



Finance Committee

Anderson Room, City Hall
6911 No. 3 Road

Monday, March 5, 2018

Immediately Following the Open General Purposes Committee
meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the minutes of the meeting of the Finance Committee held on February 5, 2018.*



FINANCE AND CORPORATE SERVICES DIVISION

1. **2017 INVESTMENT REPORT**
(File Ref. No. 03-0900-01) (REDMS No. 5741266)

FIN-7

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

Designated Speaker: Venus Ngan

STAFF RECOMMENDATION

That the report titled 2017 Investment Report dated February 7, 2018 from the Director, Finance be received for information.



2. **REVENUE ANTICIPATION BORROWING (2018) BYLAW NO. 9831**
(File Ref. No. 03-0900-01) (REDMS No. 5727142 v.3)

FIN-13

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

Designated Speaker: Venus Ngan

STAFF RECOMMENDATION

That the Revenue Anticipation Borrowing (2018) Bylaw No. 9831 be introduced and given first, second and third readings.



3. **ONLINE CREDIT CARD TAX AND UTILITY PAYMENTS (1-YEAR STATISTICS)**

(File Ref. No. 03-0900-01) (REDMS No. 5369161)

FIN-17

See Page **FIN-17** for full report

Designated Speaker: Venus Ngan

STAFF RECOMMENDATION

That the report titled Online Credit Card Tax and Utility Payments (1-Year Statistics) dated February 5, 2018 from the Director, Finance be received for information.



COMMUNITY SERVICES DIVISION

4. **GARDEN CITY LANDS PROJECT TIPPING FEES REVENUES**

(File Ref. No. 06-2345-20-GCIT1) (REDMS No. 5749602 v.9)

FIN-20

See Page **FIN-20** for full report

Designated Speaker: Alex Kurnicki

STAFF RECOMMENDATION

- (1) *That the General Manager, Community Services be authorized to enter into deposit agreements with private contractors for placement of soil on the Garden City Lands required for the development of the Garden City Lands, as detailed in the staff report titled “Garden City Lands Project Tipping Fees Revenues,” dated February 19, 2018; and*
- (2) *That all net revenues generated through tipping fees at or on the Garden City Lands be reinvested into the Garden City Lands to offset any future project related costs, as detailed in the staff report titled “Garden City Lands Project Tipping Fees Revenues,” dated February 19, 2018, from the General Manager, Community Services.*



Finance Committee Agenda – Monday, March 5, 2018

Pg. #

ITEM

ADJOURNMENT





Finance Committee

Date: Monday, February 5, 2018

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Derek Dang
Councillor Carol Day
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Absent: Councillor Ken Johnston

Call to Order: The Chair called the meeting to order at 4:22 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on January 8, 2018, be adopted as circulated.

CARRIED

OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL – 2018 ANNUAL OPERATING AND CAPITAL BUDGETS**

(File Ref. No.) (REDMS No. 5734527)

Rick Dusanj, Controller, Richmond Olympic Oval Corporation, noted that the Operating and Capital budgets have been approved by the Richmond Olympic Oval Corporation Board of Directors and are presented to Committee for information.

Finance Committee
Monday, February 5, 2018

It was moved and seconded

That the report on the 2018 Annual Operating and Capital budgets for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as, in response to a query from Committee regarding marketing expenses, Mr. Dusanj commented that it is difficult to attribute marketing costs directly to revenue and that the marketing budget has decreased for 2018 and will be re-evaluated for 2019.

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

FINANCE AND CORPORATE SERVICES DIVISION

2. CONSOLIDATED 5 YEAR FINANCIAL PLAN (2018-2022) BYLAW NO. 9800

(File Ref. No. 03-0985-01) (REDMS No. 5684896)

Jerry Chong, Director, Finance and Mike Ching, Manager, Financial Planning and Analysis, in response to questions from Committee, noted that (i) typically staff address any questions from residents prior to the Consolidated 5 Year Financial Plan Bylaw being adopted by Council through Let's Talk Richmond or direct email, (ii) the bulk of the \$27 million budgeted in 2018 for Roads under the Infrastructure Program in the 2018 5 Year Capital Plan Summary is for River Road and the continuation of the program in 2019-2022 will be evaluated each year and any additional funding requests at that time would be brought forward, (iii) the increase in budget projected for 2019 for Fire Department Vehicles and Equipment would be for an additional Quint (fire apparatus), and (iv) the 2018 tax dollar breakdown featured in attachment 3 of the staff report is comparable to 2017.

It was moved and seconded

- (1) That the Consolidated 5 Year Financial Plan (2018-2022) Bylaw No. 9800 be introduced and given first, second, and third readings; and***
- (2) That staff undertake a process of public consultation as required in Section 166 of the Community Charter.***

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:28 p.m.).

