City of Richmond

Report to Committee

To:	Finance Committee	**Date:**	November 15, 2022
From:	Ivy Wong, CPA, CMA Acting Director, Finance	**File:**	03-0970-01/2022-Vol 01
Re:	**2023 Proposed Operating Budget**		

Staff Recommendations:

That:

1. The 2023 Proposed Operating Budget as presented in Budget Option 2 for a total of 5.88% be approved as outlined below:

    a. A same level of service budget increase of $8,623,971 after tax growth with a tax increase of 3.22% be approved; and

    b. Emerging organizational additional levels in the amount of $735,010 as presented in Attachments 8 and 9 of the staff report titled 2023 Proposed Operating Budget with a tax increase of 0.27% be approved; and

    c. Transfer to reserves for Investment in Community Facilities as per Council's Long Term Financial Management Strategy in the amount of $2,680,441 with a tax increase of 1.00% be approved; and

    d. Senior level government and other government agency increase of $4,058,476 with a tax increase of 1.51% be approved; and

    e. Council previously approved commitments in the amount of $240,340 with a tax increase of 0.09% be approved; and

    f. Operating budget impacts totalling $1,168,557 with a tax increase of 0.44% be approved; and

    g. The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of $1,742,287 resulting in a tax decrease of 0.65% be approved; and

2. The 2023 Operating Budget as approved be included in the Consolidated 5 Year Financial Plan (2023-2027).

Ivy Wong, CPA, CMA
Acting Director, Finance
(604-276-4046)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY SMT	INITIALS:
APPROVED BY CAO	

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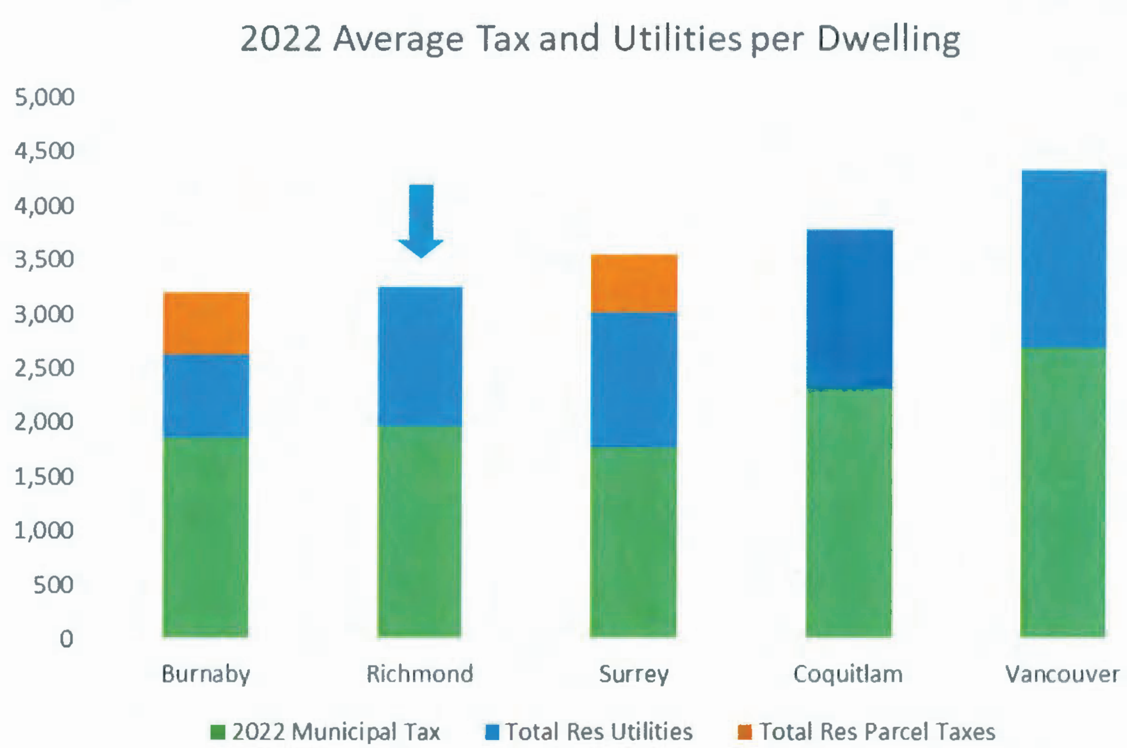
Executive Summary

Economies at all levels are currently facing serious challenges. Positive, early rebound activity from the COVID-19 pandemic has been tempered by multiple shocks to the global economy and policy decisions that are shaping current and future growth trajectories. The International Monetary Fund notes that the current cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the still lingering COVID-19 pandemic all weigh heavily on the global economic outlook. It now seems clear that the global economy will be unable to avoid a recession, though national and provincial forecasts differ in expected severity of impact.

In Richmond, the pandemic demonstrated the importance of sustaining a resilient and diversified local economy, which continues to be key to the city's ability to weather current and future economic uncertainty. During the first two quarters of 2022, there were 22% more business licences issued than during the same period the previous year, and an increase in employment as well. This activity reflects, in part, the resiliency of Richmond's business community from previous challenges and the strength from which it will weather the coming periods of lower economic growth more broadly.

The City has kept property taxes below the average amongst other Metro Vancouver municipalities. Figure 1 shows that within the comparator group of Vancouver, Coquitlam, Burnaby and Surrey, Richmond has the second lowest average tax and utilities per dwelling.

Figure 1: Comparison of 2022 Average Tax and Utilities per Dwelling - Comparator Group



The storm drainage operations and maintenance cost has been included in the City's operating budget since its inception in 2001. It is appropriate for the Flood Protection Utility to fund both capital and operating expenditures, consistent with the Water Utility and Sewer Utility. Since 2021, drainage operations and maintenance costs have been gradually re-allocated from the operating budget to the Flood Protection Utility as part of a multi-year phased approach. As of November 14, 2022, $4.8M has been re-allocated to the Flood Protection Utility, including $1.0M approved by Council as part of the 2023 Utility Budget. The total drainage operating cost for 2023 is approximately $6.7M. It is projected that the transition will be completed with the 2025 Budget.

At the Council meeting on November 14, 2022, it was approved to re-allocate $1.0M from the Operating Budget to the Flood Protection Utility. As shown in Table 5 on page 18, the Operating Budget has been reduced by $1.0M.

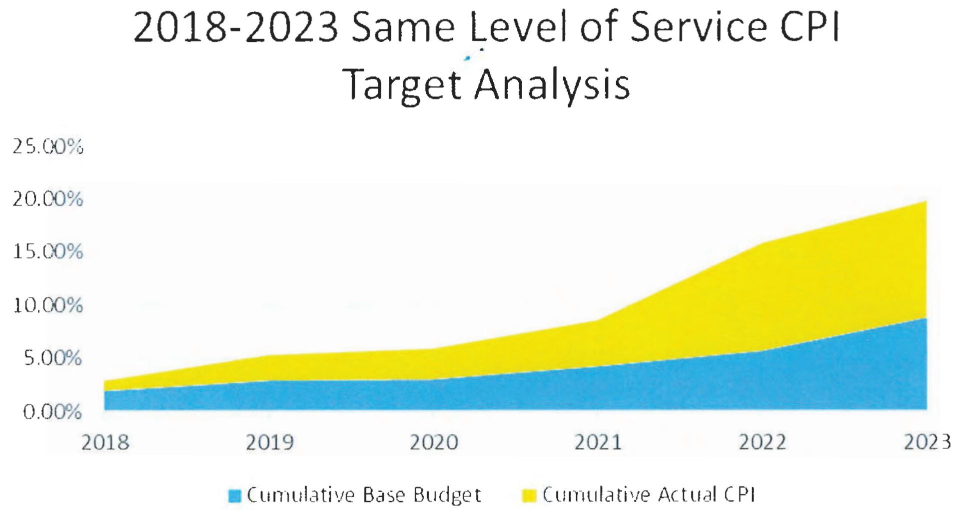
Attachment 4 (page 43) summarizes the breakdown of a municipal tax dollar to provide the same level of service (without proposed additional levels and OBI).

At the Council meeting on May 9, 2022, Council approved the final step in the process to borrow $96.0M in order to provide funding for the Steveston Community Centre and Library replacement project, with payments amortized over 20 years. The loan proceeds were received in September 2022 with annual debt payments of $7.3M to commence in 2023. Starting in the year 2025, the funding that is currently allocated to service the Minoru debt payments will be reallocated to fund the Steveston debt payments. For the two years, 2023 and 2024, that payments are required on both loans, funding from surplus will be utilized in order to avoid any additional tax impact related to this new debt.

Council's Long Term Financial Management Strategy (LTFMS) policy is that the tax increase to maintain current programs and maintain existing infrastructure at the same level of service will be at Vancouver's CPI rate. Preliminary Vancouver CPI forecasts from the Conference Board of Canada is estimated at 3.98% for 2023. In comparison, the Municipal Price Index is estimated at 4.75%. The same level of service increase for 2023 is 3.22%, which is below the Vancouver CPI target, in compliance with Council's LTFMS.

Figure 2 shows that the cumulative base budget increase approved since 2018, including the 2023 proposed same level of service budget totals 8.9%. The cumulative actual CPI for the same period is 19.8%. This is based on the most recent 2022 CPI projections released in October 2022 by the Conference Board of Canada of 7.22% and it assumes the CPI projection for 2023 of 3.98% will be accurate. Council's LTFMS allows for the tax increase to maintain current programs to be at Vancouver's CPI rate; however the rate has been consistently below this target.

Figure 2: 2018-2023 Same Level of Service CPI Target Analysis



The City is subject to various contractual increases to deliver the same level of service. The majority of the contractual increases for 2023 are greater than the projected Consumer Price Index (CPI) of 3.98%, such as the RCMP Contract, E-Comm costs, natural gas and increased insurance rates.

Labour and fringe benefit impacts and contract services, including RCMP and E-Comm, represent approximately 85% of the City's operating expense budget in order to maintain the same level of service. The negotiated union agreement includes a 2.5% increase and enhanced benefit coverage.

Staff have prepared three budget options and recommend Council to approve Budget Option 2, which is summarized in Table 1. This option proposes to phase-in the New Facility Operating Budget impacts over 4 years, providing resources to ensure a carefully planned opening and transition for the new Capstan Community Centre and Steveston Community Centre and Library replacement while maintaining modest tax increases, and proposes to utilize rate stabilization funding to reduce the tax impact.

For discussion of alternative budget options, refer to pages 24-26.

The components of the 2023 Proposed Operating Budget are summarized in Table 1. For discussion on the budget components, refer to the corresponding reference number in the 2023 Proposed Operating Budget section on pages 16-24. The 2023 Proposed Operating Budget will result in a tax increase of 5.88%. This is equivalent to approximately $115 in municipal taxes for an average residential property with an assessment value of $1,183,000 (increase based on 2022 assessment value and tax rates).

Table 1 – 2023 Proposed Operating Budget

	Budget Component	Total 2023 Operating Budget Increase (in '000s)	Tax Impact	Equivalent for Average Residential Property
1	Same Level of Service Increase **(Below LTFMS target of 3.98%)** *(see page 18)*	$8,624	3.22%	$63
2	Emerging Organizational Additional Level Increases - No Tax Impact Positions *(see Attachment 8, page 59)* - Recommended Emerging Organizational Additional Levels *(see Attachment 9, page 61)*	735	0.27%	5
3	Investment in Community Facilities (Transfer to Reserves) *(see page 19)*	2,680	1.00%	20
LTFMS Policy: Same Level of Service, Additional Levels, and 1% Infrastructure Replacement Needs		**12,039**	**4.49%**	**88**
4	External Senior Government Increases *(see page 21)*: - Community Safety Cost-Sharing Obligations - WCB Base Rate - BC 5 Sick Days Legislation - Canada Pension Plan Enhancements	4,058	1.51%	29
5	Council Previously Approved Commitments *(see page 21)* - Richmond Curling Club Facility Operating Budget Impact - Menstrual Equity Initiative - Red Cross Contract for Emergency Social Services and Emergency Volunteer Management	240	0.09%	2
6	Operating Budget Impacts *(see page 22)* - Capstan Community Centre OBI Phase-in (Year 2 of 4) - Steveston Community Centre and Library Replacement OBI Phase-in (Year 1 of 4) - OBI from Previously Approved Capital Budget - OBI from 2023 Capital Budget	1,168	0.44%	9
7	- Rate Stabilization *(see page 24)*	(1,742)	(0.65)%	(13)
Subtotal of External Senior Government, Council Commitments and Operating Budget Impacts		**3,724**	**1.39%**	**27**
2023 Proposed Operating Budget Increase		**$15,763**	**5.88%**	
Annual equivalent tax increase for average residential property				**$115**

Staff Report

Origin

Subsection 165(1) of the *Community Charter* requires the City to adopt a 5 Year Financial Plan (5YFP) Bylaw. The 2023 Operating Budget 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. Under section 165 of the *Community Charter*, the financial plan cannot plan for a deficit. In addition, any deficit that results from a year would need to be included in the financial plan the following year.

Pursuant to Council Policy 3016, it is prudent to approve the budgets prior to the start of the budget year in order for staff to have clear direction on the 2023 budget and spending authorization from the start of the fiscal year. External organizations that evaluate the fiscal management of Canadian municipalities have acknowledged Richmond's commitment to this best practice.

The 2023 Proposed Operating Budget ("Budget") applies 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."*

This report supports Council's 2018-2022 Strategic Plan #5 Sound Financial Management:

> *Accountable, transparent, and responsible financial management that supports the needs of the community into the future.*
>
> *5.1. Maintain a strong and robust financial position.*
>
> *5.2. Clear accountability through transparent budgeting practices and effective public communication.*
>
> *5.3. Decision-making focuses on sustainability and considers circular economic principles.*
>
> *5.4 Work cooperatively and respectfully with all levels of government and stakeholders while advocating for the best interests of Richmond.*

Council's 2018-2022 Strategic Plan is summarized in Attachment 1. Council's Strategic Plan is anticipated to be updated in 2023 for the 2022-2026 term.

Analysis

Environmental Scan

Economic Outlook

Economies at all levels are currently facing serious challenges. Positive, early rebound activity from the COVID-19 pandemic has been tempered by multiple shocks to the global economy and policy decisions that are shaping current and future growth trajectories. The International Monetary Fund notes that the current cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the still lingering COVID-19 pandemic all weigh heavily on the global economic outlook. It now seems clear that the global economy will be unable to avoid a recession, though national and provincial forecasts differ in expected severity of impact.

In 2020, just prior to the start of the COVID-19 pandemic, Canada's consumer price index (CPI) was 2.2%, within normal ranges. However, as lockdowns hit globally, inflation fell sharply to below zero, making economic depression a key concern. Fortunately, the Bank of Canada's response, combined with fiscal stimulus, supported the economy to a strong recovery. Over the past few years, the trajectory of the pandemic has seen economies open and close globally, and consumers have shifted spending from in-person services to a greater demand for durable goods. Combined with disrupted supply chains and shipping bottlenecks, this greater demand for goods started to lead to inflation – decreased supply and increased demand started pushing prices higher and higher.

As these price increases started to occur, the Bank of Canada assessed the increases to be temporary. As recently as a year ago, the Bank was predicting that prices would moderate as public health restrictions were eased and production increased. However, the Bank now acknowledges that outlook was overly optimistic. There were two key, unanticipated impacts that led inflation to continue rising. First, Russia's unprovoked invasion of Ukraine in February 2022 drove up prices of key commodities, especially energy and agricultural goods, and further disrupted supply chains. Second, as the economy fully re-opened in Spring 2022, pent-up demand for services, despite a shortage of labour to provide those services, led the price increases in goods to spread to services as well. As a result, total CPI inflation rose sharply to 8.1% in June.

Most recently, inflation in Canada is starting to inch downward, as the Bank of Canada moved to aggressively raise interest rates to cool demand. Inflation is now forecast to average 6.9% in 2022 (though this is a significant revision from the 2.7% predicted last year for 2022, for reasons outlined above) and slow to 3.9% in 2023. That said, inflation is not expected to return to the Bank's target rate of 2% until 2024 – though this is still earlier than a global return to the target rate is anticipated.

In the context of the global forecast, Canada is still in a relatively positive position. Peak inflation will be lower and is expected to return to normal ranges more quickly, compared to others globally. A stronger growth trajectory is also anticipated – though there have been recent negative revisions to the Canadian outlook. It is now expected that growth will slow from 3.2%

in 2022 to 0.6% in 2023, due to lower commodity prices (as Canada is a net exporter), increased uncertainty, lower equity values, and a weaker U.S. (Canada's top trading partner).

Generally aligned with trends at the national level, economic growth in B.C. is forecast at 3.2% for 2022, slowing to 1.5% in 2023 (though still above the national forecast), and recovering to 2% in 2024 and 2.4% in 2025. A deeper housing cycle downturn and pullback in housing starts are anticipated in B.C., while consumption slows. A tight labour market and strong population growth are expected - with low unemployment easing due to population growth. In B.C., inflation will decline as per the national pattern. B.C. is encountering the current economic challenges from a strong foundational position, as it had one of the shallowest downturns in 2020 and one of the strongest growth performances in 2021, compared to Canadian peers.

