City of Richmond

Report to Committee

To:	Finance Committee	**Date:**	November 08, 2023
From:	Mike Ching, CPA, CMA Director, Finance	**File:**	03-0970-03-01/2023-Vol 01
Re:	**2024 Proposed Operating Budget**		

Staff Recommendations:

That:

1. The 2024 Proposed Operating Budget as presented in Budget Option 2 for a total of 5.62% be approved as outlined below:

    a. A same level of service budget increase of $8,900,427 after tax growth with a tax increase of 3.10% be approved; and

    b. Emerging organizational additional levels in the amount of $1,501,828 as presented in Attachments 8, 9 and 10 of the staff report titled 2024 Proposed Operating Budget with a tax increase of 0.52% 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 $2,870,523 with a tax increase of 1.00% be approved; and

    d. Senior level government and other government agency increase of $3,491,599 with a tax increase of 1.22% be approved; and

    e. Use of reserves for program expenditures for Affordable Housing, Child Care and Public Art programs of $1,581,197 as presented in Attachment 7 be approved; and

    f. Operating budget impacts totalling $971,855 with a tax increase of 0.34% be approved; and

    g. The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of $1,612,500 resulting in a tax decrease of 0.56% be approved; and

2. The 2024 Operating Budget as approved be included in the Consolidated 5 Year Financial Plan (2024-2028).

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

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

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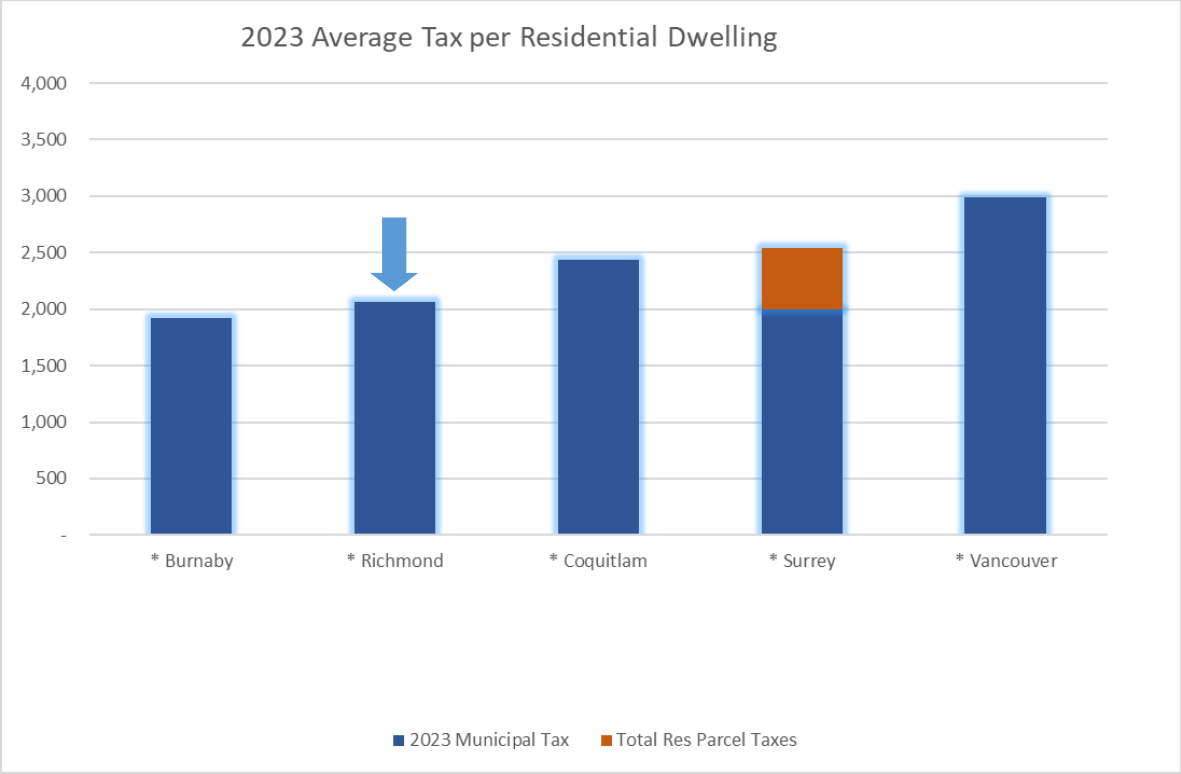
Executive Summary

Globally and locally, economies are starting to slow, with low growth expected in the short and medium-term. This is good news for central banks looking to rein in high inflation, though the inflation trajectory has not been linear in all cases. A number of global and national shocks are impacting economic forecasts. Globally, the Russia-Ukraine war continues to weigh on the outlook, and the potential global impact of the most recent violence in Israel and Gaza is not yet clear.

Richmond benefits from a well-diversified economy and has key strengths across its multiple sectors. A healthy share of Richmond's jobs are community-oriented, serving local residents and other businesses, as well as those jobs that are export-oriented, serving national and international markets. 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 City continues to keep 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 per dwelling.

Figure 1: Comparison of 2023 Average Tax 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.

At its meeting on November 14, 2023, Council approved the re-allocation of $1.8 million from the Operating Budget to the Flood Protection Utility. Therefore, starting with the 2024 budget, Drainage operations is fully funded in the Flood Protection Utility. As shown in Table 5 on page 24, the Operating Budget has been reduced by $1.8 million.

At its meeting on May 9, 2022, Council approved the final step in the process to borrow $96.0 million with an interest rate of 4.09% 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 and annual debt payments of $7.3 million commenced in 2023.

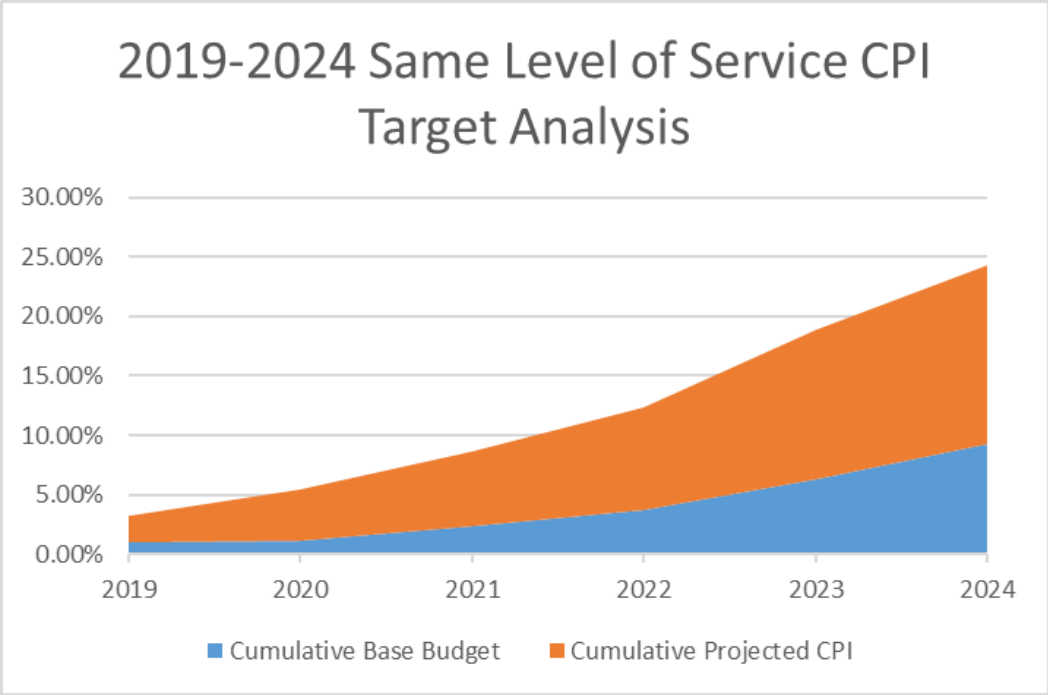
The City previously borrowed $50.0 million at an interest rate of 3.30%, amortized over a 10 year term, which was utilized to partially fund the Minoru Centre for Active Living. The final debt payment on this loan will be in 2024.