CARRIED

Finance Committee
Monday, February 5, 2018

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, February 5, 2018.

Mayor Malcolm D. Brodie
Chair

Amanda Welby
Legislative Services Coordinator



City of Richmond

Report to Committee


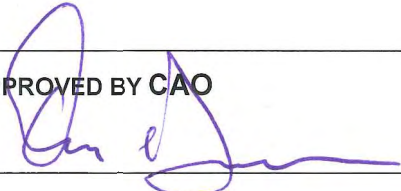
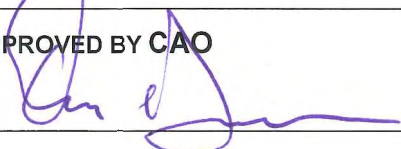
To: Finance Committee
From: Jerry Chong
Director, Finance
Re: 2017 Investment Report

Date: February 7, 2018
File: 03-0900-01/2018-Vol
01

Staff Recommendation

That the report titled 2017 Investment Report dated February 7, 2018 from the Director, Finance be received for information.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE 	INITIALS: CJ
APPROVED BY CAO 	

Staff Report

Origin

This report provides an overview of the City's investment position for fiscal year 2017.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

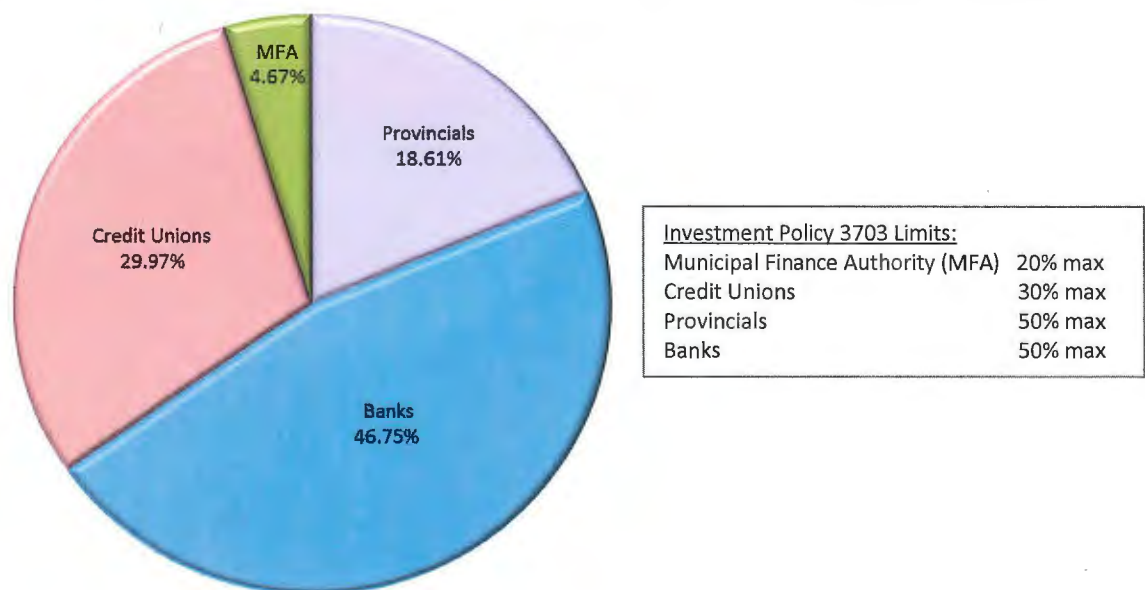
- 7.1. *Relevant and effective budget processes and policies.*
- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. *Strategic financial opportunities are optimized.*

Analysis

The City's investment portfolio's book value was \$964 million as of December 31, 2017.

The investment balance includes the City's short-term working capital that is required to meet ongoing operating expenditure obligations as well as funds set aside for approved capital projects, uncommitted reserves, deposits, development cost charges and other reserve funds that will be expended in future years.

The City holds a diversified investment portfolio that complies with both Section 183 of the *Community Charter* and the City's Investment Policy 3703. The chart below shows the breakdown of the City's investment by issuer type as of December 31, 2017. Further breakdown of the City's investment holdings can be found in Attachment 1.



