



To: Finance Committee **Date:** August 22, 2011
From: Andrew Nazareth **File:** 03-0900-01/2011-Vol
 General Manager, Business & Financial Services 01
Re: **Amendments to the 5 Year Financial Plan (2011-2015) Bylaw No. 8707**

Staff Recommendation

1. That the 5 Year Financial Plan (2011 – 2015) be amended to reflect the previously approved Council changes as per the attached report.
2. That the 5 Year Financial Plan (2011 – 2015) be amended to reflect the administrative changes as per the attached report.
3. That the 5 Year Financial Plan (2011 – 2015) Bylaw No. 8707, Amendment Bylaw 8809, which would incorporate and put into effect the changes to the 2011 Capital and Operating Budgets (as summarized in Attachment 1), be introduced and given first, second and third readings.

Andrew Nazareth
 General Manager, Business & Financial Services
 (604-276-4095)

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ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER		
Community Services	Y <input type="checkbox"/>	N <input type="checkbox"/>			
Clerks	Y <input type="checkbox"/>	N <input type="checkbox"/>			
Engineering	Y <input type="checkbox"/>	N <input type="checkbox"/>			
Information Technology	Y <input type="checkbox"/>	N <input type="checkbox"/>			
Real Estate Services	Y <input type="checkbox"/>	N <input type="checkbox"/>			
REVIEWED BY TAG	YES <input type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO	YES <input type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

The 5 Year Financial Plan (2011-2015) Bylaw No. 8707 was adopted April 11, 2011. Included in the 5 Year Financial Plan (5YFP) are the 2011 Capital and 2011 Operating Budgets.

Subsection 165(2) of the Community Charter allows for amendments of the financial plan by bylaw and Section 137(1)b directs that the power to amend or repeal must be exercised by bylaw and is subject to the same approval and other requirements, if any, as the power to adopt a new bylaw under that authority.

Analysis

Subsequent to the adoption of the 5 Year Financial Plan (2011-2015) Bylaw No. 8707 on April 11, 2011, additional opportunities and projects have emerged. The current expenditure bylaw does not include these amounts and staff recommends that these amendments to the 5YFP be approved. There is **no tax impact** for any of these amendments.

Several reports have been presented at Council detailing amendments to the 5YFP. The Council approved changes are:

1. a. At the Council meeting on February 28, 2011, Council approved: *“That \$88,000 in additional funding be provided from the Council Provision Account to implement a “vote anywhere / super poll” initiative for the 2011 civic election.”*
- b. At the Closed Council meeting on March 14, 2011, Council approved the acquisition of a parkland property at a total cost of \$8,434,375 (including fees). The funding approved for this acquisition is the existing Strategic Land Acquisition capital projects until funds are collected within the Parkland Acquisition DCC program. At this point, there is \$6,650,000 that can be repaid to the Industrial Use Reserve. (\$6,254,325 from City-Wide Parkland DCCs and \$395,675 Capital Reserve assist factor).
- c. At the Council meeting on May 24, 2011, Council approved: *“That the Williams Road Area Lane Upgrade projects be funded through the Asphalt Capping Provision account and the 2011 Asphalt Capping Program”* These lanes have been identified as a priority for upgrade due to drainage and rideability issues. The total value of this project is \$767,000 with \$696,067 funded from the Asphalt Capping Provision and \$70,933 funded from the existing 2011 Asphalt Capping Program. This will result in an overall increase to the 2011 Capital Budget by \$696,067.
- d. At the Closed Council meeting on June 13, 2011, Council approved the acquisition of a parkland property with a cash amount of \$1,536,167 (including fees). This amount will increase the 2011 Capital Budget funded from the Industrial Use Reserve.

