



## Finance Committee

Anderson Room, City Hall  
6911 No. 3 Road

Monday, December 3, 2012

Immediately following the Open General Purposes Committee meeting

Pg. #      ITEM

### MINUTES

**FIN-5**      *Motion to adopt the minutes of the meeting of the Finance Committee held on Monday, November 5, 2012.*



### FINANCE AND CORPORATE SERVICES DEPARTMENT

1. **3<sup>RD</sup> QUARTER 2012 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.) (REDMS No. 3713926)

**FIN-7**

See Page **FIN-7** for full report

*Designated Speakers: Andrew Nazareth & John Mills*

### STAFF RECOMMENDATION

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.*



## Finance Committee Agenda – Monday, December 3, 2012

Pg. #      ITEM

2.      **FINANCIAL INFORMATION – 3<sup>RD</sup> QUARTER SEPTEMBER 30, 2012**  
(File Ref. No.) (REDMS No. 3654343)

**FIN-13**

See Page **FIN-13** for full report

*Designated Speakers: Andrew Nazareth & Jerry Chong*

### STAFF RECOMMENDATION

*That the staff report titled Financial Information – 3<sup>rd</sup> Quarter September 30, 2012 be received for information.*



3.      **2013 OPERATING BUDGET**  
(File Ref. No.) (REDMS No. 3690906)

**FIN-35**

See Page **FIN-35** for full report

**FIN-48**

See Page **FIN-48** for Attachment 1 – Environmental Scan

**FIN-55**

See Page **FIN-55** for Attachment 2 – Comparative Budget Summary

**FIN-56**

See Page **FIN-56** for Attachment 3 – Breakdown of \$1 of Municipal Tax

**FIN-57**

See Page **FIN-57** for Attachment 4 – Ongoing Additional Level Requests

*Designated Speakers: Andrew Nazareth & Jerry Chong*

### STAFF RECOMMENDATION

*That:*

- (1)    *the 2013 Operating Budget as presented in the staff report dated October 18, 2012 from Director of Finance be approved;*
- (2)    *ongoing additional levels for a total of \$400,000 be approved; and*
- (3)    *the 5 Year Financial Plan (2013-2017) be prepared for presentation to Council incorporating the 2013 Operating Budget.*



4.      **2013 ONE TIME EXPENDITURES**  
(File Ref. No.) (REDMS No. 3691391)

**FIN-59**

See Page **FIN-59** for full report

*Designated Speakers: Andrew Nazareth & Jerry Chong*

STAFF RECOMMENDATION

*That:*

- (1) the committee establishes a Rate Stabilization Account with a \$3.2M transfer from the salary provision account;*
- (2) the recommended One-time Expenditures in the amount of \$1.75M, as outlined in the staff report titled 2013 One Time Expenditures dated November 16, 2012 from the Director, Finance, be approved;*
- (3) the One-time Expenditures be included in the City's Five Year Financial Plan (2013-2017) Bylaw; and*
- (4) any future arising operating budget surplus be transferred into the Rate Stabilization Account.*

☐

ADJOURNMENT

☐





## Finance Committee

Date: Monday, November 5, 2012

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Linda Barnes  
Councillor Derek Dang  
Councillor Ken Johnston  
Councillor Bill McNulty  
Councillor Linda McPhail  
Councillor Harold Steves

Absent: Councillor Evelina Halsey-Brandt

Call to Order: The Chair called the meeting to order at 4:32 p.m.

### MINUTES

It was moved and seconded  
*That the minutes of the meeting of the Finance Committee held on Monday, October 1, 2012, be adopted as circulated.*

CARRIED

### FINANCE AND CORPORATE SERVICES DEPARTMENT

1. **APPOINTMENT OF AUDITOR**  
(File Ref. No.) (REDMS No. 3688766)

It was moved and seconded  
*That Council re-appoint KPMG, LLP as the City's auditor for the years 2012 – 2017.*

CARRIED

**Finance Committee**  
**Monday, November 5, 2012**

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**2. 2013 CAPITAL BUDGET**

(File Ref. No.) (REDMS No. 3683184)

Andrew Nazareth, General Manager, Finance and Corporate Services, joined by Jerry Chong, Director, Finance, provided background information related to the proposed 2013 Capital Budget and noted that the budget is balanced, and based on Council's direction and the community's needs.

A discussion then ensued about several capital projects that are recommended as being unfunded for 2013, including the Hugh Boyd Oval Ageing Infrastructure Replacement, Conservation Plans for Heritage Buildings, and the Oval Precinct Public Art Plan. It was noted that these items may be considered at a future date as one-time funding items or as part of the Five-Year Financial Plan.

It was moved and seconded

*That:*

- (1) the 2013 Capital Budget be approved as the basis for preparing the 5-Year Financial Plan (2013-2017) Bylaw; and*
- (2) staff be authorized to commence the 2013 capital projects effective January 1, 2013.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (5:05 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 Monday, November 5, 2012.

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Mayor Malcolm D. Brodie  
Chair

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Shanan Sarbjit Dhaliwal  
Executive Assistant  
City Clerk's Office



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** November 27, 2012

**From:** George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

**File:**

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer, Richmond Olympic Oval

**Re:** 3rd Quarter 2012 - Financial Information for the Richmond Olympic Oval Corporation

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer,  
Richmond Olympic Oval

**DATE:** November 29, 2012

**TO:** George Duncan  
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj  
Controller, Richmond Olympic Oval Corporation

**Re:** Richmond Olympic Oval Corporation – 3<sup>rd</sup> Quarter 2012 Financial Information

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#### **Origin**

Section 7.3 of the Operating Agreement between the City of Richmond (the "City") and the Richmond Olympic Oval Corporation (the "Corporation") requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the third quarter business plan and financial results for the 3 months ended September 30, 2012 ("Q3").

#### **Business Plans and Planning**

Highlights of the activities undertaken by the Corporation during Q3 are described below.

#### Community Use

The Corporation continued to provide facility access to the Richmond community. At the end of Q3, 77% of members were Richmond residents. Q3 revenue from fitness programs, community sport ice programs, room, court and track rentals all outperformed revenue for the same period in 2011.

The High Performance Services, introduced earlier this year, have seen significant uptake. While this has increased the profile of the high performance program, a benefit has also been realized with the community membership base. Oval members now have access to more equipment amenities but also have the option to register in performance programs which can complement their overall fitness and wellness goals.

#### Sport Development and Events

High Performance Services at the Oval can already lay claim to an impressive list of athlete accomplishments, including the following: 36 Oval trained Athletes competed at the London 2012



Games (Gold – Men’s Wheel Chair Basketball, Silver Medal – Men’s Wheel Chair Rugby and Bronze medal - Canadian Women’s Soccer), 8 athletes named to Team BC 18/19U Girls Volleyball, 3 athletes named to Team BC 16U Volleyball, 7 athletes named to Team BC 17U Boys Volleyball, 6 athletes competed at the BC Summer Games, and the Oval was also the training home of the 18U National Beach Volleyball Champions.

This summer, the Corporation also successfully launched its High Performance Summer Hockey Camps, drawing 116 athletes aged 9-18 from across Metro Vancouver, with 45 athletes playing Major Midget, Junior, CIS, NCAA or in a Professional League.

The Pacific Premier Soccer League’s Fusion FC began pre-season training at the Oval, with 117 kids participating in 20 hours of training. Other teams that began high performance training at the Oval in Q3 include: BC Hockey’s Major Midget Greater Vancouver Canadians, Men’s Canadian Field Hockey and Vancouver Angels Girls Hockey teams. Additionally, the IGNITE program (a provincially and federally funded program for high potential targeted youth athletes) saw 12 athletes across three sports - synchronized swimming, alpine skiing, and biathlon – training at the Oval. In total, 3,382 high performance athlete training sessions were completed at the Oval in Q3.

The Oval completed its Memorandum of Understanding with Speed Skating Canada in Q3. This agreement will see the Oval become an official Regional Training Centre for short track speed skating, identifying and training high potential youth athletes. The Oval also began activation of its Long Term Player Development agreement with the Richmond Soccer Association. Currently, 9 teams are participating in high performance training at the Oval and over 200 hours of indoor practice have been booked under the terms of the agreement.

Q3 was also a very busy quarter for events. Some of the highlights included: a 4 month meeting room contract with the BC Ambulance Service, the 10 day Table Tennis Senior and Junior Championships and the 10 day Yonex Canadian Badminton Open.

The Richmond Olympic Oval will soon become the new home of karate in Canada, hosting six competitive events over four years starting in 2014. The events include four National Championships and two International competitions. For the Karate Canadian National Championships - in which Canadian National team selection will take place – more than 450 Canadian athletes, coaches, officials and delegates are expected take part, while the event is expected to attract up to 1,500 spectators over three days of competition. With respect to the international competitions taking place in 2014 and 2017, the Oval is expected to host more than 230 athletes, coaches, officials and delegates from Canada, Mexico and the United States as a part of the North American Cup. The one-day competition is typically held on the third weekend of March.

Successfully Hosted Oval Events (Q3)
2012 YONEX Canada Open
2012 BC Hockey U16 Pre Stage Training Camp
2012 Vancouver International Dodgeball Tournament

2012 World Cup Field Painting Competition
2012 Kajaks 10K Oval Run
2012 Noah Yelizarov Memorial Hockey Tournament
2012 Urban Rec BBQ
2012 Rehab Equipment Expo
2012 Baden Cup (Volleyball)
Canadian Diabetes 50th Anniversary Event

<b>Successfully Secured Oval Events (Q3)</b>
2012 BC Athletics AGM & Annual Awards Banquet
2012 BC Hockey U16 Pre Stage Training Camp
2012 Canadian Fencing Federation Canada Cup
2012 De Danaan Christmas Irish Feis
2012 Season Opener Climbing Competition
2013 Canadian Powerlifting Union National Championship
2013 CrossFit Western Regional Games
2013 Millennium Cup International Rhythmic Gymnastics Competition
2013 Rhythmic Gymnastics Canada Championships
2013 Vancouver Dodgeball League Charity Tournament
2013 YONEX Canada Open
2014-2017 Karate Canada National & International Events

#### Governance

Meetings of the Corporation's Board of Directors and the Audit & Finance Committee took place during Q3.

#### **Comments on the Financial Results for Q3**

The unaudited financial statements and budget have been prepared in accordance with Public Sector Accounting Board ("PSAB") standards. The statements are prepared based on the following information:

- 1) The 2012 approved budget is based on fiscal 2012 having operating revenues and operating expenses at levels for a normal year's uninterrupted operations.
- 2) The Q3 portion of the 2011 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$696,000 was recognized as revenue.
- 3) Sport Hosting funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized.
- 4) In Q3, approximately \$15k was put into an Enterprise Fund that will be used to fund future capital expenditures. In each subsequent quarter up until the end of 2013, an additional \$15k will be set aside into this fund. Additionally, \$600k was put into an Operating Capital Reserve Fund in Q3, for a total of \$1.8M year to date. At the end the fiscal year a further allocation may be made by the Capital Works Committee to the Reserves to fund future capital expenditures.

**Analysis of Significant Variances of actual results compared to Budget for Q3 of Fiscal Year 2012:**

Q3 result was budgeted at a net income of \$245,000 and the actual results show a net income of \$672,000 before transfers to reserves, a favorable variance of \$427,000.

Revenues

**Memberships, admissions and programs** revenue of \$1,375,000 had a positive variance of \$64,000 (5%) when compared to budget.

**Sport Hosting** revenue of \$85,000 was recognized to offset the expenditures during Q3.

**Other Revenue** of \$239,000 was recorded during the quarter which mainly included sponsorship, space leasing, parking, and interest revenue.

Expenses

**Aggregate Member Care Services, Event Services, and Fitness Services** costs over the third quarter of 2012 were \$420,000 which is \$16,000 (4%) over budget. These costs are offset by increased memberships, programs, and admissions revenue.

**Sports Services** costs for Q3 were \$424,000 which was \$70,000 (14%) under budget.

**Facility Operations** costs for Q3 were \$952,000 which was within 1% of budget.

**Sport Hosting** expenses for Q3 were \$85,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

**Marketing** expenses for Q3 were \$116,000 and were \$29,000 (20%) under budget.

**Administration and Finance** expenses for Q3 were \$494,000 being \$181,000 (27%) under budget.

Summary

For the three month period ending September 30, 2012, the Corporation budgeted a net income of \$245,000 and the actual results showed a net income of \$672,000 before transfers to reserves; a favorable variance of \$427,000.



Rick Dusanj  
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner  
Director, Administration, Finance and Corporate Services, Richmond Olympic Oval Corporation

# **RICHMOND OLYMPIC OVAL CORPORATION**

## **Statement of Operations**

For the quarter ended Sep 30, 2012

Unaudited, prepared by management

	QTR 3 2012			9 months 2012			QTR 3 2011			9 months 2011			2012	
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS	% Variance Fav/(Unfav)	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS	% Variance Fav/(Unfav)	BUDGET	BUDGET
<b>REVENUES</b>														
2010 Games Operating Trust Fund	625,000	696,159	71,159	11%	2,088,478	11%	625,000	684,850	59,850	10%	2,054,549	10%	2,500,000	2,500,000
Contribution from City of Richmond	768,471	768,471	(0)	0%	2,305,412	0%	755,625	755,625	-	0%	2,266,875	0%	3,073,883	3,073,883
Memberships, admissions and programs	1,310,406	1,374,622	64,216	5%	4,070,809	5%	1,012,431	967,946	(44,485)	-4%	2,914,387	-4%	4,828,246	4,828,246
Sport Hosting (Note 1)	109,500	85,129	(24,371)	-	359,878	-	-	63,286	63,286	-	63,286	-	500,000	500,000
Interest and other	209,733	239,138	29,405	14%	726,562	14%	219,834	201,504	(18,330)	-8%	636,817	-8%	838,930	838,930
	3,023,109	3,163,518	140,409	5%	9,551,139	5%	2,612,890	2,673,210	60,321	2%	7,935,914	2%	11,741,059	11,741,059
<b>EXPENSES</b>														
Member care services	212,028	208,353	3,674	2%	637,906	2%	229,098	201,531	27,567	12%	561,467	12%	834,553	834,553
Event services (Note 2)	39,986	46,435	(6,450)	-16%	193,563	-16%	38,064	28,895	9,169	24%	108,154	24%	159,942	159,942
Sport services	494,135	424,275	69,860	14%	1,193,730	14%	368,249	344,690	23,558	6%	825,587	6%	1,759,453	1,759,453
Fitness services (Note 2)	151,929	164,986	(13,057)	-9%	496,677	-9%	143,736	129,143	14,593	10%	412,136	10%	726,475	726,475
Facility Operations	950,227	951,599	(1,372)	0%	2,613,554	0%	854,884	786,163	68,721	8%	2,274,929	8%	3,724,158	3,724,158
Marketing	145,590	116,701	28,888	20%	319,044	20%	153,741	108,697	45,043	29%	316,346	29%	480,525	480,525
Sport Hosting (Note 1)	109,500	85,129	24,371	-	359,878	-	-	63,286	(63,286)	-	63,286	-	500,000	500,000
Admin/Finance	674,989	494,344	180,645	27%	1,642,699	27%	672,654	615,723	56,931	8%	1,821,684	8%	2,711,293	2,711,293
	2,778,384	2,491,824	286,560	10%	7,457,051	10%	2,460,425	2,278,128	182,297	7%	6,383,589	7%	10,896,400	10,896,400
<b>Net income before transfer to reserves</b>	<b>244,725</b>	<b>671,695</b>	<b>426,970</b>		<b>2,094,087</b>		<b>152,465</b>	<b>395,082</b>	<b>242,618</b>		<b>1,552,325</b>		<b>844,659</b>	<b>844,659</b>
<b>Transfers to reserve funds (Note 3)</b>	<b>-</b>	<b>615,447</b>	<b>615,447</b>		<b>1,846,340</b>		<b>-</b>	<b>425,000</b>	<b>425,000</b>		<b>1,275,000</b>		<b>-</b>	<b>-</b>
<b>Net income after transfer to reserves</b>	<b>244,725</b>	<b>56,248</b>	<b>(188,477)</b>		<b>247,748</b>		<b>152,465</b>	<b>(29,918)</b>	<b>(182,383)</b>		<b>277,325</b>		<b>844,659</b>	<b>844,659</b>

Note 1 - Effective July 1, 2011 the Sport Hosting department (along with the funding) was transferred over from the City of Richmond to the Oval Corporation. The funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

Note 2 - The unfavourable variances for Event Services and Fitness Services are offset by increased memberships, admissions, and programs revenue.