In Richmond, the pandemic demonstrated the importance of sustaining a resilient and diversified local economy, which continues to be key to the city's ability to weather current and future economic uncertainty. Some sectors, such as aviation and tourism, experienced business closures and job losses during the pandemic, while sectors such logistics, e-commerce, technology and film production experienced growth. Now, in the face of high inflation and slow growth, the impacts are again divergent: job growth in the technology sector is stalling, a low Canadian dollar continues to bolster the film industry and attract tourists, and retail may slow as consumer spending cools. That said, during the first two quarters of 2022, there were 22% more business licences issued than during the same period the previous year, and an increase in employment as well. This activity reflects, in part, the resiliency of Richmond's business community from previous challenges and the strength from which it will weather the coming periods of lower economic growth more broadly.

These external economic conditions influence the City's operations and financial situation. For example, the organization is facing higher costs for materials and supplies due to supply chain disruptions and related inflationary pressures. Vacant positions are becoming more difficult to fill as competition for labour increases amidst extremely low unemployment and private sector compensation packages that are becoming more attractive. Contracted services, such as the RCMP, are also subject to cost increases outside of the City's control. The factors discussed in this economic outlook were considered as part of the City's 2023 budget preparation.

Please refer to Attachment 2 for further information on the Economic Outlook.

Taxation

The City has kept property taxes below the average amongst other Metro Vancouver municipalities. Compared to the 17 municipalities in Metro Vancouver, the 2022 average tax and utilities per dwelling in Richmond ranks as the fifth lowest with a combined amount of $3,241 annually. Within the comparator group of Vancouver, Coquitlam, Burnaby and Surrey, Richmond has the second lowest average tax and utilities per dwelling. Figure 3 shows the comparison of all Metro Vancouver municipalities.

Figure 3: Comparison of 2022 Average Tax and Utilities per Dwelling

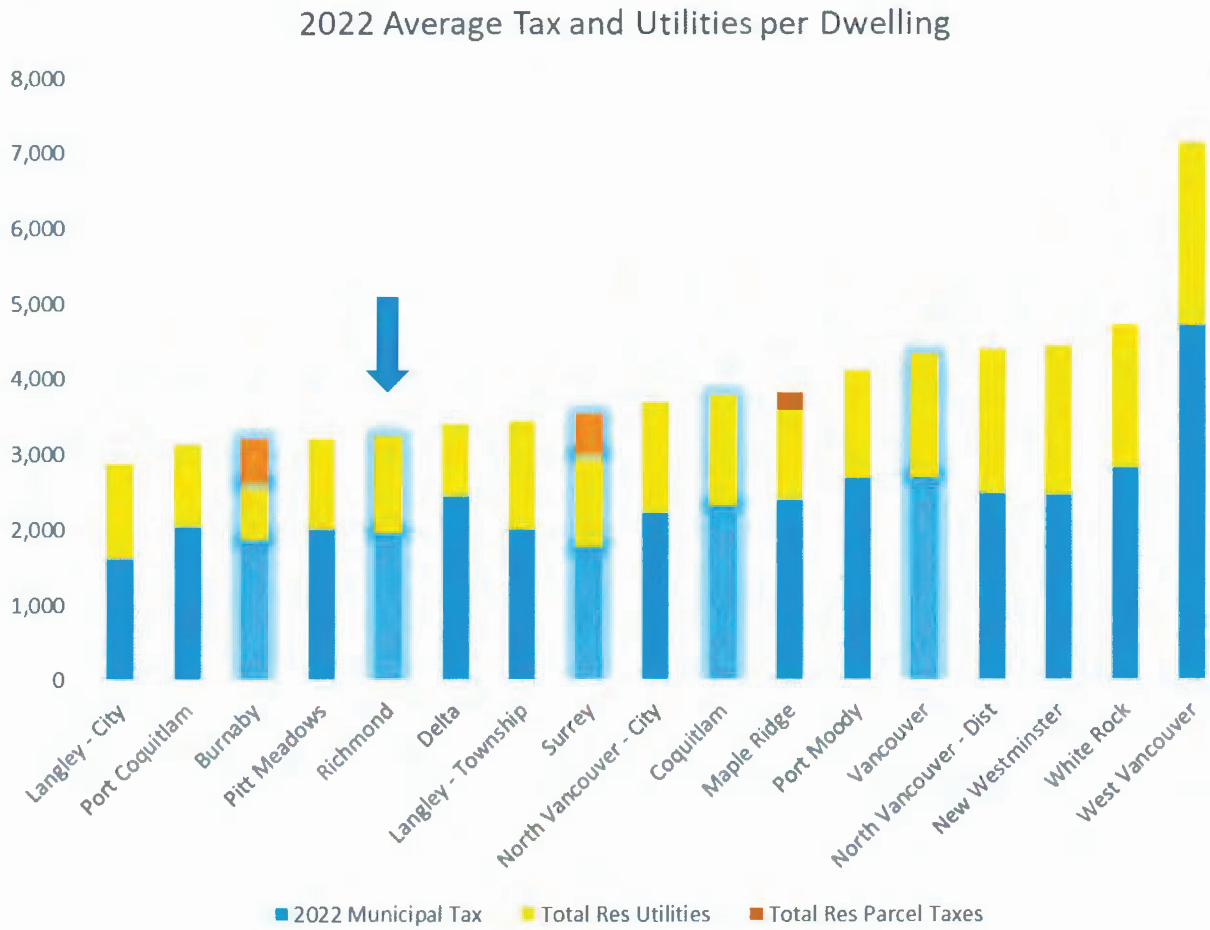
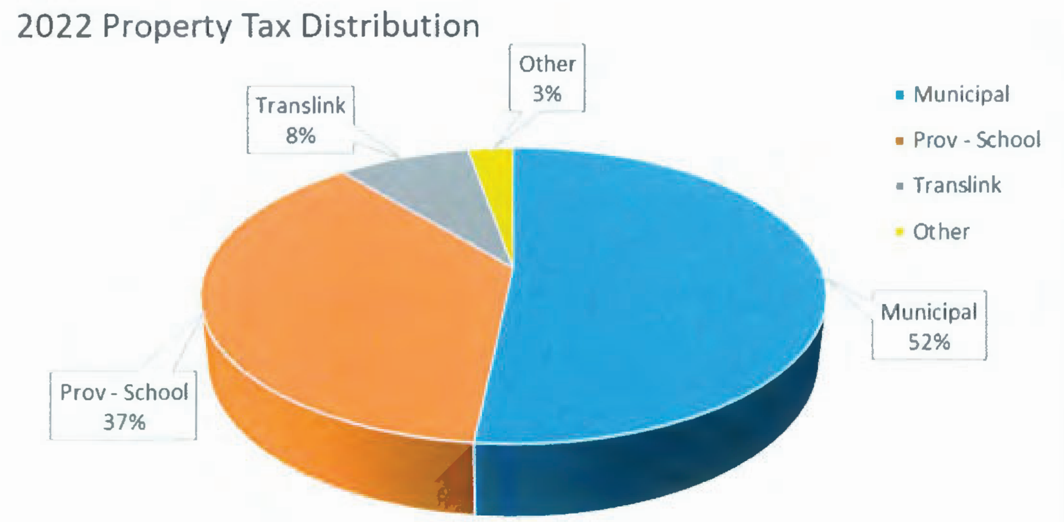


Figure 4 shows that in 2022, 48% of the residential tax bill was comprised of levies collected for other taxing jurisdictions including TransLink, School Board, Metro Vancouver, BC Assessment and Municipal Finance Authority. Council has no control over these levies; the City is obligated to collect these and remit directly to the taxing authorities.

Figure 4: Distribution of Property Taxes



City Property Tax

In 2022, 52% of the residential tax bill was for municipal costs. Attachment 4 provides a breakdown of the 2023 municipal tax dollar – same level of service (without 2023 proposed OBIs and additional levels, which are subject to Council approval). Over 39 cents of each dollar collected goes toward the provision of policing and fire rescue services to keep the community safe. Over 12 cents is allocated toward Project Development and Facility Management in order to ensure facilities are adequately maintained, including community facility infrastructure replacement needs (refer to Investment in Community Facilities Infrastructure on page 19). All services are fundamental to the residents' quality of life and to support the local economy and vibrancy within the community.

Storm Drainage Phased Reallocation to Utility Budget

The storm drainage operations and maintenance cost has been included in the City's operating budget since its inception in 2001. It is appropriate for the Flood Protection Utility to fund both capital and operating expenditures, consistent with the Water Utility and Sewer Utility. Since 2021, drainage operations and maintenance costs have been gradually re-allocated from the operating budget to the Flood Protection Utility as part of a multi-year phased approach. As of November 14, 2022, $4.8M has been re-allocated to the Flood Protection Utility, including $1.0M approved by Council as part of the 2023 Utility Budget. The total drainage operating cost for 2023 is approximately $6.7M. It is projected that the transition will be completed with the 2025 Budget.

At the Council meeting on November 14, 2022, it was approved to re-allocate $1.0M from the Operating Budget to the Flood Protection Utility. As shown in Table 5 on page 18, the Operating Budget has been reduced by $1.0M.

Long Term Financial Management Strategy (LTFMS)

External Debt

At the Council meeting on May 9, 2022, Council approved the final step in the process to borrow $96.0 million in order to provide funding for the Steveston Community Centre and Library replacement project, with payments amortized over 20 years. The loan proceeds were received in September 2022 with annual debt payments of $7.3M to commence in 2023.
The City previously borrowed $50.0 million, amortized over a 10 year term, which was utilized to partially fund the Minoru Centre for Active Living. The final debt payment on this loan will be in 2024. The annual debt servicing costs total $5.9M, of which $5.0M is funded through an allocation from casino revenue.

Starting in the year 2025, the funding that is currently allocated to service the Minoru debt payments will be reallocated to fund the Steveston debt payments. For the two years, 2023 and 2024, that payments are required on both loans, funding from surplus will be utilized in order to avoid any additional tax impact related to this new debt.

The Steveston debt payment is approximately $1.4M higher than the annual payments for Minoru debt. The casino funding allocation model is proposed to be revised with additional funding allocated to debt servicing, and less to reserves.

Gaming Revenue

As a host local government to the River Rock Casino, the City receives ten per cent of net casino revenue. The amount received is not within the City's control, however Council has full discretion over how to allocate these funds. Table 2 summarizes the proposed allocation of gaming revenue in comparison to the 2022 allocation, which continues to comply with Council's LTFMS.

Table 2 – Casino Funding Allocation (in $000s)

Casino Funding	Allocation	2023 Proposed Budget	2022 Budget	Change
Debt Servicing	Fixed	$6,400	$5,000	$1,400
Grants	20%	2,900	2,175	725
Operating (RCMP)	4 Officers	855	753	102
Council Community Initiatives Account	2%	290	290	0
Capital Reserve	Remainder	4,055	4,350	(295)
Capital Building Infrastructure Reserve	None	0	1,932	(1,932)
Total		**$14,500**	**$14,500**	**$-**

Grants

Grants funded by gaming revenue include:

- Gateway Theatre contribution

- Health, Social and Safety grants
- Arts, Culture and Heritage grants
- Parks and Recreation grants
- Community Environmental Enhancement
- Richmond Centre for Disability contribution
- Richmond Therapeutic Equestrian Society contribution
- Various Youth Grants

It is proposed to increase the allocation toward grants from 15% to 20% due to the fact that the majority of the grants are indexed to inflation. The 2023 grants total $2.7M and the proposed allocation of $2.9M would result in an additional $186K available to be transferred to the Grants Provision to be used toward future distributions. Based on current CPI projections, this allocation amount would provide funding for the grants program through 2026; thereafter the Grants Provision would be drawn upon to supplement this funding source until 2036. The Grants Provision has a balance of $2.9M as of October 31, 2022. Due to the uncertainty in the amount of casino revenue that will be received each year, and in particular with the unknown impact of the new Cascades Casino Delta which opened in September 2022, the grants may need to be funded by taxation sources in the future.

RCMP

Since 2007, casino revenue has been allocated to fund the cost of 4 officers. This allocation is increased in accordance with the RCMP contract. There is no change to this portion of the allocation model; however, due to the uncertainty in the amount of casino revenue that will be received combined with rising RCMP contract costs, this may need to be funded by taxation sources in the future.

Council Community Initiatives

The Council Community Initiatives Account provides funding for one-time expenditures that address social, environmental, recreation and sports, heritage, arts and culture, safety and security, or infrastructure needs. No change is proposed to this portion of the allocation model. The Council Community Initiatives Account Provision has a balance of $1.1M as of October 31, 2022.

Capital Reserve

Under the previously approved allocation model, 30 per cent of casino revenue was allocated to the Capital Reserve. It is recommended to continue allocating an amount to the Capital Reserve; however rather than a fixed percentage, the remainder after all other allocations have been made, if any, will be transferred. If the actual revenue received falls short of the budgeted estimate, or if the actual revenue exceeds the budget estimate, the transfer to Capital Reserve will be adjusted accordingly.

Capital Building Infrastructure Reserve

Previously, it was the Capital Building and Infrastructure Reserve that was allocated the remainder or absorbed the shortfall. Starting with the 2023 budget, it is recommended to reallocate this amount of casino revenue toward debt servicing and the grants program. This reserve was projected to fund a significant portion of the Steveston Community Centre and Library replacement project; however since that project was funded by debt, the reserve balance will be utilized to fund other upcoming priorities.

Staff will continue to monitor the trend of casino revenue received and will prepare a revised allocation model for Council's consideration in the future when it becomes necessary.

Budget Challenges

There are a number of known cost pressures affecting the 2023 proposed operating budget including:

- Wage and fringe benefit impacts negotiated with collective bargaining units
- Operating cost increases
- Senior Government increases
- Operating Budget Impacts (OBI) from the Capital Budget and development
- Funding for investment in Community Facilities, including ageing facilities, recently acquired facilities, and new facilities

Most notably for the 2023 budget are the impacts of the current economic environment and impact of climate change, which has resulted in significant environmental events in the region. Operating costs are rising due to current inflation rates both for expenses directly incurred by the City and indirectly through senior governments and agencies (RCMP, E-Comm, etc) which are also experiencing these same impacts on their own budgets. Expenses impacted by inflation include petroleum, asphalt, vehicle costs, supplies and delivery charges. Insurance expenses (for property and other insurance policies) have also significantly increased for the region, in light of the significant number of large claims made following atmospheric river flooding, wind storms, and the like.

Council Policy 3707 states that the tax increase for maintaining current programs and existing infrastructure at the same level of service will be at Vancouver's Consumer Price Index (CPI) rate. In 2022, the projected CPI increase was 2.3% but the actual amounts that have been incurred for 2022 are trending towards 7.2% (a 313% difference). The Conference Board's latest forecast projects Vancouver CPI to increase by 3.98% in 2023. The 2023 Operating Budget is prepared based on the 3.98% target, staff have not adjusted the base budget for the difference between the actual CPI and the under projection of the forecasted CPI from 2022.

Budget Process

The 2023 Proposed Operating Budget presents a same level of service budget and only non-discretionary increases that can be clearly identified and supported are included. Inflationary increases are not automatically included in the budget without adequate supporting documentation, such as contract renewals that are in compliance with purchasing policies and guidelines. Where such contract renewals have led to budget reductions, these savings are already reflected within the base budget.

Enhanced or new levels of service are identified separately as ongoing additional expenditure requests by the respective divisions for Council's consideration in accordance with Council's Budget & 5-Year Financial Plan Preparation Policy (Policy 3016). Please refer to Attachment 3 for the 2023 Budget Cycle.

The City undergoes a continuous review of its programs and services in order to identify service improvements and cost reductions. Staff continue to look for efficiencies and innovative ways to deliver services that streamline business processes, contain costs and leverage the increased use of technology.

Budget Assumptions

Table 3 summarizes the key financial indicators of the 2023 Operating Budget gathered as of October 2022. These rates are continuously monitored for any significant changes.

The City is subject to various contractual increases to deliver the same level of service. The majority of the contractual increases for 2023 are greater than the projected Consumer Price Index (CPI) of 3.98%, such as the RCMP Contract, E-Comm costs, natural gas and increased insurance rates.

Table 3 – Key Financial Drivers / Indicators

Key Financial Drivers / Indicators	2023	2024	2025	2026	2027
Vancouver Consumer Price Index (CPI) [1]	3.98%	2.33%	1.96%	2.05%	2.05%
Richmond Municipal Price Index (MPI) [2]	4.75%	4.34%	4.19%	4.19%	4.07%
User Fees [3]	2.40%	2.33%	1.96%	2.05%	2.05%
Salaries [4]	2.50%	TBD	TBD	TBD	TBD
RCMP Contract Increase [5]	7.06%	4.90%	3.41%	3.09%	3.07%
Electricity [6]	1.15%	2.53%	2.93%	3.00%	3.00%
Natural Gas [6]	4.50%	3.50%	2.50%	2.50%	2.50%
Growth (Tax Base) [7]	1.20%	1.00%	1.00%	1.00%	1.00%

Sources:
[1] The Conference Board of Canada Major City Insights October 2022; 2027 is projected based on 2026 forecasts;
[2] Finance Department, City of Richmond;
[3] User fees are typically increased by forecasted CPI. 2023 increase was based on The Conference Board of Canada Major City Insights May 2022;
[4] Salaries are based on 2020 to 2023 collective agreements;
[5] Preliminary estimates from RCMP E Division;
[6] Sustainability & District Energy Department, City of Richmond;
[7] Finance Department, City of Richmond

The current Collective Agreement for CUPE 718 and 394 includes rates for 2020-2023. The City's most recent collective agreement with the Richmond Firefighters' Association, Local 1286 covered the years 2020-2021. The Richmond Public Library's CUPE Local 3966 has merged with CUPE 718. Table 4 provides a summary of the negotiated rate increases.

