



City of Richmond

Report to Council

To: Richmond City Council

Date: March 3, 2010

From: Andrew Nazareth
General Manager, Business & Financial Services

File:

Re: 2010 Capital Budget and 5 Year Financial Plan (2010-2014)

Staff Recommendation

1. That the Council-approved 2010 Capital Budget be amended to increase the land acquisitions by \$28.17M to \$59.17M to accommodate the purchase of Garden City Lands, funded from the Community Legacy and Land Replacement Reserve.
2. That the Council-approved 2010 Capital Budget be amended to increase the amount of strategic land acquisitions by \$2.82M to \$5.42M, funded from the Capital Reserve-Industrial Use.
3. That the Council-approved 2010 Capital Budget be amended to include the costs relating to the Lubzinski exhibit in the amount of \$0.30M, funded from the Steveston Road Ends Reserve.
4. That the Council-approved 2010 Capital Budget be amended by \$2.80M to include an increase in grant and developer funding for a number of miscellaneous projects.
5. That the 5 Year Financial Plan (2010 – 2014) be approved, that the 5 Year Financial Plan (2010 – 2014) Bylaw No. 8568 be introduced and given first, second and third readings and that staff undertake a process of public consultation as required in Section 166 of the Community Charter.

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

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES 	NO <input type="checkbox"/>

Staff Report

Origin

Subsection 165(1) of the Community Charter requires the City to adopt a Five Year Financial Plan (5YFP) Bylaw on or before May 15th of each year. The 2010 Capital Budget is included in the City's 5YFP.

Analysis

Subsequent to the Council approved 2010 Capital Budget, additional amendments are requested.

The City of Richmond had offered to purchase the Garden City Lands (comprising approximately 136.5 acres) at a purchase price of \$59,170,000, and the Musqueam Indian Band and Canada Lands Company limited have accepted the City's offer and have agreed to sell the Garden City Lands to the City of Richmond. The agreement is unconditional and must complete on or before March 31, 2010.

The Community Legacy & Land Replacement (CLLR) Reserve was created as a result of the proceeds received from the sale and lease of the Oval Lands. Consistent with item 8 of the City's Long Term Financial Management Strategy (Policy 3707), which states that "*sufficient proceeds from the sales of City land assets will be used to replenish or re-finance the City's land inventory*". Subsequent to the sale of the Oval Lands, the 2008 Capital Budget included a capital request in the amount of \$31.00M for strategic lands, which was funded by the CLLR Reserve. In order to fund and have expenditure authorization for Council's acquisition of the Garden City Lands, the 2010 Capital Budget will be amended to include the additional \$28.17M required for the acquisition which will be funded from the CLLR Reserve.

At December 31, 2009 the Capital Reserve-Industrial Use had \$2.82M available, therefore staff recommend that the 2010 Capital Budget be amended to increase the strategic land acquisition project by \$2.82M so that in the event that a potential acquisition(s) become available there is expenditure authorization in place. However, staff would still require approval from Council prior to entering into any negotiations and agreements.

At the Council meeting on February 8, 2010, Council recommended that: "*a portion of the Lubzinski Collection be installed in time for the 2011 Maritime Festival, as described in Option 2 of the staff report of January 15th, 2010 from the Director of Arts, Culture and Heritage Services; and, that funding be derived from the Steveston Road Ends Reserve Fund, with assistance to be considered in the 2010 Capital Budget*". Option 2 includes funding for the entire exhibit design (\$0.07M), installation of a portion of the exhibit in the Seine Net Loft to be viewed from the door and the sawmill to be set up in the boatyard (\$0.20M), plus some preparation of the Seine Net Loft including cataloguing of artefacts currently stored within (\$0.03M) for a total of \$0.30M. The current balance in the Steveston Road Ends Reserve is \$0.16M, therefore this project cannot be fully funded until additional proceeds are received. However, Real Estate Services believe that proceeds will be received before year end as various Steveston Road ends properties are in the process of being sold. In addition to funding this project, the 2010 Capital Budget also authorizes the Steveston Road Ends Reserve as the funding

source for 4091 Chatham Street restoration and re-location (\$0.44M) and the Interurban Barn Construction (\$1.06M).