Note 3 - In Q3, approximately \$15k (YTD \$46k) was put into an Enterprise Fund that will be used to fund future capital expenditures. Additionally, \$600k was put into the Operating Capital Reserve Fund in Q3, for a total of \$1.8M YTD. At the end of the fiscal year a further allocation may be made by the Capital Works Committee to the Reserves to fund future capital expenditures.

Numbers may be off due to rounding.

Also see attached comments on the results for the Third Quarter of Fiscal Year 2012.



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** November 5, 2012

**From:** Jerry Chong  
Director, Finance

**File:**

**Re:** Financial Information – 3<sup>rd</sup> Quarter September 30, 2012

### Staff Recommendation

That the report titled Financial Information – 3<sup>rd</sup> Quarter September 30, 2012 be received for information.

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

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Enterprise Services	<input checked="" type="checkbox"/>	 for A. NAZARETH	
Information Technology	<input checked="" type="checkbox"/>		
Arts, Culture & Heritage	<input checked="" type="checkbox"/>		
Parks Services	<input checked="" type="checkbox"/>		
Recreation Services	<input checked="" type="checkbox"/>		
Engineering	<input checked="" type="checkbox"/>		
Project Development	<input checked="" type="checkbox"/>		
Sewerage & Drainage	<input checked="" type="checkbox"/>		
Water Services	<input checked="" type="checkbox"/>		
Community Bylaws	<input checked="" type="checkbox"/>		
Fire Rescue	<input checked="" type="checkbox"/>		
RCMP	<input checked="" type="checkbox"/>		
Building Approvals	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Transportation	<input checked="" type="checkbox"/>		
<b>REVIEWED BY SMT SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>REVIEWED BY CAO</b> 	<b>INITIALS:</b> 

## Staff Report

### Origin

Information for the 3<sup>rd</sup> quarter ended September 30, 2012 is being provided to Council with a global economic overview along with more specific economic updates with respect to Canada, the Province of B.C., the City of Richmond, and the financial activity and position of the City.

### Analysis

#### Global Economic Overview<sup>1</sup>

The economic growth outlook for 2012 remains unchanged from previous forecasts of June at 3.1%. The 2013 forecast has been revised to 3.3% from 3.5% prior. This not only reflects the global impact of fiscal tightening in the U.S. and the euro zone, but also the weaker regional economic dynamics across emerging markets.

#### Canadian Economic Overview

After enjoying a solid recovery over the last two years, the Canadian economy is transitioning into a period of softer economic growth of around 2% – a pace that the economists anticipate will continue over the next couple of years.

- Canada's economy is stuck in a soft patch this year. Meanwhile, a weak global environment and an elevated exchange rate are weighing on the export sector.
- In addition, the housing market correction appears to be under way, driven by a sharp downturn in Vancouver. The slowdown will become broader based following a fourth round of mortgage insurance regulation tightening by the federal government in July.
- The export and investment outlook is anticipated to improve heading into next year along with a strengthening globally. In addition, brighter trade prospects, improved business trends and an increased need to become more competitive are likely to encourage businesses to boost capital spending.
- Overall, economic growth and job creation will remain less than optimal in the short run, before picking up in early 2013. After advancing by 1.8% in 2012, the pace of Canadian real GDP growth will likely head back to a bit above 2% in 2013 and 2014.

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<sup>1</sup> TD Economics Quarterly Economic Forecast –September 2012

Table 1

CANADIAN ECONOMIC OUTLOOK																		
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																		
	2011				2012				2013				Annual Average			4thQtr/4th Qtr		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	11	12F	13F	11	12F	13F
Real GDP	3.6	- 1.0	4.5	1.9	1.8	1.8	1.0	1.8	2.0	2.2	2.6	2.7	2.4	1.8	2.0	2.2	1.6	2.4
Labour Force	2.2	0.6	0.3	0.5	0.9	0.8	0.8	0.8	0.9	0.8	1.0	1.0	1.0	0.9	0.9	0.9	1.1	0.8
Unemployment Rate	7.7	7.5	7.3	7.5	7.4	7.3	7.3	7.3	7.2	7.1	7.0	6.7	7.5	7.3	7.0	-	-	-
Cons. Price Index	2.6	3.4	3.0	2.7	2.0	2.0	2.1	2.0	2.0	2.1	2.0	2.1	2.9	1.6	2.0	2.7	1.5	2.0
Core CPI	1.3	1.6	1.9	2.0	2.1	2.1	1.8	1.6	1.8	1.8	1.9	2.0	1.7	1.9	1.9	2.0	1.6	2.0
Housing Starts (000's)	177	192	205	199	206	230	211	203	191	186	186	185	193	213	187	-	-	-
Productivity: Real GDP/worker(Y/Y)	0.9	0.5	1.0	1.0	0.9	1.3	0.7	0.3	0.9	0.7	0.7	0.6	0.9	0.8	0.7	1.0	0.3	0.9
F: Forecast by TD Economics as at September 2012																		
Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics																		

F: Forecast by TD Economics as at September 2012

Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics

Province of B.C. Economic Overview<sup>2</sup>

The economists expect British Columbia's economy to grow at a moderate pace just above the national average in 2012. Activity to date has been quite vibrant in domestically oriented sectors, and we have seen encouraging signs developing in key export markets.

- Employment continued to track a rising trend, growing at one of the faster rates (1.8%) in Canada on a year-to-date basis.
- Softness in the trade sector will be a restraining factor that slows real GDP growth down to 2.3% in 2012 from 2.9% in 2011.
- The unemployment rate fell to a three-year low of 6.2% in April before it rose slightly to 6.6% in June.
- The ramping up of investment on two new major projects, Seaspac Marine federal government contract and the modernization of Rio Tinto Alcan's aluminum smelter next year will contribute to an expected re-acceleration of growth to 2.7% in 2013.
- Despite sky-high home prices in the Vancouver market, home building activity in the province was strong so far this year: the number of housing units under construction surged by 17% year over year in the first seven months of 2012.
- The existing home market, however, showed signs of cooling. The weakness was concentrated in the Vancouver market, where resales fell significantly. Resales in other regions of the province were flat. We expect residential investment will be a small add to economic growth this year.
- BC merchandise exports were little changed so far this year. Considering that merchandise imports rose vigorously by more than 8%, the trade sector is likely to affect growth once again in the province.

<sup>2</sup> Royal Bank Economics – Provincial Outlook, September 2012



Table 2

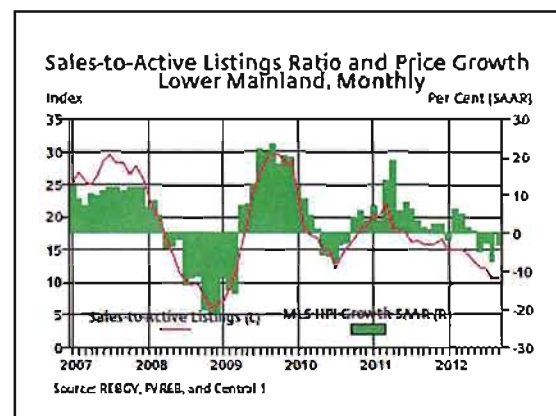
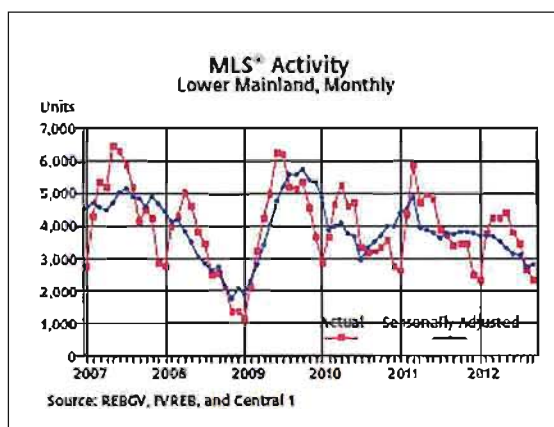
British Columbia forecast at a glance				
% change unless otherwise indicated				
	2010	2011	2012F	2013F
Real GDP	3.0	2.9	2.3	2.7
Employment	1.7	0.8	1.8	1.5
Unemployment rate (%)	7.6	7.5	6.8	6.6
Retail Sales	5.4	3.1	4.6	4.2
Housing Starts (units)	26,479	26,400	27,300	23,000
Consumer Price Index	1.4	2.3	1.4	1.2

Source: Royal Bank Economics - Provincial Outlook - September 2012

### Lower Mainland Overview<sup>3</sup>

Economic activity in the lower mainland region is expected to hold steady through 2013 on moderate employment gains and modest growth in housing activity.

- The 2.2% gain in employment in 2011 will decelerate to an annual average rate of 1.7% in 2012
- There seems to be a positive shift in the labour market towards full-time positions. Fulltime employment was up 0.7% August and 3.1% higher on a year-to-date basis through September
- Building permit revenue fell in July and August by 15.7% and 22% respectively with sharp declines in Metro Vancouver
- Non-residential permits held steady in August dropping 1.5% from July but were up 26% from 2011 due to major projects in the north and expansions of hospitals and health facilities in the Lower Mainland
- Home sales were down 32% in the Lower Mainland on a year over year basis, yet there was an unexpected surge in new listings. Low sales and high inventory point to a disconnect between price expectations of prospective sellers and buyers.



<sup>3</sup> Central 1 Credit Union-BC Economic Briefing, October 2012



### City of Richmond Overview

Overall Richmond is performing well in face of global and provincial economic trends. Gaming revenue and DCC have increased over last year and the comparative figures below overall indicate continuing strength in the Richmond economy.

For the 3<sup>rd</sup> quarter of 2012, Richmond's median selling housing prices will adjust after a steady increase for the past few quarters. The median selling prices have decreased for a single family detached home to \$938,000, a townhouse to \$532,000 and an apartment to \$328,000. This equates to a price decline of 8.1% for single family detached homes, 4.9% for townhouses and 6.0% for apartments from the same period in 2011. Along with the decrease in the median selling prices, the number of sales from July to September 2012 compared to the same period in 2011 fell by 35.6%.

The office space vacancy rate in Richmond is relatively stable from the same quarter in 2011 from 20.18% to 20.12 %. The vacancy rate of the industrial sector also fell by 35.8% from the same quarter in 2011 from 4.24% to 2.72% which is a positive sign of economic activity.

Chart 1



The value of building construction for permits issued decreased during the 3<sup>rd</sup> quarter of 2012 by 35.9% from \$137M in the same quarter in 2011 to \$87.9M. This reflects the current trend of higher value construction projects, predominately as mixed-use residential and commercial buildings are starting to complete.

Chart 2

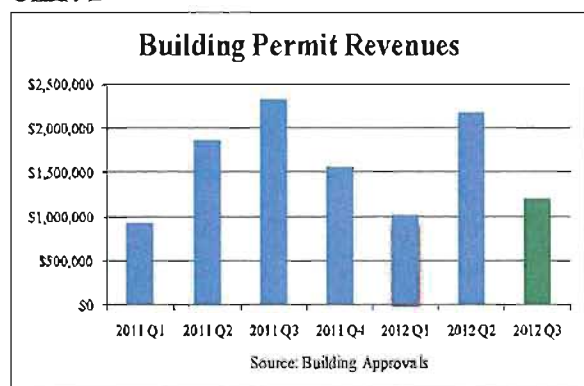
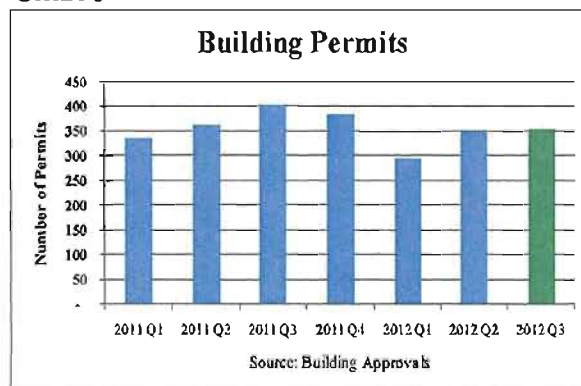


Chart 3



353 building permits were issued in the 3<sup>rd</sup> quarter, which is comprised of multi-family and residential building permits issued, representing a decrease of 12.2% compared to the 402 permits issued in the 3<sup>rd</sup> quarter 2011. However, the trend of permits issued is increasing since the start of 2012, specifically 1.4% over Q2.

54 development applications were received in the 3<sup>rd</sup> quarter which is a decrease of 15.6% as compared to the same quarter in 2011.

Chart 4

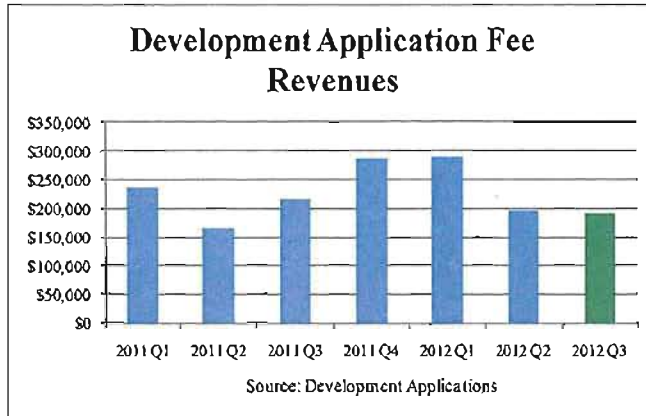
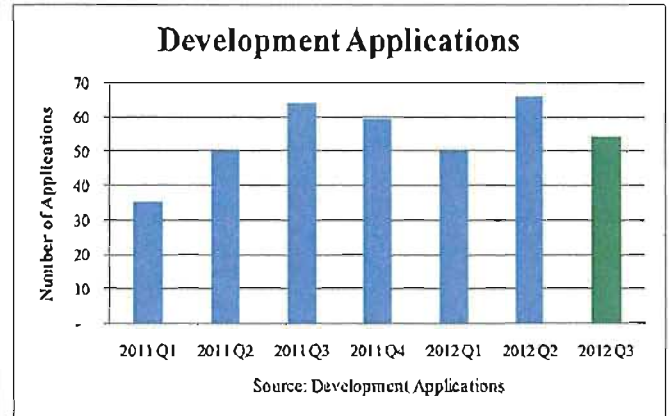


Chart 5



Total valid Business Licenses remain static supported by moderate increases in Home Occupation and Non-Resident licenses offsetting a slight decrease in commercial licenses

Chart 6

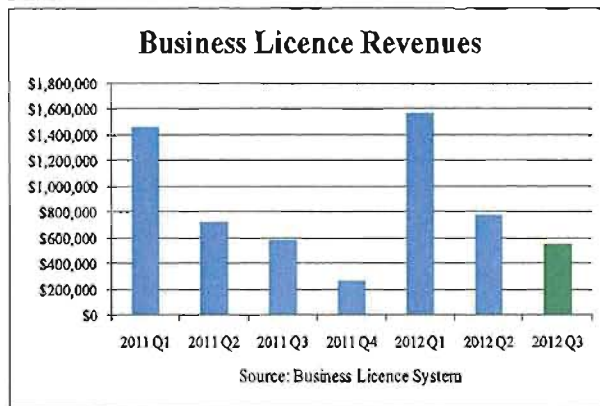
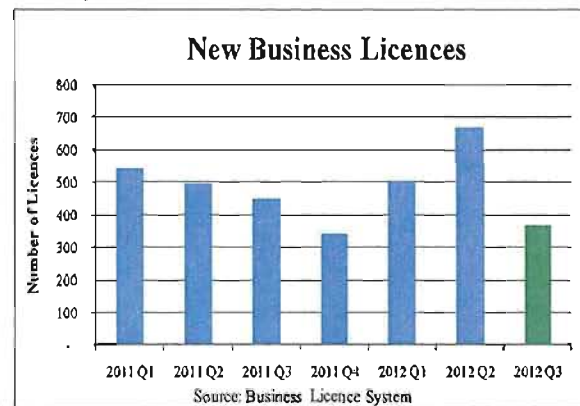
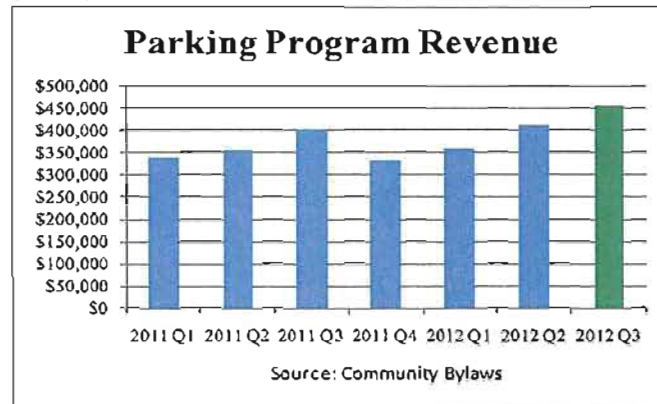


Chart 7



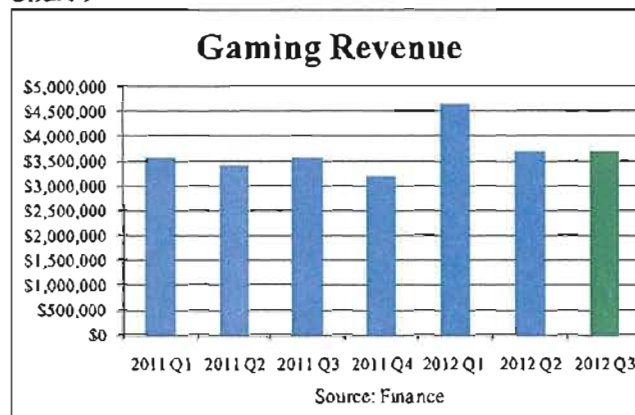
The Parking Program revenues from meters, permits and enforcement for the 3rd quarter of 2012 increased by \$50,000 to \$0.45M from \$0.40M for the same period in 2011.