Table 4 – Summary of Collective Agreements

Collective Agreements	2020	2021	2022	2023	2024	2025	2026	2027
CUPE 718 (Inside Workers)	2.00%	2.25%	2.50%	2.50%	TBD	TBD	TBD	TBD
CUPE 394 (Outside Workers)	2.00%	2.25%	2.50%	2.50%	TBD	TBD	TBD	TBD
CUPE 718-05 (Library)	-	-	-	TBD	TBD	TBD	TBD	TBD
Firefighters (IAFF) 1286	2.50%	2.50%	TBD	TBD	TBD	TBD	TBD	TBD

The 2023 Operating Budget includes preliminary estimates for rates that are not finalized.

2023 Proposed Operating Budget

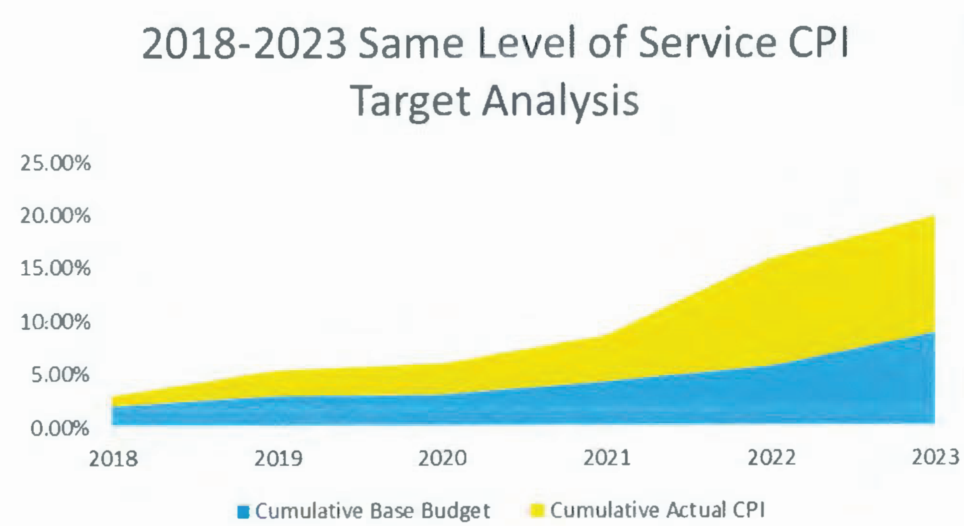
This section of the report discusses each component of the 2023 Proposed Operating Budget.

1. Same Level of Service Increase

Council's LTFMS policy is that the tax increase to maintain current programs and maintain existing infrastructure at the same level of service will be at Vancouver's CPI rate. Preliminary Vancouver CPI forecasts from the Conference Board of Canada is estimated at 3.98% for 2023. In comparison, the Municipal Price Index, which is more representative of the City's basket of goods and services paid for, is estimated at 4.75%.

Figure 5 shows that the cumulative base budget increase approved since 2018, including the 2023 proposed same level of service budget totals 8.9%. The cumulative actual CPI for the same period is 19.8%. This is based on the most recent 2022 CPI projections released in October 2022 by the Conference Board of Canada of 7.22% and it assumes the CPI projection for 2023 of 3.98% will be accurate. Council's LTFMS allows for the tax increase to maintain current programs to be at Vancouver's CPI rate; however the rate has been consistently below this target.

Figure 5: 2018-2023 Same Level of Service CPI Target Analysis



For 2023, the policy target allows for the same level of service increase to be at 3.98% however staff worked diligently to keep the same level of service lower. The same level of service increase for 2023 is 3.22% which is further explained below.

Organizational Profile

The City's seven corporate divisions include:

- Community Safety
- Community Services
- Engineering and Public Works
- Finance and Corporate Services
- Corporate Administration
- Planning and Development
- Law and Legislative Services

Attachment 5 presents the net budget by Division. Storm Drainage is gradually being reallocated to the Utility Budget. The $1.0M reallocated from the Operating Budget to the Utility Budget as approved by Council on November 14, 2022 is utilized to offset the increase in the overall budget.

The All Divisions summary included in Attachment 6 shows the City's base operating budget to deliver the same level of service as last year, which totals $385.6M. Attachment 6 presents the net base budget by Division to deliver the same levels of service in 2023, before external senior government related increases. This includes programs funded by reserves to deliver the Affordable Housing, Child Care and Public Art programs, which are summarized in Attachment 7.

Labour and fringe benefit impacts and contract services, including RCMP and E-Comm, represent approximately 85% of the City's operating expense budget in order to maintain the same level of service. The negotiated union agreement includes a 2.5% increase and enhanced benefit coverage.

The RCMP contract increase is mainly due to increases in labour costs for the recently unionized workforce, overall administration allocated to the Richmond Detachment, as well as policing vehicles, equipment, supplies, and increased training costs.

The City's insurance budget increased, which is common amongst all policyholders. The increasing frequency and severity of climate-induced extreme weather events, coupled with a surging cost of labour and construction materials contributed to the budgeted increase in premiums. For the 2023-2024 policy term the City's total insurance budget, including property and liability policies, is anticipated to increase by 34.5%.

The same level of service increase as shown in Table 5 is 3.22%, which is below the Vancouver CPI target, in compliance with Council's LTFMS.

Table 5 – Same Level of Service Increase

Items	Amount (in '000s)	% of total increase
Labour and fringe benefit impacts	$6,322	53.4%
RCMP contract	3,674	31.0%
Insurance increase (property, other)	1,103	9.3%
Preconstruction materials and Asphalt Capping Cost Escalation	722	6.1%
Fuel and vehicle cost increase	478	4.0%
Utilities increase (natural gas, electricity)	402	3.4%
IT Contracts	260	2.2%
Leases (Watermania, Cambie and Ironwood branches) and other contract increases	250	2.1%
Infrastructure replacements and building improvements increase	245	2.1%
Others	133	1.1%
Storm Drainage operations transfer to Utility	(1,000)	(8.4%)
CPI increase for revenues	(747)	(6.3%)
Same Level of Service Increase	**$11,841**	**100.0%**
Tax growth	($3,217)	
Same Level of Service Increase after tax growth	**$8,624**	**3.22% tax impact**

Tax Growth

New tax growth projections are based on "non-market change" figures provided by BC Assessment Authority. Non-market change is the term BC Assessment Authority 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. Based on preliminary data from BC Assessment, new tax growth for 2023 is estimated at $3.2M.

2. Emerging Organizational Additional Level of Service Requests

For 2023, 17 requests to meet growing demands for new services were considered totaling $1.2M. The Senior Management Team (SMT) appointed a Review Team comprised of Directors across the City to review each request using established ranking criteria. The prioritized requests were also carefully reviewed by the CAO and SMT.

Following the rigorous review process, a total of 11 additional level submissions are recommended for funding by the CAO and SMT, of which 5 have a tax impact and 6 are funded through reallocation of existing budgets, or through incremental revenue sources. Please refer to Attachments 8 and 9 for a description of the recommended additional levels, and Attachment 10 for the description of those that could not be recommended for funding in 2023 due to budget constraints. The recommended totals are also summarized in Table 6.

Table 6 – Emerging Organizational Additional Levels – Recommended for Funding in 2023

Emerging Organizational Additional Levels	OBI Amount (in '000s)	Tax Impact
No Tax Impact Positions (5 RFT + 2 TFT)	$0	0.00%
Emerging Organizational Additional Levels (includes 5 RFT positions)	735	0.27%
Total Emerging Organizational Additional Levels	**$735**	**0.27%**

The proposed 2023 Operating Budget presented in Budget Option 2 includes recommended additional level requests totaling $735,010, a 0.27% tax impact. The Finance Committee has the discretion to change the recommendation for funding any of the emerging organizational additional level requests, with resulting tax impacts.

3. Investment in Community Facilities (Transfer to Reserves)

The portfolio of civic buildings continues to grow as additional buildings are acquired as part of Council's initiatives. The City took ownership of the Richmond Curling Club in 2021 and the Richmond Ice Centre in 2019. These two buildings require significant repairs as part of the acquisition strategy that was presented to Council. As of October 17, 2022, the City owns over 164 civic buildings, including recreation facilities, fire halls, community centres and other public amenities.

Based on the 2023-2027 Capital Plan (refer to Appendix 12 and 13 of the 2023 Proposed Capital Budget), over $174.6M of repairs, renewals, reconstruction or replacements will be required, including but not limited to Hugh Boyd Field House, Britannia Shipyards National Historic Site, and Phoenix Net Loft Program Implementation. These projects are to be funded from the Capital Building and Infrastructure (CBI) Reserve to ensure community buildings remain safe and to enhance the cultural and heritage value to the community.

Council's LTFMS policy is to transfer an additional 1% to reserves to fund community infrastructure replacement needs to ensure the safety and well-being of the community. It is recommended to continue with Council's LTFMS and transfer an additional 1% into the CBI reserve to fund the City's ageing building infrastructure program and future major building replacements.

The proposed 2023 Operating Budget includes $2,680,441 in accordance with this Council policy, a 1.00% tax impact.

4. External Senior Government Related Increases

Council Policy 3707 item 2 states:

"Any additional costs imposed on the City as a result of mandatory senior government policy changes should be identified and added to that particular year's taxes above and beyond the CPI and infrastructure percentage contribution."

Table 6 summarizes the items included in the 2023 budget increase that are mandated by the following senior government legislation:

- *Emergency Communications Corporations Act (Provincial)*
- *Police Act (Federal)*
- *Workers Compensation Act (Provincial)*
- *Employment Standards Act (Provincial)*
- *Canada Pension Plan Act (Federal)*

In accordance with Council policy, these items are identified and included in the tax increase above and beyond the CPI target.

Community Safety Cost Sharing Obligations

Emergency Communications 911:

The City is required to share in the costs of operating Emergency Communications 911. The 2023 E-Comm increase of $1.0M is Richmond's portion to fund these essential operations, including planning for the federally-mandated transition to Next Generation 9-1-1 operational enhancements. In order to address increasing call volumes and to attract and retain staff in a tight labour market, approximately two-thirds of this cost increase is a result of changes to the collective bargaining agreement with E-Comm's union. The remaining one-third of the cost increase is directly related to Transformation costs. These transformation costs are projected to increase in 2024 and continue through at least 2028.

RCMP Unionization:

In the 2022 Operating Budget, the impacts of the unionization of the RCMP were conservatively estimated based on information available at the time of preparing the 2022 budget, therefore staff recommended a three-year phase-in plan due to the magnitude of the impacts and uncertainty in the final cost. For the 2023 budget, based on revised cost estimates received from the RCMP E Division, staff recommend phasing-in the full remaining impact estimated at $1.0M.

Specialized RCMP Teams:

In addition to the complement of RCMP officers contracted by the City, there are additional costs associated with regional and provincial specialized teams which are allocated to each City. Richmond's incremental allocation of these costs are summarized in Table 6.

External Senior Government Impacts on Fringe Benefits

Associated with labour, there are mandatory costs paid to external government agencies which the City has no control over. The City is obligated to pay Workers Compensation base rates, and take on higher costs associated with enhancements to the Canada Pension Plan as outlined by the Federal Government.

Another impact to the 2023 budget is a direct result of new legislation put in place by the Provincial Government relating to the Employment Standards Act, to provide five days of paid sick leave to eligible employees. While sick leave is covered within existing collective agreements, auxiliary staff that were previously not eligible under the collective agreement become eligible under certain circumstances as defined in the Provincial legislation.

The estimated impacts of these changes are also summarized in Table 7. The total impact of all external senior government increases is $4,058,476, a tax impact of 1.51%.

Table 7 – External Senior Government Related Increases

External Senior Government Increases	Amount (in '000s)	Tax Impact
E-Comm Enhancements	$1,026	0.38%
RCMP Unionization	950	0.35%
Integrated Teams and Real Time Intelligence Centre	333	0.12%
Provincial Integrated Homicide Investigative Team RCMP	156	0.06%
Community Safety Cost-Sharing Obligations	**2,465**	**0.92%**
WCB Base Rate	600	0.22%
Sick Leave Legislation	530	0.20%
Canada Pension Plan (CPP) Enhancement	463	0.17%
Total Operating Budget Impact	**$4,058**	**1.51%**

5. Council Previously Approved Contract Commitments

Council Previously Approved Commitments include the following:

Richmond Curling Club Facility Operating Budget

On direction of Council, the ownership of the Richmond Curling Centre was transferred to the City of Richmond on July 12, 2021. As an outcome, staff have developed an ongoing operating budget to maintain the facility including the required safety compliance of the refrigeration plant with an estimated cost of $125,340.

Menstrual Equity Initiative (United Way Period Promise)

On July 11, 2022 Council approved the continuation and expansion of the menstrual equity program with a cost of $65,000 by joining the United Way's Period Promise Campaign and signing on to the Period Promise Policy Agreement to "provide, free of charge, diverse menstrual products to their employees, clients and community members that is easily accessible."

Red Cross Contract for Emergency Social Services and Emergency Volunteer Management

This contract was announced by Council on November 23, 2020 and was funded by Rate Stabilization in 2020 and 2021. The amount required in 2022 is $50,000.

The Council Previously approved commitments total $240,340, or a tax impact of 0.09%.

6. Operating Budget Impact (OBI)

Operating Budget Impacts (OBI) are ongoing additional operating and maintenance costs associated with new assets, which are approved by Council through the capital budget process. It is important that OBI funding is included in the operating budget when these capital projects or contributed assets become operational, as the level of service is dependent on this funding.

All 2023 OBI submissions exclude associated costs for staffing. The CAO and SMT have requested that any labour requirement due to new assets be submitted separately as an additional level request in order to allow for further review and assessment. Any labour requests that are recommended for funding which are directly related to a capital submission are cross-referenced between the Emerging Organizational Additional Level request and the Capital Budget submission.

OBIs resulting from approved capital projects and developer contributed assets will be added to the Operating Budget in the same year that Council approves the capital projects. Funding will be distributed to the respective divisions based on the completion of the capital projects.

Table 8 summarizes the OBI recommended for the 2023 Proposed Operating Budget including phase-in of new facility budget impacts that are in progress.

Table 8 – Operating Budget Impact

OBI	OBI Amount (in '000s)	Tax Impact
Estimated OBI from Development – Capstan Community Centre (Year 2 of 4)	$398	0.15%
Estimated OBI from Major Facilities Replacement Projects – Steveston Community Centre and Library (Year 1 of 4)	275	0.10%
OBI from Previously Approved Capital Budget	124	0.05%
OBI from 2023 Capital Budget	371	0.14%
Total Operating Budget Impact	**$1,168**	**0.44%**

Table 9 summarizes the complete phase-in plan for the new facility budget impacts over the next 5 years.

Table 9 – New Facility Budget Impacts

New Facility Budget Impacts	Amount (in $000's)	2023	2024	2025	2026	2027
Capstan Community Centre OBI	$1,195	0.15%	0.15%	0.15%	-%	-%
Steveston Community Centre and Library OBI	$1,100	0.11%	0.10%	0.09%	0.09%	-%
Total New Facility Budget Impacts	**$2,295**	**0.26%**	**0.25%**	**0.24%**	**0.09%**	**-%**

Capstan Community Centre OBI Phase-In

On June 22, 2020, Council approved to accept a delay in the completion of the Capstan Community Centre to December 31, 2023.

Starting with the 2018 budget, a four year phase-in plan for the Capstan Community Centre OBI commenced. In 2019 this phase-in plan was paused due to changes in the expected completion date. $355K was included in the base and has accumulated $1.78M as of September 30, 2022. This funding is allocated toward the cost of Furniture, Fixtures, and Equipment for the new facility as well as other one-time costs associated with the new facility.

Staff recommend to complete the phase-in over the years 2023-2025, resulting in an increase of $398K, or an estimated tax impact of 0.15% per year.

Steveston Community Centre and Library OBI

At the Council meeting held on December 15, 2020, Council approved the site selection for the Steveston Community Centre and Library Replacement. At that time, it was estimated that there would be an OBI for the facility and related programming of $1.1M. A detailed business plan, including service levels and refinement of the OBI, will be submitted to Council for consideration in a future report.

On October 4, 2022 a ground breaking ceremony was held, officially marking the start of construction for the new building, which is anticipated to be complete by 2026. Among the features of the new three-storey 5,607 square metre (60,350 square feet) facility will be:

- A community centre with a double gymnasium, fitness centre, active studio, and multipurpose and meeting rooms;
- Gathering spaces and a shared community living room; and
- A library with enhanced collections, children's and youth spaces, educational program rooms and space for silent study.