Starting in 2025, the funding that is currently allocated to service the Minoru debt payments will be reallocated to fund the Steveston debt payments. For 2024, since payments are required on both loans, funding from surplus will be utilized in order to avoid any additional tax impact related to servicing the annual payments of $7.3 million.

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 Consumer Price Index (CPI) rate. The 2023 budget was prepared with a target of 3.98% based on forecasts published at that time. The actual 12 month average CPI data published by Statistics Canada is 5.10% as of September 2023, therefore the actual CPI exceeded the projection by 1.12%. Projected 2024 CPI forecasts for British Columbia are estimated at 2.50% by Scotia Bank. This preliminary CPI forecast of 2.50%, together with the 1.12% shortfall from the 2023 projection brings the CPI target for the 2024 budget to 3.62% in order to provide funding to maintain the existing service level. In comparison, the Municipal Price Index, which is more representative of the City's basket of goods and services paid for, is estimated at 4.43%. The same level of service increase for 2024 is 3.10%, which is below the CPI target, in compliance with Council's LTFMS target. 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).

Figure 2 shows that the cumulative base budget increase approved since 2019, including the 2024 proposed same level of service budget totals 9.20%. The cumulative actual CPI for the same period is 19.95%. This is based on the most recent 2023 CPI projections for Vancouver released in October 2023 by Statistics Canada of 5.10% and it assumes the CPI projection for 2024 of 2.50% 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: 2019-2024 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 2024 are greater than the projected Consumer Price Index (CPI) of 2.50%, such as the RCMP Contract, natural gas and collective agreements.

Labour and fringe benefit impacts and contract services, including RCMP, represent approximately 77% of the City's operating expense budget in order to maintain the same level of service. The current union agreement expires at the end of 2023 and the new agreement is yet to be negotiated.

Staff have prepared three budget options and recommend Council approve Budget Option 2, which is summarized in Table 1. This option proposes to continue phasing-in the New Facility Operating Budget impacts over 4 years, providing resources to ensure a carefully planned transition to the new 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 2024 Proposed Operating Budget are summarized in Table 1. For discussion on the budget components, refer to the corresponding reference number in the 2024 Proposed Operating Budget section on pages 15-24. The 2024 Proposed Operating Budget will result in a tax increase of 5.62%. This is equivalent to approximately $116 in municipal taxes for an average residential property with an assessment value of $1,270,000 (increase based on 2023 assessment value and tax rates).

Table 1 – 2024 Proposed Operating Budget

	Budget Component	Total 2024 Operating Budget Increase (in '000s)	Tax Impact	Equivalent for Average Residential Property
1	Same Level of Service Increase **(Below LTFMS target of 3.62%)** *(see page 18)*	$8,900	3.10%	$64
2	Emerging Organizational Additional Level Increases - Externally Funded Items *(see Attachment 8, page 58)* - No Tax Impact Positions *(see Attachment 9, page 61)* - Recommended Emerging Organizational Additional Levels *(see Attachment 10, page 63)*	1,502	0.52%	11
3	Investment in Community Facilities (Transfer to Reserves) *(see page 20)*	2,871	1.00%	21
LTFMS Policy: Same Level of Service, Additional Levels, and 1% Infrastructure Replacement Needs		**13,273**	**4.62%**	**96**
4	External Senior Government Increases *(see page 22)*: - Community Safety Cost-Sharing Obligations - WorkSafeBC Rate Increases - Canada Pension Plan Enhancements	3,492	1.22%	25
5	Operating Budget Impacts *(see page 22)* - Steveston Community Centre and Library Replacement OBI Phase-in (Year 2 of 4) - OBI from 2024 Capital Budget - OBI from 2024 One-Time Expenditure	972	0.34%	7
6	- Proposed Rate Stabilization *(see page 23)*	(1,613)	(0.56%)	(12)
Subtotal of External Senior Government, Operating Budget impacts and Rate Stabilization		**$2,851**	**1.00%**	**20**
2024 Proposed Operating Budget Increase		**$16,124**	**5.62%**	
Annual equivalent tax increase for average residential property				**$116**

Staff Report

Origin

Subsection 165(1) of the *Community Charter* requires the City to adopt a 5 Year Financial Plan (5YFP) Bylaw. The 2024 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 one year needs 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 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 2024 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 2022-2026 Strategic Plan #4 Responsible Financial Management:

> *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.*

Council's 2022-2026 Strategic Plan is summarized in Attachment 1.

Analysis

Environmental Scan

Economic Outlook

Globally and locally, economies are starting to slow, with low growth expected in the short and medium-term. This is good news for central banks looking to rein in high inflation, though the inflation trajectory has not been linear in all cases. While a year ago it seemed the global

economy would be unable to avoid a recession, a sharp contraction is not expected, and an extended period of low growth is more likely. The Russia-Ukraine war continues to weigh on the outlook, and the potential global impact of the most recent violence in Israel and Gaza is not yet clear. Other factors impacting global forecasts include increasing geoeconomic fragmentation after decades of global integration, effects of monetary policy tightening required to reduce inflation, withdrawal of fiscal supports, and extreme weather events.

Global economic growth is now expected to slow from 3.5% in 2022 to 3.0% in 2023, and to 2.9% in 2024. This is a slightly stronger growth profile than was anticipated a year ago, though well below historical averages. Globally, there is also increasing divergence between lower, constrained growth in advanced economies and emerging markets that are proving stronger and more resilient at higher levels of growth. The exception is China, which continues to face significant challenges in its real estate sector.

In the context of the global forecast, Canada is aligned with the slowing growth observed and predicted to continue across advanced economies. While an anticipated recession has not yet materialized, as of September 2023, Canadian GDP had declined for four straight quarters on a per-person basis. Economic growth in Canada is expected to be 1.2% in 2023, followed by 0.7% in 2024, before increasing to 2.2% in 2025. Record-high population growth is aiding this continued, if slow, economic growth, as Canada's population grew by 2.7% in 2022, reaching 40 million people as of June 16, 2023.

In Canada, inflation continues to be a key concern, with recent increases and the stickiness of core inflation both paramount issues. While Scotiabank is predicting an average 3.9% inflation increase year-over-year for 2023 and 2.6% for 2024, recent monthly fluctuations indicate that efforts to contain inflation are not resulting in a linear trajectory. Statistics Canada reported a year-over-year increase in the Consumer Price Index (CPI) in 3.4% in May 2023, a smaller increase of 2.8% in June 2023, and subsequent higher increases of 3.3% in July and 4.0% in August.[1]

While the Canadian unemployment rate has recently edged upward to 5.5% and remained steady in July, August and September, it is forecasted to be 5.3% in 2023, with some softening to 6.1% in 2024. Consistent with an anticipated "soft landing" for the economy, unemployment increases are likely due to slower hiring rather than faster firing, and broad mass lay-offs are not anticipated.

British Columbia, like Canada, is facing slowing growth, though similar strong population growth has mediated the impacts by supporting consumer spending and reducing job vacancies. Aligned with trends at the national level, economic growth in B.C. is forecasted at 1.2% for 2023, slowing to 0.8% in 2024 before increasing to an expected 2.4% in 2025. Inflation in B.C. is also following the national pattern, with the Consumer Price Index expected to increase by 3.9% year-over-year in 2023, 2.5% in 2024, and decelerate to 2.2% in 2025. B.C.'s economy has been more resilient to the impacts of higher interest rates than expected, though as interest rates and inflation continue to be higher for longer, both domestic and global demand are softening.

