



Finance Committee

- Date: Tuesday, June 20th, 2006
- Place: Anderson Room
Richmond City Hall
- Present: Councillor Evelina Halsey-Brandt, Chair
Councillor Derek Dang, Vice-Chair
Councillor Linda Barnes
Councillor Sue Halsey-Brandt
Councillor Rob Howard
Councillor Bill McNulty
Councillor Harold Steves
Mayor Malcolm D. Brodie
- Absent: Councillor Cynthia Chen
- Call to Order: The Chair called the meeting to order at 4:00 p.m., and advised that the order of the agenda would be varied to deal with Item No. 6 immediately after adoption of the minutes.

MINUTES

1. It was moved and seconded
That the minutes of the meeting of the Finance Committee held on Tuesday, May 3rd, 2006, be adopted as circulated.

CARRIED

6. **2005 SURPLUS APPROPRIATIONS**
(Report: June 7/06, File No.: 03-0970-01) (REDMS No. 1885757)

The General Manager, Business & Financial Services, Andrew Nazareth, accompanied by the Director of Finance, Jerry Chong, provided members of the Committee with revised lists for (i) one-time expenditures, (ii) items previously discussed at Committee; and (iii) Critical One-Time Expenditures. A copy of the revised lists is on file in the City Clerk's Office.

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In response to questions, advice was given that TAG's (The Administrators' Group) top priorities were the seven items listed as the "Critical One-Time Expenditures".

Discussion then took place among Committee members and staff on the following:

- Parks, Recreation & Cultural Services - Public Art Coordinator
- Recreation and Culture – Childcare
- the Oval projects shown on the list of one-time expenditures
- Richmond Fire-Rescue – Equipment and trailer
- Information Technology – Bookit POS Replacement
- Recreation and Culture - Britannia
- the Olympic Business Office
- the use of surplus funds to finance specific projects
- Law – Legal services
- Corporate Communications
- Council – Council Initiatives.

During the discussion, questions were raised on whether it was necessary to always spend surplus funds rather than transferring a portion of those funds to the City's various reserve accounts. Comments were made about the need for greater detail on each of the projects being put forward. Also addressed was the status of the request for a budget for all non-capital Olympic Oval costs.

Concern was expressed about the \$6 Million surplus, with comments being made that if a surplus occurred, then these funds should be deposited into the City's reserve accounts, and potential projects dealt with on the basis of priorities when the budget for the project was established. Discussion then took place among Committee members and staff on how the operating budget was prepared and what circumstances led to the city having a surplus at the end of the year.

(Cllr. Steves left the meeting at 6:09 p.m., and did not return.)

Further discussion took place on the issue of surplus funds, during which comment was made that if surplus funds were used to reduce the amount of taxes collected and a surplus was not achieved the following year, then the result would be an even larger tax increase the following year. Information was also provided that the City would then be placed in a deficit position, and that issues could arise with the provincial government as the if such a deficit did occur.

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Further information was provided on the City's accumulated unappropriated surplus. The surplus was in excess of \$35 million and is being used to bridge finance the Olympic Oval project.

Discussion continued, with comments being made about the amount of the unappropriated surplus which had been accumulated; whether specific projects could be supported or not supported by Committee members; action which could be taken by Committee now to transfer surplus funds to reserve accounts; the taxation formula used by the City each year; the Long Term Financial Strategy and how the additional 1% tax increase (compounded annually) increases the amount in the reserve accounts.

As a result of the discussion, the following resolution was introduced:

It was moved and seconded

That the report (dated June 15th, 2006, from the Director of Finance), regarding 2005 Surplus Appropriations, be referred to staff with instructions:

- (1) that \$2,000,000 be earmarked for reserve accounts;*
- (2) that the List of Expenditures be prioritized in relation to the balance of the funds remaining; and*
- (3) with regard to the amount of money being transferred to the reserve accounts, that staff provide options as to the appropriate amount to be transferred and to which accounts.*

The question on the motion was not called, as several Committee members voiced their opposition to the referral. Discussion also ensued on whether surplus funds should be used to (i) finance specific projects or (ii) increase the levels of the City's reserve accounts. Also addressed was whether the amount being proposed for the reserve accounts was sufficient. As a result of the discussion, the following **amendment** was introduced:

It was moved and seconded

That the main motion be amended by deleting the figure of "\$2,000,000" and substituting the figure "\$3,000,000."

DEFEATED

OPPOSED: Mayor Brodie
Cllr. Barnes
Dang
E. Halsey-Brandt
S. Halsey-Brandt
Howard

The question on the main motion was called, and it was **CARRIED** with Cllrs. Barnes and McNulty opposed.

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It was moved and seconded

That staff bring forward a report on the option of utilizing monies from the unappropriated surplus from previous years to top up reserve accounts with recommendations as to which reserve accounts would be appropriate based on the Long Term Financial Strategy

The question on the motion was not called, as information was provided that the entire amount of the unappropriated surplus funds had been set aside to cover the cost of the Olympic Oval until such time as the RFP for the City-owned property in the area of the Oval site had been concluded. Further information was provided that the RFP process could take as long as one year to 18 months to complete.