The City is reimbursing a developer for frontage improvements in the amount of \$0.025M and this is to be funded from the Neighbourhood Improvement Reserve Fund.

The City is anticipating an increase in Developer Contributions for Public Art during 2010. The 2010 Capital Budget needs to be amended accordingly by \$0.30M and this is reflected in the increase to the Future Grant/Donation Contributions – Public Art Project.

The 2010 Capital Budget needs to be amended and increased by \$2.48M for the following grants which have been confirmed recently:

- a) \$1.00M Western Economic Diversification Grant was approved for the City Centre Middle Arm Park Project.
- b) \$1.48M in grant funding from the Infrastructure Stimulus Fund was approved for the East Richmond SSA Rehabilitation and Upgrades project (\$0.83M) and the City Centre SSA Assessment and Rehabilitation project (\$0.65M).

Summary of Changes

Capital Budget as at January 18, 2010	(in \$000's)	\$100,323
Amendments:		
Garden City Lands Acquisition		\$28,170
Strategic Lands Acquisition Increase		2,817
Lubzinski Exhibit		300
Miscellaneous projects:		
Developer Frontage Improvements	25	
Future Grant/Donation Contributions - Public Art	300	
City Centre Middle Arm Park	1,000	
East Richmond SSA Rehabilitation and Upgrades	831	
City Centre SSA Assessment and Rehabilitation	646	2,802
Total Amendments:		\$33,789
Total Capital Budget Including Amendments		\$134,412

Financial Impact

The 2010 Capital Budget will be amended and increased by \$33.79M, which includes an additional \$28.17M for the acquisition of the Garden City Lands, an additional \$2.82M for strategic land acquisitions and \$0.30M for the Lubzinski exhibit. The funding source for the Garden City Lands is the Community Legacy & Land Replacement Reserve. The total acquisition price for the Garden City Lands is \$59.17M and funding includes a prior amount approved from the 2008 Capital Budget in the amount of \$31.00M from the Community Legacy & Land Replacement Reserve. The funding source for the strategic land acquisitions is the Capital Reserve-Industrial Use. The funding source for the Lubzinski exhibit is the Steveston Road Ends Reserve. The developer frontage improvements project funding source is the Neighbourhood Improvement Reserve Fund. There is an increase in developer contributions for the Future Grant/Donation Contributions – Public Art project and the City will be receiving more grant funding for City Centre Middle Arm Park, East Richmond SSA Rehabilitation and Upgrades and the City Centre SSA Assessment and Rehabilitation. The budget has been adjusted accordingly.

The 2010 Operating Budget results in an increase of \$5.10M in net expenditures.

Conclusion

That Council approve the 2010 Capital Budget amendments to accommodate the increase for the Garden City Lands, strategic land acquisitions, the Lubzinski exhibit, and various developer and grant funded projects. Staff recommend that Council adopt the 5YFP with a 2010 Operating Budget net expenditure increase of \$5.10M, which amounts to an average tax increase of \$38.47 for an average residential home assessed at \$520,086.



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

City of Richmond
5 Year Financial Plan
2010 - 2014 (in 000's)