[1] Statistics Canada, The Daily, Consumer Price Index (August 2023, July 2023, June 2023, May 2023).

In Richmond, the city benefits from a well-diversified economy and key strengths across its multiple sectors that are helping to mediate the current challenges. Businesses across sectors are facing the ongoing challenges of labour shortages, high cost of capital, and elevated input costs for both goods and services. That said, economic activity in Richmond continues to be relatively healthy, and its diversified economy is serving the city well. For example, while industrial and office vacancy rates are trending higher in some regions of Metro Vancouver, industrial vacancy in Richmond remains near record lows, and office vacancy remains relatively steady despite quarter-to-quarter fluctuations. Slow economic growth should be expected in 2023 and 2024, aligned with global, national, and regional conditions.

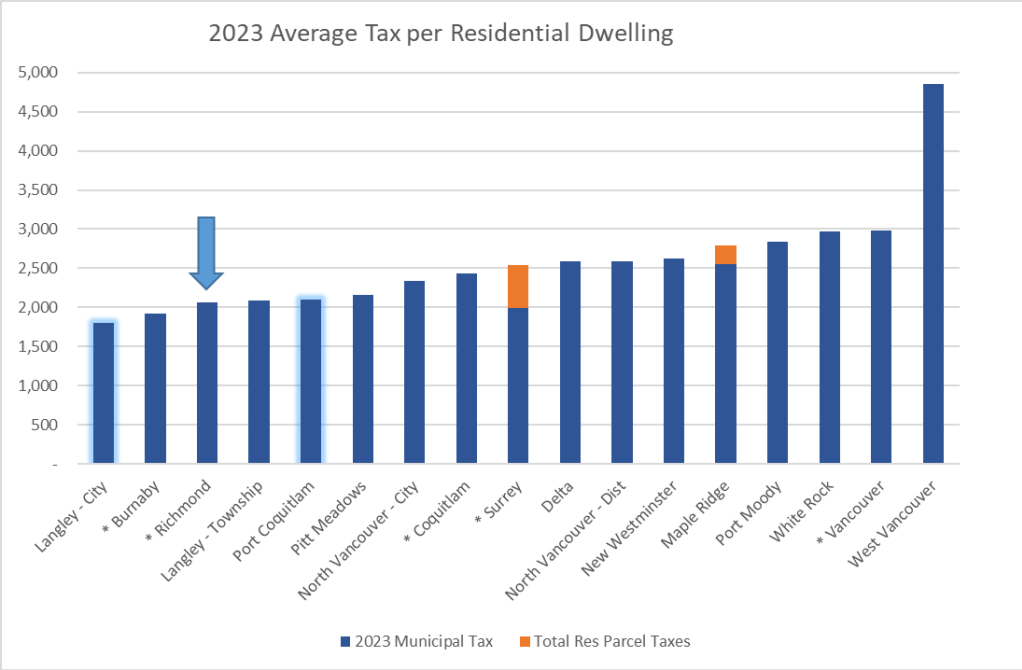
These external economic conditions influence the City's operations and financial situation. For example, the organization is facing higher costs for services and materials due to inflationary pressures. Competition for labour remains challenging amidst still low unemployment and attractive private sector compensation packages. 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 2024 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 2023 average taxes per dwelling in Richmond ranks as the third lowest at $2,066 annually. Within the comparator group of Vancouver, Coquitlam, Burnaby and Surrey, Richmond has the second lowest average tax per dwelling. Figure 3 shows the comparison of all Metro Vancouver municipalities.

Figure 3: Comparison of 2023 Average Tax per Dwelling

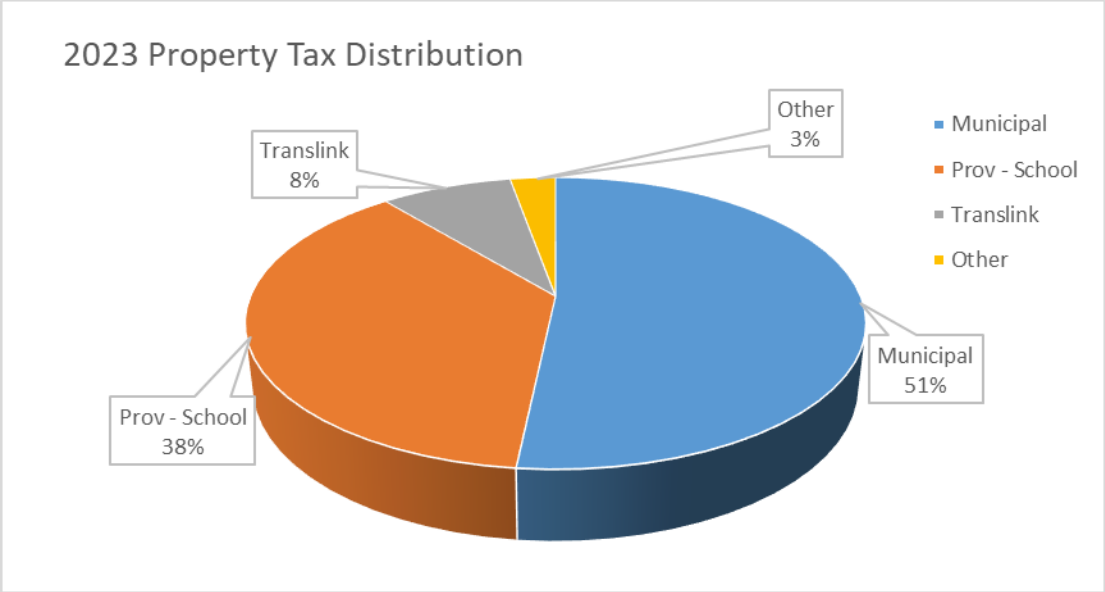


* Denotes Comparator group

Taxes Collected for Other Government Agencies

Figure 4 shows that in 2023, 49% 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 2023, 51% of the residential tax bill was for municipal costs. Attachment 4 provides a breakdown of the 2024 municipal tax dollar – same level of service (without 2024 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 13 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 20). 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.

At its meeting on November 14, 2023, Council approved the re-allocation of $1.8 million from the Operating Budget to the Flood Protection Utility. Therefore, starting with the 2024 budget,

Drainage operations is fully funded in the Flood Protection Utility. As shown in Table 5 on page 24, the Operating Budget has been reduced by $1.8 million.

Long Term Financial Management Strategy (LTFMS)

External Debt

At its meeting on May 9, 2022, Council approved the final step in the process to borrow $96.0 million with an interest rate of 4.09% 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 and annual debt payments of $7.3 million commenced in 2023.

The City previously borrowed $50.0 million at an interest rate of 3.30%, 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.

Starting in 2025, the funding that is currently allocated to service the Minoru debt payments will be reallocated to fund the Steveston debt payments. For 2024, since payments are required on both loans, funding from surplus will be utilized in order to avoid any additional tax impact related to servicing the annual payments of $7.3 million.

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. Prior to the onset of the COVID-19 pandemic, the gaming revenue budget for 2020 was estimated at $14.5 million. With the abrupt closure of all casinos as mandated by Provincial Health Order, no gaming revenue was received for the quarterly periods between April 2020 and June 2021. During this time of uncertainty, the budget estimate remained at $14.5 million pending further information. The casino reopened in July 2021 and following a gradual return to normal operations, the revenue trend has stabilized and is now proposed to be changed to $12.5 million. Table 2 summarizes the proposed allocation of gaming revenue in comparison to 2023, which continues to comply with Council's LTFMS.

