



City of Richmond

Report to Committee

To: Finance Committee **Date:** November 19, 2024
From: Mike Ching, CPA, CMA **File:** 03-0970-01/2024-Vol 01
 Director, Finance
Re: 2025 One-Time Expenditures

Staff Recommendation

That the one-time expenditures totaling \$2,690,457 as outlined in Attachment 1 of the 2025 One-Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2025-2029).

Mike Ching, CPA, CMA
 Director, Finance
 (604-276-4137)

Att. 1

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

Staff Report

Origin

One-time expenditure requests are typically non-recurring items over and above the base annual budget or items that are recurring in nature but are not required on an annual basis. Council established a Rate Stabilization Account (RSA) to provide funding for such requests. The RSA has also been used to defer the City's annual tax increase to a future year. Each year, once the City's accounts from the prior year are finalized, any resulting surplus is transferred into the RSA.

Any approved one-time expenditure requests will be included in the 2025-2029 Consolidated 5 Year Financial Plan (5YFP).

This report supports Council's Strategic Plan 2022-2026 #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

- 4.1 Ensure effective financial planning to support a sustainable future for the City.*
- 4.2 Seek improvements and efficiencies in all aspects of City business.*
- 4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.*
- 4.4 Work with all levels of governments for grant and funding opportunities.*

Analysis

For 2025, there are eleven one-time expenditure requests totalling \$2,690,457. The Senior Management Team (SMT) appointed a Review Team to review each request using established ranking criteria. The prioritized requests were also reviewed by the CAO and SMT. There is no additional tax impact from any of the proposed requests as they will be funded from the RSA.

The 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 RSA has an unaudited balance of \$16,914,372 available as of October 31, 2024. While there is no additional tax impact from utilizing the RSA to fund one-time expenditure requests, the ability to fund such requests depends on the annual surplus.

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 pressure on the following year’s operating budget. The tax increase is not reduced but temporarily shifted.

The CAO and SMT have carefully reviewed all one-time expenditure requests to be funded from RSA. A description of the requests recommended by the CAO and SMT for funding in 2025 are included in Attachment 1.

Council may change any of the staff recommendations. The Consolidated 5 Year Financial Plan (2025-2029) will include the amounts as approved by Council.

One-Time Expenditure Requests

Table 1 shows the summary of the one-time expenditure requests:

Table 1 – One-Time Expenditure Requests Summary

# of One-Time Expenditures Requested	Recommended Amount (In \$000s)
11	\$2,690

Table 2 summarizes how the available RSA balance is proposed to be utilized as a result of the 2025 budget process:

Table 2 – Proposed RSA Utilization

RSA Balance Available as of October 31, 2024		\$16,914,372
2025 One-Time Expenditures - Recommended (Attachment 1)	(2,690,457)	
<i>From 2025 Proposed Operating Budget report:</i>		
Proposed Rate Stabilization of the 2025 Operating Budget (Budget Option 1)	(2,000,000)	
2025 Initial Capital Costs from Emerging Organizational Ongoing Additional Levels (Attachment 12)	(126,688)	
2025 Initial Capital Costs from No Tax Impact Positions (Attachment 11)	(120,000)	
<i>From 2025 Proposed Capital Budget report:</i>		
2025 Capital Project funded by RSA (Appendix 7)	(2,339,500)	
Total 2025 Proposed RSA Utilization		(7,276,645)
Remaining Balance After Proposed 2025 Utilization		\$9,637,727

One-Time Initial Capital Costs Associated with Recommended Additional Level Expenditures Requests

The 2025 Proposed Operating Budget recommends approval of No Tax Impact positions and Emerging Organizational Additional Levels of service which require upfront costs for vehicles and equipment. This includes Short Term Rental Inspectors, Fire Safety Act Implementation, Police Officers and Police support staff. A total of \$246,688 is required and this one-time cost is

recommended to be funded from the Rate Stabilization Account. If Council approves a different amount of Emerging Organizational Additional Levels from what has been recommended by staff in the 2025 Proposed Operating Budget, the initial capital costs may need to be updated accordingly as outlined in each request for funding.

The 2025 Proposed Capital Budget recommends funding for one project to come from Rate Stabilization. If Council makes any changes to the recommendation this amount may need to be updated accordingly.

A total of \$2,000,000 from the RSA is proposed to be utilized to reduce the tax impact as presented in the 2025 Proposed Operating Budget (Budget Option 1).

Financial Impact

The recommended one-time expenditures totaling \$2,690,457 as outlined in Attachment 1 are proposed to be funded from the Rate Stabilization Account with no additional tax impact. The final amount approved by Council will be included in the Consolidated 5 Year Financial Plan (2025-2029).

Conclusion

One-time expenditure requests were carefully reviewed by the CAO and SMT. The high priority requests in the amount of \$2,690,457 as summarized in Attachment 1 are recommended to be approved and included in the Consolidated 5 Year Financial Plan (2025-2029).