2017 Investment Performance

The City maintains an intermediate investment fund (short to medium term) and a fixed income fund (longer term) in its investment portfolio. The overall investment yield of the City's investment portfolio was 2.0% in 2017 which generated approximately \$20 million in investment income for the year. The City's weighted average yield exceeded its benchmarks:

Investment Category	City of Richmond's Yield	MFA's Yield
Intermediate Fund	1.93%	1.52%
Bond Fund	2.12%	1.82%

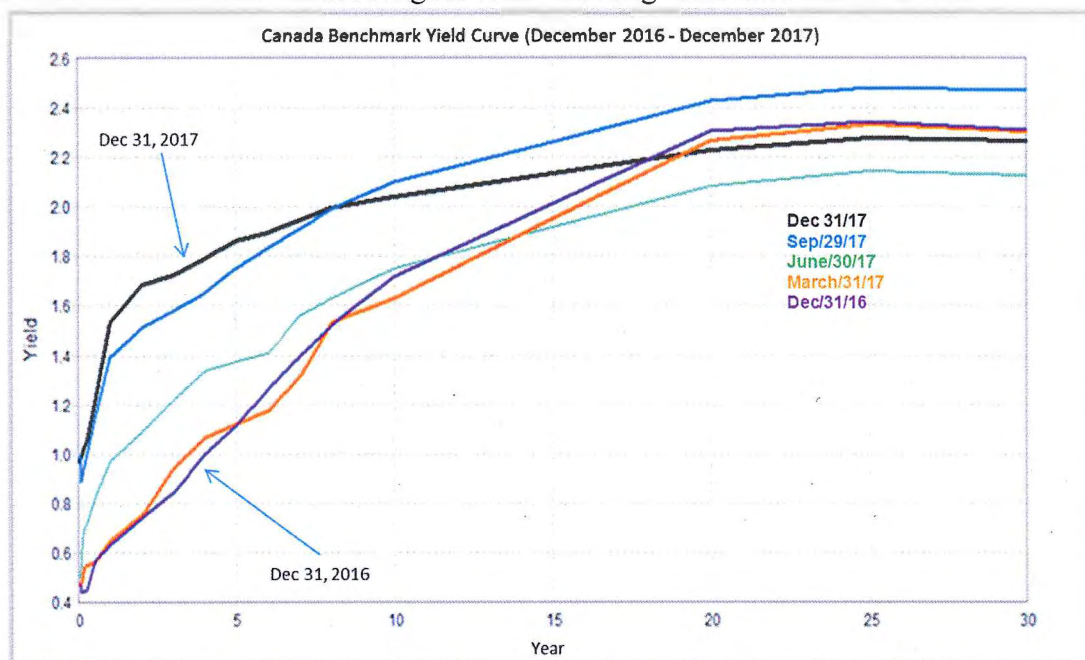
Looking Back at 2017 and Outlook for 2018

Strong economic data during the first half of 2017 resulted in the Bank of Canada raising the overnight interest rate in July 2017 for the first time in seven years. Two subsequent interest rate increases took place in September 2017 and January 2018 respectively – moving the overnight interest rate from the historical low of 0.50% to the current level of 1.25%.

While the economic outlook is expected to warrant higher interest rates over time, the Bank of Canada will remain cautious in considering future policy adjustments, guided by incoming data in assessing the economy's sensitivity to interest rates, the impact of mortgage guidelines on residential investments, the evolution of economic capacity, and the dynamics of both wage growth and inflation. The uncertainty about the future of NAFTA is also weighing increasingly on the outlook, which will be one of the key factors in the Bank of Canada's near future monetary policy decisions.

City's Investment Strategy – 2018 and Beyond

Yield enhancement strategies will continue to play a key role in the City's investment activities. As shown in the Canada yield curves below, during fiscal 2017 the yield curves continued to flatten as the short-term rates climbed higher while the long-term rates trailed behind.



Therefore, current conditions remain favourable to take advantage of the yields and flexibility of short term deposits (with term less than one year) instead of exposing the City's investment portfolio to the incrementally narrow spread and flat yield curve of the longer term fixed income products. The City will continue to ladder investment maturities in its intermediate investment fund, which will allow the City to take advantage of the opportunity to reinvest in products that are priced at the higher prevailing market interest rates.

A significant portion of the City's existing investment portfolio will mature throughout 2018 as the result of the previously deployed straddling maturity strategy. Based on the current economic forecast of one to three interest rate hikes in 2018, the City's investment yield is projected to increase gradually in the range of 0.25% to 0.50% during 2018 as reinvestment activities take place.

The yield enhancement strategy has continued to allow the City to pursue the best possible overall market yield for our portfolio while meeting the City's investment objectives of statutory compliance, capital preservation, maintaining of liquidity and credit risk diversification.

Update on Changes to the Banking Industries

There are two ongoing matters that staff continue to monitor and assess.

1. Bail-in Legislation Update

The 2008 global financial crisis has led a number of governments around the world, including Canada, to pass financial regulations to address the potential risks to the financial system where financial institutions are perceived as "too big to fail".

In June 2016, the federal government passed Bill C-15, also known as the bank recapitalization regime or bail-in legislation. This legislation aims to limit taxpayer exposure in the unlikely event of a failure of "domestic systemically important banks" (D-SIBs) by requiring long-term bank bonds with terms over 400 days to be converted to common shares.

