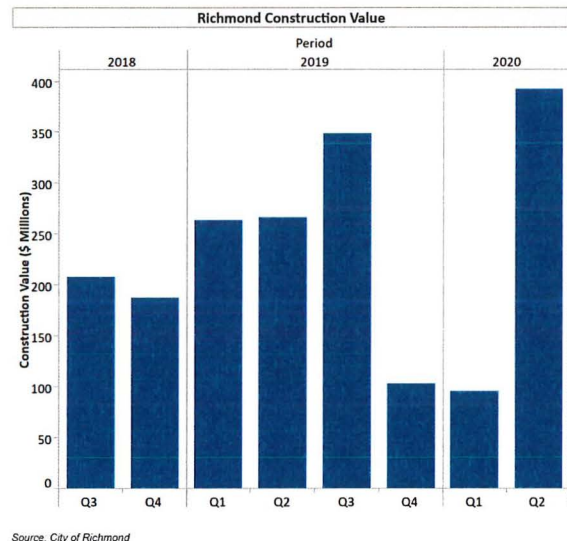
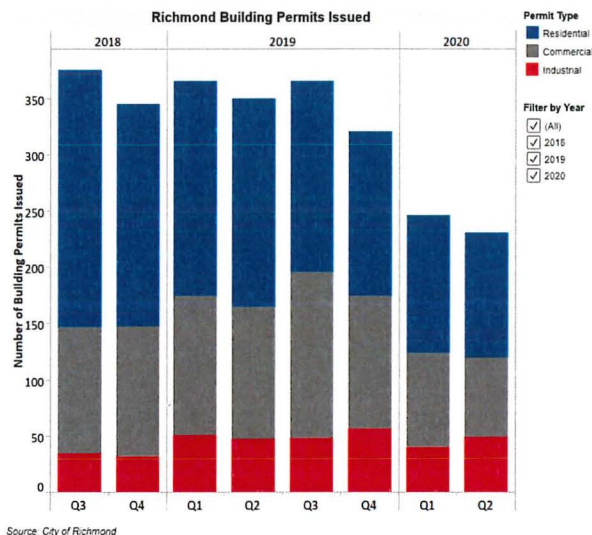
Finding of Facts

The full economic effects of COVID-19 are still very much unknown. B.C. has seen its highest unemployment rate of over 13% since 1987. Thousands of jobs were lost and consumer spending has plummeted where job losses have been concentrated in wholesale, retail, accommodation and food sectors. B.C.'s GDP is forecast to decrease by 5.4% for 2020, while Canada's is forecast to decrease by 6.6%. It is hard to predict how long it will take for the B.C. economy to fully recover.

Richmond's Development Activity

Richmond's housing starts and construction activities in the recent months have remained active. Some recently published economic reports confirmed that housing starts have bounced back to pre-COVID-19 lockdown levels. Despite the fact that home sales volume fell dramatically at the onset of the pandemic, low interest rates and limited overall supply of homes for sale are creating competition resulting in housing activities rebounding quicker than expected.

According to the City's Building Approvals Department, although the overall scope of building activity over the spectrum of building types is reduced from previous years, the level of activity in construction is higher than the annual average of the past six years with much of the current activity concentrated in larger, more complex projects such as mixed-used residential and commercial construction. These applications may result in lower permit issuance in certain periods, but will ultimately result in more housing units and higher constructions value, as shown in the charts below.



Home Sales Activity

Volatility in the housing market was seen at the onset of the COVID-19 pandemic. However, recent data suggests that there has been a quick rebound in the home sales activity in Metro Vancouver. Recent home sales data released by the Real Estate Board of Greater Vancouver (REBGV) suggested that home buying and selling activities are strong and active across Metro Vancouver, with home sale and new listing activities outpacing the region's historical averages.

In its latest August 2020 market report, REBGV highlighted that that residential home sales in the region totaled 3,047 in August 2020, a 36.6 % increase from the 2,231 sales recorded in August 2019. The August 2020 sales were 19.9% above the 10-year August sales average.

Cost Inflation Trends

The COVID-19 pandemic continued to have a visible impact on consumer prices. Consumer Price Index (CPI) for B.C. has been on a continuous decline since the start of the pandemic, with the latest 12-month average of 1.4% last being reported by Statistics B.C. for up to July 2020.