Staff recommend phasing-in funds for the new facility over the years 2023-2026, resulting in an increase of $275K, or an estimated tax impact of 0.11% per year.

OBI from Previously Approved Capital Budget

In 2016, Council approved the PeopleSoft HR and Payroll System Upgrade which included a new Workforce Management project for a total of $1.75M. This project was forecasted to have an estimated annual OBI of $82K. At the time the project was approved, the upfront software licensing capital cost was $232K with an annual maintenance fee of $82K. Subsequently the vendor has changed their service delivery model and instituted a subscription-based service that now costs $206K per year. The capital costs for this project are expected to be lower and the unspent funds will be returned to the funding source upon project completion. In order to proceed with this implementation, an incremental OBI of $124K is required, or an estimated tax impact of 0.05%.

OBI from 2023 Capital Budget

The OBI impact from the 2023 Capital Budget recommended by staff results in an increase of $371K, or an estimated tax impact of 0.14% per year.

7. Rate Stabilization

The City's Rate Stabilization Account (RSA) was approved by Council in 2013 in order to ensure that funding be available to help balance the budget for non-recurring items and smooth out tax increases. The establishment of an RSA for the operating budget was also based on past experience where external non-controllable events impacted the City's operating budget and there was no funding available to offset this "temporary condition".

The City has used RSA in a practical and effective manner and staff are careful in managing the usage to ensure that the RSA is not carried forward on an indefinite basis. The risk and downside of utilizing RSA is that once it has been carried forward in this way, it must be maintained because the reduction or elimination of it will create a pressure in the following year's operating budget. The tax increase is not reduced but temporarily shifted.

When taxpayers do not pay for what they receive and costs are deferred to the future, then it creates intergenerational inequity since today's taxpayers pay less than the full cost of the services they use today, and a future taxpayer will pay instead.

In light of intergenerational equity issues and the current economic conditions, staff are proposing to utilize the RSA to reduce the 2023 impact by $1.74M, which will result in a tax decrease of 0.65%. Utilizing more rate stabilization would decrease the 2023 tax increase, but will also result in a higher tax increase for the following year.

Table 10 summarizes how the RSA balance is proposed to be utilized as a result of the 2023 Budget Process.

Table 10 – Proposed RSA Utilization

RSA Balance as of October 31, 2022		**$13,120,507**
2023 One-Time Expenditures*	**(1,121,025)**	
Proposed Rate Stabilization of the 2023 Operating Budget	(1,742,287)	
Total 2023 Proposed RSA Utilization		**(2,863,312)**
Balance After Proposed 2023 Utilization		**$10,257,195**

* To be considered in companion report "2023 One-Time Expenditures" dated November 21, 2022.

2023 Budget Options

Staff have prepared three budget options with varying amounts of rate stabilization and have provided options for deferring, phasing, or accelerating funding for new community facilities.

All options include:

- Funding for the new Steveston debt without any additional tax impact, achieved through a reallocation of casino revenue and utilization of surplus
- Non-discretionary increase to maintain the same level of service
- Emerging Organizational Additional Level Increases recommended by staff as outlined in Attachments 8 and 9.
- Investment in community facility infrastructure replacement needs, in accordance with Council's LTFMS
- Mandatory Senior Government Increases
- Council previously approved commitments
- Operating Budget Impacts from the Capital Budget

Option 1 – Additional Rate Stabilization and Defer New Facility Operating Budget Impacts

Option 1 utilizes $3.5M of rate stabilization funding to offset the impact of Community Safety cost-sharing obligations and other tax impacts. In addition, it defers the New Facility Operating Budget Impacts to future years; however it does not provide any funding to prepare for the new programs and services and will result in a more significant tax increase in future years. This option sufficiently funds all immediate 2023 increases and is a viable option, but it will place a greater amount of pressure on future year budgets. The amount of rate stabilization funding used in this option is higher than the optimal amount, which would leave a lower balance available to offset future unknown impacts.

Option 2 – Optimal Rate Stabilization and Phase-in of New Facility Operating Budget Impacts (Recommended)

Option 2 proposes to phase-in the New Facility Operating Budget Impacts over 4 years. This provides resources to ensure a carefully planned opening and transition for the new Capstan Community Centre and Steveston Community Centre and Library replacement while maintaining modest tax increases. Option 2 also includes $1.74M of Rate Stabilization funding to reduce the 2023 tax impact. This option includes a phased approach for all known budget impacts, while using an optimal amount of rate stabilization which does not place too much pressure on future budgets and preserves a sufficient amount of rate stabilization funding for unknown future impacts. This option is recommended by staff.

Option 3 – Preserve Rate Stabilization and Accelerated Phase-in of Steveston Operating Budget Impacts

Option 3 proposes to include the full operating budget impact of the Steveston Community Centre and Library in 2023 which would provide resources immediately to plan for the new facility. It also includes a phased approach for Capstan Community Centre. This option does not include any rate stabilization funding, which recognizes the full impact of 2023 increases without deferral to future years. This allows preservation of the rate stabilization balance to offset future increases which are not fully known at this time.

Table 11 summarizes all three options, with the rows that have varying impacts between the options highlighted.

Table 11: Proposed Budget Options (in $000s)

Budget Components	**Option 1** **Additional Rate Stabilization and Defer New Facility OBI**	**Option 2** ***Recommended*** **Optimal Rate Stabilization and Phase-in New Facility OBI**	**Option 3** **Preserve Rate Stabilization and Accelerated Phase-in of Steveston OBI**
Same Level of Service	4.42%	4.42%	4.42%
Less: 2023 Tax Growth	(1.20%)	(1.20%)	(1.20%)
Same Level of Service after tax growth (below CPI target of 3.98%)*	**3.22%**	**3.22%**	**3.22%**
Emerging Organizational Additional Level Increases	0.27%	0.27%	0.27%
Investment in Infrastructure Replacement Needs (Transfer to Reserves)	1.00%	1.00%	1.00%
LTFMS Policy: Same Level of Service + Emerging Organizational Additional Levels + 1% for Infrastructure Replacement Needs	**4.49%**	**4.49%**	**4.49%**
Community Safety Cost-Sharing Obligations	0.92%	0.92%	0.92%
WCB Base Rate	0.22%	0.22%	0.22%
BC 5 Sick Days Legislation	0.20%	0.20%	0.20%
Canada Pension Plan Enhancements	0.17%	0.17%	0.17%
Senior Government Increases	**1.51%**	**1.51%**	**1.51%**
Council Previously Approved Commitments	**0.09%**	**0.09%**	**0.09%**
Estimated OBI from Development - Capstan Community Centre (Year 2 of 4)	-%	0.15%	0.15%
Estimated OBI from Major Facilities Replacement Projects - Steveston Community Centre and Library (Year 1 of 4)	-%	0.10%	0.41%
OBI from Previously Approved Capital Budget	0.05%	0.05%	0.05%
Estimated OBI from 2023 Capital Budget	0.14%	0.14%	0.14%
Operating Budget Impacts	**0.19%**	**0.44%**	**0.75%**
Rate Stabilization	(1.30%)	(0.65%)	-%
Subtotal of Council Commitments, Operating Budget Impacts, and Rate Stabilization	**(1.02%)**	**(0.12%)**	**0.84%**
Preliminary 2023 Operating Budget Increase	**4.98%**	**5.88%**	**6.84%**
Annual equivalent tax increase for average residential property	**$97**	**$115**	**$134**

* Actual CPI for 2022 is currently reported to be 7.22 per cent by the Conference Board of Canada as of October 2022. The 2023 budget was prepared based on the CPI projection for 2023 estimated at 3.98 per cent and does not include any catch up for the CPI under projection in 2022 (the 2022 budget was prepared based on the CPI projection of 2.4 per cent).

Financial Impact

The CAO and SMT have done considerable work including conducting significant reviews to achieve a combined same level of service budget of 3.22% which is below the preliminary forecasted CPI target of 3.98%. The Proposed Operating Budget Option 2 of 5.88% is recommended as presented in Table 12.

Table 12 – 2023 Proposed Operating Budget Increase

Items	Total 2023 Operating Budget Increase (in $000s)	Total Tax Increase	Equivalent for Average Residential Property
Same Level of Service before tax growth	$11,841	4.42%	$87
Less: 2023 Estimated Tax Growth	(3,217)	(1.20%)	(24)
Same Level of Service after tax growth (below CPI target of 3.98%)	**8,624**	**3.22%**	**63**
Emerging Organizational Additional Level Increases	735	0.27%	5
Investment in Infrastructure Replacement Needs (Transfer to Reserves)	2,680	1.00%	20
LTFMS Policy: Same Level of Service + Emerging Organizational Additional Levels + 1% for Infrastructure Replacement Needs	**12,039**	**4.49%**	**88**
Community Safety Cost-Sharing Obligations	2,465	0.92%	18
WCB Base Rate	600	0.22%	4
BC 5 Sick Days Legislation	530	0.20%	4
Canada Pension Plan Enhancements	463	0.17%	3
External Senior Government Increases	**4,058**	**1.51%**	**29**
Council Previously Approved Commitments	240	0.09%	2
Operating Budget Impacts	1,168	0.44%	9
Rate Stabilization	(1,742)	(0.65%)	(13)
Subtotal of External Senior Government Increases, Council Commitments, Operating Budget Impacts, and Rate Stabilization	**3,724**	**1.39%**	**27**
Proposed 2023 Operating Budget Increase	**$15,763**	**5.88%**	
Annual equivalent tax increase for average residential property			**$115**

Conclusion

In keeping with Council's mandate as stipulated in the Long Term Financial Management Strategy policy, the 2023 recommended operating budget increase is 5.88%. The increase maintains the same level of service below CPI and includes funding for emerging organizational additional levels, 1% transfer to reserves in support of funding for community facilities replacement needs, various senior government increases, Council approved commitments, and operating budget impacts from the Capital Budget. Rate stabilization funding is utilized to partially offset the impacts.

The 2023 Operating Budget, as approved by Council, will form the basis of the Consolidated 5 Year Financial Plan, which is required under the *Community Charter*. Based on preliminary assumptions, Table 13 provides estimated increases for the years 2024-2027. The Plan estimates for 2024-2027 are based on information currently available and will be revised with each respective budget year.

Table 13 – Proposed 5 Year Financial Plan (2023-2027)

Proposed 5 Year Financial Plan	2023 Budget	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Same Level of Service Increase Before Storm Reallocation to Utility Budget	3.59%	3.13%	3.04%	2.97%	3.12%
Less: Storm Reallocation to Utility Budget	(0.37%)	(0.35%)	(0.33%)	-%	-%
Same Level of Service Increase	**3.22%**	**2.78%**	**2.71%**	**2.97%**	**3.12%**
Deferral from Prior Year's Budget	-%	0.61%	-%	-%	-%
Emerging Organizational Additional Levels	0.27%	0.17%	0.16%	0.31%	0.14%
Investment in Community Infrastructure	1.00%	1.00%	1.00%	1.00%	1.00%
External Senior Government Related Increases	1.51%	0.45%	0.47%	0.51%	0.54%
Operating Budget Impact from Capital Budget	0.44%	0.36%	0.34%	0.21%	0.12%
Council Previously Approved Commitments	0.09%	-%	-%	-%	-%
Rate Stabilization	(0.65%)	-%	-%	-%	-%
Proposed Operating Budget Increase	**5.88%**	**5.37%**	**4.68%**	**5.00%**	**4.92%**

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2023 Proposed Operating Budget
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1. Council Strategic Plan (2018-2022)

2. Economic Outlook

Richmond is a major employment center for the region, with a strong and diverse economic base that positions the City well to weather economic challenges. Local businesses contribute over 40% of the City's property tax revenues, resulting in the ability to provide residents exceptional levels of municipal services while ensuring a reasonable allocation of taxation among property classes. Richmond's economy is subject to constantly changing global, regional and local trends. As part of its budget planning process, the City examines the current economic context and available forecasts to manage short-term risks and advance long-term financial sustainability.

Global, National and Provincial Forecasts

Economies at all levels are currently facing serious challenges. Positive, early rebound activity from the COVID-19 pandemic has been tempered by multiple shocks to the global economy and policy decisions that are shaping current and future growth trajectories. It now seems clear that the global economy will be unable to avoid a recession, though national and provincial forecasts differ in expected severity of impact.

Both China and Europe, the 2nd and 3rd largest global economies, are experiencing significant slowdowns, which are multi-faceted, subject to uncertainty – and have far-reaching effects on their global neighbors and trading partners.[1] These challenges are compounded by monetary and fiscal policy decisions made globally at the national and provincial levels that are, in many cases, working at cross-purposes. In their efforts to bring down historically high inflation, central banks are continuing to aggressively raise interest rates, while at the same time, governments have increased liquidity through support measures to cushion the blow for their most vulnerable populations. This may mean that inflation levels, and interest rates, will remain higher for a longer duration. The short and medium term forecasts predict significant and widespread economic slowdowns, with stabilization and growth slowly returning in the longer term, depending on the trajectory of inflation.

1. Global Forecast[2]

The global growth forecast is severe, and a recession is expected. The International Monetary Fund notes that the current cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the still lingering COVID-19 pandemic all weigh heavily on the global economic outlook. Globally, growth is expected to slow from 6% in 2021 to 3.2% in 2022, and to 2.7% in 2023. This expected growth profile is the weakest since 2001, with the exception of the global financial crisis and the most acute phase of the COVID-19 pandemic.

Previous forecasts had anticipated that global inflation would return to pre-pandemic levels by 2022, but, as is now well-understood, this will not be the case. Global inflation is expected to rise from 4.7% in 2021 to 8.8% in 2022, and to then decline to 6.5% in 2023, reaching 4.1% by 2024.

[1] In China, this is due to ongoing and aggressive COVID-19 management, weather-related challenges, key issues in the housing sector, and a sharp slowdown of exports. In Europe, the challenges stem from impacts of the war in Ukraine on energy availability and costs, rising input costs, and weather-related disruptions in industrial activity. (Scotiabank Global Economics, October 17, 2022).

[2] International Monetary Fund, World Economic Outlook (October, 2022); Scotiabank Global Economics, October 17, 2022

This means that by 2024, global inflation is still expected to be twice as high as the target rate of 2%. The process of reining in inflation over the coming years will also affect its duration and severity. There are risks that monetary policy could miscalculate the appropriate path to reduce inflation, and policy choices in the largest economies could diverge, leading to further appreciation of the U.S. dollar and cross-border tensions.

To ward off these risks, monetary policy needs to stay the course to restore price stability, and at the same time, fiscal policy decisions to protect vulnerable groups should be designed to keep monetary policy on target. According to the International Monetary Fund, "the global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions, for example, in China."[3]

2. Canadian Forecast[4]

In the context of the global forecast, Canada is in a relatively positive position. Peak inflation will be lower and is expected to return to normal ranges more quickly. A stronger growth trajectory is also anticipated – though there have been recent negative revisions to the Canadian outlook. It is now expected that growth will slow from 3.2% in 2022 to 0.6% in 2023, due to lower commodity prices (as Canada is a net exporter), increased uncertainty, lower equity values, and a weaker U.S. (Canada's top trading partner).

There are some signs that inflation is moderating in Canada, in contrast to the U.S., and inflation is now forecast to average 6.9% in 2022 (though this is a significant revision from the 2.7% predicted last year for 2022) and slow to 3.9% in 2023. That said, inflation is not expected to return to the Bank's target rate of 2% until 2024 – though this is still earlier than a global return to the target rate is anticipated.

The U.S. Federal Reserve is now expected to raise interest rates to 5% in early 2023, leading to a mild recession in the U.S. Similarly, the Bank of Canada will likely raise interest rates to 4.25% by the end of the year, higher than the previously expected peak of 3.75%. As of October 26, 2022, the Bank of Canada raised rates to 3.75% and mentioned that further tightening should be expected.[5] This change in the forecast is due to fiscal support measures (which are working against monetary tightening measures) and the depreciating Canadian dollar (which adds to inflationary pressures).

Scotiabank is now predicting a technical recession (two consecutive quarters of negative GDP growth) in Canada, as growth rates stall in the first half of 2023. The technical recession in Canada is expected to be both minor and short-lived. Both household and business balance sheets remain strong, and ongoing labour shortages reflect continued market demand – though Canadian firms are challenged to increase production. As the economy slows down, the demand for labour will as well, and unemployment rates are now expected to rise from 5.2% in September 2022 to 6.3% in Q4 2023.

[3] International Monetary Fund, World Economic Outlook (October, 2022); Executive Summary, p. xvi.

[4] Scotiabank Global Economics (October 17, 2022).

[5] Bank of Canada, October 26, 2022.

Canadian Economic Indicators	2020	2021	2022f	2023f	2024f
Real GDP (% change)	-5.2	4.5	3.2	0.6	1.4
Consumer Price Index (% change)	0.7	3.4	6.9	3.9	1.7
Residential Investment (% change)	4.3	15.2	-8.7	-6.9	5.5
Business Investment (% change)	-10.5	1.9	6.6	-2.1	7.1
Unemployment Rate (%)	9.5	7.4	5.4	6	6.3
Housing Starts (000s)	218	271	250	202	194

Source: Scotiabank Global Economics (October 17, 2022)

3. British Columbia Forecast[6]

B.C. continues to be among Canada's stronger economic performers – and Canada continues to be a relatively strong performer globally. Aligned with trends at the national level, economic growth in B.C. is forecast at 3.2% for 2022, slowing to 1.5% in 2023 (though still above the national forecast), and recovering to 2% in 2024 and 2.4% in 2025. A deeper housing cycle downturn and pullback in housing starts are anticipated in B.C., while consumption slows. A tight labour market and strong population growth are expected - with low unemployment easing due to population growth. In B.C., inflation will decline as per the national pattern.