Chart 8



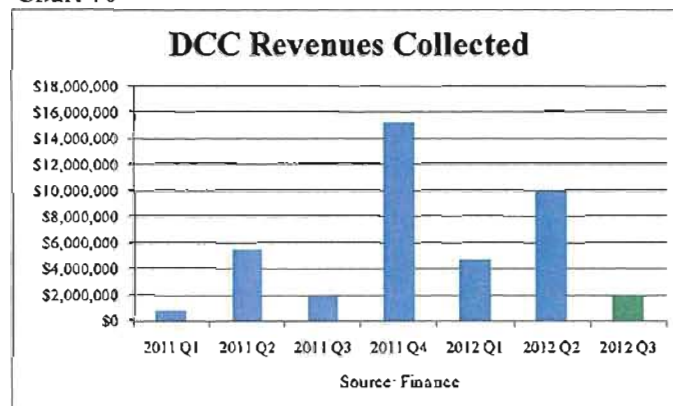
Gaming revenues for the 3<sup>rd</sup> quarter is \$3.7M compared to \$3.4M in the same quarter last year. This represents a 7.7% increase.

Chart 9



DCC contributions received in the 3<sup>rd</sup> quarter were higher by 5%, up from \$1.9M in the same quarter last year. This is due to the increase in DCC revenues generated from single family dwellings.

Chart 10



**Statement of (net revenues)/expenditures for  
September 30, 2012**

<b>Operating (000's)</b>				
<b>Department</b>	<b>Budget Year to Date Sep 30, 2012</b>	<b>Actuals Year to Date Sep 30, 2012</b>	<b>Variance</b>	<b>Projected Surplus For December 31, 2012</b>
RCMP	27,740	27,494	245	1,200
Fire Rescue	21,037	20,200	837	442
Community Services	24,629	24,049	580	10
Engineering & Public Works	21,698	21,807	(109)	840
Finance & Corporate Services	12,214	10,002	2,212	440
Library	5,959	5,243	716	10
Planning & Development	4,512	2,194	2,318	997
Corporate Administration	5,581	4,885	696	275
Law & Community Safety	4,243	4,070	174	0
Fiscal & Transfer to Reserves	(127,613)	(139,801)	12,188	75
	<b>(\$0,000)</b>	<b>(\$19,857)</b>	<b>\$19,857</b>	<b>\$4,289</b>

The following are the explanations for net expenditure variances at the departmental level:

- RCMP projections to the end of the year are on target. Due to changes announced by the Federal Government to RCMP salary and benefits there may be a onetime payout of severance which is estimated to be \$3.5M for members. This is not included in the 2012 budget or this forecast. The forecasted 2012 surplus is based on current estimates and is subject to unforeseen events and changes.
- Richmond Fire Rescue is projected to have a surplus of \$442,000. The surplus is due to a deferral of staffing until the first quarter of 2013.
- Community Services is anticipated to have a minor surplus due to the delayed hiring within Recreation (Arenas, Sports and Community Events).
- Engineering and Public Works after the re-organization now includes Project Development, Facilities Admin and District Utility and Sustainability. Engineering and Public Works are trending to have a surplus of \$840,000 by the end of the year, however \$350,000 of the surplus is for Fleet Recovery for future investment, therefore it is anticipated that there will be remaining surplus of \$490,000 from operations. However experience indicates that unanticipated events, could impact this figure.
- Finance and Corporate Services has a favourable variance due to unfilled vacant positions, increased business license revenues and lower than expected expenditures for IT maintenance

contracts. However, in order to achieve service levels and complete projects and tasks within required timeframes, amounts have been identified to be carried forward to future years.

- Library is on budget.
- Planning and Development has realized higher than budgeted building permit revenue and development application revenue and a favourable variance due to unfilled positions. The increase in development applications is a result of previous development enquiries and developers wishing to take advantage of the housing market conditions, which to September 2012 had been stable. It is anticipated that this number will slow in the coming quarters.
- Corporate Administration has a favourable variance due to unfilled vacant positions.
- Law and Community Safety is on budget.
- Fiscal and transfer to reserves currently shows a surplus due to timing of corporate costs and adjustments and transfer that do not occur until year end.

#### Utilities

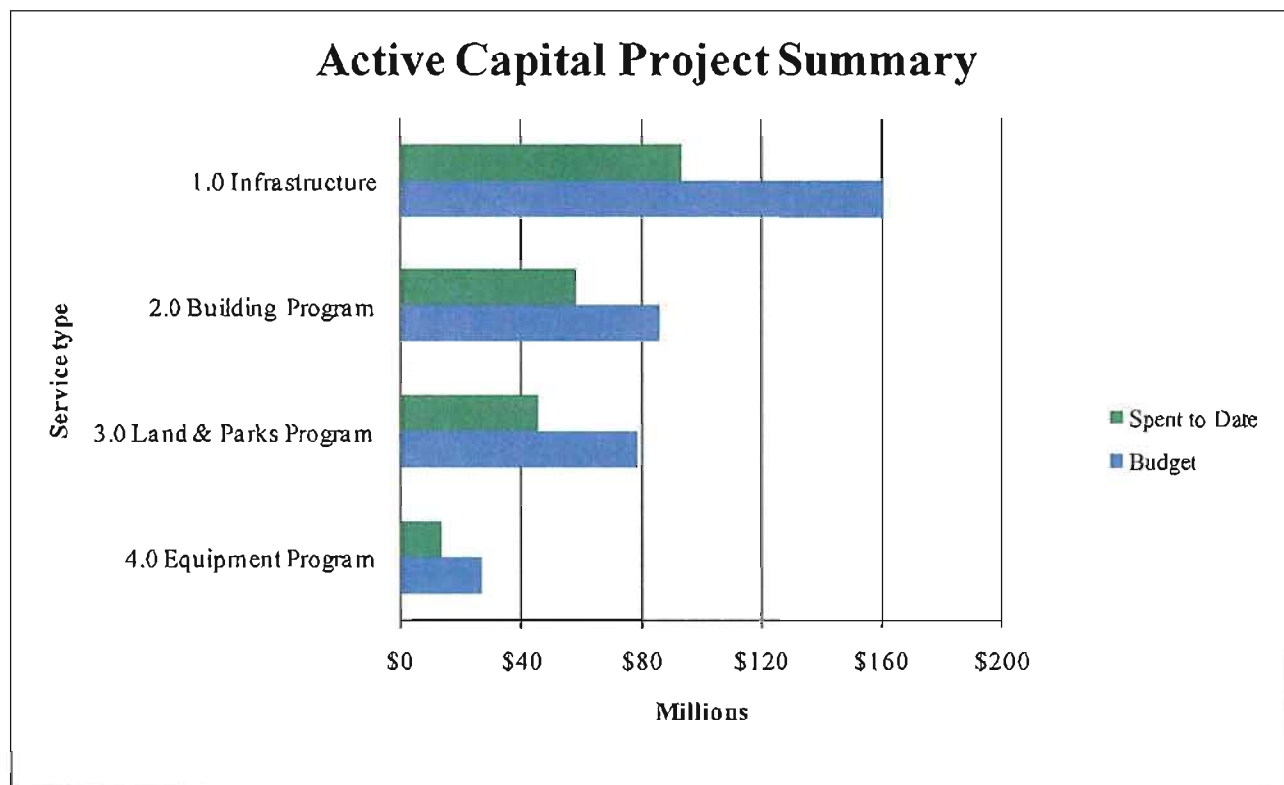
- Water Utility is on budget with water consumption anticipated to peak through the high usage summer months. Increased receivable activity costs have been matched with increased receivable income.
- Sewer Utility is on budget.
- Sanitation and Recycling Utility is on budget.

### Active Capital Project Summary

The 2012 Capital Budget of \$64.8M (excluding internal payment transfers and debt repayments) are included in the figures below as are amounts relating to capital projects from previous years' Capital budgets that remain active.

The projects within the Infrastructure, Building, Land & Parks and Equipment Programs are in progress.

<b>Statement of Active Capital Project Expenditures</b>			
<b>\$'000s</b>			
<b>Asset Category</b>	<b>Budget</b>	<b>Spent to Date</b>	<b>Commitment</b>
1.0 Infrastructure	\$160,420	\$93,202	\$67,218
2.0 Building Program	\$85,401	\$58,055	\$27,346
3.0 Land & Parks Program	\$78,173	\$45,384	\$32,789
4.0 Equipment Program	\$26,834	\$13,711	\$13,125
<b>Grand Total</b>	<b>\$350,828</b>	<b>\$210,352</b>	<b>\$140,476</b>



### Capital Project Highlights

The following is a selection of active capital projects including a project status and approved budget amount as at September 30, 2012

**Infrastructure Program** - Construction of road, drainage and sanitary pump stations, drainage, water, and sanitary mains.



- **Nelson Road Improvements – Widening Nelson Road between Blundell Road and Westminster Highway:** *Approved Budget: \$2,301,334*

*The design of the works' full scope is nearing completion.*
- **Westminster Hwy: Nelson Rd. to McMillan Way – Widening Westminster Hwy:** *Approved Budget: \$5,366,666*

*Preloading is under way and full construction tendering is anticipated in the December timeframe.*
- **Steveston Drainage Area Replacement and Upgrades – Williams Road West Drainage Pump Station Upgrade:** *Approved Budget: \$2,023,927*

*Construction has commenced and is on schedule to be substantially complete by December 2012 as per the grant requirements.*
- **No. 1 Road Drainage Pump Station:** *Approved Budget: \$3,450,000*

*Construction has commenced and remains on track for substantial completion in December 2012 in compliance with the grant requirements.*
- **No. 6 Road Widening:** *Approved Budget: \$1,133,334*

*The completion of the detailed design is anticipated by the end of November 2012 with construction tendering anticipated for the December 2012 timeframe.*
- **Paving Program – Various Locations – City Wide (Non MRN):** *Approved Budget: \$2,458,600*

*Imperial Paving Ltd. has completed approximately 70% of the paving program.*

- **10000 Block Williams Road (South) Laneway Drainage and Pavement Upgrade:** *Approved Budget: \$767,000*

*This project includes laneway restoration and re-grade of the surface to address current 'ride-ability' and drainage issues. Construction by City forces was completed in September.*

- **Seaton Laneway Drainage and Pavement Upgrade:** *Approved Budget: \$631,572*

*The laneway restoration and re-grade of the surface to address current 'ride-ability' and drainage issues is being constructed by the City forces with completion anticipated by the end of November.*

**Buildings Program** -- Construction of major building construction and renovation projects as well as minor facility upgrades and repairs.



- **Japanese Fishermen's Benevolent Society Building (formerly 4091 Chatham Street) – Exterior Rehabilitation:** *Approved Budget: \$419,000*

*The building from 4091 Chatham Street was relocated and placed on a foundation adjacent to the Steveston Museum building. Exterior restoration is underway with completion anticipated in January 2013.*

- **Interurban Tram Structure:** *Approved Budget: \$1,065,000*

*Construction of the new structure which will house the Interurban Tram Car in Steveston Park is nearing completion. The building will permit the restoration of the Tram Car as well as viewing by the public. Target completion date is January 2013.*

- **Britannia Heritage Shipyards – Seine Net Loft:** *Approved Budget: \$1,190,500*



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*Drawings are being prepared for final review and the project is scheduled to be tendered in late November with a proposed construction start date of January 2013.*

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**Parks Program** – Providing high quality parks and recreational facilities and an extensive trail system.

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- **Railway Corridor** – *Approved*

*Budget: \$200,000*

*The terms of reference are to be completed with major construction to start in 2013.*

- **Blundell Sportsfield Upgrade** - *Approved*

*Budget: \$100,000*

*Project completed. Construction of a sand field extension*

- **Garden City Park** - *Approved Budget: \$500,000*

*The design is in process for a potential bike park*

- **Oval West Waterfront Park** - *Approved*

*Budget: \$850,000*

*The detailed design is planned to start in November with construction beginning in 2013*

- **Terra Nova Play Environment** - *Approved*

*Budget: \$1,000,000*

*The planning and design is in progress with the site preparations completed.*

- **Terra Nova Heritage Buildings Restorations** -

*Approved Budget: \$2,025,600*

*The construction is in progress.*

- **Thompson Youth Park** - *Approved Budget:*

*\$673,365*

*The Phase two construction is near completion.*

- **Woodwards School Park Characterization** -

*Approved Budget: \$185,000*

*The construction will be completed in December.*

**Childcare Program – Responding to the City’s Child care needs.**

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- **Hamilton Childcare Centre:** *Approved Budget: \$1,760,000. (Land value \$480,000)*
- *A site plan and preliminary drawings have been developed for this modular childcare service facility. Preloading of the site is complete with offsite construction of the modular components expected to commence in 2013. An RFP for the design of the facility will be issued in November.*

**Cash and Investment Portfolio**

The City's cash and investment portfolio at September 30, 2012 was \$679.2M, with an average yield on investment for the 3<sup>rd</sup> quarter of 1.58%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (**Appendix 1**).

The Bank of Canada met on September 5, 2012 and maintained the target for the overnight rate at 1.0%. Uncertainty over the global economic outlook is high. The European economy is stagnating with GDP remaining lower than its pre-crisis peak. China is experiencing a slowdown with a softening of GDP growth. The U.S. recovery remains modest but aggregate debt continues to be high. In Canada, bond yields ended September lower partly in response to deteriorating global economic conditions. Canadian economic data continued to support modest growth expectations as the domestic economy expanded by 0.2% in July, slightly better than expected but below the trend growth rate. The economy is expected to pick up and return to full capacity by the end of 2013, slightly later than previously projected.

Reflecting on all these factors, yields across the Canadian yield curve remained low during the quarter as investor's exercised "flight to safety". It is projected that interest rate is going to remain at the low level in 2012 and is not likely to increase until 2013.

The City in accordance with its Investment Policy (3702) is required to carry a diversified investment mix with strong credit quality and at the same time meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

**Key Indicators (Appendix 2)**

This appendix provides information with regard to various financial and market indicators for the year 2012 as compared to 2011.

**Contract Awards (Appendix 3)**

This report provides Committee members information with regard to the formal contracts awarded by the City during the 3<sup>rd</sup> quarter.