- e. At the Council meeting on June 13, 2011, Council approved the following One Time Additional Expenditures:

“That the December 31, 2010 surplus of \$2,452,800 be appropriated as outlined in the staff report entitled 2010 Surplus Appropriation, dated May 17, 2011, from the General Manager, Business and Financial Services; provided that:

- (1) Item No. 41 - Gateway Theatre Box Office Printers, in the amount of \$10,000, be added to the list of items to be funded from the 2010 Surplus Appropriation; and
(2) Item No. 42 - Gateway Theatre Lighting Board, in the amount of \$12,000, be added to the list of items to be funded from the 2010 Surplus Appropriation.*

and the contributions to the reserves be revised accordingly.”

- Transfer to Reserves (\$478,000)
- Security Access System* (\$290,000)
- Sister City Plan 2011-2013 (\$234,410)
- Initiation of a Dike Master Plan (\$200,000)
- Pesticide Use Control Bylaw No. 8514 (\$145,000)
- Mobile Solutions* (\$122,390)
- Steveston Tennis Building* (\$105,000)
- Business and Financial Services Tangible Capital Asset Analysts (\$100,000)
- Noise Bylaw (\$100,000)
- Accessible Washroom at London Heritage Farm (\$80,000)
- CLASS upgrade PIN/Chip card* (\$75,000)
- Library Cultural Centre Parkade Upper Level Maintenance (\$70,000)
- Consultant for Event – On Line Form (\$60,000)
- Vehicles for Animal Control* (\$60,000)
- Animal Shelter Feasibility Study (\$50,000)
- On Line License (\$50,000)
- Tempest Software* (\$50,000)
- Fire Rescue Additional Equipment (\$45,000)
- Energy Management (\$35,000)
- Civic Election Public Awareness / Education Strategy (\$25,000)
- Community Services Department Clerical Support Funding (\$25,000)
- City Election Guide – increase costs to include “Candidate Profiles” (\$16,000)
- Recreation Fee Subsidy (\$15,000)
- Gateway Theatre Lighting Board Replacement (\$12,000)
- Gateway Theatre Printers (\$10,000)

*Items totalling \$702,390 are considered capital and will be included as amendments to the 2011 Capital Budget. The remaining items totalling \$1,750,410 will be included as amendments to the 2011 Operating Budget.

- f. At the Council meeting on June 27, 2011, Council approved: *“That an increase to the project scope for a video surveillance upgrade required for the RCMP Community Safety Building (CSB) project to meet the new 2012 proposed standards for police buildings valued at \$179,000, be approved as part of the RCMP CSB project; and, that an increase to the project scope for a secure room required for the RCMP’s Live Scan system valued at \$20,000, be approved as part of the RCMP CSB project, and be funded from the Capital Building and Infrastructure Reserve.”* This results in an overall increase to the 2011 Capital Budget of \$199,000, with \$179,000 funded by the operating surplus of the contract between the City and RCMP and \$20,000 from the Capital Building and Infrastructure Reserve.
- g. At the Closed Council meeting on July 11, 2011, Council approved the acquisition of a strategic property at a total cost of \$7,751,950 (including fees). The 2011 Capital Budget will be increased by \$7,751,950 funded from the Industrial Use Reserve.
- h. At the Closed Council meeting on July 25, 2011, Council approved the acquisition of a parkland property at a total cost of \$3,070,000 (including fees). The 2011 Capital Budget will be amended by \$1,368,730, funded by \$487,866 from West Cambie Parkland Acquisition DCCs, \$30,864 from Capital Reserve assist factor, and \$850,000 from the Industrial Use Reserve. The remaining balance of \$1,701,270 can be accommodated within existing approved Strategic Land Acquisition capital projects.
- i. At the Council meeting on July 25, 2011, Council approved: *“That \$372,600 be allocated from the approved Interurban Tram Restoration (2011) project to fund the Steveston Tram Building Project (2011); and, that (an additional) \$427,400 be allocated from the Steveston Road Ends.”* This results in the Steveston Tram Building Project increasing by \$800,000 with a net overall increase to the 2011 Capital Budget of \$427,400.