B.C. is encountering the current economic challenges from a strong foundational position, as it had one of the shallowest downturns in 2020 and one of the strongest growth performances in 2021, compared to Canadian peers. B.C. benefited from relatively moderate COVID-19 economic restrictions, strong rates of in-migration from other provinces, continuing domestic tourism, and capital expenditures that re-invigorated the labour market.

That said, growth has now slowed, with multiple dynamics at play. B.C. household debt-to-income ratios are among the highest across the provinces, and while consumer spending has been steady despite inflation, it is expected to decline given high interest rates and increased risk of recession.[7] In the housing market, average home values have declined by 10%, and a surge in fixed and variable mortgage rates have priced a number of potential buyers out of the market.[8] Growth deceleration is expected to be driven by the housing market and negative spill-overs from its softening, especially as housing activity accounts for as much as 10% of provincial GDP.[9]

At the same time, unemployment rates are trending near 4.7% (expected to be 5.0% for 2022), with labour availability as the key issue, not lack of demand. Total compensation was up by 12% in the first half of 2022, leading all provinces (which may also be contributing to continued consumer demand).[10] B.C.'s labour force has grown by 1.5% year-to-date, but this increase has not kept pace with demand, contributing to unemployment near historic lows and an elevated job

6 Government of BC. Stronger Together, First Quarterly Report, September 2022 (data); Central 1 Credit Union, Economic Analysis of British Columbia (October 11, 2022) also consulted.

7 Central 1 Credit Union, Economic Analysis of British Columbia (October 11, 2022).

8 Central 1 Credit Union, Economic Analysis of British Columbia (October 11, 2022).

9 TD Economics, Provincial Economic Forecast, September 21, 2022.

10 Central 1 Credit Union, Economic Analysis of British Columbia (October 11, 2022).

vacancy rate. B.C.'s unemployment rate is expected to remain relatively steady, increasing to 5.2% in 2023 and 2024, and trending back to 5.0% by 2026.

A more polarized global geopolitical landscape may benefit B.C.'s natural resources sector. Service-oriented exports, including tourism and work on TV and film remain strong. Travel continues to recover, and the film and TV sector will likely benefit from the weak Canadian dollar.[11]

British Columbia Indicators	2020	2021	2022f	2023f	2024f
Real GDP (% change)	-3.4	5.8	3.2	1.5	2.0
Consumer Price Index (% change)	0.8	2.8	7.0	3.9	2.4
Population (% change)	1.3	1.1	1.8	1.7	1.6
Retail Sales (% change)	1.2	12.6	2.6	2.8	3.3
Unemployment Rate (%)	8.9	6.5	5.0	5.2	5.2
Housing Starts (000s)	37.7	47.6	39.0	35.0	35.0

Source: Government of BC. Stronger Together, First Quarterly Report, September 2022.

Local Trends

1. Metro Vancouver[12]

Metro Vancouver's GDP will grow by 2.8% in 2022, and around 2.2% in 2023 and 2024 – meaning that growth will be lower than Canada's average in 2022 but higher than national averages in 2023 and 2024. Inflation growth in Metro Vancouver has closely tracked B.C.'s trajectory to date. After the Consumer Price Index (CPI) reached 8.2% in May, it fell slightly to 7.7% in June and July and is expected to average 7.2% this year, 4% in 2023, and 2.3% in 2024.

Growth is decelerating as Metro Vancouver's real estate market is cooling off quickly. Rising interest rates have slowed home sales, and prices are declining, with further decreases expected as interest rates continue to rise. That said, while prices are declining, the average home price in Metro Vancouver was almost $1.3M in May 2022, remaining out of reach for many households.

As activity in the Metro Vancouver housing market slows, output in the finance, insurance, and real estate sectors will also cool, growing by 1.6% in 2022 and 2023. However, tourism continues to rebound from the impacts of the COVID-19 pandemic, with passenger levels at YVR reaching 80% of pre-pandemic levels in June 2022. With air and cruise traffic picking up, output in the transportation and warehousing sector will increase by 15.4% this year, eventually returning to pre-pandemic levels in the final quarter of 2023.

Population growth, a key source of consumer demand and labour market strength, is expected to continue. However, the growth of Metro Vancouver's labour force will be below that of B.C., increasing by only 0.2% in 2022 and 0.3% in 2023, as remote work opportunities continue and an unaffordable real estate market incentivizes migrants to settle elsewhere. Metro Vancouver's labour force participation rate is also declining more sharply than the provincial average,

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[11] Central 1 Credit Union, Economic Analysis of British Columbia (October 11, 2022).
[12] Conference Board of Canada Major City Insights, Vancouver (October 14, 2022)

dropping by 1.6% in 2022 and 1.6% next year as well. Despite lower labour force growth and a declining participation rate, unemployment rates are expected to remain at around 5% for the next several years through to 2024.

Metro Vancouver Economic Indicators	2020	2021	2022f	2023f	2024f
Real GDP (% change)	-3.4	6	2.8	2.2	2.3
Consumer Price Index (% change)	0.6	2.7	7.2	4	2.3
Population (% change)	1.1	1.1	1.4	1.6	1.7
Retail Sales (% change)	-2.4	17.8	6.3	1.4	3.5
Unemployment Rate (%)	9.3	7	5	5.2	5
Housing Starts (000s)	22	26	24	22	21

Source: Conference Board of Canada Major City Insights, Vancouver (October 14, 2022)

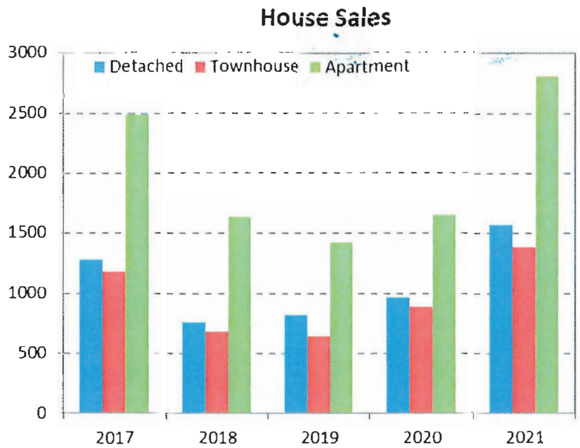
2. Richmond[13]

As in all of Metro Vancouver, a large share of Richmond's jobs (40%) are community-oriented, serving local residents and other businesses. The remaining jobs are in sectors that serve national and international markets and generate new economic activity. Nearly 70% of these economic base jobs are in sectors linked to the city's role as a people and goods movement gateway, including transportation, warehousing and logistics, manufacturing, wholesale, and tourism. Richmond has a regional advantage in these industries due to the presence of the port and airport.

The pandemic has demonstrated the importance of sustaining a resilient and diversified local economy, which continues to be key to the city's ability to weather current and future economic uncertainty. Today's economic challenges layer over the impacts of COVID-19, which varied among Richmond's key sectors. Some sectors, such as aviation and tourism, experienced business closures and job losses during the pandemic, while sectors such logistics, e-commerce, technology and film production experienced growth. Now, in the face of high inflation and slow growth, the impacts are again divergent: job growth in the technology sector is stalling, a low Canadian dollar continues to bolster the film industry and attract tourists, and retail may slow as consumer spending cools.

[13] City of Richmond Interactive Data, http://www.businessinrichmond.ca/data-centre/ (unless stated otherwise).

3. Housing Market



In 2021, sales of all types of housing increased in Richmond, continuing the trend observed last year, as the housing market continued to heat up, despite government policy interventions designed to cool overheated housing markets in major urban centers including Vancouver and Toronto.

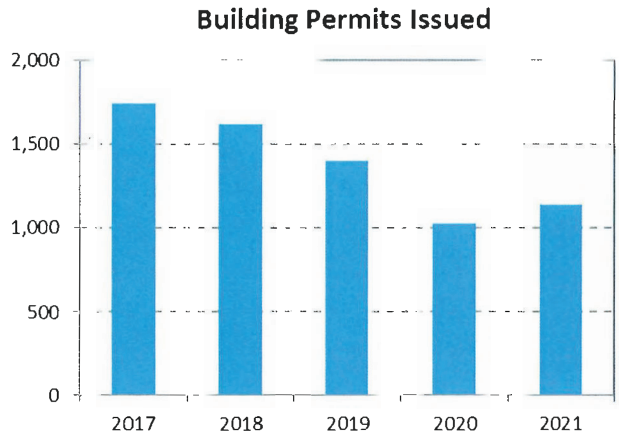
Despite a temporary disruption in early 2020 due the onset of COVID-19, demand for housing remained strong through the remainder of 2020, 2021, and early in 2022. This is not surprising, given continuing population growth, limited job losses among high-income households during the pandemic, increased household savings accumulated during the pandemic, and government support programs (due to the pandemic and more recently, tied to cushioning impacts of high inflation and cost of living issues). While the volume of apartment sales was greater than other types of housing, this may be due in part of multi-year development cycles for multi-family homes, meaning that a large number can come to market at the same time when a new development is completed.

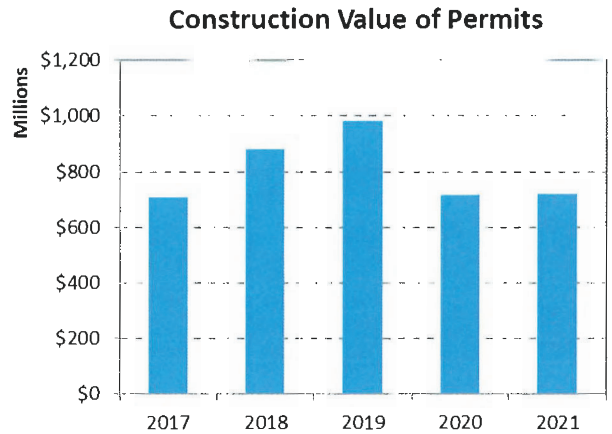
However, sales made during the first two quarters of 2022 reflect a decline across all housing types when compared to the same time period in 2021. This should be expected, given inflation and interest rate increases. The decrease in demand is most pronounced (at more than -30%) for detached homes and townhouses, which tend to be more expensive than apartments, which declined by only 10%. It remains to be seen whether any catching up will occur in the latter two quarters of the year, now that price declines are more pronounced – though at the same time, interest rates are even more elevated.

As of the second quarter of 2022, the total number of housing starts in Richmond decreased by more than a third when compared with the same period in 2021. Supply chain issues, labour shortages, and most recently, higher mortgage rates and escalating material costs, have all contributed to this decline. Future economic uncertainty continues, which may mean that developers and households are delaying their plans until more stable market conditions are in sight.

Housing Indicators	2022 to Q2	2021 to Q2	% Change
Total Sales - Detached	602	910	-34%
Total Sales - Townhouse	496	778	-36%
Total Sales - Apartment	1,294	1,436	-10%
Housing Starts	690	1,077	-36%

4. Construction Activity



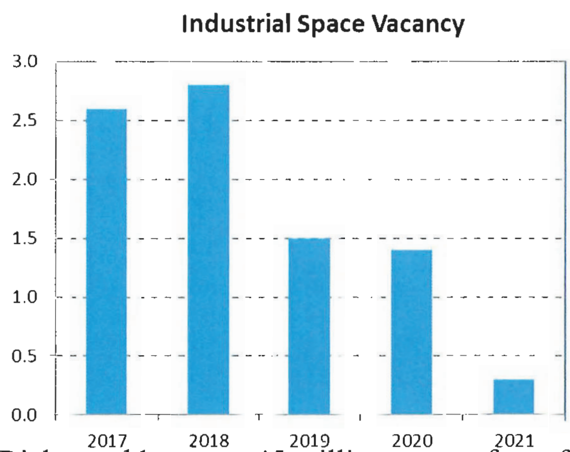


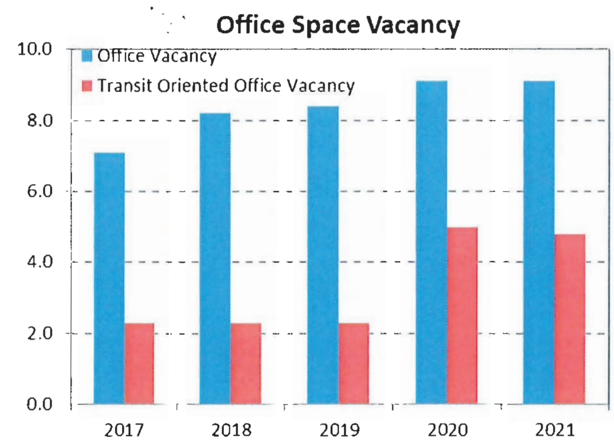
At the end of the second quarter of 2022, the construction value of building permits issued in Richmond had reached $404 million, 10% lower than during the same period in 2021. At the same time, the number of building permits issued during the first six months of 2022 increased by 18% over the same period in 2021.

The longer term trends of decreasing building permits issued and fairly stable construction value is indicative of fewer but larger and more complex developments, including those multi-family developments occurring in the City Center. Despite changing market conditions and economic challenges such as inflation, these trends are almost unchanged from those reported last year.

Construction Indicators	2022 to Q2	2021 to Q2	% Change
Building Permits Issued	718	607	18%
Construction Value ($ millions)	$404	$447	-10%

5. Commercial Space[14]





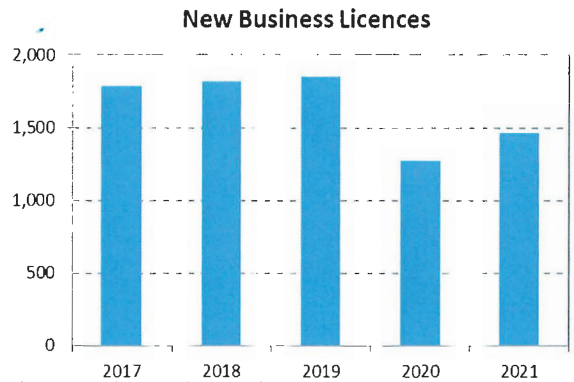
Richmond has over 45 million square feet of industrial space which, at just over 20%, represents one of the largest shares of Metro Vancouver's regional industrial inventory. Industrial space vacancy has continued to decline in recent years, dropping to an extremely low 0.2% in the second quarter of 2022, lower than the Metro Vancouver vacancy rate of 0.5% and lower than the Richmond vacancy rate at the same time last year (0.5%). Demand has continued to be very strong, particularly from wholesale and logistics users, as consumer behaviour continues to accelerate the e-commerce trend. While some new industrial space has been added to Richmond's inventory, with more under construction, vacancy rates are not expected to increase significantly. Policy and bylaw changes adopted by Council in early 2021 as part of the City of Richmond Industrial Land Intensification Initiative are intended to encourage the more intensified and productive use of this limited land that is essential for economic development in Richmond, and the region more broadly.

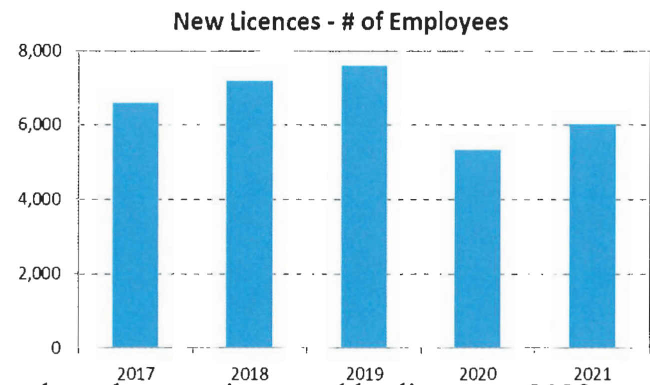
Office space vacancy has also declined in Richmond, and by the end of the second quarter of 2022 the rate was 8.3%, down from 10.9% at the same point last year. There continues to be strong demand in both Richmond and in the Metro Vancouver market for high class (A or AAA) office space, and asking rents continue to be high. That said, uncertainty is increasing regarding the longer term forecast, as more tenants re-evaluate and reduce their office footprints to accommodate a hybrid work environment and as economic growth slows.