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

Casino Funding	Allocation	2024 Proposed Budget	2023 Budget	Change
Debt Servicing	Fixed	$6,400	$6,400	-
Grants	25%	3,125	2,900	225
Operating (RCMP)	4 Officers	914	855	59
Council Community Initiatives Account	2%	250	290	(40)
Capital Reserve	Remainder	1,811	4,055	(2,244)
Total		**$12,500**	**$14,500**	**(2,000)**

Grants

Since the 2024 Proposed Gaming Revenue budget is decreasing from $14.5 million to $12.5 million, it is proposed to increase the allocation toward grants from 20% to 25% as the majority of grants are indexed to inflation. The 2024 grants total $2.8 million and the proposed allocation of $3.1 million would result in an additional $344K 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 2030; thereafter the Grants Provision would be drawn upon to supplement this funding source until 2043. The Grants Provision has a balance of $5.3 million as of September 30, 2023. Due to the uncertainty in the amount of casino revenue that will be received each year, the grants may need to be funded by taxation sources in the future. Table 3 summarizes the contributions and grants funded by Gaming Revenue.

Table 3 – Grants Funded by Gaming Revenue (in $000s)

Grants Funded by Gaming Revenue	Amount
Approved Contributions:	
Gateway Theatre contribution	$1,483
Richmond Centre for Disability contribution	200
Richmond Therapeutic Equestrian Society contribution	68
Approved Contributions	**$1,751**
City Grants Program:	
Health, Social and Safety grants	684
Arts, Culture and Heritage grants	127
Parks and Recreation grants	123
Various Youth Grants	59
Community Environmental Enhancement	37
City Grants Program	**$1,030**
Grants Provision for Future Grants	**344**
Total	**$3,125**

RCMP

Since 2007, casino revenue has been allocated to fund the cost of 4 officers. At that time Council approved directing a portion of this new source of revenue toward the cost of policing within the City in order to reduce the tax impact. This allocation has remained fixed at funding the cost of 4 officers as originally approved, with the amount rising each year 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 $1.4 million as of September 30, 2023.

Capital Reserve

The remainder of casino revenue is allocated to the Capital Reserve. 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.

Budget Challenges

Senior governments from time to time provide funding to address social equity issues such as homelessness, affordability, poverty and addiction however sustainable funding is needed to support a longer term strategy. While the temporary funding is helpful to reduce the immediate tax impact, the City is faced with the decision of either ending the program or funding the ongoing initiative when the senior government funding ends. The drop-in centre shower program is an example that was initially supported through external funding and the City is proposing to continue funding the program through property taxation.

There are a number of known non-discretionary cost pressures affecting the 2024 proposed operating budget including:

- Estimated wage and fringe benefit impacts to be negotiated for collective bargaining agreements
- Contractual cost increases
- External Senior Government agency increases
- Operating Budget Impacts (OBI) from the Capital Budget
- Funding for investment in Community Facilities, including ageing facilities, recently acquired facilities, and new facilities

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.

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 2023, the projected CPI increase was 3.98% but the actual CPI for 2023 is trending towards 5.1% (a 28% difference). Recent forecast projections for 2024 CPI are 2.50%. Together with the under projection of CPI from 2023 CPI of 1.12%, the 2024 Operating Budget is prepared based on the 3.62% target. However, staff have not adjusted the base budget for the

difference between the actual CPI and the under projection of the forecasted CPI from 2023, non-discretionary increases are budgeted only as specified in agreements.

Budget Process

The 2024 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 2024 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 4 summarizes the key financial indicators of the 2024 Operating Budget gathered as of October 2023. 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 2024 are greater than the projected Consumer Price Index (CPI) of 2.50%, such as the RCMP Contract, natural gas and collective agreements.

Table 4 – Key Financial Drivers / Indicators

Key Financial Drivers / Indicators	2024	2025	2026	2027	2028
Vancouver Consumer Price Index (CPI) [1]	2.50%	2.06%	2.00%	2.02%	2.02%
Richmond Municipal Price Index (MPI) [2]	4.43%	3.37%	3.10%	3.06%	2.95%
User Fees [3]	2.41%	1.90%	2.00%	2.02%	2.02%
Salaries	TBD	TBD	TBD	TBD	TBD
RCMP Contract Increase [4]	7.12%	4.89%	3.71%	3.37%	3.44%
Electricity [5]	1.90%	4.23%	1.30%	1.00%	0.40%
Natural Gas [5]	3.50%	3.00%	3.00%	3.00%	3.00%
Growth (Tax Base) [2]	1.23%	1.17%	1.09%	1.16%	1.18%

Sources:
[1] Scotia Bank 2024 Forecast as of October 2023; The Conference Board of Canada Major City Insights May 2023; 2028 is projected based on 2027 forecasts;
[2] Finance Department, City of Richmond;
[3] The Conference Board of Canada Major City Insights May 2023; 2028 is projected based on 2027 forecasts;
[4] Preliminary estimates from RCMP E Division;
[5] Sustainability & District Energy 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 5 provides a summary of the negotiated rate increases.

Table 5 – Summary of Collective Agreements

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

The 2024 Operating Budget includes preliminary estimates for rates that are not finalized. If negotiated rates differ from the estimates, an adjustment will be required in future budgets.

2024 Proposed Operating Budget

This section of the report discusses each component of the 2024 Proposed Operating Budget.

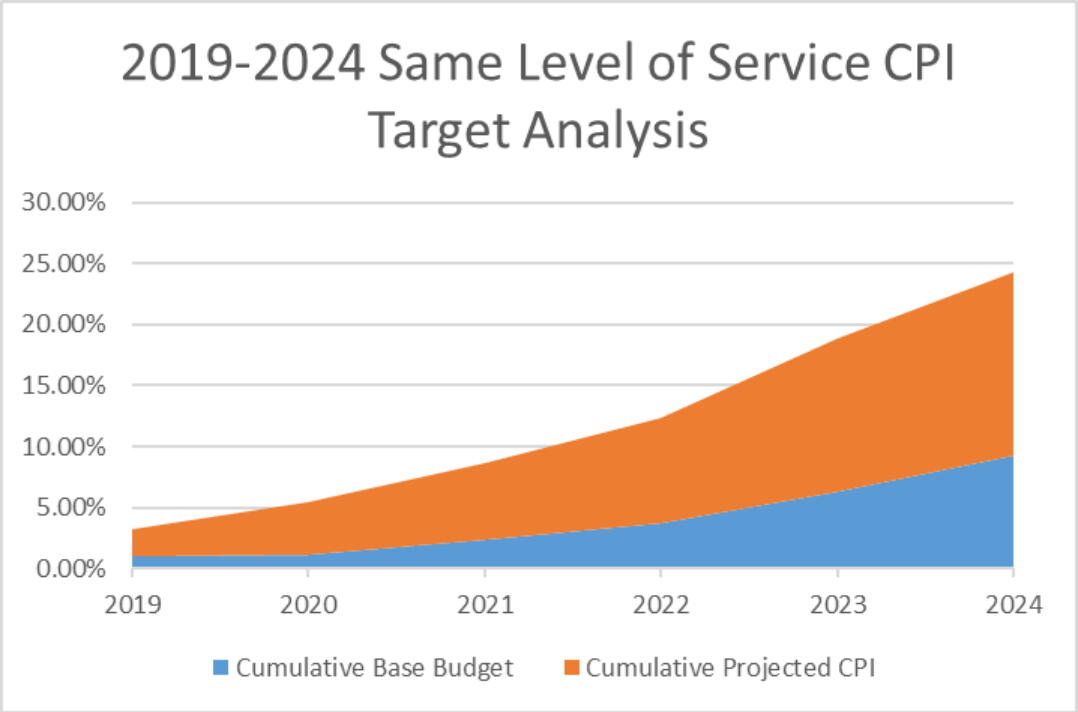
1. Same Level of Service Increase

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 Consumer Price Index (CPI) rate. The 2023 budget was prepared with a target of 3.98% based on forecasts published at that time. The actual 12 month average CPI data published by Statistics Canada is 5.10% as of September 2023, therefore the actual CPI exceeded