**Financial Impact**

None

**Conclusion**

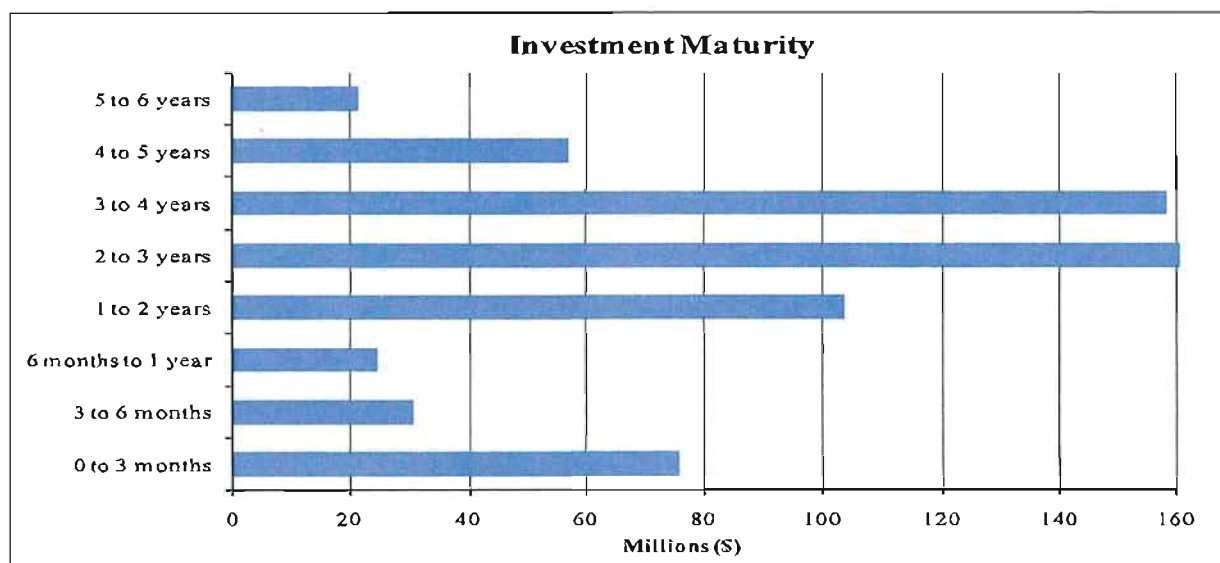
The City of Richmond is continuing on the favourable start it had to the fiscal 2012 year. The City continues with positive increases in Gaming revenue and DCC's. There is also a favourable increasing trend of number of permits issued in 2012. Overall the City is projected to continue to experience modest growth.




Nashater Sanghera  
Manager, Budgets & Accounting  
(604) 247-4628


**Cash and Investment Portfolio – September 30, 2012 (In'000s)**

<b>Issuer</b>	<b>Amount</b>	<b>% of Portfolio</b>
<b>Federal Government and Federal Crown Corporations</b>		
Canadian Mortgage and Housing Corporation	\$ 336,358	49.52%
<b>Total</b>	<b>\$ 336,358</b>	<b>49.52%</b>
<b>Provincial Governments and Provincial Crown Corporations</b>		
Province of Ontario	\$ 102,115	15.03%
Alberta Treasury Board	\$ 24,441	3.60%
Financement Quebec	\$ 21,345	3.14%
Province of BC	\$ 15,743	2.32%
<b>Total</b>	<b>\$ 163,644</b>	<b>24.09%</b>
<b>Schedule I Banks</b>		
TD Financial	\$ 18,495	2.72%
Royal Bank of Canada	15,419	2.27%
CIBC	8,992	1.32%
Scotia Bank	7,732	1.14%
<b>Total</b>	<b>\$ 50,638</b>	<b>7.45%</b>
<b>Credit Unions</b>		
Vancity Savings Credit Union	\$ 29,992	4.42%
Gulf & Fraser Financial Group	28,619	4.21%
Coast Capital Savings	16,078	2.37%
<b>Total</b>	<b>\$ 74,689</b>	<b>11.00%</b>
<b>Pooled Investments</b>		
Municipal Finance Authority	\$ 21,620	3.18%
<b>Total</b>	<b>\$ 21,620</b>	<b>3.18%</b>
<b>Total Investments</b>	<b>\$ 646,949</b>	
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 32,319</b>	<b>4.76%</b>
<b>Total Reported Investments and Cash &amp; Cash Equivalents</b>	<b>\$ 679,268</b>	



## Key Indicators

 <b>City of Richmond</b> <b>Key Indicators - Sept 30, 2012</b>						
All \$ In 000s	Q3 2012 Jul-Sept 2012	Q3 2011 Jul-Sept 2011	% Change	Year to Date Jan-Sept 2012	Year to Date Jan-Sept 2011	Year to date % change
<b>Housing Starts</b>						
Number of Housing Starts (number of units)	205	451	(54.5%)	1,218	1,032	18.0%
Number of Demolitions	125	222	(43.7%)	421	531	(20.7%)
Net Housing Units Added	80	229	(65.1%)	797	501	59.1%
<b>Building Permits</b>						
Number of Building Permits Issued	353	402	(12.2%)	895	1,098	(9.4%)
Permit Revenues Collected	\$1,347	\$2,326	(42.1%)	\$4,709	\$5,111	(7.9%)
Value of Building Construction for Permits Issued	\$87,882	\$137,030	(35.9%)	\$345,843	\$320,829	7.8%
<b>Development Applications</b>						
Development Applications Received	54	64	(15.6%)	170	149	14.1%
Development Applications Revenue	\$192	\$216	(11.3%)	\$675	\$618	9.2%
<b>Business Licenses</b>						
Number of New Business Licenses Issued	387	446	(17.7%)	1,036	1,484	(30.2%)
Number of Employees Reported - New Licenses	1,131	1,459	(22.5%)	3,958	4,335	(8.7%)
Total Valid Licenses Renewed/(Discontinued)	153	507	(69.8%)	13,805	13,107	5.3%
Revenue Received for Current Year Licenses	\$552	\$581	(5.0%)	\$2,900	\$2,766	4.9%
Revenue Received for Next Year (Deferred)	\$286	\$272	5.2%	\$512	\$446	14.8%
Total License Revenue	\$838	\$853	(1.8%)	\$3,412	\$3,212	6.2%
<i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>						
<b>Other Revenues</b>						
Parking Program Revenue	\$454	\$402	12.9%	\$1,226	\$1,073	14.2%
Gaming Revenue	\$3,675	\$3,412	7.7%	\$11,980	\$9,745	22.9%
Traffic Fine Revenue to date	\$380	\$544	(28.3%)	\$1,169	\$1,633	(28.4%)
<b>Development Cost Charges Income</b>						
Roads, Water, Sewer DCC's Received	\$955	\$1,329	(28.1%)	\$6,951	\$4,413	57.5%
Parks DCC's Received	\$1,090	\$615	77.3%	\$9,719	\$3,825	154.1%
Total DCC Fees Received	\$2,046	\$1,944	5.2%	\$16,669	\$8,238	102.3%
<b>Uncommitted Reserves</b>						
DCC Reserves to date	\$36,077	\$24,279	48.6%	\$36,077	\$24,279	48.6%
Capital Funding Reserves to date	\$76,282	\$54,659	39.6%	\$76,282	\$54,659	39.6%
Affordable Housing Reserves to date	\$2,158	\$1,869	15.4%	\$2,158	\$1,869	15.4%
Other Reserves to date	\$103,943	\$78,954	31.6%	\$103,943	\$78,954	31.6%
Total Uncommitted Reserves to date	\$218,459	\$159,761	36.7%	\$218,459	\$159,761	36.7%
<b>Taxes to date</b>						
Taxes Collected	\$169,313	\$172,672	(1.9%)	\$330,790	\$320,697	3.1%
City Portion of Taxes Collected	\$82,963	\$84,610	(1.9%)	\$162,087	\$157,142	3.1%
Unpaid Taxes - Delinquent & Arrears	\$1,723	\$1,896	1.6%	\$1,723	\$1,896	1.6%
No. of Participants on PAWS (Pre authorized withdrawal)	6,019	5,853	2.8%	6,019	5,853	2.8%
PAWS	\$4,373	\$3,892	12.4%	\$14,626	\$12,588	16.2%
Interest Rate Paid to PAWS	1.00%	1.00%	0.00%	1.00%	1.00%	0.00%
<i>Sources: All data is from City of Richmond records</i>						

 <b>City of Richmond</b> <b>Key Indicators - Sept 30, 2012</b>						
<b>Employees</b>						
Number of City Employees (City and Library)	1,899	1,890	0.5%	1,899	1,890	0.5%
<b>Fire Rescue Responses</b>	2,534	2,381	6.4%	7,080	6,863	3.2%
<b>RCMP - Calls for Service Handled</b>	18,268	18,291	(0.1%)	53,432	55,027	(2.9%)
<b>Affordable Housing</b>						
Affordable Rental Units	29	7	314.3%	161	15	973.3%
Secondary Suite/Coach House Units	6	6	0.0%	18	17	5.9%
Market Rental Units	-	-	0.0%		1	0.0%
Unspent Funds Allocated to Capital Projects to date	\$10,430	\$9,189	13.5%	\$10,430	\$9,189	13.5%
<b>Investments</b>						
Total Investments	\$632,886	\$568,384	11.3%	\$632,886	\$588,384	7.6%
<b>Interest Earned on Investments</b>						
Average City Rate of Return on Investments	1.58%	2.24%	(0.66%)	1.58%	2.64%	(1.06%)
<i>Sources: All data is from City of Richmond records</i>						
<b>Market Indicators</b>						
<b>Median Residential Selling Prices - Richmond</b>						
Single Family Detached	\$938	\$1,020	(8.1%)	\$975	\$995	(2.0%)
Townhouse	\$532	\$559	(4.9%)	\$529	\$546	(3.2%)
Apartment	\$328	\$349	(6.0%)	\$339	\$353	(3.8%)
Number of Sales (all housing types)	568	882	(35.6%)	2,239	2,667	(16.0%)
<i>Source: Real Estate Board of Greater Vancouver</i>						
<b>Unemployment Rate-Greater Vancouver</b>	7.1%	7.4%	(0.3%)	7.1%	7.4%	(0.3%)
<i>Regional Unemployment Rate (3 month moving average)</i>						
<i>Source: Statistics Canada &amp; BC Stats (Data not available for Richmond)</i>						
<b>Economic Development</b>						
Total sq. ft space Office YTD	4,358,727	4,241,927	2.8%	4,358,727	4,241,927	2.8%
Total sq. ft vacant space available Office YTD	877,069	856,041	2.5%	877,069	856,041	2.5%
Vacancy rate - Office (in %) YTD	20.12%	20.18%	(0.3%)	20.12%	20.18%	(0.3%)
Total sq. ft space Industrial YTD	36,306,863	36,306,863	0.0%	36,306,863	36,306,863	0.0%
Total sq. ft vacant space available Industrial YTD	988,041	1,540,869	(35.9%)	988,041	1,540,869	(35.9%)
Vacancy rate - Industrial (in %) YTD	2.72%	4.24%	(35.8%)	2.72%	4.24%	(35.8%)
<i>Source: Cushman &amp; Wakefield Ltd. - Market Report</i>						
<b>Richmond Population Estimate Year End**</b>	<b>2012</b>	<b>201,471</b>				
<b>**Note: BC Stats Population figures</b>	<b>2011</b>	<b>199,141</b>				

**Contract Awards > \$ 25,000**  
**July 1, 2012 – September 30, 2012**

	<i>Contract Name</i>	<i>Award</i>	<i>Amount</i>	<i>Description</i>	<i>Department</i>
1	4276 Q - Supply and Delivery of six (10) cut-away vans	First Truck Centre Vancouver	\$476,924.00	(10) Cut-Away Vans Purpose: Replacement of units to support various departments.	PW - Fleet
2	4279 Q - Supply and Delivery of 5 Half Ton Extended Cab Pick up Trucks	Dueck Richmond GM	\$113,961.00	Supply and Delivery of (5) Half Ton Extended Cab Pick up Trucks	PW - Fleet
3	4280 Q - Supply and Delivery of one (1) 4,400 lb Stand up Model Narrow Isle Reach Truck	Arpac Storage Systems Corp	\$62,826.00	(1) 4,400 lb. Stand up model narrow isle reach truck Purpose: Replacement of forklift for Stores Operations - Unit 1467	PW - Fleet
4	4445 F - Software assurance, SQL server standard core 2-license packs, Windows server licenses	SoftChoice Corporation	\$66,768.14	Microsoft annual maintenance fees on server software	Information Technology
5	4738 J - PW2012 M.01 Install 6" water meter in underground chamber at 7380 Minoru Blvd.	Ashton Service Group	\$46,758.93	Install 6" water meter in underground chamber at 7380 Minoru Blvd.	PW - Engineering
6	4740 J - PW2012 N.01 Install 6" water meter in underground chamber on south end of 3031 Williams Road (Phase 2/3) as part of multi-family water meter program	Ashton Service Group	\$33,626.71	6" water meter in underground chamber on south end of 3031 Williams Road (Phase 2/3) as part of multi-family water meter program	PW - Engineering
7	4450 F - Supply, install new SMG VOIP phone system at City Hall Annex	Telus Communications	\$34,044.00	City Hall Annex Renovations	Information Technology
8	4451 F - Supply Extreme Networks equipment	Scalar Decisions	\$37,227.96	City Hall Annex Renovations	Information Technology
9	4452 F - Supply and install projection systems for 3 rooms in City Hall Annex	Genesis Integration Inc	\$27,764.05	City Hall Annex Renovations	Information Technology
10	4453 F - Supply & install fibre & CAT6 cablings systems in	Plan Group	\$107,640.00	City Hall Annex Renovations	Information Technology

**Contract Awards > \$ 25,000**  
**July 1, 2012 – September 30, 2012**

11	4454 F - City Hall Annex: Coordinating professional services	Hughes Condon Marler Architects	\$115,150.00	City Hall Annex Renovations	Project Development & Facilities Services
12	4455 F - 2012 Nissan Leaf SL	Pan Pacific Nissan (Richmond)	\$35,745.00	Purpose: Electric vehicle purchase	PW - Fleet
13	4457 F - Supply and Construct approx 20m of 1,200mm Storm Sewer	Performance Contracting Ltd	\$76,748.00	Location of work: Garden City Road at Odlin Road.	PW - Engineering
14	4459 F - Facility Condition Re-Assessment Services	VFA Canada Corp	\$150,000.00	\$50,000 annual facility assessment program x 3 years.	Project Development & Facilities Services
15	4460 F - Supply and installation of three sanitary service connections (2) at 10,000 block of River Dr., (1) at 2,000 block of McLennan Ave.	Performance Contracting Ltd	\$46,000.00	Sanitary Service Connections	PW - Engineering
16	4553 P - CCTV Equipment for Inspections Division	Vimar Equipment Ltd	\$293,111.17	Sewer Inspection Equipment Purpose: Vehicle and equipment to undertake inspections of sewer lines	PW - Engineering
17	4652 EOI - Web Developer	Annex Consulting Group Ltd	\$57,000.00	Updates to the City's web site	Information Technology
18	4669 Q - Supply and Delivery of SCBA Cylinders for Richmond Fire-Rescue	Levitt-Safety Ltd.	\$65,565.00	SCBA cylinders for Richmond Fire-Rescue	Fire-Rescue
19	4671 Q - Supply and Delivery of two (2) 5000lb Exterior Forklifts	Leavitt Machinery	\$62,480.00	(1) 5000lb Exterior Forklifts Purpose: Replacement of vehicles to support operations.	PW - Fleet
20	4673 Q - Supply and Installation of Intersection Roadworks- Garden City Road and Granville Avenue	Performance Contracting Ltd	\$68,726.00	Roadworks – Garden City Road and Granville Ave.	PW - Engineering