Throughout the course of the year the expenditure pattern can vary from the original 5 Year Financial Plan Bylaw. This can be due to additional amounts received, re-classification of costs or unexpected expenditures. The following amendments represent administrative changes:

2. a. At the May 9, 2011 Finance Committee meeting, the report titled “Future Reserves and Surplus and Future Construction” indicated that \$1,000,000 for RCMP CSB moving expenses was to be funded from the Revolving Fund Capital Reserve. Upon further review, it is estimated that \$230,000 of these are non-capital in nature. The costs that are considered capital, in the amount of \$770,000 will be included in the 2011 Capital Budget funded from the Revolving Fund Capital Reserve. The non-capital costs in the amount of \$230,000 will be included in the 2011 Operating Budget funded from a reduction to the transfer to reserves. Overall, the ending balance of the Revolving Fund Capital Reserve is unchanged and the expenditures are budgeted in the appropriate Budgets.

- b. Include \$490,000 in the 2011 Capital Budget for a data storage system funded from the Computer Equipment Provision. The City data storage system is essential to the delivery of effective City computer services. Centralizing data storage is also essential to the cost-effective delivery of those services. The current data storage system is obsolete, at full capacity and a replacement system is required. Generally accepted accounting principles necessitates including computer equipment in the Capital Budget.

- c. Relocate the Sports Hosting function to the Oval Corporation in the amount of \$344,813. Tourism Richmond is seeking improved performance as they fully fund this function. Moving this function to the Oval creates synergies with other sport functions resulting in increased operating efficiencies. Oval management have relationships with sporting bodies in Canada and worldwide, thus enhancing the ability of the Sports Hosting Office to achieve its objectives.

- d. Include the balance of the Election Provision of \$238,016 in the 2011 Operating Budget for anticipated costs relating to the 2011 civic election. This balance is in addition to the 2011 annual allocation of \$117,800 resulting in a total available budgeted amount of \$355,816.

- e. Include \$50,000 for the cost of consulting and associated expenses to assist with Facilities and Community Services staff with development of the City-owned child care facilities, funded from the Child Care Reserve. The primary focus is on the facility to be established on lands obtained through the rezoning of the TransLink maintenance facility in Hamilton.

- f. Include \$30,000 for the costs associated to consulting services to assist with the review and update of the Richmond Affordable Housing Strategy, funded from the Affordable Housing Operating Reserve. The initial areas of focus are the assessment of Affordable Housing Contribution Rates and the Affordable Housing Reserve Fund review, analysis and best use forecast.

Financial Impact

The proposed 2011 budget amendments will have **no tax impact**. Overall, there is an increase of \$20,671,704 to the 2011 Capital Budget and \$1,811,613 to the 2011 Operating Budget. Each of these annual budgets combine to form part of the 2011-2015 5YFP. The 2011-2015 5YFP schedule, capital program and funding sources can be found in **Attachments 1 - 3**.

2011 Capital Budget - Summary of Changes		(in \$000's)
Capital Budget as at April 11, 2011		\$ 72,699
Land acquisitions	17,307	
RCMP building moving costs - capital (gross \$1,000)	770	
Additional level expenditures – 2010 surplus (gross \$2,453)	703	
Williams Rd area lane upgrades (gross \$767)	696	
Data storage system	490	
Steveston tram building (gross \$800)	427	
RCMP video surveillance and live scan	199	
Reserve transfers to Operating Budget	80	
Total amendments		20,672
Total Capital Budget including amendments		\$93,371

2011 Operating Budget - Summary of Changes		(in \$000's)
Operating Budget as at April 11, 2011		\$ 397,245
Additional level expenditures – 2010 surplus (gross \$2,453)	1,750	
Transfer sports hosting to Oval Corporation	(345)	
Election provision	238	
RCMP moving expenses	230	
Reduction of transfer to reserves (RCMP moving)	(230)	
Elections “vote anywhere”	88	
Transfer to statutory reserves (child care and affordable housing)	80	
Total amendments		1,811
Total Operating Budget including amendments		\$399,056

Conclusion

Staff recommend that Council approve the 2011 Capital and Operating Budget amendments to accommodate the expenditures within the 5 Year Financial Plan Bylaw. The proposed 2011 budget amendments will have no tax impact. Overall, there is an increase of \$20,671,704 to the 2011 Capital Budget and \$1,811,613 to the 2011 Operating Budget.