Previous discussions have been held on this matter as the issue was raised as to whether the bail-in legislation could impact the types of investments that municipalities are permitted to hold under the *Community Charter*. Metro Vancouver, on behalf of its members, received a legal opinion that confirmed that long-term bank deposit notes continue to be an acceptable investment in accordance with the *Community Charter*.

2. Coast Capital Savings Credit Union (Coast Capital) to become a Federal Credit Union

Members of Coast Capital voted in favour of moving ahead with the plan to transition Coast Capital from a provincial credit union to a federal credit union. Its application was approved in August 2017 by the Financial Institutions Commission of British Columbia (FICOM) and the Credit Union Deposit Insurance Corporation (CUDIC) with conditions. Subject to Coast Capital meeting the conditions and obtaining final approval from the Ministry of Finance, Coast Capital should transition to a federal credit union before the end of 2018.

Grandfathering provisions will be granted to any deposits that existed before the transition date until they mature. Therefore, all of the City's current deposits at Coast Capital as well as any new deposits created before the transition date will continue to be covered under the unlimited guaranteed by the BC CUDIC until maturity.

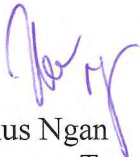
Once Coast Capital becomes a federal credit union, future investments at Coast Capital will be assessed to ensure compliance with the investment limits as set out in the City's Investment Policy. Staff will continue to monitor the progress of the transition and take the necessary actions to ensure compliance with existing policy.

Financial Impact

None.

Conclusion

The City's investment activities for 2017 have been conducted in accordance with the City's Investment Policy and the *Community Charter*. Staff will continue to administer the investment portfolio in a prudent manner to ensure that the City's investment objectives will continue to be met.



Venus Ngan
Manager, Treasury and Financial Services
(604-276-4217)

Att. 1: Investment Portfolio Holdings as of December 31, 2017

City of Richmond
Investment Portfolio Holdings as of December 31, 2017

Issuer	Term	Investment Book Value (in thousands)	% of Total Portfolio	Policy Limit
Alberta	2019-2022	\$ 68,794	7.14%	25%
British Columbia	2019	65,213	6.76%	25%
Quebec	2022-2023	22,242	2.31%	10%
Manitoba	2018	12,000	1.24%	10%
Ontario	2024	11,199	1.16%	20%
Total Provincials		\$ 179,448	18.61%	50%
Bank of Nova Scotia	2018-2022	\$ 135,427	14.04%	15%
Royal Bank	2018-2023	68,131	7.07%	15%
National Bank of Canada	2018-2021	55,578	5.77%	10%
CIBC	2018-2022	48,424	5.02%	15%
TD Bank	2018-2023	46,376	4.81%	15%
HSBC Bank of Canada	2021-2023	32,258	3.35%	5%
Bank of Montreal	2018-2025	29,934	3.11%	15%
Canadian Western Bank	2018	24,482	2.54%	3%
B2B/Laurentian Bank	2018	10,000	1.04%	3%
Total Banks		\$ 450,610	46.75%	50%
Coast Capital Savings	2018-2019	\$ 85,122	8.83%	10%
Vancity	2018	82,757	8.58%	10%
Gulf and Fraser	2018-2019	49,913	5.18%	\$50 million
Blue Shore Financial	2018-2019	35,732	3.71%	\$50 million
Westminster Savings	2018	35,360	3.67%	\$50 million
Total Credit Unions		\$ 288,884	29.97%	30%
MFA Pooled Investment Fund		\$ 45,065	4.67%	20%
Total Investment Portfolio Balance		\$ 964,007	100%	



City of Richmond

Report to Committee

To: Finance Committee

Date: February 13, 2018

From: Jerry Chong
Director, Finance

File: 03-0900-01/2018-Vol
01

Re: Revenue Anticipation Borrowing (2018) Bylaw No. 9831

Staff Recommendation

That the Revenue Anticipation Borrowing (2018) Bylaw No. 9831 be introduced and given first, second and third readings.

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

REPORT CONCURRENCE		
ROUTED TO: Law	CONCURRENCE <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: CJ	APPROVED BY CAO

Staff Report

Origin

The City has an existing credit facility agreement with its bank and is seeking Council's annual authorization through adoption of Revenue Anticipation Borrowing (2018) Bylaw No. 9831 (Attachment 1). The total amount of the credit facility is \$9,500,000, which is comprised of \$3,000,000 in standby letter of credit, demand promissory notes or bank overdraft, \$4,500,000 in leasing lines of credit and \$2,000,000 in commercial card credit facility.