**Contract Awards > \$ 25,000**  
**July 1, 2012 – September 30, 2012**

21	4674 Q - Supply and Delivery of Pump Tubes (for the Williams & No.1 Rd Pump Stations)	George Third & Son	\$82,695.00	Pump tubes for Williams & No. Rd. Pump Stations	Engineering
22	4676 Q - Supply and Delivery of one (1) Full Size High Roof One Ton Single Rear Wheel Drive Cargo Van	Mercedes-Benz Canada Inc.	\$69,582.00	(1) Ton single rear wheel drive cargo van Purpose: Replacement of vehicles to support operations.	PW-Fleet
23	4677 Q - Supply and Delivery of one (1) Full Size Super High Roof Extended One Ton Dual Rear Wheel Cargo Van	Mercedes-Benz Canada Inc.	\$63,261.00	(1) Full Size Super High Roof Extended One Ton Dual Rear Wheel Cargo Van Purpose: Replacement of vehicles to support operations.	PW-Fleet
24	4690 Q - Supply & Delivery of One (1) Diesel Tractor With Bucket	Rolins Machinery Ltd	\$75,895.00	(1) Diesel Tractor with bucket Replacement of equipment to support operations.	PW-Fleet
25	4692 Q - Supply and Delivery Extreme Networks Hardware	Island Key Computers	\$90,948.48	Upgraded network components required for replacement high-speed virtualisation servers	Information Technology
26	4693 Q - Supply, upgrade, testing and installation of Altiris Client Management System to version 7.1	Lanworks	\$28,950.00	Altiris Client Management System to version 7.1	Information Technology
27	4709 Q - Supply and Delivery Enterprise Plus Software Licenses	Compugen	\$29,727.36	Upgraded software licenses required for replacement high-speed virtualisation servers	Information Technology
28	4725 J - City Hall Annex Exterior wall insulation and interior wall furring as proposed	Ashton Service Group	\$141,101.03	City Hall Annex Contractor	PW - Engineering
29	4727 J - City Hall annex major mechanical equipment as per pricing package #3	Ashton Service Group	\$310,661.59	City Hall Annex major mechanical equip. As per pricing package #3	PW - Engineering

**Contract Awards > \$ 25,000**  
**July 1, 2012 – September 30, 2012**

30	4734 J - C41914A.02 City Hall Annex Renovation - Lighting Fixtures	Ashton Service Group	\$98,682.36	City Hall Annex Renovation - Lighting Fixtures	Project Development & Facility Maintenance
31	4742 J - IR2012 K.04 Supply of material and preparation for installation of electrical system at City Hall Annex	Ashton Service Group	\$244,000.00	material and preparation for installation of electrical system at City Hall Annex	Project Development & Facility Maintenance
32	4743 J - C41914A.01 Supply of materials and preparation for installation of walls, floors and ceilings at City Hall Annex	Ashton Service Group	\$200,000.00	materials and preparation for installation of walls, floors and ceilings at City Hall Annex	Project Development & Facility Maintenance
33	4446 F-Annual license renewal VFA Software program facilities	VFA	\$32,313.00 UDS	Annual licence and support renewal	Project Development & Facility Maintenance
34	4447 F-Consulting services Railway Corridor Greenway Concept Plan	Hapa Landscape Architecture Collaborative	\$58,000.00	Consulting services Railway corridor Greenway Concept Plan	Parks and Recreation
35	4741 J - IR2012K.03 Supply of material and preparation for cold and hot water system and fixtures at City Hall Annex	Ashton Service Group	\$150,000.00	material and preparation for cold and hot water system and fixtures at City Hall Annex	Project Development & Facility Maintenance



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Jerry Chong,  
Director Finance, Finance and Corporate  
Services  
**Re:** 2013 Operating Budget


**Date:** October 18, 2012




**File:**

### Staff Recommendations

That:

1. The 2013 Operating Budget as presented in the attached report from Director of Finance be approved.
2. Ongoing additional levels for a total of \$400,000 be approved.
3. The 5 Year Financial Plan (2013-2017) be prepared for presentation to Council incorporating the 2013 Operating Budget

  
Jerry Chong, CA  
Director, Finance

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER  FOR A. NAZARETH	
REVIEWED BY SMT SUBCOMMITTEE	INITIALS: 
REVIEWED BY CAO  yes	INITIALS: 

## Origin

Subsection 165(1) of the Community Charter requires the City to adopt a Five Year Financial Plan (5YFP) Bylaw on or before May 15<sup>th</sup> of each year. The 2013 Operating Budget as presented in this report 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 2013 Operating Budget ("Budget") has been prepared using 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."*

2013 marks the 10th anniversary of Council's adoption of the Long Term Financial Management Strategy. The LTFMS has provided taxpayers with the financial security of being able to expect consistent modest year-to-year tax increases that closely reflect regional increases in the Consumer Price Index (CPI). The rigour that has been applied in limiting tax increases has ensured that Richmond property taxes remain among the lowest in the region.

During the last 10 years, the City has made significant strides in improving its financial health. The City's financial reserves were shrinking in 2002 and were insufficient to meet our future needs for infrastructure replacement. However, the City's reserve balances have increased as there have been additional transfers to reserves post LTFMS implementation. During the same period, the financial strength provided by these initiatives allowed the City to significantly expand its infrastructure base.

Council's policies and LTFMS have allowed the City to weather several years of global economic instability, including fluctuations in the City's development-related revenues, with minimal service level impacts to the community. In summary, Council's LTFMS has ensured that Richmond residents receive an enviable level of service and public amenities that also provide sound value for their cost.

## Analysis

Staff was directed to bring forward a same level of service budget that met Council's policy, i.e. that any tax increase would not exceed Vancouver's CPI rate. In addition, 1% transfer to reserves was included that will be used towards infrastructure replacement.

## Budget Challenges

There are a number of challenges in meeting the objectives outlined in the LTFMS for tax increases. The costs of providing programs while maintaining the same level of service has increased as the City and community grow. Municipal expenditures have increased at a rate that exceeds the Consumer Price Index (CPI) due to a number of non-discretionary items such as policing contracts, asphalt capping, and materials. A significant portion of City revenue will not increase at the same rate as expenditures. The combination of these factors results in a challenging budget process, and staff looked for efficiencies and innovative ways to deliver services. Attachment 1 highlights the current environmental scan that impacts the City, its operations and the budget.

To address some of these challenges, the CAO with Council approval undertook a corporate reorganization that created additional savings and efficiencies, and that would allow the City to focus on compliance with policies and greater efficiencies. In addition, the City undergoes a continuous review of its programs and services in order to identify further efficiencies, service improvement and cost reductions. These resulting changes will include streamlining business processes, use of alternative service delivery and the increased use of technology.

### Background

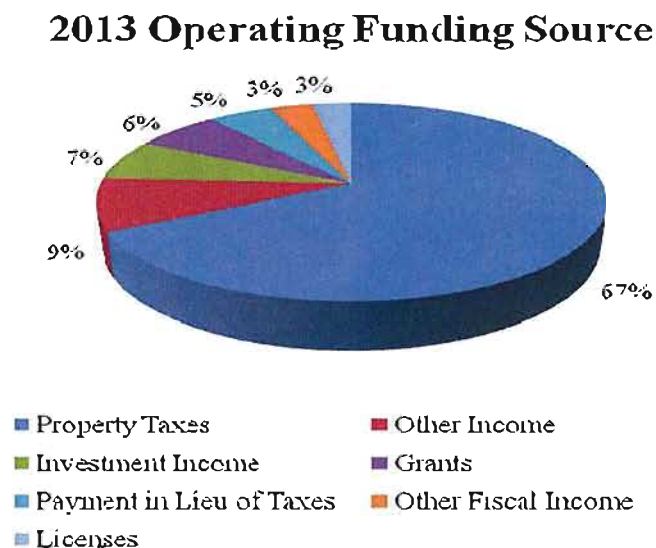
The City was not immune to the recession that occurred over the last few years and as a result revenues were negatively impacted. Revenues have subsequently recovered to pre-recession levels. However in 2009 Council was required to make difficult decisions to balance the budget. These decisions included reductions in exempt and unionized staff, which resulted in reductions of service levels for City services such as street sweeping, building permit inspections, tax clerks, parks and boulevard plantings and business liaison. In addition, it was decided to delay filling some of the vacant positions as part of the budget reduction strategies. As a result of these prudent decisions, Council delivered an Operating Budget including additional levels of service and infrastructure replacement funding with a tax increase of 3.45% in 2010, 2.94% in 2011 and 2.98% in 2012.

### 2013 City Funding Sources

As indicated in Chart 1, property tax, which represents the largest share of the revenue, amounts to 67% or \$175.3 million of the City's operating budget. Payment in lieu of taxes, gaming revenue, investment income, licenses and user fees account for the remaining 33%.

There is limited opportunity to increase the other revenues other than the current practice of increasing user fees by CPI. City staff manage these challenges through cost containment, and implementing various efficiency initiatives in order to comply with the direction of the LTFMS and the Budget Policy.

**Chart 1 – 2013 Operating Funding Source**



## 2013 Budget process

Council's policy 3016 requires that a same service level budget be prepared, including only non-discretionary increases that can be clearly identified and support efficiency. Therefore the 2012 service levels form the basis of the 2013 base budget. In addition City Staff reviewed operations for efficiencies, and made reductions where possible to achieve Council policy.

Chart 2 illustrates the 2013 budget process:

### Chart 2 – 2013 Budget Process



## 2013 Budget Assumptions

Pursuant to Council's Budget Preparation policy, only the verifiable non-discretionary rate increases or pre-committed non-discretionary cost increases that support efficiency are included in the 2013 budget. The following preliminary assumptions have been used and are based upon the information available at the time:

**Table 1: 2013 Budget Assumptions**

Key Financial Drivers / Indicators	Preliminary 2013 Budget Assumptions
Consumer Price Index(CPI) annual average forecast 2013 <sup>1</sup>	2.00%
Municipal Price Index (MPI) <sup>2</sup>	3.00%
Electricity <sup>3</sup>	3.00%
Natural Gas <sup>4</sup>	3.00%
RCMP Contract Increase <sup>5</sup>	4.00%
Increase in User fees <sup>6</sup>	2.00%
Return on Investment <sup>7</sup>	2.00%
Growth (Tax Base) <sup>8</sup>	1.30%

Source: <sup>1</sup>TD Quarterly Economic Forecast Sep 18, 2012; <sup>2</sup>City of Richmond; <sup>3</sup>BC Hydro estimate; <sup>4</sup>Fortis BC Estimate; <sup>5</sup>Federal Government; <sup>6</sup>Council Approved; <sup>7</sup>Treasury Department Estimate; <sup>8</sup>BC Assessment Authority

### 2013 proposed Budget

For the 2013 budget year, staff recommend a tax increase of 1.39% for the same level of service, plus a 1% transfer to reserves for future corporate facilities and community infrastructure demands in order to meet Council's LTFMS policy. In addition, 0.36% has been included for the operating budget impact (OBI) of the Council approved 2013 capital projects. A further 0.23% is recommended for additional levels of service (i.e. Child Care Coordinator and transfer for fire equipment reserve). The total increase tax increase is therefore the same as in 2011 at 2.98%.

### Trend of tax increases

Table 2 represents the total City's operating budget and the tax increase from 2010 to 2013.

**Table 2: City's Operating Budget 2010-2013**

Millions (\$)	2010*	2011	2012	2013 <sup>1</sup>
<b>City Operating Budget(\$)</b>	<b>243.7</b>	<b>304.0</b>	<b>308.9</b>	<b>315.5</b>
Base level increase <sup>1</sup> (%)	3.34	2.62	1.70	1.39
Transfer to reserves <sup>1</sup> (%)	0.00	0.00	1.00	1.00
OBI <sup>2</sup> (%)	0.11	0.32	0.16	0.36
Additional level (%)	0.00	0.00	0.12	0.23
<b>Total Tax Increase (%)</b>	<b>3.45</b>	<b>2.94</b>	<b>2.98</b>	<b>2.98</b>

<sup>1</sup> Subject to Council approval

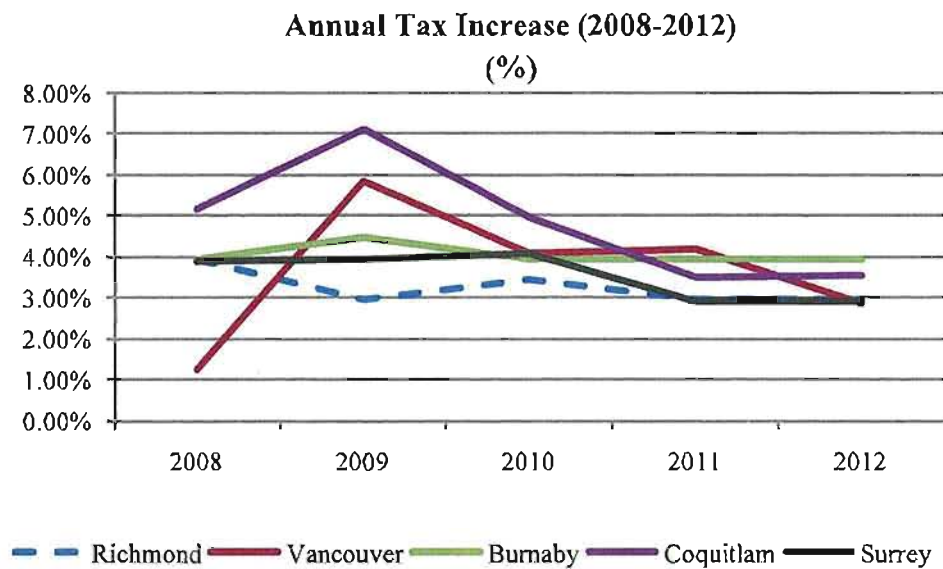
<sup>2</sup> Includes the operating budget impact (OBI) as a result of the capital projects

\*Does not include amortization expense(non-cash)

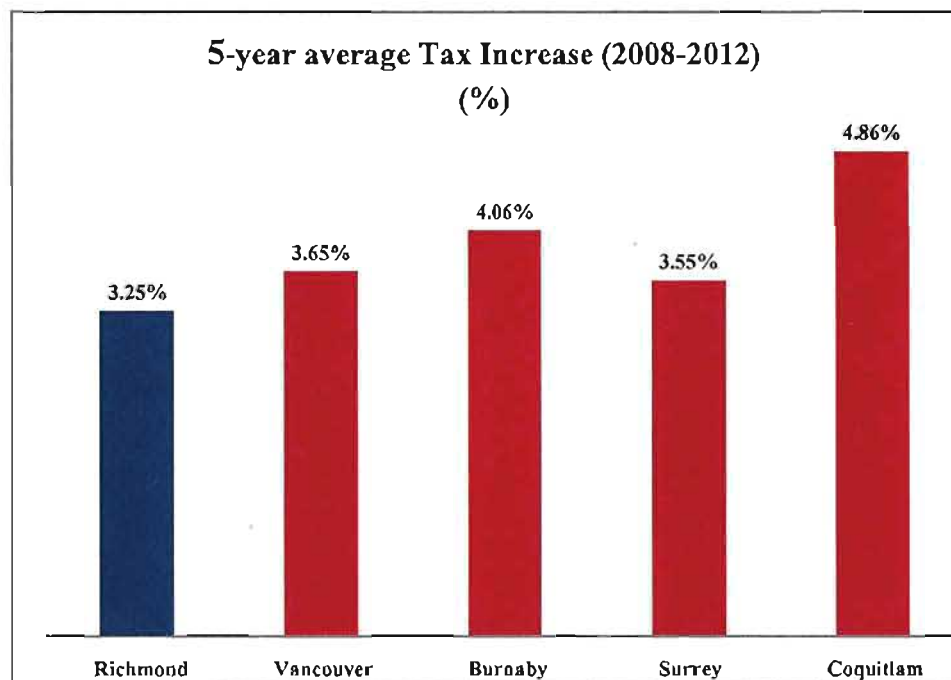
These tax increases were amongst the lowest in the Lower Mainland. As seen in Chart 3, the tax increases in the last 5 years has been generally on average lower than the comparative cities.