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Property Taxes	\$147,875	\$154,777	\$163,224	\$172,111	\$180,918
Grants-in-lieu	11,277	11,342	11,609	11,676	11,544
Utilities	75,587	82,398	86,414	91,057	95,018
Grants	4,332	4,376	4,421	4,469	4,518
Fees & Charges	33,485	30,417	31,780	32,345	32,493
Gaming Revenue	11,080	11,080	11,080	11,080	11,080
Investment Income	11,197	11,197	11,197	11,197	11,197
Penalties and Interest on Taxes	1,075	1,075	1,075	1,075	1,075
Miscellaneous Fiscal Earnings	23,373	19,309	19,543	18,471	18,093
Capital Plan					
Transfer from DCC Reserve	9,384	8,666	7,881	7,443	6,858
Transfer from Other Funds and Reserves	125,028	27,563	102,824	34,694	28,230
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL REVENUES	620,507	452,566	489,027	440,223	427,048
Corporate Administration	3,532	3,665	3,735	3,807	3,867
Parks & Recreation	30,857	32,123	32,738	33,374	33,978
Business & Financial Services	6,531	6,782	6,906	7,032	7,140
Engineering Public Works	34,827	35,840	36,541	37,241	37,943
Planning & Development Service	10,028	10,420	10,610	10,804	10,967
Utilities	75,587	82,398	86,414	91,057	95,018
Fiscal	17,941	20,336	23,176	26,244	28,698
Corporate Services	14,325	14,707	14,934	15,166	15,868
Project Dev & Facility Maint	17,239	9,717	9,892	10,072	10,242
Law & Community Safety	72,864	75,982	78,287	80,477	82,646
Community Services	18,321	18,733	19,053	19,381	19,672
Transfer to Funds: Statutory Reserves	24,511	24,511	26,144	26,232	27,877
Capital Plan					
Current Year Capital Expenditures	134,412	36,229	110,705	42,137	35,088
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL EXPENDITURES	627,790	461,810	497,112	447,629	435,028
NET EXPENDITURES (Before Growth)	7,284	9,244	8,085	7,406	7,981
Oval	650	-	-	-	-
Operating Budget Impact	168	403	802	1,401	129
Growth	(1,800)	(2,000)	(2,000)	(2,000)	(2,000)
Funding from Prior Year Surplus	(1,200)	(1,200)	-	-	-
Proposed Property Tax Increase	\$5,102	\$6,447	\$6,887	\$6,807	\$6,110

**CITY OF RICHMOND
5 YEAR CAPITAL PROGRAM
2010 - 2014
(in \$000's)**

	2010	2011	2012	2013	2014
INFRASTRUCTURE PROGRAM					
Drainage	2,275	1,630	3,269	2,191	3,318
Infrastructure Advanced Design & Land	829	897	907	1,210	750
Local & Neighbourhood Improvements	775	750	750	750	750
Minor Public Works	1,100	1,100	1,100	1,100	300
Roads	4,390	770	2,560	2,131	2,525
Sanitary Sewer	7,475	1,966	3,205	3,047	3,669
Water Main Replacement	12,429	9,283	9,096	8,986	9,337
Total	29,273	16,396	20,887	19,415	20,649
BUILDING PROGRAM					
Community Safety Building	35,250	0	15,800	0	0
Major Building	9,561	1,441	57,300	6,800	110
Minor Building	2,750	1,650	1,650	1,650	1,650
Total	47,561	3,091	74,750	8,450	1,760
PARKS PROGRAM					
Major Parks/Streetscapes	5,217	1,875	1,075	1,100	1,150
Minor Parks	900	450	500	550	350
Parkland Acquisition	3,600	3,000	2,500	2,500	2,000
Public Art	600	300	300	300	300
Total	10,317	5,625	4,375	4,450	3,800
LAND PROGRAM					
Garden City Lands Acquisition	28,170	0	0	0	0
Land Acquisition	5,400	0	0	0	0
Total	33,570	0	0	0	0
EQUIPMENT PROGRAM					
Annual Fleet Replacement	1,600	1,600	1,600	1,600	1,600
Communication Equipment	100	0	0	515	0
Computer Capital/Software	250	0	0	0	0
Fire Dept Vehicles	106	1,360	1,286	0	0
Miscellaneous Equipment	881	0	0	0	0
Total	2,937	2,960	2,886	2,115	1,600
CHILD CARE PROGRAM					
Child Care Program	3,179	0	0	0	0
Total	3,179	0	0	0	0
Capital Program Subtotal	126,837	28,072	102,898	34,430	27,809
INTERNAL TRANSFERS/DEBT PAYMENT					
Internal Transfers/Debt Payment	7,575	8,157	7,807	7,707	7,279
Total	7,575	8,157	7,807	7,707	7,279
Capital Program Total	134,412	36,229	110,705	42,137	35,088

**CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2010 - 2014
(In 000's)**

	2010	2011	2012	2013	2014
DCC Reserve					
Drainage	160	166	473	167	403
Parks Acquisition	3,386	2,822	2,351	2,351	1,881
Parks Development	983	1,293	1,246	1,223	1,270
Roads	3,300	3,061	2,670	2,674	2,315
Sanitary Sewer	751	746	697	658	652
Water	804	578	444	370	337
TOTAL	9,384	8,666	7,881	7,443	6,858
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	500	0	0	0	0
Capital Building and Infrastructure Reserve Fund	5,735	0	11,100	0	0
Capital Reserve Fund	40,812	9,742	40,070	10,091	9,063
Child Care Development Reserve Fund	237	0	0	0	0
City Centre Facility	100	0	0	0	0
Community Legacy & Land Repl Reserve Fund	28,170	0	0	0	0
Drainage Improvement Reserve Fund	2,270	1,800	2,981	2,182	2,964
Equipment Replacement Reserve Fund	2,006	2,960	2,886	1,600	1,600
Leisure Facilities	1,365	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Neighbourhood Improvement Reserve Fund	25	0	0	0	0
Public Art Program Reserve Fund	100	100	100	100	100
Sanitary Sewer Reserve Fund	3,900	1,686	12,482	6,416	2,870
Steveston Road Ends Reserve Fund	1,805	0	0	0	0
Waterfront Improvement Reserve Fund	550	750	50	50	50
Watermain Replacement Reserve Fund	12,100	7,500	29,000	10,400	7,500
Subtotal Statutory Reserves	100,425	25,288	99,419	31,589	24,897
Other Sources					
Appropriate Surplus	3,002	0	0	0	0
Enterprise	1,690	0	0	0	0
Grant, Developer and Community Contributions	16,011	275	1,405	1,105	1,333
Water Metering Provision	3,900	2,000	2,000	2,000	2,000
Subtotal Other Sources	24,603	2,275	3,405	3,105	3,333
TOTAL RESERVES & OTHER SOURCES	125,028	27,563	102,824	34,694	28,230
TOTAL CAPITAL PLAN CONTRIBUTIONS	134,412	36,229	110,705	42,137	35,088



CITY OF RICHMOND

5 YEAR FINANCIAL PLAN (2010-2014)

BYLAW NO. 8568

EFFECTIVE DATE –



5 YEAR FINANCIAL PLAN (2010 - 2014) BYLAW 8568

The Council of the City of Richmond enacts as follows:

1. Schedule "A", Schedule "B" and Schedule "C" which are attached and form a part of this bylaw, are adopted as the 5 Year Financial Plan (2010 - 2014).
2. 2009 to 2013 – 5 Year Financial Plan Bylaw No. 8490 is repealed.
3. This Bylaw is cited as **"5 Year Financial Plan (2010 - 2014) Bylaw 8568"**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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

MAYOR

CITY CLERK

SCHEDULE A to BYLAW 8568
CITY OF RICHMOND
5 YEAR FINANCIAL PLAN (2010-2014)
(in \$000's)

	2010	2011	2012	2013	2014
Property Taxes	\$154,777	\$163,224	\$172,111	\$180,918	\$189,028
Grants-in-lieu	11,277	11,342	11,609	11,676	11,544
Utilities	75,587	82,398	86,414	91,057	95,018
Grants	4,332	4,376	4,421	4,469	4,518
Fees & Charges	33,485	30,417	31,780	32,345	32,493
Gaming Revenue	11,080	11,080	11,080	11,080	11,080
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Capital Plan					
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Transfer from Other Funds and Reserves	125,028	27,563	102,824	34,694	28,230
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL REVENUES	628,608	461,013	497,914	449,029	435,157
Corporate Administration	3,532	3,665	3,735	3,807	3,867
Parks & Recreation	30,857	32,123	32,738	33,374	33,978
Business & Financial Services	6,531	6,782	6,906	7,032	7,140
Engineering Public Works	34,827	35,840	36,541	37,241	37,943
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Corporate Services	14,325	14,707	14,934	15,166	15,868
Project Dev & Facility Maint	17,239	9,717	9,892	10,072	10,242
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Transfer to Funds: Statutory Reserves	24,511	24,511	26,144	26,232	27,877
Capital Plan					
Current Year Capital Expenditures	134,412	36,229	110,705	42,137	35,088
Carryforward Prior Years	166,815	90,368	37,979	44,605	26,023
TOTAL EXPENDITURES	628,608	461,013	497,914	449,029	435,157
Proposed Property Tax Increase	\$5,102	\$6,447	\$6,887	\$6,807	\$6,110

Note: Numbers may not add exactly due to rounding.