While CPI measures the cost inflation of consumer products (e.g. food, shelter, transportation, household costs, clothing etc.), the Building Construction Price Index (BCPI) is used by government agencies undertaking economic analyses and other users that are interested in evaluating the impact of price changes on capital expenditures. Statistics Canada publishes the BCPI for each major metropolitan areas in Canada on a quarterly basis. The latest year-to-year data shows that the Vancouver BCPI increased by 2.0% between Q2 2019 and Q2 2020. Escalation in construction costs was mainly due to costs of commodities, raw materials and wages that continue to rise despite of the slowdown of the economic activities.

Analysis

The presented market statistics are based on a snapshot in time while the future trends and projection are largely unknown. Due to the uncertainty of the full impact of COVID-19, including the possibility of future outbreaks in B.C. or elsewhere, evolutions in public health responses, and the timing of the development of a vaccine, the City has to take these variables into consideration when determining the course of action to take for the current year's annual DCC update. Staff propose the following two options for Council's consideration:

| Development Type | Unit | Option 1 Keep DCC Rates Unchanged (Recommended) | Option 2 Increase DCC Rates by VCPI of 2.3% | Difference (\$) |
|--------------------------|---------------------|--|--|--------------------|
| Single Family | per lot | \$41,533.50 | \$42,488.77 | \$955.27 |
| Townhouse | per ft ² | \$22.59 | \$23.11 | \$0.52 |
| Apartment | per ft ² | \$23.78 | \$24.33 | \$0.55 |
| Commercial/Institutional | per ft ² | \$15.27 | \$15.62 | \$0.35 |
| Light Industrial | per ft ² | \$11.92 | \$12.19 | \$0.27 |
| Major Industrial | per acre | \$102,762.27 | \$105,125.80 | \$2,363.53 |

Option 1 – Keep DCC rates Unchanged (Recommended)

Pros:

- This option provides relief to the development industry during this time of uncertainty.
- By keeping the DCC rates unchanged, it could prevent imposing unintended consequences to the development industry if the health crisis continues or worsens.

Cons:

- By skipping the current year's annual DCC rate update, it could result in the development industry's expressed unwanted outcome of the compounding effect of DCC rate increases in the next major DCC update (scheduled to be completed in 2022, being five years from the last major DCC update in 2017) due to the cumulative effect of multi-year cost escalation adjustment.
- By keeping the DCC rate unchanged in 2020, DCC revenue collection is estimated to be \$1 million less based on an average of \$40 million in annual DCC collection. The inflationary adjustments would be added to the future DCC rates which will be borne by future developments. Any potential shortfall in funding the required DCC infrastructure costs may need to be funded by rate payers through property tax or utility, depending on the funding source.

Option 2 – Increase DCC rates by 2.3% (Not Recommended)

Pros:

- The proposed inflationary increase adjustment of 2.3% is based on the 2019 Vancouver Consumer Price Index (VCPI) as published by Statistics Canada, which is an approach consistent with the DFRC's *Development Cost Charges Best Practice Guide's* recommendation on annual inflationary DCC rate updates.
- This approach is consistent with the allowable annual increase under the *Development Cost Charges Bylaw Approval Exemption Regulation, B.C. Reg. 130/2010*.
- By continuing to adjust the DCC rates annually to reflect general inflationary increase, it mitigates large rate increases at the next major DCC update, which is an approach supported by the development industry.
- The level of proposed increase is consistent with the latest published BCPI which is a relevant measurement in providing a reasonable estimate in the inflationary increase in costs in delivering the City's DCC Program which supports capital infrastructures resulting from growth.

Cons:

- The development industry may raise concerns about the rising development fees imposed by the City during this time of uncertainty.
- Higher DCC rates may discourage development and/or business activities in Richmond.

To support the recovery of the local economy from the unprecedented effect from the COVID-19 health and economic crisis, Option 1 is recommended where the 2020 DCC rates are proposed to remain unchanged. As new information becomes available, staff will continue to review and assess the market conditions and its impacts to the City.

Financial Impact

By keeping the DCC rate unchanged, the annual DCC revenue collection is estimated to be \$1 million less than the overall DCC revenue collection had an inflationary rate increase been imposed.

Conclusion

Due to the unknown impact of COVID-19 on the local economy and development activities, it is recommended that the current year annual inflationary DCC update be put on hold, thereby keeping the DCC rates unchanged until the next annual DCC update in 2021.



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