**Chart 3 – Annual Metro Vancouver Tax Increase (2008 – 2012)**



**Chart 4 – 5-year Average Metro Vancouver Tax Increase (2008-2012)**

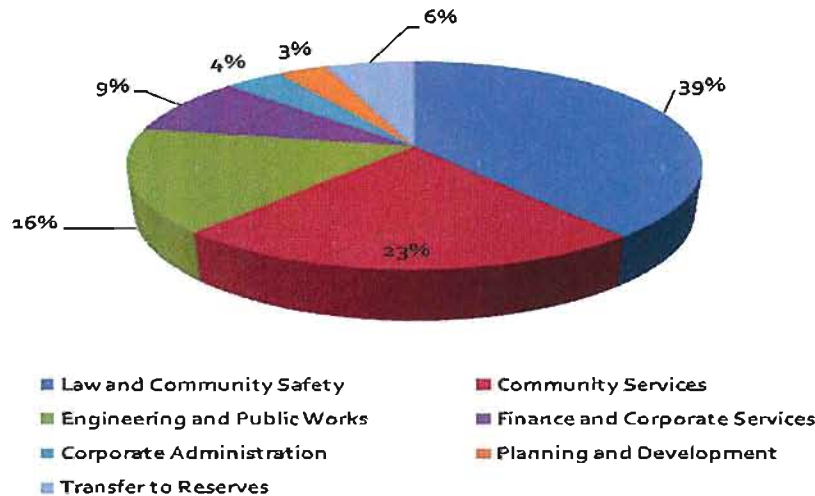




### 2013 Operating Budget by Department

The following Chart 5 and Table 3 present the 2013 departmental breakdown of the net increase of \$3.9 million and the comparative budget respectively:

**Chart 5 – 2013 Proposed Operating Budget by Department (Excluding Fiscal)**



Council's policy 3016 requires that the City's 2013 budget prepared for Council review is for the same service levels as in 2012, and include only non-discretionary increases that can be clearly justified. In addition City staff reviewed operations for efficiencies, and made reductions where possible to achieve Council policy. As can be seen from the table below, staff's oversight and review has resulted in a modest increase of 1.39%, which is well below Vancouver's CPI that Council policy requires.

**Table 3 – 2013 Comparative Budget by Department**

Department	2012 Adjusted Net Budget (In 000s)	2013 Proposed Bylaw Budget (In 000s)	Change \$ (In 000s)	Change %	Tax Impact
Law and Community Safety	70,683	72,945	2,262	3.20%	1.34%
Community Services	41,732	42,302	570	1.37%	0.34%
Engineering and Public Works	29,345	29,960	615	2.10%	0.37%
Finance and Corporate Services	16,510	16,631	121	0.74%	0.07%
Corporate Administration	7,154	7,233	79	1.11%	0.05%
Planning and Development	6,016	6,049	33	0.55%	0.02%
Fiscal	(181,098)	(180,850)	248	0.14%	0.15%
Transfer to Reserves	9,658	9,658	-	0.00%	0.00%
<b>Proposed Budget Net Increase</b>	<b>0</b>	<b>3,928</b>	<b>3,928</b>		<b>2.34%</b>
<b>Estimated Growth</b>			<b>(1,600)</b>		<b>(0.95%)</b>
<b>Same Level of Service</b>			<b>2,328</b>		<b>1.39%</b>

### 2013 Non-Discretionary Cost Drivers

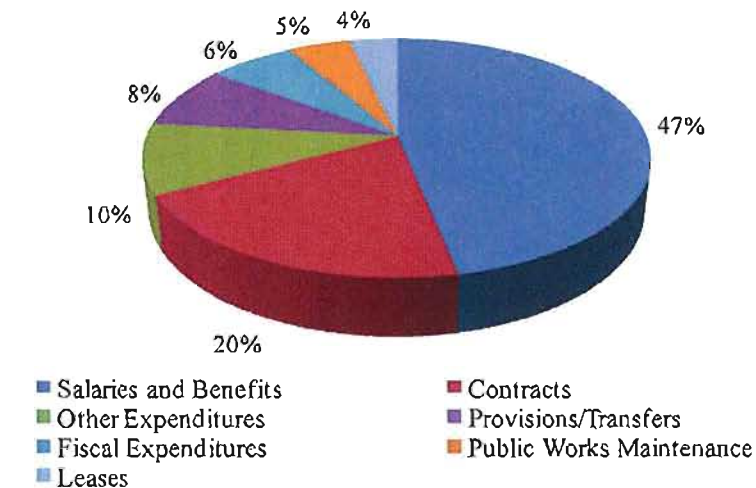
The base budget has been prepared using existing programs and service levels in order to maintain the current standard services provided to the community. This budget contains the projected cost increases to labour, contracts, fuel, energy costs and is offset by expected increased revenues from growth and various user fees. In addition to the costs for providing the same level of service, the 2013 Operating Budget contains the operating budget impact (OBI) as a result of capital construction, and an additional 1% increase for transfer to reserves for future facilities and community infrastructure demands. The significant non-discretionary drivers that impact the City are:

**Table 4: Main Cost Drivers:**

Main Cost Drivers	\$000's	% Tax Impact
Salary Increase Estimate	2,020	1.20%
Policing Contracts	1,433	0.85%
Vehicle related – Fuel /Insurance	237	0.14%
Asphalt Capping	169	0.10%
ECOMM (Police and Fire)	112	0.07%
Electricity / Natural Gas	40	0.02%
Increase in Business License revenues	(60)	(0.03%)
Increase in Building Permit revenue	(63)	(0.04%)
Other (Other revenues increase and expense increase/decrease)	40	0.02%
<b>Total Before Growth, 2013 OBI, Additional Transfer to Reserve and Additional Levels</b>	<b>3,928</b>	<b>2.34%</b>

**Chart 6 - 2013 Operating Budget By Type**

### 2013 Operating Budget Expenditures



Source: City of Richmond

**Salaries**

As illustrated in Chart 6, 47% of the increased expenditures is related to salaries. Salary increases for all employee groups have been estimated based on information currently available. Contract negotiations are ongoing with CUPE 718 and 394. Negotiations are also ongoing for International Association of Fire Fighters (IAFF) 1286 (for 2013 onwards).

**Other non-discretionary cost drivers**

In 2013, other non discretionary cost drivers include increases that pertain to policing and ECOMM contracts. Another major cost driver is the monthly leases and vehicle charges resulting from higher fuel and insurance costs.

The preliminary budget assumptions from BC Hydro and Fortis BC for electricity and natural gas are approximately 3%. However, the actual energy budget in 2013 increase is only at 1% partially due to the increase in energy efficiencies through various energy retrofit projects managed by the Sustainability unit and other departments.

The proposed same level of service tax increase for 2013 is 1.39%, or an additional \$2.33 million is required to balance the budget. Council's LTFMS policy directs that an additional 1% be added for transfer to reserves for future facilities and community infrastructure demands. Additionally, any ongoing costs or operating budget impact (OBI) associated with the Council approved 2013 capital projects of \$609K or 0.36% of tax impact will be included.

Attachment 2 summarizes the gross budget by department and Attachment 3 illustrates the 2013 \$1 tax breakdown by services.

**Additional 1% Transfer to Reserves for Infrastructure Replacement**

In 2003 Council adopted a strategic approach to the City's Finances and a Long Term Financial Management strategy was approved. This astute move resulted in a number of prudent measures to safeguard the City's Finances, which has led to the ability for Richmond to continue to experience modest tax increases, and continued growth at or above comparative cities despite the economic downturn.

One of those key measures adopted in the Long Term Management Strategy was a 1% transfer to reserves for future corporate facilities and community infrastructure. The additional 1% represents savings that will be used for funding future infrastructure and facilities such as pools, community centers, libraries and public safety buildings.

**Table 5 – 2013 Operating Budget Summary with 1% Transfer to reserves for infrastructure replacement**

Item	Amount (In \$000s)	Tax Impact %
<b>2013 Net Increase for Same level of Service</b>	<b>\$ 2,328</b>	<b>1.39%</b>
Additional 1% transfer to reserves for infrastructure replacement	\$ 1,682	1.00%
<b>Same Level of Service after Additional 1% transfer to reserves for infrastructure replacement</b>	<b>\$4,010</b>	<b>2.39%</b>

As a result of stringent budget measures, the total tax increase for the same level of service is 1.39%, which is below the projected 2013 Vancouver CPI. The additional 1% savings for future infrastructure and facilities adjusts the tax increase to 2.39 %.

#### 2013 Operating Budget Impact (OBI) related to 2013 Capital Budget and increase in inventory

The total OBI relating to the proposed 2013 recommended projects as adopted in the 2013 Capital Budget report on November 13<sup>th</sup>, 2012 is \$1.6 million. Of this amount, \$993K is associated with utility projects and has been addressed through the 2013 Utility Budget process. The net impact of \$609K in OBI results in a property tax impact of 0.36%. Table 6 below presents the 2013 OBI by capital program:

**Table 6: 2013 OBI by Capital Program**

Program	Total OBI (In \$000s)	Tax Impact %
Major Building	253.5	0.15%
Roads	176.9	0.11%
Major Parks / Streetscapes	115.4	0.07%
Child Care Program	27.5	0.02%
Drainage	16.7	0.01%
Minor Public Works	5.8	0.00%
Public Art	10	0.00%
Minor Parks	3	0.00%
<b>Total OBI</b>	<b>608.8</b>	<b>0.36%</b>

#### Additional Level Requests

The additional level requests represent a permanent increase to programs or levels of service and is usually funded through increases to the tax rate. Attachment 4 shows the complete list of additional level requests submitted by staff and these items were all considered. For 2013, there are 2 additional level requests recommended by SMT totaling \$400K.

**1. Additional Transfer to the Fire Vehicle Reserve - \$300,000**

These funds will ensure funding for future fire vehicle and equipment replacement. The Fire equipment and Vehicle Reserve requires additional funding to ensure sustainable vehicle and equipment replacement.

**2. Child Care Coordinator - \$100,000**

The primary focus of this position will be to lead and implement City child care initiatives, with emphasis on the planning and development of City-owned child care facilities. At present (July, 2012), five City-owned child care facilities, negotiated through private rezoning, are in the planning or development process and more are pending.

The incumbent will coordinate work required to see these facilities through future rezoning. As well, the coordinator will be responsible for implementing the City's Child Care Development Policy and, as time permits, leading work on developing, augmenting and refining related policies and practices.

Table 7 shows the 2013 Operating Budget and the associated tax impact of the recommended additional level requests. The inclusion of these recommended additional levels would result in an overall tax rate of 3.00%.

**Table 7: Ongoing Additional Level Requests**

<b>Items</b>	<b>Amount (In \$000s)</b>	<b>Tax Impact %</b>
<b>2013 Net Increase after OBI</b>	<b>\$ 4,619</b>	<b>2.75%</b>
Additional Levels: Fire Vehicle Reserve	\$300	0.17%
Additional Levels: Child Care Coordinator	\$100	0.06%
<b>Additional Level Total</b>	<b>\$400</b>	<b>0.23%</b>
<b>2013 Net Increase</b>	<b>\$5,019</b>	<b>2.98%</b>



## Financial Impact

The proposed 2013 Operating Budget results in an increase of \$2.33 million in net expenditures (1.39% tax increase) for the same level of service which translates to less than 1% (i.e. 0.73%) increase on a budget of \$315.5M. Also included is a 1% transfer to reserves for future facilities and community infrastructure demands and OBI of \$609K (0.36% tax increase) from the Council approved 2013 capital projects. Staff also recommend that the additional levels of \$400K (0.23%) be approved. The proposed 2013 Operating Budget results in overall net expenditures increasing by \$5.02 million (2.98%), which is the same tax increase as previous year.

**Table 8: 2013 Summary of Tax Increase**

Items	Amount (In \$000s)	Tax Impact %
2013 Operating Budget same level of service increase	\$ 2,328	1.39%
Additional 1% Transfer to Reserves	\$ 1,682	1.00%
2013 OBI related to 2013 Capital Budget	\$609	0.36%
Additional Level Requests	\$400	0.23%
<b>2013 Net Increase</b>	<b>\$5,019</b>	<b>2.98%</b>

## Conclusion

Staff recommend that Council adopt the 2013 Operating Budget with a net expenditure increase of \$5.02 million or a tax impact of 2.98% and direct staff to prepare the 5 Year Financial Plan (2013-2017) incorporating these recommendations.



Nashater Sanghera, CA  
Manager, Budgets and Accounting  
(604-247-4628)

NS:vl



## Attachments

1. Environmental Scan	Page 13
2. Comparative Budget Summary	Page 20
3. Breakdown of \$1 of Municipal Tax	Page 21
4. Ongoing Additional Level requests	Page 22

# 2013 Operating Budget Environmental Scan

## Environmental Scan

### Trends and Outlooks

A number of major trends were reviewed to create the business plans and budgets, including: a growing population, environmental considerations and an aging and diverse population.

The City's services are not based on cost recovery. Services such as aquatics, arenas, community centers and libraries are priced to encourage participation. This makes budget preparation a challenging exercise and limits opportunities for revenue generation and cost containment. In addition, the City must provide for programs and services such as flood protection, dykes, drainage and the transportation network, where the available service level often exceeds actual day-to-day needs in order to ensure adequate capacity is in place at times of emergency or high demand.

### Financial Overview

Although the City is currently in sound financial position, Richmond faces many of the same challenges other municipalities are encountering. These issues include a growing demand for infrastructure and services, along with increasing costs and community growth.

There are 5 key principles that are considered when preparing the budget:

1. **Sufficiency:** *Ability to obtain the sufficient resources to provide planned service levels*
2. **Flexibility:** *Flexibility measures the City's ability to adapt to environmental changes*

3. **Vitality:** *Ability of the community to sustain the services*
4. **Equity:** *Distribution of the tax burden for funding of services*
5. **Demand:** *The need for services*

### 1. Sufficiency

***Ability to obtain the sufficient resources to provide planned service levels***

**Table 1: Economic indicators**

Description	2008	2009	2010	2011	2012*
Real GDP (%)	0.3	-2.8	3.0	2.8	1.7
Employment (% Change)	2.0	-2.1	1.7	0.8	1.7
Unemployment(%)	4.6	7.7	7.6	7.5	7.0
Housing Starts # (000)	34.3	16.1	26.3	25.9	26.8
3-month T-Bill (%)	2.4	0.4	0.6	0.91	0.92
10-year T-Bill (%)	4.0	3.9	3.7	3.3	2.7

Source: Central 1 Sept, 2012 Issue

\*Forecast 2012

**Table 2: City Statistics**

Description	2008	2009	2010	2011	2012*
Tax per capita (\$)	808	835	860	882	907
User fees per capita (\$)	469	500	537	557	587
Reserves per capita (\$)	1,446	1,414	1,255	1,383	1,400
Tax growth (%)	2.91	2.28	1.22	1.29	1.47
Building permits issued #	1,277	1,290	1,547	1,480	1,332

Source: City of Richmond, Finance Division

\*Estimates as of June 30<sup>th</sup>, 2012

As indicated in Table 1, the change in employment rate and housing starts is gradually increasing which indicates economic recovery.



# 2013 Operating Budget Environmental Scan

Demand for parks, recreational programs and other community services increase annually. Therefore, it is important to meet the demand for current service levels.

## 2. Flexibility

*Flexibility measures the City's ability to adapt to environmental changes*

The City must balance its budget each year. To prevent overburdening the taxpayers, Council has directed user fees increase by the CPI and has encouraged staff to find alternative funding sources for increased levels of service or to reduce the tax rate. (LTFMS)

The City has been successful in adapting to the environment by seeking some new alternative revenues sources. For example, sponsorship revenues were utilized to fund some of the events and services such as the Media Lab at the Richmond Cultural Centre, Maritime Festival and Ships to Shore. In addition, the gaming revenue has been used to fund grant requests from community groups in the last few years. However, the cost of City expenditures has increased at a higher rate than the CPI. In short, non-tax revenue growth is not keeping up with costs and plant/population growth.

Property taxes are the primary revenue source that can be directly affected to balance increases in costs.

Despite these challenges, the prudent steps taken by Council has ensured the current financial position is positive. The City has almost repaid the entire long term debt.

## Vitality

*Ability of the community to sustain the services*

The City is a fast growing community with annual population increases of at least 1.2%.

**Table 3: Statistics**

Description	2008	2009	2010	2011
Population <sup>1</sup>	189,056	193,505	196,858	199,141
# Residential Dwellings <sup>2</sup>	58,717	60,260	61,538	62,460
# Businesses <sup>2</sup>	13,009	13,273	12,832	12,988
# Farms <sup>2</sup>	716	710	717	706
# YVR Passengers (million) <sup>3</sup>	17.9	16.2	16.8	17.0
Hotel Room Revenue (\$m) <sup>4</sup>	131.5	111.9	136.3	145.9

Source: <sup>1</sup>BC Stats, Ministry of Labour and Citizens' Services; <sup>2</sup>BC Assessment; <sup>3</sup>YVR Annual Report; <sup>4</sup>Statistics BC

It is expected that by 2041 the City would reach 280,000 residents. In 2011 the City had 13,000 businesses and more than 62,000 residential units.