Analysis

Section 177 of the *Community Charter*

Pursuant to Section 177 of the *Community Charter*:

- Council may, by bylaw, provide the authority to borrow money that may be necessary to meet current lawful expenditures and to pay amounts required to meet the City's taxing obligations in relation to other local governments or public bodies.
- If money is borrowed pursuant to a revenue anticipation borrowing bylaw, any money to be collected from property taxes must be used to repay the money borrowed.
- The maximum amount of borrowing allowed for revenue anticipation borrowing is the sum of the unpaid taxes for the current year and the money remaining due from other governments (e.g. payment in lieu of taxes and grants).

The bylaw amount of \$9,500,000 satisfies all the conditions set out in Section 177 of the *Community Charter*.

Purpose of the City's Credit Facilities

The purpose of obtaining the \$3,000,000 operating line of credit is to ensure that the City has a secondary source of credit in place to protect its bank accounts from the unlikely event of going into an overdraft position. Staff regularly monitors the City's cashflow position to prevent the possibility of having to draw down on the credit facility. If the operating line of credit remains unused, it will be free of charge for the City to maintain.

The purpose of obtaining the \$4,500,000 leasing lines of credit is to ensure that a leasing facility is available in the event it is required. If the leasing line of credit remains unused, it will be free of charge for the City to maintain.

The purpose of obtaining \$2,000,000 limit in commercial credit card facility is to provide a convenient and cost-effective method of procuring and paying for low value goods and services. The commercial credit card facility is free of charge if payment is received within three days after the statement date.

Costs of the City's Credit Facilities

The credit facilities are free of charge to the City to maintain unless they are being drawn upon. The following table summarizes the interest rates associated with the usage of these credit facilities:

	Operating Lines of Credit	Leasing Lines of Credit	Commercial Credit Card
Interest Rate	Bank's prime lending rate minus 0.50%	Bank's prime lending rate or leasing base rate plus 0.60%	Bank's prime lending rate plus 1.00%
Grace Period	None	None	3 days after statement date

The current bank's prime lending rate at the time of this report is 3.45%

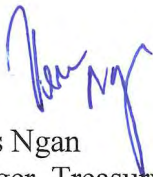
With the City's solid financial position, the City has never activated these credit facilities. The purpose of maintaining these credit facilities is to ensure that they will be available in the unlikely event that funds are required to meet short-term operational cash flow needs. Should any of these credit facilities be utilized resulting in the City incurring interest charges for a consecutive period of more than two weeks, staff will prepare a report to inform Council of such financial activity.

Financial Impact

None.

Conclusion

Staff recommend that the Revenue Anticipation Borrowing (2018) Bylaw No. 9831 be approved in order for funds to be made available to the City in the event that the City is required to draw upon the City's credit facilities arrangement with its bank.



Venus Ngan
Manager, Treasury and Financial Services
(604-276-4217)

Att. 1: Revenue Anticipation Borrowing (2018) Bylaw No. 9831



City of
Richmond

Bylaw 9831

REVENUE ANTICIPATION BORROWING (2018) BYLAW NO. 9831

The Council of the City of Richmond enacts as follows:

1. Council shall be and is hereby empowered and authorized to borrow upon the credit of the City, from a financial institution, a sum not exceeding \$9,500,000 at such times as may be required.
2. The form of obligation to be given as acknowledgement of the liability shall be \$3,000,000 in the form of standby letters of credit, demand promissory notes or bank overdraft, \$4,500,000 in the form of leasing lines of credit, and \$2,000,000 in the form of commercial credit card facility.
3. All unpaid taxes and the taxes of the current year (2018) when levied or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.
4. Revenue Anticipation Borrowing (2017) Bylaw No. 9674 is hereby repealed.
5. This Bylaw is cited as **"Revenue Anticipation Borrowing (2018) Bylaw No. 9831"**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor



City of Richmond

Report to Committee

To: Finance Committee

Date: February 5, 2018

From: Jerry Chong
Director, Finance

File: 03-0900-01/2017-Vol
01

Re: Online Credit Card Tax and Utility Payments (1-Year Statistics)

Staff Recommendation

That the report titled Online Credit Card Tax and Utility Payments (1-Year Statistics) dated February 5, 2018 from the Director, Finance be received for information.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS:
APPROVED BY CAO 	

Staff Report

Origin

The City began accepting online tax and utility credit card payments (with a 1.75% service fee) on the City's website in September 2016. The purpose of this staff report is to provide Council with an assessment of the success of the program based on the full year statistics of the program during its first full cycle operation in 2017.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

7.4. Strategic financial opportunities are optimized.

Analysis

The City was the first municipality in the Lower Mainland to accept and administer online credit card property tax and utility payments with service fees through its municipal website.