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

PARKS, RECREATION & CULTURAL SERVICES DEPARTMENT

2. **LEASE REVENUE FROM CITY-OWNED PROPERTIES AT 14420, 14580, 14720 AND 14760 TRIANGLE ROAD**

(Report: June 8/06, File No.: 06-2280-20-131/Vol 01) (REDMS No. 1908565)

Discussion ensued among Committee members regarding the options provided by staff. Opinions were expressed that the status quo should be maintained, that is *'make no changes to the current appropriation of the Triangle Road lease revenue at this time'*.

Reference was made to a letter from the Richmond Sports Council which urged Council to allocate the revenue to a sports reserve fund, as had first been envisaged in 2000. Concern was voiced that following through with this request could establish a dangerous precedent as there were many other projects in the community which deserved funding and support.

However, opposition was also voiced about maintaining the status quo, with support being given to option 1, which directed *'staff to allocate the lease revenue for 2007, 2008 and 2009 towards the completion of the Council approved Community Soccer Alliance Proposal Phase 2 for the construction of one artificial sports field at Hugh Boyd and one at South Arm Park.'* In support of this option, information was provided on the purchase history of the Triangle Road properties.

Further discussion took place among Committee members and staff regarding the Triangle Road properties and how the artificial sports fields at Hugh Boyd and South Arm parks would be financed.

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During the discussion information was provided that if Option 1 was approved, the immediate result would be a .3% increase in the budget, and the suggestion was made that if the Committee was considering a one-time cost, then the 2005 or the unappropriated surplus funds could be considered as funding sources,

The following motion was then introduced:

It was moved and seconded

That Option 1 (as outlined in the report dated June 8th, 2006, from the Director of Parks and Public Works Operations), regarding Lease Revenue from City-Owned Properties at 14420, 14580, 14720 & 14760 Triangle Road, be approved.

DEFEATED

OPPOSED: Mayor Brodie
Cllr. Barnes
Dang
E. Halsey-Brandt
S. Halsey-Brandt
Howard

It was moved and seconded

That Option 3 (as outlined in the report dated June 8th, 2006, from the Director of Parks and Public Works Operations), regarding Lease Revenue from City-Owned Properties at 14420, 14580, 14720 & 14760 Triangle Road, be approved, and that the report be received for information.

CARRIED

A brief discussion ensued, as a result of which staff were requested to bring forward various options for funding of the artificial sport fields including the possibility of using surplus funds.

Mayor Brodie and Cllr. Dang then left the meeting (7:25 p.m.), and did not return.

BUSINESS & FINANCIAL SERVICES DEPARTMENT

3. 2005 ANNUAL REPORT

(Report: June 6/06, File No.: 01-0375-01) (REDMS No. 1906085)

It was moved and seconded

That the 2005 City of Richmond Annual Report (attached to the report dated June 6th, 2006, from the General Manager, Business and Financial Services), be approved.

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The question on the motion was not called, as staff was requested to feature environmental initiatives in greater detail in the next annual report. Staff were commended for producing an excellent report which cost only \$1.78 per copy to produce in-house, was user-friendly, informative and was enhanced by the beautiful photographs contained in the document.

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

4. **COUNCIL REMUNERATION AND EXPENSES FOR 2005**

(Report: June 6/06, File No.: 01-0105-08-01/2006 – Vol 01) (REDMS No. 1904460)

It was moved and seconded

That the Council Remuneration and Expenses report for the year ended December 31st, 2005 (attached to the report dated June 6th, 2006, from the General Manager, Business & Financial Services), be received for information by Council.

CARRIED

5. **2005 STATEMENT OF FINANCIAL INFORMATION**

(Report: June 15/06, File No.: 03-1200-03/2006-Vol 01) (REDMS No. 1863242)

It was moved and seconded

That the statements and schedules of Financial Information reported for the year ended December 31, 2005 (attached to the report dated May 6th, 2006, from the Director of Finance), be approved.

CARRIED

6. **2005 SURPLUS APPROPRIATIONS**

(Report: June 15/06, File No.: 03-0970-01) (REDMS No. 1885757)

Please see Page 2 of these minutes for action taken on this matter.

7. **FINANCIAL REPORTING – QUARTER 1, 2006**

(Report: June 15/06, File No.: 03-0970-09-01) (REDMS No. 1885078)

It was moved and seconded

That the report on Financial Information for the first quarter ended March 31st, 2006 (attached to the report dated May 17th, 2006, from the Director, Finance), be received for information.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (7:32 p.m.).

CARRIED

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Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Tuesday, June 20th, 2006.

Councillor Evelina Halsey-Brandt
Chair

Fran J. Ashton
Executive Assistant, City Clerk's Office