the projection by 1.12%. Projected 2024 CPI forecasts for British Columbia are estimated at 2.50% by Scotia Bank. This preliminary CPI forecast of 2.50%, together with the 1.12% shortfall from the 2023 projection brings the CPI target for the 2024 budget to 3.62% in order to provide funding to maintain the existing service level. In comparison, the Municipal Price Index, which is more representative of the City's basket of goods and services paid for, is estimated at 4.43%. The same level of service increase for 2024 is 3.10%, which is below the CPI target, in compliance with Council's LTFMS target.

Figure 5 shows that the cumulative base budget increase approved since 2019, including the 2024 proposed same level of service budget totals 9.20%. The cumulative actual CPI for the same period is 19.95%. This is based on the most recent 2023 CPI projections for Vancouver released in October 2023 by Statistics Canada of 5.10% and it assumes the CPI projection for 2024 of 2.50% 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: 2019-2024 Same Level of Service CPI Target Analysis



For 2024, the policy target allows for the same level of service increase to be at 2.50% plus the under projection from 2023 of 1.12%, for a total of 3.62%, however staff worked diligently to keep the same level of service lower. The same level of service increase for 2024 is 3.10% 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 $1.8 million reallocated from the Operating Budget to the Utility Budget as approved by Council on November 14, 2023 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 $428.9 million. Attachment 6 presents the net base budget by Division to deliver the same levels of service in 2024, 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, represent approximately 77% of the City's operating expense budget in order to maintain the same level of service. The current union agreement expires at the end of 2023 and the new agreement is yet to be negotiated.

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 proposed increase of $440K in the municipal contribution to the Richmond Public Library has been included in the City's same level of service budget. The annual contribution to the Richmond Olympic Oval Corporation has been increased by 2.5% based on projected CPI. The annual contribution to the Lulu Island Energy Company will continue to be funded from appropriated surplus resulting in no additional tax impact.

The same level of service increase as shown in Table 6 is 3.10%, which is below CPI target, in compliance with Council's LTFMS.

Table 6 – Same Level of Service Increase

Items	Amount (in '000s)	% of total increase
Labour and fringe benefit impacts associated with collective agreements	$9,022	53.58%
RCMP contract	3,882	23.06%
Amounts deferred from the 2023 Operating Budget through utilization of Rate Stabilization Account	1,742	10.35%
Municipal Contribution Increases	537	3.19%
Contract maintenance	484	2.88%
Materials and equipment	327	1.94%
Credit card and bank charges	227	1.35%
IT contracts	201	1.20%
Utilities increase (natural gas, electricity)	176	1.04%
Leases and associated operating costs	79	0.47%
Others	336	1.99%
Property insurance decrease	(177)	(1.05%)
Total Expense Increase	**$16,836**	**100.00%**
CPI increase for revenues	(681)	(15.35%)
Increased revenue (tax penalty, ride hailing revenue, school tax commission, etc.)	(689)	(15.53%)
Increase in investment income	(1,250)	(28.18%)
Storm Drainage operations transfer to Utility	(1,816)	(40.94%)
Total Revenue Increase	**($4,436)**	**100.00%**
Same Level of Service Increase	**$12,400**	
Tax growth	($3,500)	
Same Level of Service Increase after tax growth	**$8,900**	**3.10% 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 2024 is estimated at $3.5 million.

2. Emerging Organizational Additional Level of Service Requests

For 2024, 26 requests to meet growing demands for new services were considered totaling $4.5 million. 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 19 additional level submissions are recommended for funding by the CAO and SMT, of which 6 have a tax impact and 13 are funded through reallocation of existing budgets, or through incremental revenue sources. Please refer to Attachments 9-10 for a description of the recommended emerging organization additional levels, and Attachment 11 for the description of those that could not be recommended for funding in 2024 due to budget constraints. The recommended totals are also summarized in Table 7.

Table 7 – Emerging Organizational Additional Levels – Recommended for Funding in 2024

Emerging Organizational Additional Levels	Amount (in '000s)	Tax Impact
Attachment 8: Externally Funded Programs - Includes Investment in Homelessness Response	Per Funding Agreements	0.00%
Attachment 9: No Tax Impact Positions (12 RFT + 2 TFT) - Amounts are funded by revenue, capital or reallocation of existing budgets	1,862	0.00%
Attachment 10: Emerging Organizational Additional Levels (includes 6 RFT positions) - Includes Investment in Homelessness Response	1,502	0.52%
Total Emerging Organizational Additional Levels	**$3,364**	**0.52%**

Included in the Emerging Organizational Additional Levels recommended for funding in 2024 are amounts to respond to the immediate needs of individuals experiencing homelessness as well as prevention measures which were identified as specific focus areas in the homelessness strategy adopted by Council.

The City is committed to working in partnership with senior levels of government and the private and non-profit sectors to help meet the needs of individuals experiencing homelessness in Richmond. Recognizing that senior levels of government have the primary responsibility of providing funding for homeless prevention programs, services and affordable housing, the City is committed to remaining a local leader that works with community organizations to ensure that homelessness in Richmond is rare, brief and non-recurring.

The proposed 2024 Operating Budget presented in Budget Option 2 includes recommended additional level requests totaling $1,501,828 a 0.52% tax impact. Staff limited the additional level funding to this amount as the tax impact (0.52%) in combination with the same level of service increase of 3.10% (3.62%) will meet Council's LTFMS policy CPI rate (adjusted). 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 20, 2023, the City owns over 168 civic buildings, including recreation facilities, fire halls, community centres and other public amenities.

Based on the 2024-2028 Capital Plan (refer to Appendix 7, 12 and 13 of the 2024 Proposed Capital Budget), over $340.7 million of repairs, renewals, reconstruction or replacements will be required, including but not limited to Works Yard, Garden City Lands - Community Hub, Hugh Boyd Community Facility and Fieldhouse, Phoenix Net Loft Program Implementation and First Nations Bunkhouse. 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. In particular the Works Yard funding strategy is predicated on the continued implementation of this strategy. 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 2024 Operating Budget includes $2,870,523 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 7 summarizes the items included in the 2024 budget increase that are mandated by the following senior government legislation:

- *Emergency Communications Corporations Act (Provincial)*
- *Police Act (Federal)*
- *Workers Compensation 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 a shareholder in E-Comm and is required to share in the costs of operating Emergency Communications 911. Significant increases were expected for 2024 relating to the implementation costs for the Next Generation 9-1-1 system. However, on March 1, 2023 the Government of BC announced $150.0 million in funding for E-Comm including $90.0 million towards technological updates and $60.0 million to UBCM for operational costs. Therefore, Richmond's estimated portion of the 2024 E-Comm increase is $1.2 million to fund these essential operations, which is a 21% increase over the 2023 estimated budget. The primary driver of the 2024 increase relates to increases associated with the collective agreement for CUPE 8911 which was ratified in May 2023 and additional staffing required to address increasing call volumes. Further drivers of the preliminary cost increase relates to E-Comm's multi-year Transformation Plan which was approved by E-Comm's Board of Directors in November 2022 to strengthen and renew the business, which includes initiatives to enhance cyber security, data and analytics. These transformation costs are projected to continue through at least 2028. E-Comm's budget is scheduled to be reviewed by their Board on November 23, 2023.