Commercial Space Indicators	2022 to Q2	2021 to Q2	% Change
Industrial Inventory (million sf)	45.4	44.5	2%
Industrial Vacancy Rate	0.2	0.5	-60%
Office Inventory (million sf)	4.9	4.86	1%
Office Vacancy Rate	8.3	10.9	-24%

[14] Cushman & Wakefield Vancouver Office and Industrial Market Beat Reports (Q2 2022)

6. Business Growth



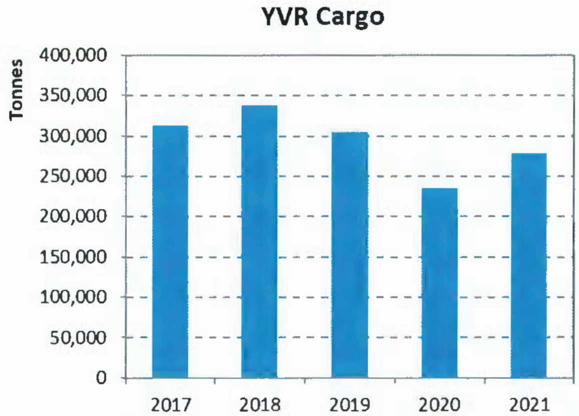


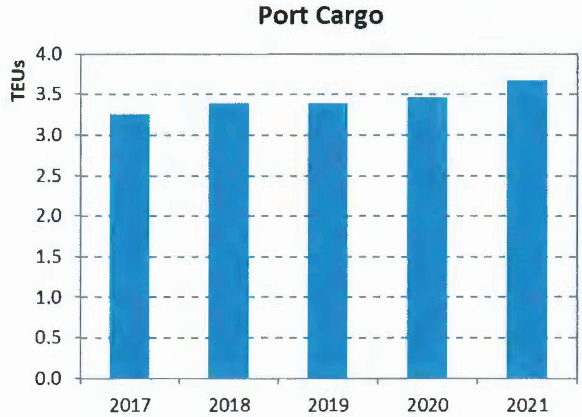
The number of new business licences and associated employment increased leading up to 2020, declined as a result of COVID-19 disruptions, and is now showing positive signs of recovery. During the first two quarters of 2022, there were 22% more business licences issued than during the same period the previous year, and an increase in employment as well. This activity reflects, in part, the resiliency of Richmond's business community and the strength from which it will weather the coming periods of lower economic growth more broadly.

At the end of the second quarter of 2022, the total number of licensed businesses had increased by 4% compared to the second quarter of 2021. The total number of valid business licences has remained steady throughout the past 5+ years at between 13,000 and 14,000. This indicates that a portion of Richmond's business growth is occurring as new businesses displace those that have closed or relocated.

Local Business Activity	2022 to Q2	2021 to Q2	% Change
Total Valid Business Licenses	14,086	13,586	4%
New Business Licenses	803	658	22%
New Licenses - # of Employees	2,841	2,628	8%

7. Trade



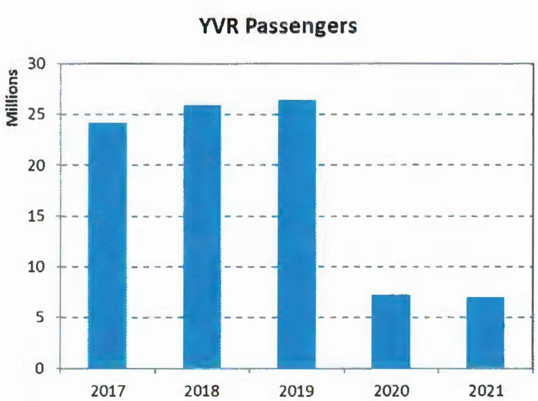


In 2020, YVR experienced cargo reductions due to COVID-19 related supply chain issues, and while some recovery was observed in 2021, supply chain challenges have persisted, including issues sourcing manufacturing inputs ranging from semi-conductors to bicycle parts. During the first half of 2022, cargo movements increased by 14% over the same period in 2021, which itself represented a 14% increase over the same period in 2020. While this recovery in volumes is positive, longer term outlooks into 2023 remain uncertain as both growth and consumer demand are expected to slow.

Cargo moved through the Port of Vancouver has grown steadily in recent years, though a slight decline occurred during the first two quarters of 2022 compared to the same period in 2021. While volumes remain fairly stable, it would not be unexpected to see some decline, aligned with a broader economic slowdown ahead.

Trade Indicators	2022 to Q2	2021 to Q2	% Change
YVR Cargo (tonnes)	138,553	121,268	14%
PMV Cargo (TEUs)	1,803,479	1,944,092	-7%

8. Tourism



In the five year period prior to 2020, the tourism sector in Richmond and in B.C. saw strong growth – and then significant declines as one of the hardest hit sectors during the COVID-19 pandemic. As restrictions have gradually been lifted, the sector has proven both strong and resilient. Volumes of passengers moving through YVR were up 475% during the first two quarters of 2022 when compared to the same period in 2021. Hotel room revenues were also up by 37%, with both occupancy rates recovering in addition to high average daily rates.

As of October 1, 2022, the federal government announced an end to all COVID-19 border and travel measures, following a gradual and incremental easing of specific restrictions related to vaccination status and country of traveller origin. With the full opening of air and land borders and the lifting of cruise measures, further recovery and growth may be expected, depending on the impact of a broader economic slowdown and global recession. That said, finding sufficient labour to meet the demand has been a key challenge for many tourism and hospitality businesses.

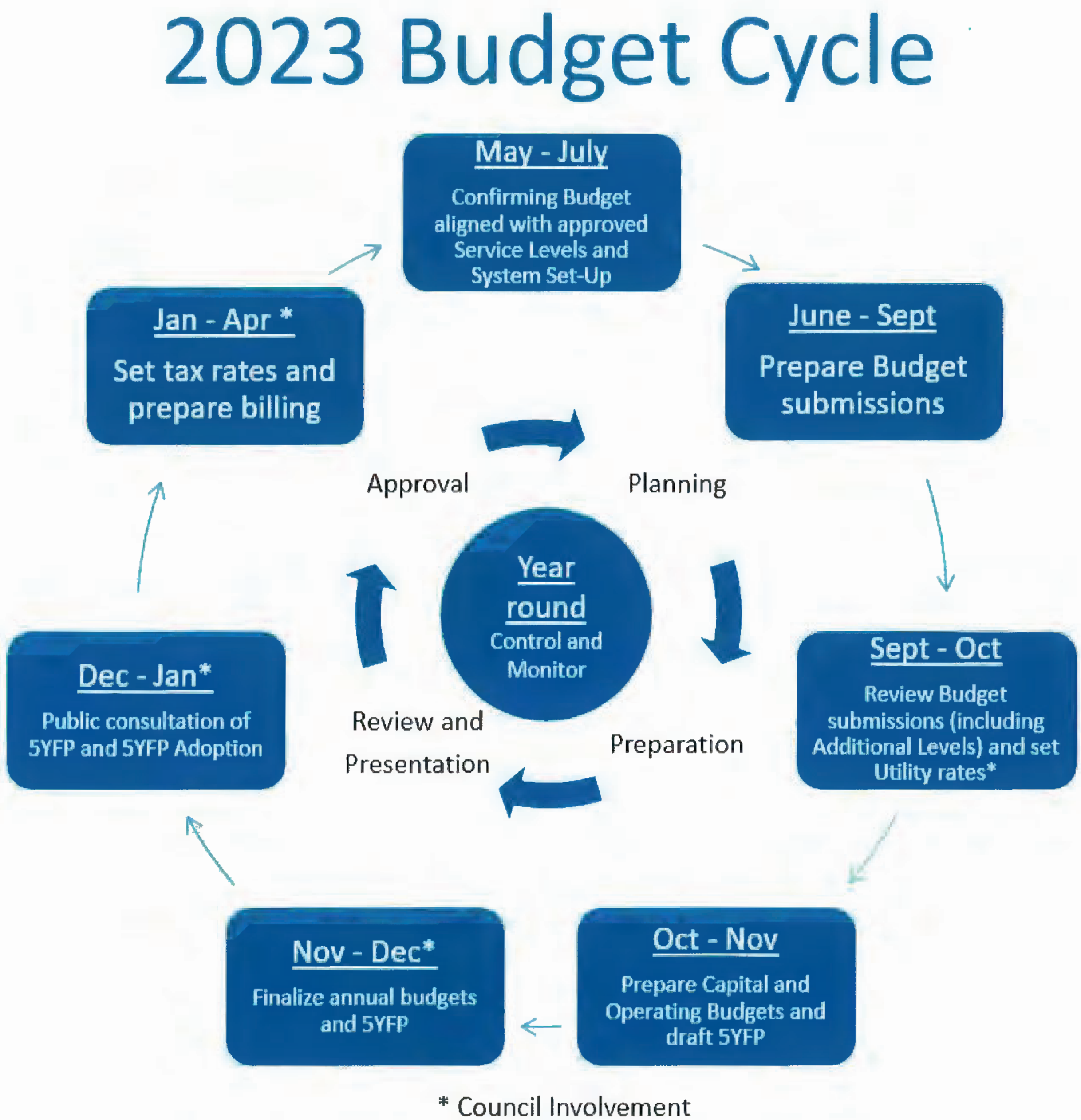
The dynamics impacting the tourism sector forecast are complex. Travel for business meetings and conventions is expected to experience a slower recovery than travel for leisure. There is a level of pent-up demand due to COVID-19-related travel restrictions over much of the past two years. Domestic travel has been strong and is likely to continue, depending on how Canadians are impacted by inflation and a slowing economy. With the weak Canadian dollar, Canada remains an attractive destination for U.S. and overseas travellers, including travellers from Asia who may have not been able to visit family and friends in Canada during the pandemic. That said, with a recession anticipated in both China and Europe, the net impact of pent-up demand, a low Canadian dollar, and tighter economic conditions at home (and globally) is not yet clear.

The Municipal and Regional District Tax (MRDT) partnership model between the City of Richmond, the Richmond Hotel Association and Tourism Richmond has recently undergone a renewal process and is expected to generate between $25-35 million in funding over a five-year period (2022 – 2027) to support tourism sector growth through destination marketing and development initiatives. MRDT revenue collected during the first half of 2022 was 34% higher than the first half of 2021, and the near-term forecast anticipates continued strong revenues.

Tourism Indicators	**2022 to Q2**	**2021 to Q2**	**% Change**
YVR Passengers (millions)	7.7	1.3	475%
Hotel Room Revenue ($ millions)	98.9	72	37%

Overall, tourism in Richmond is expected to continue to be a healthy sector supported by its proximity to YVR and the number of hotel accommodation providers.

3. 2023 Budget Cycle



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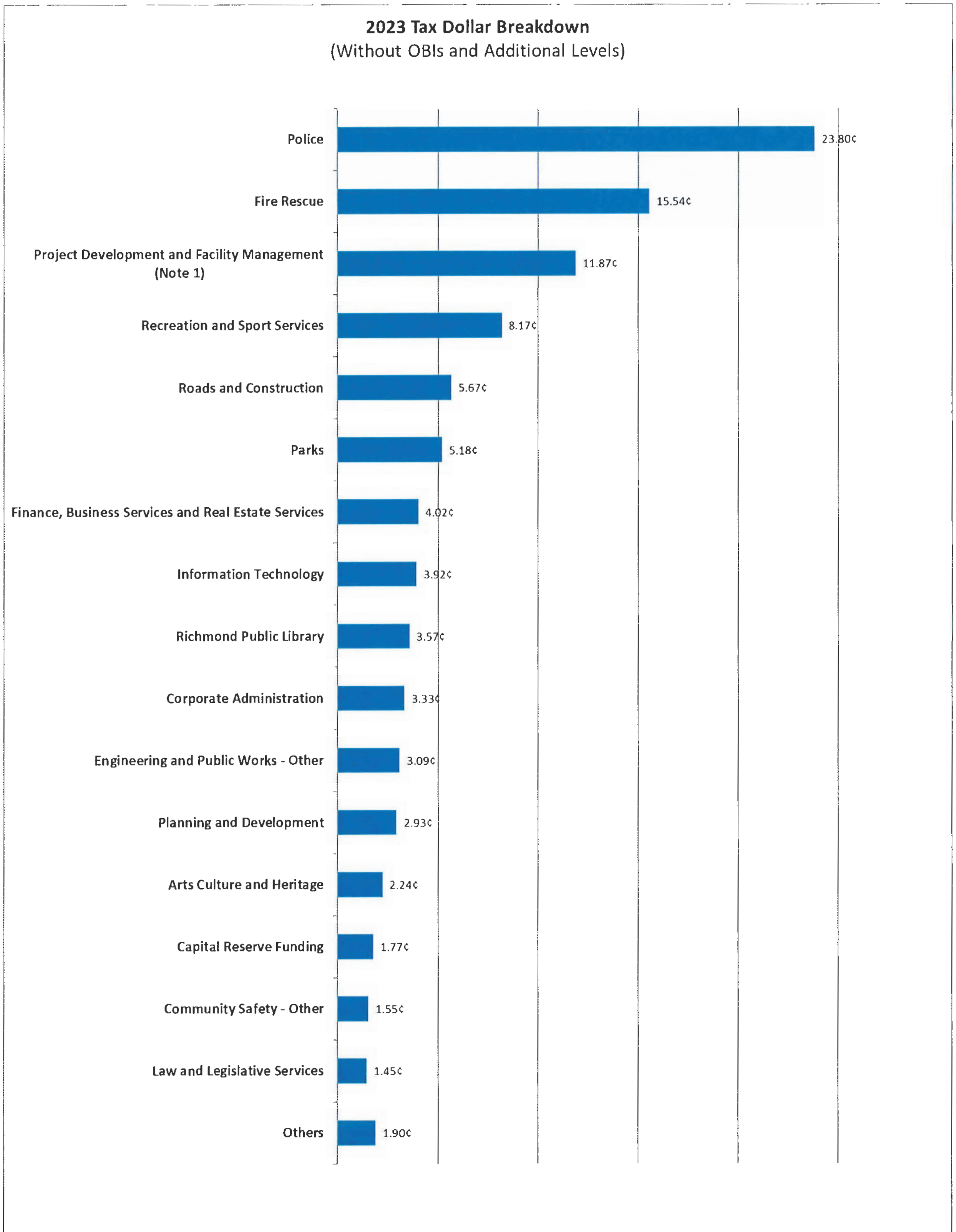
4. 2023 Tax Dollar Breakdown



Note 1: Includes Investment in Community Facilities Infrastructure Replacement needs.

5. 2023 Same Level of Service Net Base Budget

Department/Division	2022 Adjusted Base Budget (in '000s) (Restated for Comparison)	2023 Proposed Net Base Budget (in '000s)	Amount Change (in '000s)	Percent Change	Tax Impact
Policing	$66,034	$69,926	$3,892	5.89%	1.45%
Fire Rescue	$44,989	$46,881	$1,892	4.21%	0.71%
Community Safety - Other	$256	$464	$208	81.25%	0.08%
Community Safety - Total	**$111,279**	**$117,271**	**$5,992**	**5.38%**	**2.24%**
Community Services	$45,782	$47,006	$1,224	2.67%	0.46%
Library	$10,396	$10,816	$420	4.04%	0.16%
Community Services including Library	**$56,178**	**$57,822**	**$1,644**	**2.93%**	**0.61%**
Engineering and Public Works	**$41,078**	**$42,840**	**$1,762**	**4.29%**	**0.66%**
Finance and Corporate Services	**$23,423**	**$23,959**	**$536**	**2.29%**	**0.20%**
Corporate Administration	**$9,926**	**$10,083**	**$157**	**1.58%**	**0.06%**
Planning and Development	**$8,553**	**$8,725**	**$172**	**2.02%**	**0.06%**
Law and Legislative Services	**$4,265**	**$4,372**	**$107**	**2.50%**	**0.04%**
Fiscal	**($254,702)**	**($252,231)**	**$2,471**	**(0.97%)**	**0.92%**
Same Level of Service Increase	**$0**	**$12,841**	**$12,841**		**4.79%**
Storm Drainage - $1.0M Reallocation to Utility Budget		($1,000)	($1,000)		(0.37%)
Same Level of Service After Reallocation to Utility Budget	**$0**	**$11,841**	**$11,841**		**4.42%**
Less: Estimated 2023 New Tax Growth		($3,217)	($3,217)		(1.20%)
Same Level of Service Increase After Reallocation to Utility Budget and Growth	**$0**	**$8,624**	**$8,624**		**3.22%**

6. 2023 Same Level of Service Base Budget Details

All Divisions

All Divisions includes Community Safety, Community Services (including Library), Engineering and Public Works (excluding Utilities), Finance and Corporate Services, Corporate Administration, Planning and Development, Law and Legislative Services, and Fiscal.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(368,747,000)**	**(373,762,700)**	**(5,015,700)**	**1.36%**
Expenditures				
Labour	175,224,100	181,954,000	6,729,900	3.84%
Contract Services	87,209,800	92,609,000	5,399,200	6.19%
Operating Expenses	39,935,000	45,204,100	5,269,100	13.19%
Total Operating Expenses	**302,368,900**	**319,767,100**	**17,398,200**	**5.75%**
Fiscal Expenses	**71,012,900**	**79,375,100**	**8,362,200**	**11.78%**
Transfers	**(4,634,800)**	**(13,538,700)**	**(8,903,900)**	**192.11%**
Grand Total[1]	**-**	**11,840,800**	**11,840,800**	**-**

[1] 2023 Proposed Base Budget increase represents the same level of service before tax growth.

FTE Change

	2022 FTE[2]	2023 FTE	Change 2023
Total	**1,476.4**	**1,476.4**	**-**

[2] Full-Time Equivalent (FTE) for 2022 is restated to include positions approved by Council in the 2022 budget process (additional levels, budget amendments, etc.) and is also restated to reflect the currently approved organizational structure.