Subsequent to Council endorsing this user-pay model and the Credit Card Payment Service Fee Bylaw No. 9536, City staff have been approached by a few other municipalities, expressing interest in adopting a similar credit card acceptance program. As a result of this initiative, the City also won the 2017 Aptean Innovation Award, which is an annual award where the organizer recognizes one municipality in the Lower Mainland that has demonstrated ingenuity and innovative achievements in increasing operational efficiencies and delivering customer excellence.

Program Objectives

The main objectives of the credit card acceptance program are:

- To enhance customer service by offering online credit card payment option; and
- To enable the City to accept credit card tax and utility payments on a cost-neutral basis.

Program Usage and Statistics

During the first year of full operation in 2017, the City processed approximately 3,500 online tax and utility credit card payments for a total payment value of approximately \$5.2 million.

In order to determine the estimated participation rate of the program, credit card payments that were processed during the peak property tax collection period during June and July have been extracted for analysis. The results are illustrated in Table 1 along with prior year comparison:

Year	Property Tax Bills Paid by Credit Card (June and July)	City's Total Property Tax Bills Issued	% of Tax Dollars Paid by Credit Card	Net Cost/(Income) of Accepting Credit cards
2017	\$3,900,065	\$415,060,227	0.94%	(\$834)
2016	\$6,605,814	\$391,497,022	1.69%	\$96,761

Table 1: Comparison of credit card property tax payments collected for 2017 (with 1.75% service fee) and 2016 (under the previous epost program, which was terminated at the end of 2016 as epost was no longer supported by the City's property tax and utility software application).

As shown in the analysis above, the online tax and utility credit card acceptance program operated at a cost-neutral basis during 2017 where none of the credit card processing fees were passed onto the general taxpayers.

With 2017 being the first year of operation of the program, it is expected that it will take time for taxpayers to opt into this new program. Staff will continue to promote this payment method through the City's promotional and communication materials. It is anticipated that the participation will increase over time as taxpayers realize the benefits and convenience offered by the program.

Next Steps

1. Ongoing Review and Assessment of the Program

The City's Credit Card Payment Service Fee Bylaw No. 9536 imposes a service fee of 1.75% on online property tax and online utility credit card payments. Any changes in the fee structures as regulated by the credit card companies will have a direct impact on whether the City can continue to operate the program on a cost-neutral basis. Staff will perform ongoing assessment in comparing the City's credit card processing costs with the service fee revenue and will update the Bylaw as necessary to ensure that the program objective will continue to be met.

Based on the latest statistics, the service fee of 1.75% sufficiently allows the City to operate the program on a cost-neutral basis, where the service fee revenue fully covers the cost of accepting credit cards for online tax and utility payments. Therefore, there is no bylaw amendment required at this time.

2. Review the Possibility of Expanding the Credit Card Acceptance Program

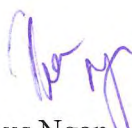
The current credit card acceptance program (with service fee) is only available to property tax and utility bill payments that are paid online. Staff will conduct a review of the legal and technical requirements to determine if the credit card acceptance model (with service fee) can be expanded to other forms and types of municipal payments. Once it is determined that the technical and compliance requirements can be met, staff will report the findings and recommendations to Council at a future date.

Financial Impact

None.

Conclusion

The City's online tax and utility payment credit card acceptance program has been successful in meeting the objective of achieving equity under this user-pay model.



Venus Ngan
Manager, Treasury and Financial Services
(604-276-4217)



City of Richmond

Report to Committee

To: Finance Committee **Date:** February 19, 2018
From: Serena Lusk **File:** 06-2345-20-GCIT1/Vol
General Manager, Community Services 01
Re: Garden City Lands Project Tipping Fees Revenues

Staff Recommendation

1. That the General Manager, Community Services be authorized to enter into deposit agreements with private contractors for placement of soil on the Garden City Lands required for the development of the Garden City Lands, as detailed in the staff report titled "Garden City Lands Project Tipping Fees Revenues," dated February 19, 2018; and
2. That all net revenues generated through tipping fees at or on the Garden City Lands be reinvested into the Garden City Lands to offset any future project related costs, as detailed in the staff report titled "Garden City Lands Project Tipping Fees Revenues," dated February 19, 2018, from the General Manager, Community Services.

Serena Lusk
General Manager, Community Services
(604-233-3344)

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Community Bylaws	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

At the July 18, 2016, General Purposes Committee meeting, Council received the staff report titled “Garden City Lands Park Development Plan,” providing Council an update of future construction and development activities on the Garden City Lands (“Lands”). Since then, the first phases of the Development Plan have been implemented.

To fully realize the Park Development Plan and proceed with the proposed agricultural activities, soil of the appropriate environmental quality and physical characteristics are required to be imported onto the site. The Agricultural Land Commission (ALC) has approved the placement of fill on the site, and City soil deposit permits are in place. Significant quantities of soil were sourced from providers in the construction and development industry in Richmond. This activity represents a significant revenue stream for the City.