SCHEDULE B to BYLAW 8568
CITY OF RICHMOND
5 YEAR CAPITAL PLAN FUNDING SOURCES
2010 – 2014
(in \$000's)

	2010	2011	2012	2013	2014
DCC Reserve					
Drainage	160	166	473	167	403
Parks Acquisition	3,386	2,822	2,351	2,351	1,881
Parks Development	983	1,293	1,246	1,223	1,270
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Water	804	578	444	370	337
TOTAL	9,384	8,666	7,881	7,443	6,858
Reserves and Other Sources					
Statutory Reserves					
Affordable Housing Reserve Fund	500	0	0	0	0
Capital Building and Infrastructure Reserve Fund	5,735	0	11,100	0	0
Capital Reserve Fund	40,812	9,742	40,070	10,091	9,063
Child Care Development Reserve Fund	237	0	0	0	0
City Centre Facility	100	0	0	0	0
Community Legacy & Land Repl Reserve Fund	28,170	0	0	0	0
Drainage Improvement Reserve Fund	2,270	1,800	2,981	2,182	2,964
Equipment Replacement Reserve Fund	2,006	2,960	2,886	1,600	1,600
Leisure Facilities	1,365	0	0	0	0
Local Improvements Reserve Fund	750	750	750	750	750
Neighbourhood Improvement Reserve Fund	25	0	0	0	0
Public Art Program Reserve Fund	100	100	100	100	100
Sanitary Sewer Reserve Fund	3,900	1,686	12,482	6,416	2,870
Steveston Road Ends Reserve Fund	1,805	0	0	0	0
Waterfront Improvement Reserve Fund	550	750	50	50	50
Watermain Replacement Reserve Fund	12,100	7,500	29,000	10,400	7,500
Subtotal Statutory Reserves	100,425	25,288	99,419	31,589	24,897
Other Sources					
Appropriate Surplus	3,002	0	0	0	0
Enterprise	1,690	0	0	0	0
Grant, Developer and Community Contributions	16,011	275	1,405	1,105	1,333
Water Metering Provision	3,900	2,000	2,000	2,000	2,000
Subtotal Other Sources	24,603	2,275	3,405	3,105	3,333
TOTAL RESERVES & OTHER SOURCES	125,028	27,563	102,824	34,694	28,230
TOTAL CAPITAL PLAN CONTRIBUTIONS	134,412	36,229	110,705	42,137	35,088

**CITY OF RICHMOND
2010-2014 FINANCIAL PLAN
STATEMENT OF OBJECTIVES AND POLICIES
SCHEDULE C to BYLAW 8568**

In accordance with Section 165(3.1) of the *Community Charter*, the City of Richmond (“City”) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2010. It excludes utility revenues such as water, sewer and sanitation charges as they are billed separately on cost recovery basis.

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

User fees and charges form the second largest portion of planned revenue. These include many municipal services, such as aquatics, sports fields, building permits, business licenses, development applications etc. that can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

Objective:

- Maximize alternative revenues to lessen the burden on property taxes.

Policies:

- Review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce tax rate.

Table 1:

Revenue Source	% of Total Revenue*
Property Taxes	64%
User Fees & Charges	14%
Investment Income	5%
Gaming Revenue	5%
Grants in Lieu of Taxes	5%
Other Sources	7%
Total	100%

*Total Revenue consists of general revenues.

Distribution of Property Taxes

Table 2 provides the estimated 2010 distribution of property tax revenue among the property classes. This approximate distribution will be determined upon receipt of the City's final revised roll.

Objective:

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

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.
- Continue economic development initiatives to attract businesses to the City of Richmond which will offset the tax burden.

Table 2:

Property Class	% of Total Property Tax
Residential (1)	50%
Business (6)	41%
Light Industry (5)	8%
Others (2,4,8 & 9)	1%
Total	100%

Permissive Tax Exemptions

Each year, Council passes a permissive exemption bylaw exempting certain properties from property tax. The Property Tax Exemptions Policy 3561 sets out the guidelines for permissive exemptions to churches, private schools, hospitals and charities as stated in Sections 220 and 224 of the Community Charter.

Objective:

The City will review its current policy of permissive exemption to include and encourage green development that will meet our commitment to Climate Action Charter.