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 8.

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 WorkSafeBC rates, and take on higher costs associated with enhancements to the Canada Pension Plan as outlined by the Federal Government.

WorkSafeBC rates have increased due to the collective industry classification for local government as there has been an upward trend in claims for this sector.

CPP continues to increase based on the enhancements made by the Federal Government which has introduced additional tiers that will provide higher benefits and greater financial stability to pensioners.

The estimated impacts of these changes are also summarized in Table 8. The total impact of all external senior government increases is $3,491,599 a tax impact of 1.22%.

Table 8 – External Senior Government Related Increases

External Senior Government Increases	Amount (in '000s)	Tax Impact
E-Comm Enhancements	$1,156	0.40%
Integrated Teams and Real Time Intelligence Centre	439	0.16%
Provincial Integrated Homicide Investigative Team RCMP	89	0.03%
Community Safety Cost-Sharing Obligations	**1,684**	**0.59%**
WorkSafeBC Rate Increases	1,308	0.46%
Canada Pension Plan (CPP) Enhancement	500	0.17%
Total External Senior Government Increases	**$3,492**	**1.22%**

5. 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 2024 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 9 summarizes the OBI recommended for the 2024 Proposed Operating Budget including Major Facilities Replacement Projects, OBIs from the Proposed Capital Budget and Recommended One-Time Expenditures.

Table 9 – Operating Budget Impact

OBI	OBI Amount (in '000s)	Tax Impact
OBI from 2024 Capital Budget	500	0.17%
Estimated OBI from Major Facilities Replacement Projects – Steveston Community Centre and Library (Year 2 of 4)	275	0.10%
OBI from 2024 One-Time Expenditures	197	0.07%
Total Operating Budget Impact	**$972**	**0.34%**

OBI from 2024 Capital Budget

The OBI impact from the 2024 Capital Budget recommended by staff results in an increase of $500K, or an estimated tax impact of 0.17%.

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 $1.1 million. 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.

Starting with the 2023 Operating Budget, staff recommended phasing-in funds for the new facility and this will continue over the years 2024-2026, resulting in an increase of $275K, or an estimated tax impact of 0.10% per year.

OBI from 2024 One-Time Expenditures

The OBI impact from the 2024 One-Time Expenditures includes funding for fuel, insurance, vehicle maintenance and future replacement of the Public Safety Mobile Command and Communication Centre Vehicle recommended by staff results in an increase of $197K, or an estimated tax impact of 0.07%.

6. 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 pressure on 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 the 2023 Operating Budget, the Rate Stabilization Account was utilized to reduce the tax impact by $1.7 million. This amount was deferred to 2024 resulting in a tax impact of 0.61%. This has been incorporated into the Same Level of Service budget as shown in Table 6 on page 18.

Staff recommends using rate stabilization funding of $1.6 million in the 2024 budget. This will reduce the 2024 tax impact by 0.56% and will gradually be phased into the budget within the five year financial plan.

Utilizing more rate stabilization would decrease the 2024 tax increase, but will also result in a higher tax increase for the following years. Table 10 summarizes how the RSA balance is proposed to be utilized as a result of the 2024 Budget Process.

Table 10 – Proposed RSA Utilization

RSA Balance as of October 31, 2023		**$18,521,271**
2024 One-Time Expenditures*	(2,977,311)	
Proposed Rate Stabilization of the 2024 Operating Budget	(1,612,500)	
2024 Initial Capital Costs from Emerging Organizational Ongoing Additional Levels (Attachment 10)	(250,424)	
2024 Initial Capital Costs from No Tax Impact Positions (Attachment 9)	(61,300)	
Total 2024 Proposed RSA Utilization		**(4,901,535)**
Balance After Proposed 2024 Utilization		**$13,619,736**

* To be considered in companion report "2024 One-Time Expenditures" dated November 22, 2023.

2024 Budget Options

Staff have prepared three budget options which includes varying amounts of rate stabilization.

All options include:

- Funding for the new Steveston debt without any additional tax impact, achieved through utilization of surplus
- Continued phase-in of estimated OBI related to the new Steveston Community Centre and Library which is under construction
- Non-discretionary increase to maintain the same level of service
- Investment in community facility infrastructure replacement needs, in accordance with Council's LTFMS
- Mandatory Senior Government Increases
- Recommended Emerging Operational Additional Levels
- Operating Budget Impacts from the Proposed Capital Budget and recommended One-Time Expenditures

Option 1 – Additional Rate Stabilization

Option 1 proposes to include $3.2 million of Rate Stabilization funding to reduce the 2024 tax impact by 1.12%. This option reduces the same level of service increase and additional levels (3.62%) to the forecasted 2024 CPI of 2.50%.

Option 2 – Optimal Rate Stabilization (Recommended)

Option 2 proposes to include $1.6 million of Rate Stabilization funding to reduce the 2024 tax impact. This option uses 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

Option 3 does not include any rate stabilization funding, which recognizes the full impact of 2024 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 varying amounts of rate stabilization highlighted in yellow.

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

Budget Components	Option 1 Additional Rate Stabilization	Option 2 *Recommended* Optimal Rate Stabilization	Option 3 Preserve Rate Stabilization
Same Level of Service	4.32%	4.32%	4.32%
Less: 2024 Tax Growth	(1.22%)	(1.22%)	(1.22%)
Same Level of Service after tax growth (below CPI target of 3.62%)*	**3.10%**	**3.10%**	**3.10%**
Emerging Organizational Additional Level Increases	0.52%	0.52%	0.52%
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	**4.62%**	**4.62%**	**4.62%**
Community Safety Cost-Sharing Obligations	0.59%	0.59%	0.59%
WorkSafeBC Rate Increases	0.46%	0.46%	0.46%
Canada Pension Plan Enhancements	0.17%	0.17%	0.17%
Senior Government Increases	**1.22%**	**1.22%**	**1.22%**
Estimated OBI from 2024 Capital Budget	0.17%	0.17%	0.17%
Estimated OBI from Major Facilities Replacement Projects - Steveston Community Centre and Library (Year 2 of 4)	0.10%	0.10%	0.10%
Estimated OBI from 2024 One-Time Expenditures	0.07%	0.07%	0.07%
Operating Budget Impacts	**0.34%**	**0.34%**	**0.34%**
Rate Stabilization	(1.12%)	(0.56%)	-%
Subtotal of Senior Government Increases, Operating Budget Impacts and Rate Stabilization	**0.44%**	**1.00%**	**1.56%**
Preliminary 2024 Operating Budget Increase	**5.06%**	**5.62%**	**6.18%**
Annual equivalent tax increase for average residential property	**$104**	**$116**	**$128**

* Average actual Vancouver CPI for the 12 month period ending September 2023 is currently reported to be 5.1 per cent increase by Statistics Canada as of October 17, 2023. The 2024 budget was prepared based on the CPI projection for 2024 estimated at 2.50 per cent. Together with the under projection of CPI from 2023 CPI of 1.12%, the 2024 Operating Budget is prepared based on the 3.62% target. However, staff have not adjusted the base budget for the difference between the actual CPI and the under projection of the forecasted CPI from 2023, non-discretionary increases are budgeted only as specified in agreements.

Financial Impact

The CAO and SMT have done considerable work including conducting significant reviews to achieve a combined same level of service budget of 3.10% which is below the CPI target of 3.62%. The Proposed Operating Budget Option 2 of 5.62% is recommended as presented in Table 12.