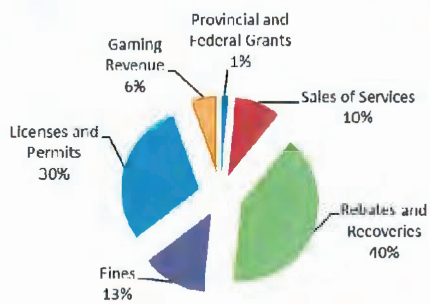
FTE Change – Library

	2022 FTE	2023 FTE	Change 2023
Total	**95.8**	**95.8**	**-**

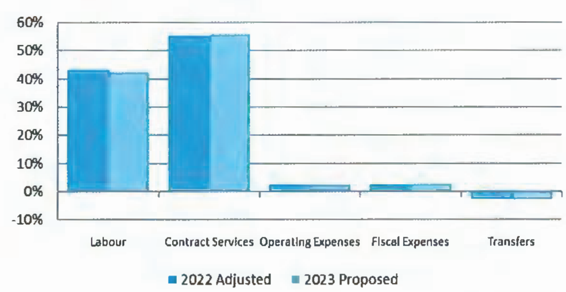
Community Safety

The City's primary community safety providers are Police (RCMP), Emergency Programs, Business Licences, and Community Bylaws. The role of the Community Bylaws Department is to lead, assist or partner with others to ensure that the City's various bylaws are complied with for the overall benefit of the community.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(14,772,800)**	**(15,686,400)**	**(913,600)**	**6.18%**
Expenditures				
Labour	54,228,200	56,318,100	2,089,900	3.85%
Contract Services	69,470,300	73,983,200	4,512,900	6.50%
Operating Expenses	2,839,500	3,071,200	231,700	8.16%
Total Expenditures	**126,538,000**	**133,372,500**	**6,834,500**	**5.40%**
Fiscal Expenses	**3,042,000**	**3,597,500**	**555,500**	**18.26%**
Transfers	**(3,527,900)**	**(4,012,600)**	**(484,700)**	**13.74%**
Grand Total	**$111,279,300**	**$117,271,000**	**$5,991,700**	**5.38%**



2023 Proposed Revenues



FTE Change

	2022 FTE	2023 FTE	Change 2023
Total	**423.0**	**423.0**	**-**

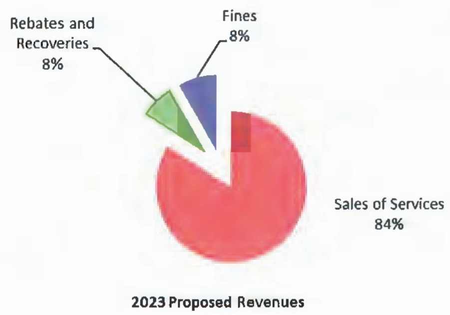
RCMP Contract Complement (Funded)

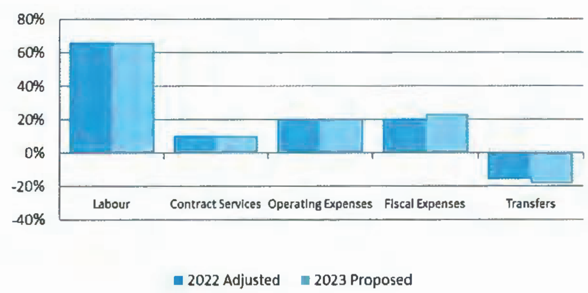
	2022 FTE	2023 FTE	Change 2023
Officers	276.0	276.0	-
Civilian Members	-	-	-
Less: Non-Budgeted	(11.0)	(11.0)	-
Municipal Policing	**265.0**	**265.0**	**-**
Specialized Police Operations and Integrated Homicide Investigation Team	14.4	14.4	-
Total	**279.4**	**279.4**	**-**

Community Services

Coordinates, supports and develops Richmond's community services including recreation, library, arts, heritage and sports. Oversees City owned public facilities and the design, construction and maintenance of City parks, trails and green spaces. Works with community partners and coordinates events and filming in the City.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(12,735,800)**	**(12,898,300)**	**(162,500)**	**1.28%**
Expenditures				
Labour	46,983,300	48,151,800	1,168,500	2.49%
Contract Services	6,133,800	6,351,900	218,100	3.56%
Operating Expenses	12,435,700	13,003,600	567,900	4.57%
Total Expenditures	**65,552,800**	**67,507,300**	**1,954,500**	**2.98%**
Fiscal Expenses	**12,469,700**	**13,769,500**	**1,299,800**	**10.42%**
Transfers	**(9,108,400)**	**(10,556,200)**	**(1,447,800)**	**15.90%**
Grand Total	**$56,178,300**	**$57,822,300**	**$1,644,000**	**2.93%**





FTE Change

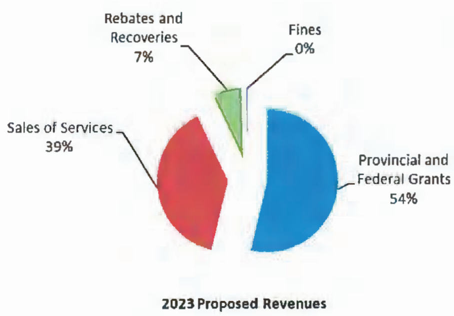
	2022 FTE	2023 FTE	Change 2023
Community Services	429.9	429.9	-
Library	95.8	95.8	-
Total	**525.7**	**525.7**	**-**

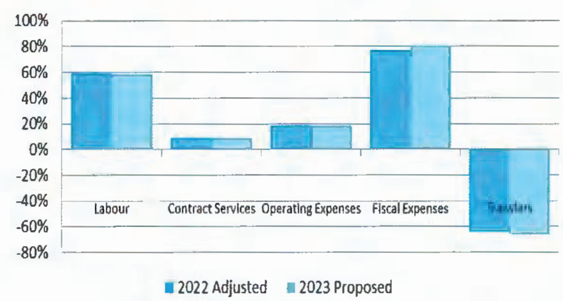
Engineering and Public Works (excluding Utilities)

Comprises engineering planning, design, construction and maintenance services for all utilities and City building infrastructure. Responsible for dikes and irrigation system, roads and construction services, street lighting, corporate sustainability, corporate and community energy programs.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(7,284,200)**	**(7,414,700)**	**(130,500)**	**1.79%**
Expenditures				
Labour	28,475,400	29,312,800	837,400	2.94%
Contract Services	4,400,400	4,466,700	66,300	1.51%
Operating Expenses	9,018,100	9,416,100	398,000	4.41%
Total Expenditures	**41,893,900**	**43,195,600**	**1,301,700**	**3.11%**
Fiscal Expenses	**37,427,200**	**40,604,900**	**3,177,700**	**8.49%**
Transfers	**(30,959,100)**	**(34,545,900)**	**(3,586,800)**	**11.59%**
Grand Total	**$41,077,800**	**$41,839,900**	**$762,100**	**1.86%**

Note: Engineering and Public Works increase of $1.8M as shown on Attachment 5 is before the reallocation of $1M to the Utility Budget. This table reflects the net increase after the reallocation of $0.8M.





FTE Change

	2022 FTE	2023 FTE	Change 2023
Total	**269.5**	**269.5**	**-**

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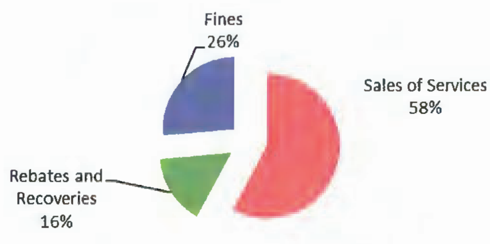
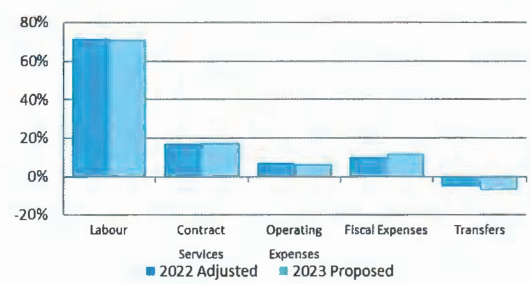
Finance and Corporate Services

Responsible for the financial well-being of the City, through the provision of financial advice, services and information to Council, staff and the public, as well as through the support and fostering of a viable business community. This division includes customer service, information technology, finance, economic development, real estate services, and business services.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(635,300)**	**(713,300)**	**(78,000)**	**12.28%**
Expenditures				
Labour	17,256,600	17,599,200	342,600	1.99%
Contract Services	4,064,700	4,324,900	260,200	6.40%
Operating Expenses	1,631,900	1,643,100	11,200	0.69%
Total Expenditures	**22,953,200**	**23,567,200**	**614,000**	**2.68%**
Fiscal Expenses	**2,351,700**	**2,929,300**	**577,600**	**24.56%**
Transfers	**(1,246,800)**	**(1,824,400)**	**(577,600)**	**46.33%**
Grand Total	**$23,422,800**	**$23,958,800**	**$536,000**	**2.29%**



2023 Proposed Revenues



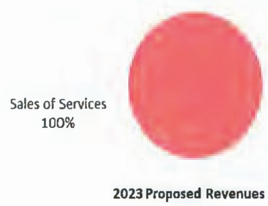
FTE Change

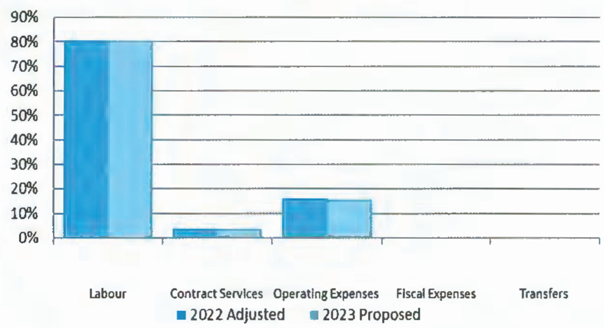
	2022 FTE	2023 FTE	Change 2023
Total	147.3	147.3	-

Corporate Administration

The CAO's Office oversees the overall administration of the corporate body (business units/operations) of the City and employees. Other departments and functions include, Deputy CAO Administration, human resources, corporate communications, production centre, intergovernmental relations, special projects and coordination of interdivisional projects and the Corporate Planning and Programs Management Group (CPMG). This is also where the budget for Mayor and Councillors resides.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(5,000)**	**(5,000)**	**-**	**-%**
Expenditures				
Labour	8,024,500	8,181,500	157,000	1.96%
Contract Services	354,400	354,400	-	-%
Operating Expenses	1,551,600	1,551,600	-	-%
Total Expenditures	**9,930,500**	**10,087,500**	**157,000**	**1.58%**
Grand Total	**$9,925,500**	**$10,082,500**	**$157,000**	**1.58%**





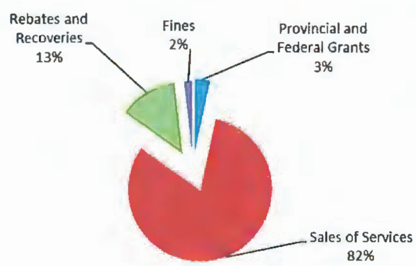
FTE Change

	2022 FTE	2023 FTE	Change 2023
Total	58.5	58.5	-

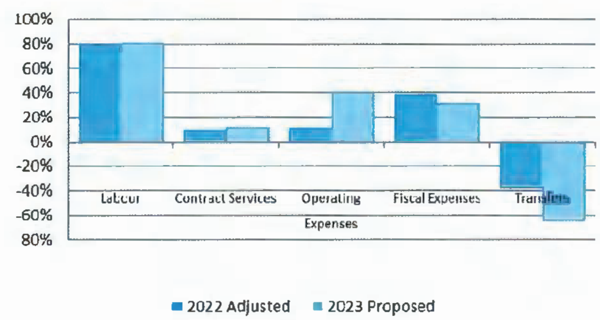
Planning and Development

Incorporates policy planning, transportation planning, development applications, building approvals, and community social development, which includes social planning, affordable housing, diversity, youth, childcare and older adult services. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability. These planning functions play a vital part in the City's life cycle and involve the development of community plans and policies, zoning bylaws, as well as development related approvals and permits.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(9,877,100)**	**(10,319,300)**	**(442,200)**	**4.48%**
Expenditures				
Labour	14,716,600	15,513,200	796,600	5.41%
Contract Services	1,730,000	2,071,700	341,700	19.75%
Operating Expenses	2,008,100	2,144,500	136,400	6.79%
Total Expenditures	**18,454,700**	**19,729,400**	**1,274,700**	**6.91%**
Fiscal Expenses	**7,071,000**	**6,038,500**	**(1,032,500)**	**(14.60%)**
Transfers	**(7,095,900)**	**(6,723,400)**	**372,500**	**(5.25%)**
Grand Total	**$8,552,700**	**$8,725,200**	**$172,500**	**2.02%**



2023 Proposed Revenues



FTE Change

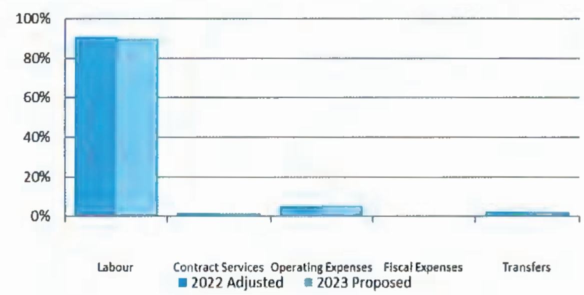
	2022 FTE	2023 FTE	Change 2023
Total	**123.7**	**123.7**	**-**

Law and Legislative Services

Law and Legislative Services division is responsible for providing advice to City Council and staff regarding the City's legal rights and obligations. This division oversees the City Clerk's Office which serves as a secretariat for Council and its Committees performing functions including agenda preparation, recording of minutes, processing and certifying bylaws, and record management.

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(2,100)**	**(2,100)**	**-**	**0.00%**
Expenditures				
Labour	3,860,800	3,936,600	75,800	1.96%
Contract Services	75,700	75,700	-	0.00%
Operating Expenses	212,900	243,600	30,700	14.42%
Total Expenditures	**4,149,400**	**4,255,900**	**106,500**	**2.57%**
Fiscal Expenses	**9,900**	**9,900**	**-**	**0.00%**
Transfers	**107,900**	**107,900**	**-**	**0.00%**
Grand Total	**$4,265,100**	**$4,371,600**	**$106,500**	**2.50%**

2023 Proposed Revenues

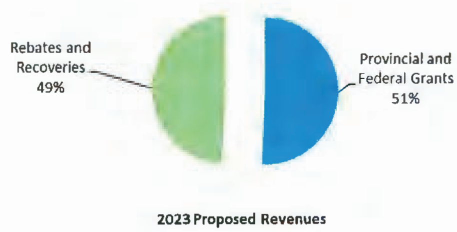


FTE Change

	2022 FTE	2023 FTE	Change 2023
Total	**24.5**	**24.5**	**-**

Fiscal

	2022 Adjusted Base Budget (Restated for Comparison)	2023 Proposed Base Budget	Change 2023 $	Change 2023 %
Revenues	**(323,434,700)**	**(326,723,600)**	**(3,288,900)**	**1.02%**
Expenditures				
Labour	1,678,700	2,940,800	1,262,100	75.18%
Contract Services	980,500	980,500	-	0.00%
Operating Expenses	10,237,200	14,130,400	3,893,200	38.03%
Total Expenditures	**12,896,400**	**18,051,700**	**5,155,300**	**39.97%**
Fiscal Expenses	**8,641,400**	**12,425,500**	**3,784,100**	**43.79%**
Transfers	**47,195,400**	**44,015,900**	**(3,179,500)**	**(6.74%)**
Grand Total	**(254,701,500)**	**(252,230,500)**	**2,471,000**	**(0.97%)**



7. 2023 Program Expenditures Funded by Reserves

The Affordable Housing, Child Care, and Public Art programs are fully funded by their respective reserve funds, which receive contributions from development activity. These programs were previously presented within the Capital Budget, but starting with the 2023 budget are now presented within the City's base Operating Budget. The *Community Charter* requires that the funding source for all proposed expenditures be included in the City's Consolidated 5 Year Financial Plan, and specifically those funded by statutory reserve funds. Accordingly, this attachment outlines the planned program expenditures and their specific reserve funding sources.

Summary of Operating Programs Funded by Reserves		
Project Name	**Reserve Funding Source**	**2023**
Affordable Housing Operating Initiatives	Affordable Housing Operating	$400,000
12040 Horseshoe Way Repayment	Affordable Housing - City Wide	525,000
Affordable Housing Total		**925,000**
Child Care - Administration	Child Care Operating	200,000
Child Care Projects - City-wide (Capital Grants)	Child Care Development	50,000
Child Care Projects - City-wide (Non-Capital Grants)	Child Care Operating	10,000
Child Care Total		**260,000**
Public Art Program	Public Art Program	170,000
Public Art Total		**170,000**
		$1,355,000

The proposed expenditures for 2023 and the planned expenditures for 2024-2027 are summarized in this attachment for each program.