In light of the growing and changing community, Council Term Goals and priorities are reviewed on a regular basis throughout the year to ensure that the City is capable of sustaining the services and solving the community and regional trends and issues.

## 4. Equity

*Distribution of the tax burden for funding of services*

Staff is aware of the tax burden that is faced by the average Canadian household. Based on the Fraser Institute in their "2011 Canadian Consumer Tax Index", the average household spends 41% of their average income on taxes.

# 2013 Operating Budget Environmental Scan

It should be noted that only about five per cent of this figure is the result of property taxes. Of this, more than half (51%) of the property taxes collected are on behalf of other agencies, including school taxes and Translink taxes.

Chart 1

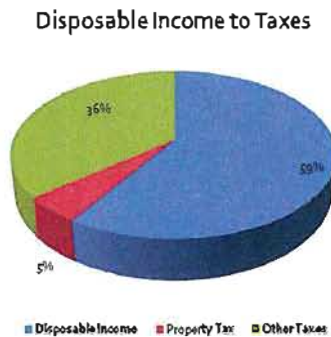
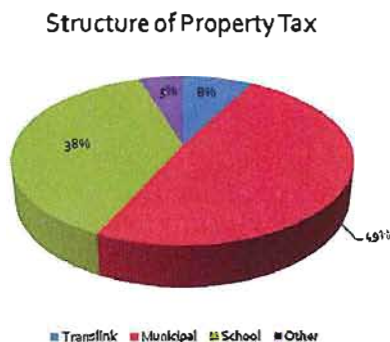


Chart 2

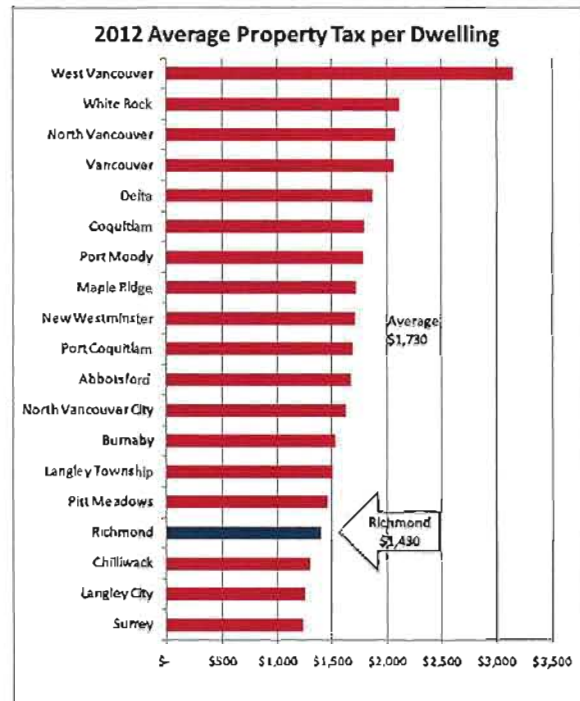


Source: Fraser Institute in "2011 Canadian Consumer Tax Index"

As illustrated in Chart 3, the average residential tax bill in the Greater Vancouver Area amounted to \$1,730 in 2012 while the tax bill in Richmond amounted to \$1,430.

The City of Richmond provides significant value to taxpayers by offering excellent services while maintaining relatively low taxes.

Chart 3



Source: Info received from municipalities in Greater Vancouver Area

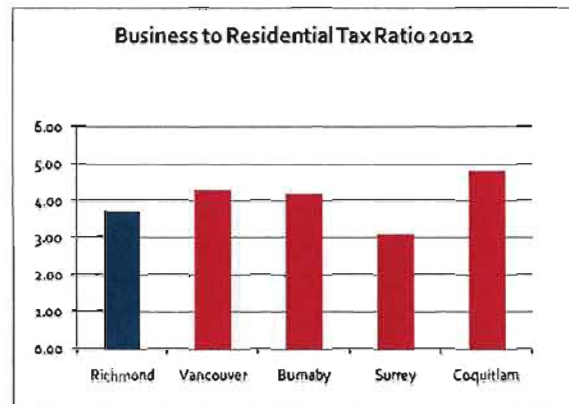
Maintaining the principles of equity in determining the tax rates is another of the major decisions considered by Council in adopting its budget. A fair and balanced property tax rate structure must take into account the very diverse market forces that drive the property assessments of different tax categories, such as residential and business.

In terms of property taxes, finding the right balance to ensure fairness and equity for all taxpayers, including small business has been Council's objective. To this end, Council has directed staff to regularly review and analyze the City's business to residential tax ratio, to ensure that it remains competitive and fair. In addition, Richmond is the only municipality to date to have successfully sought and obtained provincial support for the provision of temporary tax relief for a number of Richmond

# 2013 Operating Budget Environmental Scan

City Centre businesses impacted by large assessment increases.

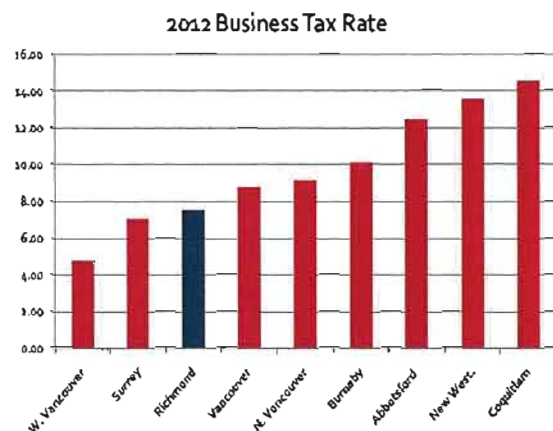
Chart 4



Source: Info received from municipalities in Greater Vancouver Area

Chart 5 shows that Richmond has the 3<sup>rd</sup> lowest business property tax rate in the entire lower mainland.

Chart 5



Council continues to develop policies in support of businesses, such as the creation of two commercial business districts as part of our City Centre Area Plan and ongoing protection of industrial lands. Further, through its Economic Development Office, the City continues to invest in programs that attract new businesses to the community at the same time as we

support existing business growth and expansion.

Council continues to fund improvements to our transportation network, such as the Nelson Road/Highway 91 Interchange, to ensure access for businesses in the strategically important trade sector. Investing with Translink on the Canada Line and other transit improvements has been equally important to Council, in order to facilitate efficient access and connectivity to transportation. Regulation through our Business License Bylaw ensures businesses are treated in an equitable manner. Council continues to contribute significant funding towards community safety, thus providing a secure environment in which businesses can operate.

The better measure of business property tax burden is to compare the tax rate itself or the absolute tax dollars paid over the past 10 years. Under this model, the Richmond municipal portion of the property tax bill (approximately 49% of the total tax levied in any year) has on average increased in synch with inflation and growth.

## 5. Demand

### Current demand and new changing demand

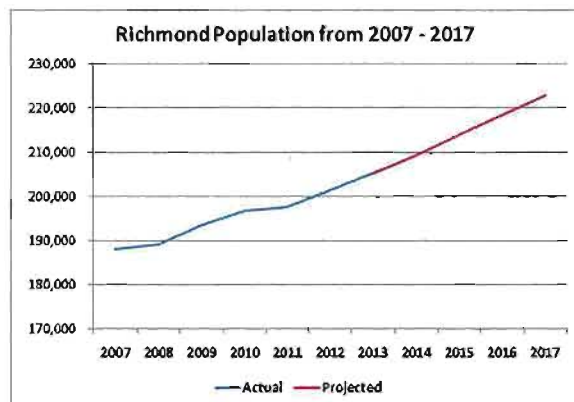
#### Population

Richmond has been growing on an average of 1.2% per year since 2007, following a period of rapid growth over the last 30 years during which the population doubled in size. It is projected that Richmond will grow to 280,000 people by 2041, an increase of 80,000 from 2011. Richmond is expected to expand approximately at the same rate as the rest of BC and will account for approximately 7% of Metro Vancouver's population.

# 2013 Operating Budget Environmental Scan

More population growth is expected to occur in the City Centre (61%) than in the rest of Richmond. The City Centre will double its population by 2041 and increase its share of the City's population from 25% in 2011 to 36% in 2041. The following chart illustrates the population growth from 2007 to 2011 and the projection for the next five years:

Chart 6



Source: City of Richmond Projections via Urban Futures

With a population that is growing at an average of 1.2% per year, including many newcomers to Canada from all over the world, the City faces significant challenges in creating the appropriate service mix to offer its residents.

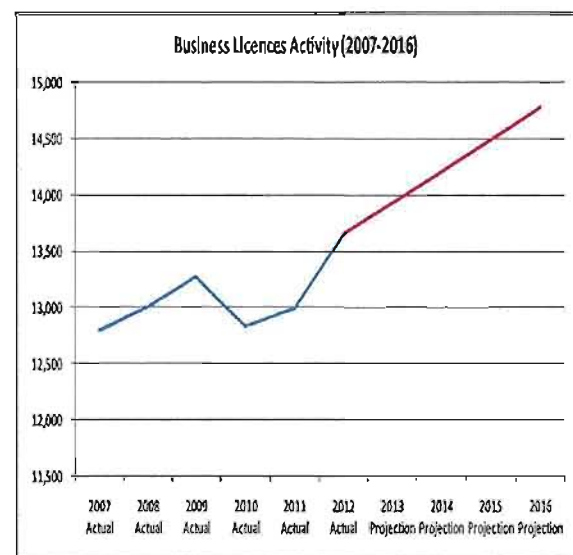
Furthermore, with the fastest growing segment of Richmond's population being between the ages of 55 to 64 and with a majority of residents whose first language is not English, the City needs to continuously review the service levels based on the demographic trends and citizens' input.

## Business Licenses

Business Licensing in Richmond is steadily growing with a noted increase in Home Occupation and Non-Resident Contractor Activity.

The chart below shows business license activity in Richmond for the last six years. The projection reflects bringing current business license activity to a regulatory valid status. The majority (97%) of Richmond businesses are involved in sales and services and more than 100,000 jobs have been created, of which 60% are full time positions.

Chart 7



Source: City of Richmond



# 2013 Operating Budget Environmental Scan

## Demand for City Services

The following tables represent the increasing trend in City population and services:

**Table 4: Demand for City Services**

Demand for City Service	2009	2010	2011	2012	2013 *
Population Growth (per annum)	2.30 %	1.70%	1.10%	1.20%	1.80 %
Capital Construction Costs (\$mil)	\$63.90	\$152.92	\$75.16	\$63.69	\$69.70
Registration in Recreation Programs	113,396	128,622	122,784	128,923	135,000
Fire Rescue Responses	9,240	9,048	9,141	9,164	9,400
Public Works Calls for Services	12,554	13,664	13,332	13,800	14,214

Source: BC Statistics, Departments Data

\*2013 Projection

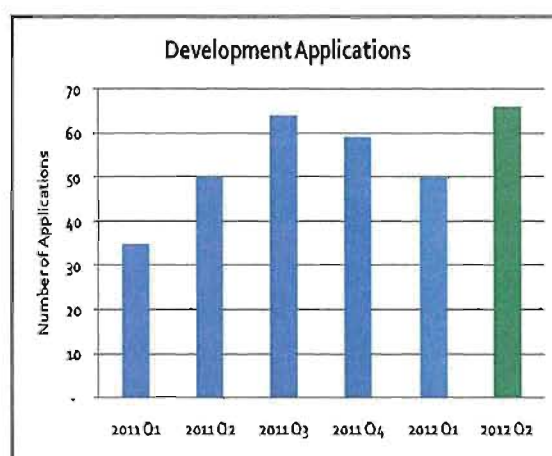
## Housing and Development

Richmond housing prices outpaced the residential average for Metro Vancouver, with detached houses rising sharply above \$1 million in early 2011 and staying near that value throughout the year. Housing starts in 2012 were forecasted at 1,284. Chart 9 below illustrates the number of development applications received in 2011 and the first two quarters of 2012. While the level of recent development activity is not at the historic high

levels experienced in the mid 2000's prior to the economic recession, development activity in the City remains strong. With the forecasted projections of continued economic recovery, the development activity in the City is expected to remain at a consistent level. The City Centre will continue to be a focal point for development activity in 2013-2016.

## Number of Development Applications

**Chart 8**



Source: Planning and Development Department

It should be noted that development activity does not translate into additional tax growth immediately. New tax growth estimates are based on "non-market change" figures provided by BC Assessment. Non-market change is the term BC Assessment 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 determine the value of all new developments under

## 2013 Operating Budget Environmental Scan

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. Based on the above, staff are confident that growth will materialize in future years, therefore minimizing the tax impact.

## Attachment 2

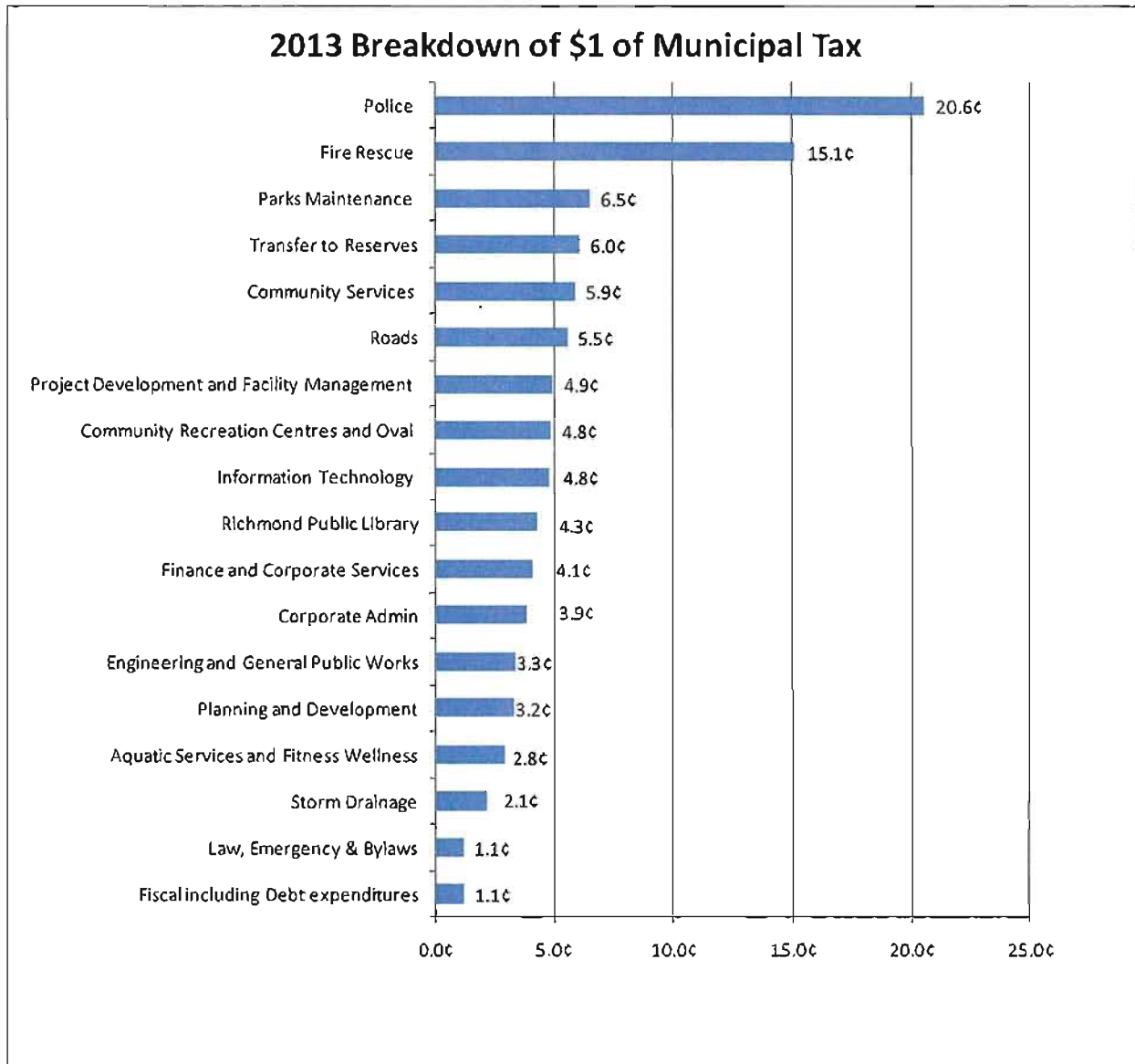
### 2012-2013 Comparative Gross Budget Summary