Table 12 – 2024 Proposed Operating Budget Increase

Items	Total 2024 Operating Budget Increase (in $000s)	Tax Impact	Equivalent for Average Residential Property
Same Level of Service before tax growth	$12,400	4.32%	$89
Less: 2024 Estimated Tax Growth	(3,500)	(1.22%)	(25)
Same Level of Service after tax growth (below CPI target of 3.62%)	**8,900**	**3.10%**	**64**
Emerging Organizational Additional Level Increases	1,502	0.52%	11
Investment in Infrastructure Replacement Needs (Transfer to Reserves)	2,871	1.00%	21
LTFMS Policy: Same Level of Service + Emerging Organizational Additional Levels + 1% for Infrastructure Replacement Needs	**13,273**	**4.62%**	**96**
Community Safety Cost-Sharing Obligations	1,684	0.59%	12
WorkSafeBC Rate Increases	1,308	0.46%	9
Canada Pension Plan Enhancements	500	0.17%	4
External Senior Government Increases	**3,492**	**1.22%**	**25**
Operating Budget Impacts	972	0.34%	7
Less Proposed Rate Stabilization	(1,613)	(0.56%)	(12)
Subtotal of Senior Government Increases, Operating Budget Impacts and Rate Stabilization	**2,851**	**1.00%**	**20**
Proposed 2024 Operating Budget Increase	**$16,124**	**5.62%**	
Annual equivalent tax increase for average residential property			**$116**

Conclusion

In keeping with Council's mandate as stipulated in the Long Term Financial Management Strategy policy, the 2024 recommended operating budget increase is 5.62%. The increase maintains the same level of service below CPI target 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 and operating budget impacts from the Proposed Capital Budget and recommended One-Time Expenditures. Rate stabilization funding is utilized to partially offset the impacts.

The 2024 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 2025-2028. The Plan estimates for 2025-2028 are based on information currently available and will be revised with each respective budget year.

Table 13 – Proposed 5 Year Financial Plan (2024-2028)

Proposed 5 Year Financial Plan	2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Same Level of Service Increase Before Storm Reallocation to Utility Budget	3.12%	3.42%	2.82%	2.10%	2.38%
Less: Storm Reallocation to Utility Budget	(0.63%)	0.00%	0.00%	0.00%	0.00%
Rate Stabilization - Prior Year	0.61%	0.53%	0.37%	0.23%	0.11%
Same Level of Service Increase	**3.10%**	**3.95%**	**3.19%**	**2.33%**	**2.49%**
Investment in Community Infrastructure	1.00%	1.00%	1.00%	1.00%	1.00%
External Senior Government Related Increases	1.22%	0.77%	0.73%	0.65%	0.62%
Emerging Organizational Additional Levels	0.52%	0.33%	0.30%	0.29%	0.27%
Operating Budget Impact from Capital Budget	0.34%	0.39%	0.37%	0.17%	0.17%
Rate Stabilization	(0.56%)	(0.39%)	(0.25%)	(0.12%)	0.00%
Proposed Operating Budget Increase	5.62%	6.05%	5.34%	4.32%	4.55%



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2024 Proposed Operating Budget

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1. Council Strategic Plan (2022-2026)



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%[2] 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 continually evolving 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

Globally and locally, economies are starting to slow, with low growth expected in the short and medium-term. This is good news for central banks looking to rein in high inflation, though the inflation trajectory has not been linear in all cases. While a year ago it seemed the global economy would be unable to avoid a recession, a sharp contraction is not expected, and an extended period of lower growth is more likely.

A number of global and national shocks are impacting economic forecasts. Globally, the Russia-Ukraine war continues to weigh on the outlook, and the potential global impact of the most recent violence in Israel and Gaza is not yet clear. Other factors impacting the global forecasts include increasing geoeconomic fragmentation after decades of global integration, effects of monetary policy tightening required to reduce inflation, withdrawal of fiscal supports, and extreme weather events.

Canada has also experienced a number of events recently that have contributed to slower growth, and separating these impacts from the broader slowing economy is difficult, making the overall forecast less clear. For example, weather-related events included wildfires that affected most provinces over the summer months and major flooding in some areas, in addition to strikes by federal workers in April and at the Port of Vancouver in the summer.

It seems likely that with fluctuations in inflation and no sharp contraction in the labour market, interest rates will remain higher for a longer duration. The short and medium term forecasts predict widespread economic slowdowns, with stabilization and growth slowly returning in the longer term.

1. Global Forecast[3]

The global economy continues to slow. While the International Monetary Fund characterizes it as "limping along," this is positive insofar as forecasts are consistent with a "soft landing" scenario, in which inflation decelerates without a sharp economic downturn. Global economic growth is now expected to slow from 3.5% in 2022 to 3.0% in 2023, and to 2.9% in 2024. This is a slightly stronger growth profile than was anticipated a year ago, though well below historical averages. Globally, there is also increasing divergence between lower, constrained growth in

[2] City of Richmond, 2022 Annual Report, p. 56
[3] International Monetary Fund, World Economic Outlook (October, 2023)

advanced economies and emerging markets that are proving stronger and more resilient at higher levels of growth. The exception is China, which continues to face significant challenges in its real estate sector.

Inflation continues to decelerate, though core inflation, which does not include food and energy costs, is proving more stubborn. While inflation is not expected to return to its target rate until 2025 in most countries, global inflation is anticipated to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024. Both the 2023 and 2024 inflation rates are higher than was predicted a year ago, reflecting the continuing challenges of reining in inflation.

The above forecasts for economic growth and inflation reflect the continuing slow recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis. Factors impacting the forecasts include increasing geoeconomic fragmentation after decades of global integration, effects of monetary policy tightening required to reduce inflation, withdrawal of fiscal supports, and extreme weather events. The potential global impact of the most recent violence in Israel and Gaza is not yet clear and will likely depend on a number of factors, including duration, continued severity, regional stability, and the broader geopolitical context.

Risks to the global growth outlook remain, though these are more balanced following actions by Swiss and U.S. authorities earlier this year to limit turbulence in the financial markets. Continuing risks include uncertainty related to China's real estate sector and potential spillovers for commodity exporters, persistent core inflation pressures amid tight labour markets, and potential climate and geopolitical shocks. Monetary policy decisions continue to be key to establishing price stability.

2. Canadian Forecast[4]

In the context of the global forecast, Canada is aligned with the slowing growth observed and predicted to continue across advanced economies. While an anticipated recession has not yet materialized, as of September 2023, Canadian GDP had declined for four straight quarters on a per-person basis. Economic growth in Canada is expected to be 1.2% in 2023, followed by 0.7% in 2024, before increasing to 2.2% in 2025. Record-high population growth is aiding this continued, if slow, economic growth, as Canada's population grew by 2.7% in 2022, reaching 40 million people as of June 16, 2023.

Inflation continues to be a key concern, with recent increases and the stickiness of core inflation both paramount issues. While Scotiabank is predicting an average 3.9% inflation increase year-over-year for 2023 and 2.6% for 2024, recent monthly fluctuations indicate that efforts to contain inflation are not resulting in a linear trajectory. Statistics Canada reported a year-over-year increase in the Consumer Price Index (CPI) in 3.4% in May 2023, a smaller increase of 2.8% in June 2023, and subsequent higher increases of 3.3% in July and 4.0% in August.[5] Recent increases have primarily been driven by higher year-over-year prices for gasoline, with mortgage and rent costs also accelerating.

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[4] Scotiabank Global Economics (October 23, 2023); RBC Economics, Canada's Economic Engine is Gearing Down, September 13, 2023.

[5] Statistics Canada, The Daily, Consumer Price Index (August 2023, July 2023, June 2023, May 2023).