In 2017, approximately 21,100 cubic meters (m³) of soil was imported to create the 2.6 hectare first phase of the Kwantlen Polytechnic University (KPU) Farm and approximately 9,900 m³ was also imported to amend the existing soil on The Rise. Additionally, approximately 3,800 m³ of peat was imported to amend existing soils (Attachment 1).

In 2018, approximately 26,000m³ of soil will be imported to complete the KPU Farm area. Beyond 2018, subject to ALC approval and the sourcing of appropriate material, additional soil will be required to facilitate future agricultural activities on the site. It is expected that revenue will be generated by these future activities.

This report supports Council’s 2014-2018 Term Goal #3 A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

3.1. *Growth and development that reflects the OCP, and related policies and bylaws.*

This report supports Council’s 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City’s strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

7.2. *Well-informed and sustainable financial decision making.*

7.4. *Strategic financial opportunities are optimized.*

Analysis

Soil Importation

Rationale and Regulatory Framework

The Park Development Plan envisions the western half of the Lands for intensive agricultural production. The following two principle reasons for placing fill on the Lands are:

1. To mitigate the effects of the low level contamination currently found in the existing soils. As per the project's Qualified Environmental Professional (QEP), (Hemmera), recommendations, placing additional soil would permit agricultural production on the site. The placement of 30 cm to 60 cm of uncontaminated soil will provide the recommended rooting volume for anticipated field crops to be grown.
2. There is currently a layer of predominantly peat-based soils on the ground level on the Lands. Current best management practices in sustainable farming indicate farming peat soils is not recommended. KPU's agrologists have advised that actively farming the peat layer will accelerate the decomposition of the peat releasing the carbon currently sequestered by the peat. With the placement of soil over existing peat, the peat's decomposition process will be greatly diminished. This capping soil material will prevent the release of the peat's carbon.

Placing soil material over the existing soils (principally peat-based material) on the Lands proceeded for the aforementioned reasons. Imported material placed on the Lands in 2017 was either:

1. Soil to establish the KPU Farm (as per ALC Approval #56199) or amend the soil in place on The Rise; or
2. Peat as a soil amendment (an ALC permitted agriculture-related activity; no approval required).

Soil Management

Soil conforming to the specifications and protocols documented in the Source Soil Management memo, (Attachment 2), will be placed on the Lands. The owner or contractor of the source soil will provide documentation including a Phase 1 Environmental Assessment that will be reviewed by McTavish Consulting to evaluate soil suitability. Prior to the soil being imported, McTavish Consulting will also conduct further analytical testing of imported soils to ensure that the ALC Guidelines for soil and the BC Contaminated Sites Regulation (BC CSR) – Schedule 4 standards for Agricultural Lands are met. Soil source site(s) will be inspected to confirm the absence of invasive species prior to importation of soil onto the Lands.

The soil imported to the Lands in 2017 was sourced from Richmond locations only. Soil placed at the KPU Farm and The Rise was sourced from Sea Island (YVR- Vancouver Airport Authority projects) and peat imported for soil amendment was provided by a local contractor

working on several private residential properties located in the ALR. A process substantially similar to that described in the paragraph above was undertaken before any soil was placed on the Lands. All activities were overseen by a QEP (McTavish Consulting).

Soil Revenue

Locations for the placement of soil (or 'fill sites') are in demand within the region by the construction and development industry. A typical fill site operator charges a tipping fee (charged on a per dump truck or cubic meter basis) to deposit soil at a site. The Lands is a desirable soil deposit site. Suppliers needed to meet the City's specific technical requirements, conditions of the ALC approval to place soil, and the proposed rates. Additionally, staff followed these best management practices:

- The City charged a tipping fee, in order to ensure compliance with the Community Charter's provisions on not providing assistance to a business.
- To remain neutral, the City charged a tipping fee. Staff did not want to put the City in a position whereby the Lands becomes a direct competitor to local fill site operators.
- As per industry standard practice, the City is charging tipping fees at current market rates. City staff consult with industry representatives to ensure the fees reflect current market rates that are within an acceptable range.

Rates are reviewed every six months. In 2017, the City charged on a per load basis as follows:

- Soil:
 - Tandem Dump Truck (approx. vol.: 7 cubic meter): \$100
 - Tri- Tandem Dump Truck (approx. vol.: 12 cubic meters) : \$125
- Peat:
 - Tandem Dump Truck: \$85

Staff will continue to monitor industry rates and ensure contracts include a provision which allows an annual adjustment if required.