As required in Section 166 of the Community Charter staff will conduct a process of public consultation prior to final reading September 26, 2011.

Jerry Chong
Director, Finance
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JC:cg

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2011 – 2015)
(in 000's)

	2011	2012	2013	2014	2015
Revenues					
Property Taxes	161,335	168,343	175,485	181,890	188,562
Transfer from Capital Equity	46,821	54,931	61,127	67,498	74,247
Fees & Charges	26,147	27,223	29,044	30,879	31,796
Grant-in-lieu	11,770	11,920	12,070	12,320	12,420
Grants	3,715	3,789	3,865	3,942	4,021
Gaming Revenue	11,113	11,146	11,174	11,204	11,242
Investment Income	16,205	15,400	13,650	12,800	11,200
Penalties and Interest on Taxes	990	995	1,000	1,005	1,010
Miscellaneous Fiscal Earnings	27,791	23,222	23,038	23,664	24,238
Utilities	85,460	90,477	95,311	99,752	104,392
Transfer from Capital Equity	7,709	8,597	9,565	10,629	11,740
Capital Plan					
Transfer from DCC Reserve	18,526	12,432	10,206	9,556	8,242
Transfer from Other Funds and Reserves	74,846	100,044	54,443	42,000	28,178
Carry Forward Prior Years	143,382	64,824	53,190	35,352	26,072
TOTAL REVENUES	\$635,810	\$593,343	\$553,168	\$542,491	\$537,360
Expenditures					
Law & Community Safety	80,218	82,361	84,841	87,162	89,883
Parks & Recreation	36,970	39,680	41,460	43,505	45,340
Engineering & Public Works	55,316	59,946	64,005	68,507	73,043
Community Services	21,154	22,101	23,231	24,529	25,637
Corporate Services	17,785	17,562	18,209	18,990	19,605
Project Development & Facility Maintenance	11,802	11,882	12,205	12,582	12,885
Planning & Development Services	12,150	12,512	13,080	13,777	14,303
Business and Financial Services	7,080	7,059	7,305	7,617	7,820
Corporate Administration	4,343	4,414	4,555	4,735	4,849
Fiscal	24,786	24,761	27,700	31,020	33,735
Transfer to Funds: Statutory Reserves	29,759	30,389	30,392	31,356	31,636
Utilities	93,169	99,074	104,876	110,381	116,132
Municipal Debt					
Debt Interest	3,223	3,137	2,359	844	-
Debt Principal	1,301	1,165	1,111	578	-
Capital Plan					
Current Year Capital Expenditures	93,372	112,476	64,649	51,556	36,420
Carry Forward Prior Years	143,382	64,824	53,190	35,352	26,072
TOTAL EXPENDITURES	\$635,810	\$593,343	\$553,168	\$542,491	\$537,360
Proposed Property Tax Increase	2.95%	3.10%	3.05%	3.08%	3.12%

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN
CAPITAL PROGRAM (2011-2015)
(in \$000's)