<u>Affordable Housing Program 2023</u>

The City recognizes that a diverse range of housing choices for individuals and families of varying incomes is essential in creating a liveable community. The purpose of the City's Affordable Housing program is to support the creation of affordable housing in partnership with senior levels of government, non-profit organizations and the private sector. Through various programs and policies, the City has successfully secured over 1,500 affordable housing units since the City's first Affordable Housing Strategy was adopted in 2007, including the following highlighted developments:

- Kiwanis Towers, which provides 296 affordable rental units for low income seniors;
- Storeys, which provides 129 affordable rental units for low income households;
- Alderbridge Supportive Housing, which provides 40 units for residents experiencing homelessness;
- Aster Place (Bridgeport) Supportive Housing, which provides 40 units for residents experiencing homelessness; and
- The upcoming Pathways development, which will provide 80 affordable rental units for low and moderate income single people, families and seniors.

Affordable Housing Program (in $000's)	2023	2024	2025	2026	2027
Affordable Housing Operating Initiatives	$ 400	$ 400	$ 400	$ 400	$ 400
12040 Horseshoe Way Repayment	$ 525	$ 525	$ 525	$ 525	$ 525
Total Affordable Housing Program	$ 925	$ 925	$ 925	$ 925	$ 925
Funding Sources:					
Affordable Housing Operating Reserve	$ 400	$ 400	$ 400	$ 400	$ 400
Affordable Housing – City Wide	$ 525	$ 525	$ 525	$ 525	$ 525
Total Affordable Housing Funding Sources	$ 925	$ 925	$ 925	$ 925	$ 925

Affordable Housing Operating Initiatives

The City's Affordable Housing Strategy 2017-2027 and Homelessness Strategy 2019-2029 guide the City's actions regarding affordable housing and homelessness service provision. This program provides staff with the necessary resources to advance the implementation of these strategies. Examples include administration costs, and consulting services related to research, public engagement, and economic analysis.

Internal Debt Payment

On December 21, 2016 Council approved a transfer of $7M from the Capital Reserve – Industrial Use Fund to the Affordable Housing Reserve to purchase land at 12040 Horseshoe Way in order to partner with BC Housing to build a new emergency shelter. Under the *Community Charter*, these funds must be repaid to the source reserve fund with interest. Internal repayments from the Affordable Housing Reserve are being made over 15 years (payments commenced in 2018 and will end in 2032) in instalments of $525,000.

Child Care Program 2023

Child care is an important service for Richmond residents and an essential need for many parents. The 2017-2022 Richmond Child Care Needs Assessment and Strategy, adopted by City Council on July 24, 2017, and the 2021-2031 Richmond Child Care Action Plan, adopted by City Council on April 12, 2021, outline the City's commitment to child care. The identified priorities include the establishment and maintenance of a comprehensive child care system to help children and families thrive and addressing the need for quality, affordable, accessible child care spaces in Richmond.

The City supports the creation of child care spaces by accepting voluntary contributions from developers in the form of built child care facilities or cash-in-lieu contributions to the Child Care Statutory Reserves. The City manages and maintains thirteen existing City-owned child care facilities including two Early Childhood Development Hubs. The City is in the process of developing one additional City-owned child care facility, Hummingbird Child Care Centre, which is anticipated to be transferred to the City by the end of 2022. Hummingbird Child Care Centre, which was secured as a community amenity contribution in the River Green development, will provide 37 spaces of licensed child care and will be operated by the YMCA of

Greater Vancouver. This facility will be approximately 5,000 square feet indoors and 5,000 square feet outdoors.

Dedicated City staff resources help to develop maintain and support the child care system in Richmond. Child Care grants support the work of non-profit child care providers seeking to improve the quality or capacity of care in their facility, or non-profit societies supporting quality programming and/or providing professional development opportunities for the broader child care community in Richmond.

Child Care Program (in $000's)	2023	2024	2025	2026	2027
Child Care - Administration	$ 200	$ 200	$ 200	$ 200	$ 200
Child Care - City-Wide (Capital Grants)	$ 50	$ 50	$ 50	$ 50	$ 50
Child Care - City-Wide (Non-Capital Grants)	$ 10	$ 10	$ 10	$ 10	$ 10
Total Child Care Program	$ 260	$ 260	$ 260	$ 260	$ 260
Funding Sources:					
Child Care Operating Reserve	$ 210	$ 210	$ 210	$ 210	$ 210
Child Care Development Reserve	$ 50	$ 50	$ 50	$ 50	$ 50
Total Child Care Funding Sources	$ 260	$ 260	$ 260	$ 260	$ 260

Child Care - Administration

A source of funding is required to support the City's Child Care section and to assist in the implementation of specific actions adopted by Council in the 2017-2022 Richmond Child Care Needs Assessment and Strategy and the 2021-2031 Richmond Child Care Action Plan.

The Child Care Planner 1 position, which has existed as an auxillary position from 2017-2021 and as a regular position since 2020, is funded through the Child Care Operating Reserve and plays an important role in supporting the ongoing work to plan, design and build new child care facilities secured as community amenity contributions. Specific job duties include working with developers, and assisting with regular review of these City facilities to ensure they meet health and safety standards. Further work includes assisting with the planning and development of new child care facilities (including Early Childhood Development Hubs), research, developing and updating City publications and working documents, and responding to requests for information from the community, parents and child care providers.

In addition, these funds will be used to pay for costs related to: expenses to support the child care work program; research, production of reports, creation of developer resources, and to support the ongoing development of new amenities under development including Early Childhood Development (ECD) Hubs and child care facilities as necessary.

The Child Care Operating Reserve is an appropriate source of funding for such expenses. It was established to support grants, conduct research and fund expenses to support the development of quality child care within the City.

Child Care - City-Wide (Capital Grants)

Funding is required to provide sufficient funding to administer the City's 2023 Child Care Capital Grants Program. These grants support non-profit child care operators with capital improvements to enhance their child care programs (e.g., minor renovations, outdoor playground upgrades and the purchase of equipment and furnishings).

Grants are advertised in September 2022 and then, with Council approval, awarded in February or March 2023.

Child Care - City-Wide (Non-Capital Grants)

Funding is required to enable the provision of the 2023 Child Care Professional and Program Development Grants (non-capital). These grants support non-profit organizations in Richmond to deliver professional development initiatives for Early Childhood Educators and child care providers. These grants may also support the purchase of toys, equipment and resources for lending libraries that are available to Richmond child care providers.

Grants are advertised in September 2022 and then, with Council approval, awarded in February or March 2023.

Public Art Program 2023

The Public Art Program is a self-sustaining project funded by private development contributions to the Public Art Reserve. Council approved the updated policy (Policy 8703, adopted July 27, 2010). The Program is supported by a Council appointed Public Art Advisory Committee. The Public Art Program also supports the initiatives expressed in the Richmond Art Strategy 2019 - 2024, which was approved by Council in July 2019.

The Public Art Program contributes to Council's Strategic Plan 2018 – 2022. It supports One Community Together: Vibrant and diverse arts and cultural activities and opportunities for community engagement and connection. It also supports An Active and Thriving Richmond: An active and thriving community characterized by diverse social and wellness programs, services and spaces that foster health and well-being for all.

Public Art Program (in $000's)	2023	2024	2025	2026	2027
Public Art Program	$ 170	$ 150	$ 150	$ 150	$ 150
Total Public Art Program	$ 170	$ 150	$ 150	$ 150	$ 150
Funding Source:					
Public Art Program Reserve	$ 170	$ 150	$ 150	$ 150	$ 150
Total Public Art Funding Source	$ 170	$ 150	$ 150	$ 150	$ 150

The scope of work consists of a variety of developer funded public art projects. The following are proposed projects (with estimated costs) which may change during the project's duration based on the Public Art Program's consideration of public art opportunities and priorities and private development funding.

Contributions by private developers, totalling $170,000, have been deposited to the Public Art Reserve and allocated as follows:

Proposed Public Arts Projects	Estimated Costs
Annual Community Public Art Programs - Urban Infrastructure Art Wrap Program, Engaging Artists in Community Program, Community Mural Program	$80,000
Community Public Art Projects - No. 3 Road Art Columns, Pianos on the Streets	30,000
Community Education, Artists Professional Development and Mentorship - Youth Mentorship Program, Public Art Bus Tours, Art at Work Workshop Series	20,000
Collaboration with other City Partners - Capture Photography Festival, Children's Art Festival, Culture Days	20,000
Cultural Centre Annex Public Art Contribution	20,000
Total	**$170,000**

8. No Tax Impact Positions

2023 No Tax Impact Positions				
Ref	Requested By	Description	Amount	Tax Impact
1	Engineering and Public Works	**2 Sustainability Specialists - TFT** Climate Action Response Incentive Program funding from the Province has been replaced by Local Government Climate Action Program (LGCAP). Staff undertook a detailed assessment of opportunities to advance Community Energy and Emissions Plan 2050 actions using LGCAP, with recommendation for two temporary full-time sustainability planners. These two positions will be funded by Provincial revenue.	$0	No Tax Impact
2	Planning and Development Services	**Building Approvals Building Energy Specialist - RFT (TFT Conversion)** This position was approved by Council with the City's adoption of the Provincial Energy Step Code. With increasingly complex technical solutions now mandated by building codes and standards for energy efficiency and climate response, this position is required on a permanent regular basis to provide the City with the technical capacity to ensure conformance. This position will continue to be funded entirely by permit revenue.	$0	No Tax Impact
3	Planning and Development Services	**Building Approvals Code Engineer - RFT (TFT Conversion)** This second Code Engineer position, was established as TFT in order to address Council direction for improved permit processing times. It has already improved our capacity to efficiently process complex, technically challenging projects. As technically complex buildings are becoming an increasingly larger percentage of construction, this position is required to be permanent to ensure continued efficiency. This position will continue to be funded entirely by permit revenue.	$0	No Tax Impact
4	Planning and Development Services	**Transportation Traffic Technician - RFT** An RFT Traffic Technician to address increasing demand and complexity issues related to Traffic Management Plan and Development Application review. The additional Traffic Technician will reduce turn around time, increase level of service and improve efficiency. This position will be funded by revenue from permitting activities.	$0	No Tax Impact
5	Planning and Development Services	**Building Approvals Departmental Associate 2 - RFT** An RFT Departmental Associate 2 is required to address the administrative needs that are occurring with the optimized digital permit processing implementation. This optimization will improve permitting efficiency and customer service support as directed by Council. This position will be entirely funded by permit revenue.	$0	No Tax Impact

2023 No Tax Impact Positions				
Ref	Requested By	Description	Amount	Tax Impact
6	Engineering and Public Works	**Fleet Administration Systems & Project Coordinator – RFT** The Automatic Vehicle Location/Global Positioning System pilot has ended successfully and Council has approved broad expansion of the program on a permanent basis. A long term contract will be awarded in September 2022. A Regular Full Time position including the creation of a new Position Complement Control to manage the existing system and expansion to the fleet of 500 driving and stationary assets is required. 2023 capital submission titled "Automatic Vehicle Location/Global Positioning System Expansion" and approved capital projects in 2020 and 2022 are related to this request.	$0	No Tax Impact
2023 No Tax Impact Positions			**$0**	**No Tax Impact**

9. Emerging Organizational Additional Levels – Recommended for Funding in 2023

Emerging Organizational Additional Levels - Recommended for Funding in 2023				
Ref	Requested By	Description	Amount	Tax Impact
1	Finance and Corporate Services	**Cyber Risk Security Enhancement – Expanded Vulnerability Scanning and External Security Event Monitoring Services** This request is to expand the City's vulnerability scanning resources to provide a better security posture against threats to the City's network infrastructure. It will also engage an external security event monitoring services provider to assist the City in its security defenses by providing 24/7 proactive monitoring.	$155,900	0.06%
2	Planning and Development Services	**Community Social Development Planner 2 (Poverty Reduction) - RFT** An RFT Planner 2 (Poverty Reduction) position is required to lead poverty reduction initiatives as identified in Action 1.7 of the Council adopted 2022–2032 Collaborative Action Plan to Reduce and Prevent Poverty in Richmond – Provide additional staff resources to support implementation of the Plan.	$156,313	0.06%
3	Planning and Development Services / Community Services	**Recreation Fee Subsidy Program (RFSP) Planning and Administration Staff (2 RFT positions)** The RFSP is a Council-adopted program that provides access to community programs and services for low-income Richmond residents. Two temporary full-time resources: 1) a Planning Assistant (Community Social Development) and, 2) a Departmental Associate II (Community Services) are currently in place to plan, make policy recommendations, and to coordinate and administer the RFSP. These two resources are required in a full-time permanent capacity to support ongoing RFSP implementation and administration, implementation of related actions identified in the Council adopted Social Development Strategy, and to respond to increasing community need. The Planning Assistant focuses on RFSP policy and program development and will be instrumental in addressing increasing municipal requirements as part of the new provincial Accessibility legislation. The Departmental Associate 2 focuses on RFSP program administration, including working directly with program applicants.	$190,427	0.07%

Emerging Organizational Additional Levels - Recommended for Funding in 2023				
Ref	**Requested By**	**Description**	**Amount**	**Tax Impact**
4	Planning and Development Services	**Community Social Development Social Equity Coordinator - RFT** An RFT Social Equity Coordinator position is required to advance social equity and inclusion across the City and to support social equity actions as identified in the Council-adopted Social Development Strategy and other City plans and strategies. This includes responding to Council requests, referrals and delegations on social equity initiatives such as the living wage policy, developing a social equity framework and poverty lens criteria, conducting research, and analyzing and interpreting Census data and other relevant data to better understand and support the needs of marginalized and vulnerable populations in Richmond. This role is currently a TFT position without base funding.	$135,350	0.05%
5	Law and Legislative Services	**Legislative Services Associate - RFT** This request is for an RFT Legislative Services Associate. Since the pandemic, the scale, workload and complexity of the Legislative Services Associate positions has increased significantly. Staff required to support all Council Committees and Council meeting has increased significantly.	$97,020	0.03%
Total Emerging Organizational Additional Levels – Recommended for Funding in 2023			**$735,010**	**0.27%**

10. Emerging Organizational Additional Levels – Not Recommended for Funding in 2023

Emerging Organizational Additional Levels – Not Recommended for Funding in 2023				
Ref	Requested By	Description	Amount	Tax Impact
1	Planning and Development Services	**Community Social Development Planner 2 (Anti-Racism) - RFT** An RFT Planner 2 (Anti-Racism) position is required to provide leadership and strategic planning in the development and implementation of anti-racism initiatives as identified in the Council-adopted Cultural Harmony Plan. This includes participating in community initiatives for responsive action against incidents of racism, the development and implementation of the Richmond Community Protocol, and participation in the Resilience BC Network. Recent incidences, exacerbated in part by the pandemic, have led to increased need, particularly to support the safety and well-being of Richmond's unique and diverse community demographics.	$156,313	0.06%
2	Planning and Development Services	**Community Social Development Leader (Social Planning) - RFT** An RFT Community Social Development Leader (Social Planning) position is required to support the implementation of initiatives outlined in various Council-adopted strategies and plans including those related to Social Development, Cultural Harmony, Poverty Reduction, Homelessness and Seniors. This role is currently supported by an auxiliary position; however, a permanent position is required to support ongoing demands on the department and to remain responsive to growing community need. This position provides technical and coordination oversight and support for public engagement initiatives, staff training, and services coordinated by the department, including the Diversity Symposium. This role is currently auxiliary status without base funding.	$103,161	0.04%
3	Planning and Development Services	**Community Social Development Planner 1 - RFT** An RFT Planner 1 position is required to support various sections in the Community Social Development department in implementing actions contained in Council-adopted strategies and plans, with a focus on short and long range research planning and understanding the increasingly complex and diverse social issues that impact Richmond's most vulnerable residents. In particular, this position provides support to continue to improve mechanisms and enhance timely interdepartmental collaboration to ensure that social factors are given appropriate consideration in City planning and decision making. The position will play a key role in supporting the development and implementation of the new Social Development Strategy. This role is currently an auxiliary Planning Assistant role without base funding.	$150,350	0.06%

Emerging Organizational Additional Levels – Not Recommended for Funding in 2023				
Ref	**Requested By**	**Description**	**Amount**	**Tax Impact**
4	Finance and Corporate Services	**OwnCloud Solution License Upgrade** Staff regularly need to share large files with external parties or allow them to upload files to our staff. The current solution provides mechanisms to satisfy these collaboration requirements but requires additional licensing to enable enterprise-grade security.	$30,000	0.01%
5	Community Services	**Increase Operating Hours for Steveston Outdoor Pool** In response to public demand and a report to Council, public lane swimming and public swim sessions at Steveston Outdoor Pool were increased on a trial basis for the 2019 to 2022 swim seasons. Due to its success, a permanent increase in these hours from May to September is recommended.	$26,919	0.01%
6	Community Safety	**Richmond Fire Rescue Recruiting and Testing Costs** Recruitment process include testing and assessing applicants to fill vacancies. RFR incurs costs and recovers a portion from applicants. RFR recruits biannually over 500 applicants. RFR qualifies and hires from this group for vacancies and prepares a preferred candidate list for subsequent years.	$35,000	0.01%
Total Emerging Organizational Additional Levels – Not Recommended for Funding in 2023			**$501,743**	**0.19%**