Next Steps

To fully realize the site's entire agricultural capacity and address the recommendations of the QEP, significant volumes of soil will need to be imported onto the Lands (Attachment 1). Those remaining areas are:

1. The KPU Farm: 5.4 hectares; and
2. The "South Farm": 9.5 hectares.

As a soil deposit site, the Lands project generated in excess of \$450,000 in revenues from the importation of soil in 2017. Anticipated revenues from the proposed 2018 fill activities on the KPU Farm site could be in the range of \$350,000 to \$450,000. The potential gross revenues from the proposed activity on the southern half of the Lands could be in the range of \$900,000 to \$1,200,000. Soil placement for the southern portion of the Lands would only be able to proceed once ALC approval is secured.

Future revenue could be utilized to offset future project-related costs not eligible under the Development Cost Charge (DCC) program. With Council's direction, staff request that all net revenue generated through activities at the Lands be reinvested back into the Garden City Lands project to fund non-DCC eligible works including parking lots and farm-related structures such as a barn.

Financial Impact

Net revenue generated at the Lands will be used to support future Lands capital projects which will be included in the annual Budget process.

Conclusion

With the importation of soil, the Lands will generate significant alternative revenues for the City. With Council's direction, staff will contract suppliers to facilitate the supply of soil to establish areas for future agriculture production. Whenever possible, staff will endeavor source Richmond soil for use on the Lands.



Alexander Kurnicki
Research Planner 2
(604-276-4099)

Att. 1: Garden City Lands Soil Fill Areas Plan (5753254)

Att. 2: McTavish Source Soil Management Memo, dated December 19, 2017 (5754728)

Garden City Lands Soil Fill Areas Plan



LEGEND

THE AGRICULTURAL LANDS

- 1 Multi-Functional Building and Parking
- 2 Rainwater Storage for Agricultural Irrigation
- 3 Farm Drainage Ditch
- 4 Agricultural Fields
- 5 Orchard
- 6 Demonstration Orchard
- 7 Community Gardens
- 8 Hedgerows & Beetle Banks
- 9 Sliding High Tunnels
- 10 Farm Fields
- 11 Soil Amendment Trials

THE BOG

- 12 Bog Conservation Area
- 13 The Fen
- 14 Boardwalk with Rest Points

THE RISE

- 15 Meadow / Informal Recreation
- 16 Children's Play

THE NODES

- 17 Garden City Lands Main Entrance
- 18 Entry Node
- 19 Entry Allée
- 20 Viewing Platform
- 21 Crosswalk
- 22 Parking Lot with Accessible Stalls
- 23 Parallel Parking with Accessible Stalls

THE DYKE

- 24 Multi-use Path with Farm Access

THE PERIMETER TRAILS

- 25 Native Forest Plantings
- 26 Street Trees
- 27 Perimeter Trails - Separated Paths
- 28 Rain Garden



Scale 1:1000

Garden City Lands: Park Development Plan



#300 – 15300 Croydon Drive
Surrey BC
V3S 0Z5

Date: December 19, 2017

Attn: Alex Kurnicki

From: Bruce McTavish

Re: Source Soil Management

This memo outlines the steps to take place when soil is sourced for transport and deposit at the Garden City project.

The soil for the Garden City must adhere to the ALC guidelines for soil and the BC Contaminated Site Regulations (BCCSR) – Schedule 4 for Agricultural Lands.

The owner or contractor of the source soil will need to provide a Phase 1 Environmental Assessment.

When a source of soil has been identified, the following steps will be taken:

- 1) On behalf of the City of Richmond, an Agrologist with expertise in soil science and soil handling will review available documentation including a Phase I Site Investigation (environmental assessment) report for the site from which the soil originates.
- 2) The Agrologist must visit the source site and evaluate the soil for suitability as fill on the Garden City lands, and report on whether and how conditions of the ALC for soil will be met. This evaluation starts with on site visual observations of the site and the soil. Based on the observations and review the Agrologist can:
 - a. Reject the soil
 - b. Approve the soil and then
 - c. Proceed with a soil investigation program, including sampling and sample analysis.
 - d. Ensure that soil meets the KPU specification attached to ALC decision 56119
- 3) The Agrologist must prepare a protocol for the soil handling before transportation of the soil to the Garden City Lands. The protocol will be site specific and include:
 - a. Supervision of soil handling
 - b. Separation and set aside of topsoil
 - c. Separate transport of topsoil and other soil to the Garden City property
 - d. Placement of soil and topsoil to mimic the original profile, and
 - e. Monitoring of stoniness
 - f. Monitoring of non-soil inclusions such as asphalt and concrete and procedures for removal of such items.

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The Agrologist may recommend that screening of the soil to remove inclusions takes place before transport of the soil to the Garden City property.



Bruce McTavish MSc MBA PAg RPBio
Senior Agrologist