Department	2012 Adjusted Budget	2013 Proposed Bylaw Budget	Change \$	Change %	Tax Impact %
<b><u>Law and Community Safety</u></b>					
Revenue/Transfers	9,186,900	8,946,200	(240,700)	(2.62%)	(1.14%)
Expenditures	79,869,700	81,891,300	2,021,600	2.53%	1.20%
	(70,682,800)	(72,945,100)	(2,262,300)	3.20%	1.34%
<b><u>Community Services</u></b>					
Revenue/Transfers	11,192,300	11,412,400	220,100	1.97%	0.13%
Expenditures	52,924,076	53,713,700	789,624	1.49%	0.47%
	(41,731,776)	(42,301,300)	(569,524)	1.36%	0.34%
<b><u>Engineering and Public Works</u></b>					
Revenue/Transfers	13,511,400	14,407,300	895,900	6.63%	0.53%
Expenditures	42,856,313	44,367,300	1,510,987	3.53%	0.90%
	(29,344,913)	(29,960,000)	(615,087)	2.10%	0.37%
<b><u>Finance and Corporate Services</u></b>					
Revenue/Transfers	4,767,900	5,039,400	271,500	5.69%	0.16%
Expenditures	21,278,114	21,671,100	392,986	1.85%	0.23%
	(16,510,214)	(16,631,700)	121,486	0.74%	0.07%
<b><u>Corporate Administration</u></b>					
Revenue/Transfers	156,300	156,300	-	0.00%	-
Expenditures	7,310,097	7,389,300	79,203	1.08%	0.05%
	(7,153,797)	(7,233,000)	(79,203)	1.11%	0.05%
<b><u>Planning and Development</u></b>					
Revenue/Transfers	5,335,600	5,398,800	63,200	1.18%	0.04%
Expenditures	11,351,900	11,448,000	96,100	0.85%	0.06%
	(6,016,300)	(6,049,200)	(32,900)	0.55%	0.02%
<b><u>Fiscal</u></b>					
Revenue/Transfers	226,184,200	226,698,900	514,700	0.23%	0.31%
Expenditures	45,086,600	45,849,200	762,600	1.69%	0.45%
	181,097,600	180,849,700	247,900	0.14%	0.15%
<b><u>Transfer to Reserves</u></b>					
Revenue/Transfers	19,866,900	19,866,900	-	0.00%	0.00%
Expenditures	29,524,700	29,524,700	-	0.00%	0.00%
	(9,657,800)	(9,657,800)	-	0.00%	0.00%
<b><u>Total</u></b>					
Revenue/Transfers	290,201,500	291,926,200	1,724,700	0.96%	1.65%
Expenditures	290,201,500	295,854,600	5,653,100	2.28%	3.94%
Net Increase	0	3,928,400	3,928,400		2.34%
<b>Same level of service increase</b>			<b>2,328,400</b>		<b>1.39%</b>

## Attachment 3

### Breakdown of \$1 of Municipal Tax

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Source: City of Richmond



## Attachment 4 2013 Ongoing Additional Level Requests

	Requested by	Description	Ranking	Tax Impact %	Requested Amt	Recommended Amount
1	Law and Community Safety	Additional Amount to Fire Vehicle Reserve	High	0.18%	300,000	300,000
2	Community Services	Child Care Coordinator	High	0.06%	100,000	100,000
3	Community Services	Public Art Planner	Low	0.07%	110,700	-
4	Engineering and Public Works	Project Engineer	Low	0.06%	108,200	-
5	Community Services	Legislation compliance for additional 24/7 staff onsite coverage at Richmond Arenas	Low	0.06%	100,000	-
6	Community Services	Urban Forest Management Plan Update	Low	0.02%	40,000	-
7	Deputy CAO	Licenses and support for the 2012/2013 performance appraisal electronic system	Low	0.01%	21,000	-
<b>Ongoing Expenditure Grand Total</b>					<b>779,900</b>	<b>400,000</b>





# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Jerry Chong  
Director, Finance  
**Re:** 2013 One Time Expenditures

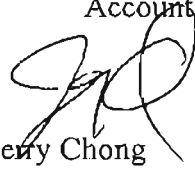
**Date:** November 16, 2012

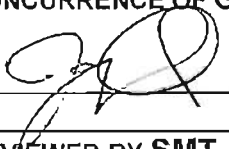


**File:**

### Staff Recommendation

That:

1. The committee establishes a Rate Stabilization Account with a \$3.2M transfer from the salary provision account.
2. The recommended One-time Expenditures in the amount of \$1.75M, as outlined in the attached report, be approved.
3. The One-time Expenditures be included in the City's Five Year Financial Plan (2013-2017) Bylaw.
4. Any future arising operating budget surplus be transferred into the Rate Stabilization Account.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
 FOR A NAZARETH	
REVIEWED BY SMT SUBCOMMITTEE	INITIALS: 
REVIEWED BY CAO	INITIALS: 

## Staff Report

### Origin

The One-time Expenditure requests are typically non-recurring and one of in nature and may be funded from current or prior year's surplus. Any approved One-time Expenditure requests will be added to the 2013 Operating Budget (Budget), which requires approval in order to prepare the Five Year Financial Plan (SYFP). The City must adopt the SYFP Bylaw before May 15<sup>th</sup> of each year in accordance with Subsection 165(1) of The Community Charter.

### Analysis

The One-time Expenditures are non-recurring and one time in nature and are funded from current or prior year's surplus. The past practice was to allocate the prior year's annual surplus to fund One-time Expenditures. However the determination of the City's final surplus does not occur until late spring, therefore funding of requests for the current budget year would not occur until midway in the following year. The delay in funding budget items creates a duplication of time and effort in the budget process, causes delays in addressing important funding requests and does not provide Council opportunity to review budget items collectively under one process. Staff recommend that the process for 2013 be modified by establishing a Rate Stabilization Account (RSA) to fund these requests in the same budget year in order to ensure requests are addressed in a timely manner as part of the current budget process.

For 2013, there are 16 One-time Expenditure requests totalling \$9.1M of which 8 are recommended for total of \$1.75M. The list includes items that were not approved in the 2013 Capital Budget due to funding constraints. The Senior Management Team (SMT) conducted a thorough review of all requests, prioritized and have made recommendations for Council's consideration. Given the current economic reality and Council policy on tax increases, only the high priority requests were considered and brought forward to Council.

If any One-time Expenditure requests are approved by Council, the respective expenditure will be included in the 2013 Operating Budget and/or Capital Budget and 5 Year Financial Plan (2013-2017). There is no tax impact to the approval of any of the proposed One-time Expenditures. Table 1 shows the summary of the One-time Expenditure requests:

**Table 1 – One-time Expenditure requests Summary**

<b>Request / Review By</b>	<b># of Additional Levels Requested</b>	<b>Recommended Amount (In \$000s)</b>	<b>Not Recommended Amount (In \$000s)</b>
<b>SMT /CAO</b>	<b>16</b>	<b>1,745</b>	<b>7,355</b>

### **Establish Rate Stabilization Account**

In light of the increased demand for services from the community, the establishment of a Rate Stabilization Account (RSA) is recommended. The RSA will be funded by transferring \$3.2M from the existing salary provision account. Once the City's annual accounts for 2012 are finalized in spring of 2013, any arising surplus will be automatically transferred back to replenish the RSA. Staff recommend that this procedure, which involves the transfer of surplus be adopted on an annual basis.

The fund can be used in future years to help balance the budget in order to minimize any tax increases or to offset any one time expenditure requests.

### **2013 One-Time Expenditure Requests**

Table 2 and Table 3 provide brief descriptions of all One-time Expenditure requests from departments with recommendations and non-recommendations respectively provided by SMT. Council may change any of the recommendations or may choose to address other one-time funding needs, which are not contained in this section:

<b>Table 2: One-Time Expenditure Requests - RECOMMENDED</b>					
<b>Ref</b>	<b>Requested By</b>	<b>Description</b>	<b>Ranking</b>	<b>Requested Amt (In \$000s)</b>	<b>SMT Recommendation (in \$000s)</b>
1	Community Services	<b>Hugh Boyd Oval Retrofit</b>  Many of the amenities have not been replaced for up to 40 years and are in severe damaged conditions. Hugh Boyd Oval requires all of its timber boards replaced at it is outdoor bleachers and several other support structures in order to make it safe for use.	High	100	100
2	Community Services	<b>Conservation Plans for Heritage buildings</b>  To complete Conservation Plans for all heritage buildings owned by the City. The Richmond Museum & Heritage Strategy, adopted by Council in 2007, identified the need to develop Conservation and Maintenance Plans for all buildings. These plans outline the maintenance and preservation needs of each building and guide the work required according to the National Guidelines for the Conservation of Historic Places in Canada. Buildings included: - London Heritage Farm House - Steveston Museum - Japanese Fishermen's Benevolent Society Building - 10 buildings at Britannia - 5 buildings at Terra Nova - Branscombe House	High	75	75

3	Community Services	<p><b>Major Events Provision Fund</b></p> <p>The City has become well known for a variety of City-produced festivals and events. Without adequate funding there is a lack of ability to engage in long-term planning for Council-approved festivals and events.</p> <p>Council Term Goal 3.8 develop a 'stay-cation' appeal for the City and region envisions a city that is "vibrant and cultural". Upcoming and annual events include: Salmon Row, Tall Ships Recruitment Program, Maritime Festival, Ships to Shore and Hockey Day. In order to support events that are on the horizon and to respond to new Council driven events, the Major Events Provision Fund requires additional funding.</p>	High	400	400
4	Engineering and Public Works	<p><b>Watermania Retrofit</b></p> <p>The City completed a Secondary Structural Review Report assessment of the Watermania facility and have an ongoing condition assessment of this facility through the VFA program. These processes identified upgrades needed in areas that are either at the end of their life expectancy or have developed significant deficiencies for their intended purpose including:</p> <ul style="list-style-type: none"> <li>• Replacement of sound absorbing panels</li> <li>• Fire alarm and annunciator upgrade/replacement</li> <li>• Painting of secondary structural components (beams, columns and ceiling)</li> <li>• Replacement of slide supports</li> </ul> <p>All these components are subject to rapid deterioration in the corrosive pool environment and this work is required to keep Watermania in a safe operating condition. Beyond immediate safety risks, failure in any one of these elements can result in immediate closure of the pool.</p>	High	840	840
<b>High Priority Subtotal Total</b>				<b>1,415</b>	<b>1,415</b>
5	Finance and Corporate Services	<p><b>Museum Collections Management System</b></p> <p>Implementation of a new Museum Collections Management System to consolidate the cultural assets for Richmond Museum, Art Gallery, Steveston Museum, Britannia Heritage Shipyard, London Heritage Farm and the Media Lab. The system provides intake of donations, cataloguing artifacts, loaning artifacts, creating exhibitions, insurance tracking, collection valuation and online presentation for the public (eMuseum).</p>	Medium	100	100

6	Community Services	<p><b>Aging Infrastructure – To replace park infrastructure that has deteriorated over time:</b></p> <p>Parks Operations requires extra funds to replace aging park infrastructure that has deteriorated over time. This includes wooden walkways, fencing, surface drainage systems and playground equipment replacements.</p> <ul style="list-style-type: none"> <li>• There are 80 locations where wood planking is used as a pedestrian treatment. Over the years many of these decks have been patched and re-patched for safety but in time need to be rebuilt.</li> <li>• Surface drainage systems in Parks that were built with ceramic tile decades ago have been failing for several years. As they collapse and tree roots fill them they must be replaced with 6" perforated PVC pipe.</li> <li>• Parks maintains 55 playgrounds and some of the older playgrounds require the removal and replacement of CSA approved playground equipment.</li> </ul>	Medium	100	100
7	Finance and Corporate Services	<p><b>Tempest Municipal Ticketing Module (Including Implementation and Training)</b></p> <p>Tempest Municipal Ticketing allows staff to manage the entire process from ticket issuance through collection and, if required, adjudication and/or prosecution. Tickets for all bylaw related fines are supported including bylaw type infractions, parking offences and false alarms. Tickets can be issued, recorded and paid in real-time quickly and conveniently via Tempest's web-enabled electronic commerce solution.</p>	Medium	75	75
8	Finance and Corporate Services	<p><b>Tempest Dog Licensing Module &amp; eCommerce functionalities (Including Implementation and Training)</b></p> <p>Tempest Dog Licensing module allows staff to track dog licenses, owner information and allows for payment tracking, license generation and year end renewal of licenses. Key benefits allow for customers to renew their own dog licenses online, improved customer service by allowing multiple dogs per account and ability to issue tags directly once payment is made. Also integrates fully with Tempest Land module.</p>	Medium	55	55
<b>Medium Priority Subtotal Total</b>				<b>330</b>	<b>330</b>
<b>Recommended Grand Total</b>				<b>1,745</b>	<b>1,745</b>

**Table 3: One-Time Expenditure Requests (NOT RECOMMENDED)**

Ref	Requested By	Description	Ranking	\$ Requested Amt (in 000s)	SMT recommendation \$
9	Engineering and PW Works	<b>No. 2 Road North Pump Station Upgrade</b>  This project will increase the capacity and effectiveness of the existing No 2 Road North drainage pump station. This requirement was identified by the 2041 OCP Drainage Model. The project also addresses the stations ageing infrastructure replacement requirements as mechanical and electrical equipment are nearing the end of their useful service life.	Low	3,500	0
10	Engineering and PW Works	<b>Undergrounding – Hydro / Telus No. 3 Road</b>  This project is the continuation of the Council approved annual undergrounding / beautification 10 year program aimed at ultimately illuminating all poles, overhead electrical and communication wires within the OCP city centre area.	Low	2,000	0
11	Community Services	<b>Oval Precinct Public Art:</b>  Council endorsed the implementation of projects identified in the Richmond Oval Precinct Art Plan 2008 Update. Legacy Plaza development occurs in all 5 phases. This will complete the projects in the approved Art Plan.	Low	500	0
12	Engineering and PW Works	<b>Burkeville Drainage Improvements</b>  Burkeville's drainage system was designed using shallow ditches and small diameter road cross culverts. As the area is redeveloped ditch infills are becoming common. Ditch infills change the nature of the drainage system in a way that may cause storm water flooding. A larger drainage system is therefore needed to accommodate these changes.	Low	500	0
13	Engineering and PW Works	<b>Public Works Minor Capital - Sanitary</b>  Every year staff receives a number of complaints and requests for minor, local and contingency-type projects. The minor capital program allows staff to respond to these minor projects in a timely and cost effective manner.	Low	300	0
14	Finance and Corporate Services	<b>ICT Infrastructure Replacement – Phase II</b>  This request funds replacement of existing computer infrastructure. Much of this equipment is in excess of ten years of age, but was designed to last for only five. As well as replacing equipment, this funding will allow IT to change the way some operational services are delivered, taking advantage of technology advances.	Low	275	0



15	Engineering and PW Works	<p><b>Miscellaneous SCADA System Improvements</b></p> <p>This project involves upgrade and rehabilitation of the existing SCADA system that will improve the operation of the sanitary sewer service in the area.</p> <p>In order to effectively monitor over two hundred sites within the City, continuous upgrades need to be made to our systems so that we can rely on our SCADA to provide accurate information. This will allow the City to remain current with emerging technologies and to react appropriately to security threats.</p>	Low	250	0
16	Community Services	<p><b>Gateway Theatre Web Site Upgrade</b></p> <p>To upgrade the Gateway Theatre website to provide additional services to the community including but not limited to a calendar of events, marketing exposure for all events including community artist groups, school programs and professional groups, and incorporation of new technologies for interactive services. This project meets the guidelines for additional level funding as set out in the operating agreement.</p>	Low	30	0
<b>Total</b>				<b>7,355</b>	<b>0</b>

### Financial Impact

The One-time Expenditure requests of \$1.75M would be funded from the Rate Stabilization Account with no tax impact. This leaves a balance of \$1.45M in the Rate Stabilization Fund.

### Conclusion

A Rate Stabilization Account should be established, which can be utilized to minimize fluctuations in tax increases and/or fund one-time expenditure increases. The recommended One-time Expenditures in the amount of \$1.75M be approved and the corresponding amount be funded from the Rate Stabilization Account.



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

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