	2011	2012	2013	2014	2015
<u>Infrastructure Program</u>					
Drainage	5,151	4,985	2,191	3,317	3,800
Infrastructure Advanced Design & Land	969	907	1,189	767	750
LIP/NIC	750	750	750	750	750
Minor Public Works	800	1,100	1,100	1,100	1,100
Roads	9,807	9,633	9,067	6,710	4,603
Sanitary Sewer	3,218	2,232	1,990	6,426	2,570
Water Main Replacement	10,988	7,777	11,680	12,464	8,975
Total Infrastructure Program	31,683	27,384	27,967	31,534	22,548
<u>Building Program</u>					
Community Safety Building	3,201	-	15,800	-	-
Major Building	2,247	63,550	-	100	-
Minor Building	1,570	600	600	600	600
Total Building Program	7,018	64,150	16,400	700	600
<u>Parks Program</u>					
Major Parks/Streetscapes	2,452	1,935	1,500	1,700	700
Minor Parks	600	850	550	350	550
Parkland Acquisition	6,305	3,500	4,500	3,500	3,500
Total Parks Program	9,357	6,285	6,550	5,550	4,750
<u>Land Program</u>					
Land Acquisition	12,752	-	-	-	-
Total Land Program	12,752	-	-	-	-
<u>Equipment Program</u>					
Annual Fleet Replacement	1,563	1,000	1,255	1,478	1,600
Communication Equipment	-	-	595	-	-
Computer Capital/Software	2,270	1,105	1,105	1,105	1,105
Fire Dept Vehicles	1,240	1,250	80	800	800
Miscellaneous Equipment	8,032	1,170	1,370	1,800	1,170
Technology	-	300	220	-	-
Vehicle Equipment	954	-	-	-	-
Total Equipment Program	14,059	4,825	4,625	5,183	4,675
<u>Child Care Program</u>					
Child Care Program	295	225	-	-	-
Total Child Care Program	295	225	-	-	-
<u>Internal Transfers/Debt Payment</u>					
Internal Transfers/Debt Payment	18,207	9,607	9,107	8,589	3,847
Total Internal Transfers/Debt Payment	18,207	9,607	9,107	8,589	3,847
Total Capital Program	\$93,371	\$112,476	\$64,649	\$51,556	\$36,420

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN
CAPITAL FUNDING SOURCES (2011-2015)
(in 000's)

	2011	2012	2013	2014	2015
<u>DCC Reserves</u>					
Drainage	539	1,248	167	403	-
Parks Acquisition	9,940	3,292	4,232	3,292	3,292
Parks Development	1,458	2,102	1,693	1,881	943
Roads	5,126	4,766	3,601	2,991	3,336
Sanitary Sewer	746	580	143	652	-
Water	717	444	370	337	671
Total DCC Reserves	18,526	12,432	10,206	9,556	8,242
<u>Statutory Reserves</u>					
Affordable Housing Reserve Fund	30	-	-	-	-
Capital Building and Infrastructure Reserve Fund	320	8,500	7,300	-	-
Capital Reserve Fund	27,688	32,898	14,004	9,464	2,691
Child Care Development Reserve Fund	345	225	-	-	-
Drainage Improvement Reserve Fund	4,251	3,921	2,182	2,964	4,050
Equipment Replacement Reserve Fund	3,483	2,250	1,535	2,278	2,400
Leisure Facilities	-	-	-	-	-
Local Improvements Reserve Fund	750	750	750	750	750
Public Art Program Reserve Fund	349	-	-	-	-
Sanitary Sewer Reserve Fund	2,938	18,127	2,375	2,893	2,970
Steveston Road Ends Reserve Fund	1,257	-	-	-	-
Watermain Replacement Reserve Fund	13,466	21,490	12,000	7,500	7,504
Total Statutory Reserves	54,876	88,161	40,146	25,849	20,365
<u>Other Sources</u>					
Appropriated Surplus/Surplus	8,729	6,088	6,088	6,088	6,088
Enterprise	1,466	-	-	-	-
Grant, Developer and Community Contributions	6,054	4,195	6,609	8,463	125
Utility Levy	420	-	-	-	-
Water Metering Provision	3,300	1,600	1,600	1,600	1,600
Total Other Sources	19,969	11,883	14,297	16,151	7,813
Total Capital Plan Contributions	\$93,371	\$112,476	\$64,649	\$51,556	\$36,420