Melissa Shiau, CPA, CA
Manager, Financial Planning and Analysis
(604-276-4231)

MS:gh

Att. 1: 2025 One-Time Expenditure Requests – RECOMMENDED

2025 One-Time Expenditure Requests – RECOMMENDED			
Ref	Category	Description	Amount
1	New Provincial Legislation	Fire Safety Act Implementation (One-time Training Budget) Due to recent regulatory changes, funding is requested to educate and train Richmond Fire-Rescue staff to meet the minimum competency requirements of the new regulations.	\$204,399
2	Infrastructure Need	Contribution to the Fire Vehicle and Equipment Reserve At the General Purposes Committee meeting on November 18, 2024, the Committee endorsed increasing the annual transfer to the Fire Vehicle and Equipment Reserve by \$600,000 to ensure the reserve remains sustainable based on the current known market prices and conditions. Due to budget constraints, the request for ongoing funding could not be recommended in 2025; however, staff recommend a one-time transfer from Rate Stabilization for 2025, which will provide additional time to analyze options to be brought forward in the 2026 budget process.	\$600,000
3	Council Strategic Plan	Recreation Fee Subsidy Program (RFSP) - Central Fund The RFSP requests Central Fund support as work on the Parks, Recreation and Culture Pricing Policy progresses. Funding contributions from Associations/Societies to support RFSP is on hold while the age of eligibility for seniors is revisited as directed by Council.	\$116,000
4	Council Strategic Plan	City of Richmond Signature and Community Events Plan 2025-2029 This request is to fund the 2025 City events in alignment with the Guiding Principles for City Events, and as detailed in the City of Richmond Signature and Community Events Plan 2025-2029 Report to Committee, which was endorsed by Council on October 21, 2024. Events contribute to social and economic well-being, build community capacity and identity and raise Richmond's profile.	\$930,600
5	Infrastructure Need	ArcGIS Desktop Transition to ArcGIS Pro Project ESRI Canada is the City of Richmond's geographic information system (GIS) software provider and City staff use GIS software (ArcGIS Desktop) to collect and analyze geographic data (such as data seen on Richmond Interactive Map). ESRI's ArcGIS Desktop Application will be retired in March of 2026 and replaced by ArcGIS Pro software application. To transition successfully, funding is requested to redevelop customizations.	\$60,000
6	Council Strategic Plan	Richmond Celebrates FIFA 26 - Community Event Campaign The Richmond Celebrates FIFA 26 Community Event Campaign is a series of community-led events that emphasize grassroots programming and engagement. These events are designed to be inclusive, engage neighbourhoods across the City, and empower Richmond residents and organizations to host local celebrations that reflect the City's diverse cultures throughout FIFA World Cup 26. Tourism Richmond has confirmed their commitment as a funding partner for the event campaign.	\$200,000

2025 One-Time Expenditure Requests – RECOMMENDED – continued

Ref	Category	Description	Amount
7	Council Strategic Plan	Volunteer Management Strategy Update An update to the 2018-2021 Volunteer Management Strategy is requested to provide direction in the delivery of volunteer opportunities for the betterment of Richmond's increasingly diverse community and changing landscape in volunteerism.	\$50,000
8	Council Strategic Plan	Heritage Boat Restoration Pilot Program At the Regular Council meeting on July 8, 2024, Council endorsed, "That funding Option 1 – One-Time Additional Level to support a pilot Heritage Boat Restoration Program for 2025 and 2026, be considered as part of the 2025 budget process." This funding will support the Shipyard Operations Supervisor position and other program costs.	\$330,458
9	Council Strategic Plan	Britannia Shipyards Park Concept Plan At the Regular Council meeting on July 8, 2024, Council endorsed, "That funding of \$80,000 to support the development of a site concept plan be considered as part of the 2025 budget process." A new concept plan will be developed that identifies heritage boat display locations and improves site operations and landscaping.	\$80,000
10	Council Strategic Plan	Continuation of the Instructor/Lifeguard Subsidy Program The Instructor/Lifeguard Subsidy Program began as a one-year pilot in 2023 for low-income residents to pursue a career in aquatics. At the Regular Council meeting on May 13, 2024, Council endorsed the continuation of the program through 2025 and that a one-time additional level request be considered in the 2025 budget process.	\$45,000
11	Infrastructure Need	Grants Intake Application System Replacement The custom-built Grant Intake Application System is in need of a replacement. The benefits of a replacement includes: an improved user experience for all (grant applicants, reviewers and administrators); ability to support multiple city grant seasons per year; on-time submissions, reviews, and reporting to allow Council to keep city grant awards on schedule. The replacement application will be similar to those used by other municipalities in the region.	\$74,000
2025 One-Time Expenditures Total – RECOMMENDED			\$2,690,457