While the unemployment rate has recently edged upward to 5.5% and remained steady in July, August and September, it is forecasted to be 5.3% in 2023, with some softening to 6.1% in 2024. Consistent with an anticipated "soft landing" for the economy, unemployment increases are likely due to slower hiring rather than faster firing, and broad mass lay-offs are not anticipated. At the same time, the employment rate has continued to grow, supported in part by increasing population, and average wage growth is currently trending above inflation on a year-over-year basis. Employment and wage growth may portend interest rates that remain higher for longer, as both indicate continued demand in the economy – which the Bank of Canada is trying to slow down with its monetary policy measures.

Canada has experienced a number of temporary events over the past months that have contributed to slower growth, and separating these impacts from the broader slowing economy is difficult, making the overall forecast less clear. For example, weather-related events included wildfires that affected most provinces over the summer months and major flooding in some areas, in addition to strikes by federal workers in April and at the Port of Vancouver in the summer. Assessing the impact of these temporary events vis-à-vis the broader trajectory of the complex factors affecting both growth and inflation will be key to the Bank of Canada's continuing decisions on interest rates. No cuts to interest rates are anticipated until well into 2024, if not beyond, as inflation is expected to track above the target rate through 2024.

Canadian Economic Indicators	2021	2022	2023f	2024f	2025f
Real GDP (% change)	5.0	3.5	1.2	0.7	2.2
Consumer Price Index (% change)	3.4	6.8	3.9	2.6	2.0
Residential Investment (% change)	14.9	-11.1	-13.5	2.5	6.6
Business Investment (% change)	4.2	6.5	1.0	3.4	15.3
Unemployment Rate (%)	7.5	5.3	5.3	6.1	6.2
Housing Starts (000s)	271	262	238	235	245

Source: Scotiabank Global Economics (October 23, 2023)

3. British Columbia Forecast[6]

British Columbia, like Canada, is facing slowing growth, though strong population growth has mediated the impacts by supporting consumer spending and reducing job vacancies. Aligned with trends at the national level, economic growth in B.C. is forecasted at 1.2% for 2023, slowing to 0.8% in 2024 before increasing to an expected 2.4% in 2025. Inflation in B.C. is also following the national pattern, with the Consumer Price Index expected to increase by 3.9% year-over-year in 2023, 2.5% in 2024[7], and decelerate to 2.2% in 2025.

B.C.'s economy has been more resilient to the impacts of higher interest rates than expected, though as interest rates and inflation continue to be higher for longer, both domestic and global demand are softening. Merchandise exports have fallen in 2023 due to weaker global demand and lower prices for key commodities. While some easing to goods movement is expected given the end of Port of Vancouver strikes, a slowing U.S. economy and ongoing issues in China will

[6] Government of BC. Stronger Together, First Quarterly Report, September 2023 (data); Central 1 Credit Union, Economic Analysis of British Columbia, Vol. 43, Issue 2 also consulted.
[7] Scotia Bank Global Economics, Scotia Bank's Forecast Tables, October 23, 2023

continue to challenge the province, especially as 15% of B.C. exports are sent to China, well above the national average.[8]

In the housing sector, both sales and prices have decreased in many B.C. markets, though as the population continues to grow, demand for housing will as well. The sector has remained remarkably resilient in the face of high interest rates, especially as B.C. households carry the highest average debt burdens in the country. Strong home construction activity has continued to date though may start to moderate, putting further pressure on supply and prices in the medium term. Housing affordability will continue to be a key concern.

The outlook for B.C.'s labour market also mirrors national trends. Modest employment gains are expected, bolstered by strong population growth that has led to a 1.6% increase in B.C.'s labour force in 2023. At the same time, the unemployment rate is expected to increase from the historically low levels seen in 2022 to 5.4% in 2023 and 5.9% in 2024, before starting to trend down to 5.6% in 2025. Wages in B.C. are growing faster than inflation, as employee compensation (aggregate wages, salaries, and employers' social contributions) increased by 5.8% year-to-date to March 2023 as compared to the same period in 2022, whereas inflation increased by 4.4% over the same period. While the labour market outlook remains stable, the province will face headwinds next year amid slower domestic and global economic activity.

British Columbia Indicators	2021	2022	2023f	2024f	2025f
Real GDP (% change)	5.8	3.3	1.2	0.8	2.4
Consumer Price Index (% change)	2.8	6.9	3.9	2.5	2.2
Population (% Change)	0.9	2.2	3.2	2.9	1.7
Retail Sales (% Change)	12.6	3.1	2.4	2.5	3.4
Unemployment Rate (%)	6.6	4.6	5.4	5.9	5.6
Housing Starts (000s)	47.6	46.7	46.7	42.1	40.0

Source: Government of BC. Stronger Together, First Quarterly Report, September 2023.

Local Trends

1. Metro Vancouver[9]

Metro Vancouver's GDP is anticipated to grow by just 0.5% in 2023, before increasing to 2.8% in 2024 and 3.2% in 2025. This means that the local economy is expected to slow sooner and to a slightly greater extent than that of B.C. and of Canada, where lower periods of growth are forecast for 2024. Inflation growth in Metro Vancouver is expected to closely track the national and provincial trends. The Consumer Price Index (CPI) is expected to be 3.8% in 2023, and then decelerate to 2.5% in 2024 and 2.0% in 2025.

The region will continue to be challenged by inflation and high interest rates that are reducing consumer purchasing power and increasing borrowing costs for individuals and businesses. In addition to this dampening effect on domestic demand, Metro Vancouver faces the same headwinds as the province more broadly in terms of weaker global demand, particularly from the

[8] TD Economics, Provincial Economic Forecast, September 20, 2023
[9] Conference Board of Canada Major City Insights, Vancouver (May 2023)

United States. Lower growth in export-oriented manufacturing is anticipated until inflation and interest rates come down and demand recovers.

Metro Vancouver housing starts are expected to drop sharply by 15.1% in 2023, though a recovery is expected as inflation and interest rates come down in the next several years. This downturn in the real estate sector will also mean a decline in construction sector output, though overall growth in the associated finance, insurance and leasing industries will remain positive due to other components of these sectors.

Gains in employment are expected to slow in 2023 as compared to 2022, though will start to slowly climb again in 2024. That said, Metro Vancouver's unemployment rates are forecasted to be lower than those of B.C. and Canada, reflecting a still tight local labour market that looks unlikely to ease. Unemployment is anticipated to hold steady at 4.8% in both 2023 and 2024, before dipping slightly to 4.7% in 2025.

Closely related to both consumer demand and labour market strength, Metro Vancouver's population grew by 2.6% in 2022, and this is expected to continue at strong rates of 2.4% in 2023 and 2.1% in 2024 – all of which are higher than was estimated a year ago, though slightly lower than province-wide rates.

Metro Vancouver Economic Indicators	2021	2022	2023f	2024f	2025f
Real GDP (% Change)	6.1	2.4	0.5	2.8	3.2
Consumer Price Index (% Change)	2.7	6.8	3.8	2.4	2
Population (% Change)	1.1	2.6	2.4	2.1	1.9
Retail Sales (% Change)	17.7	4.8	1.4	5.2	4.5
Unemployment Rate (%)	6.9	4.7	4.8	4.8	4.7
Housing Starts (000s)	26	26	22.1	26	26.4

Source: Conference Board of Canada Major City Insights, Vancouver (May 2023)

2. Richmond[10]

Richmond benefits from a well-diversified economy and has key strengths across its multiple sectors. A healthy share of Richmond's jobs are community-oriented, serving local residents and other businesses, as well as those jobs that are export-oriented, serving national and international markets. 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.

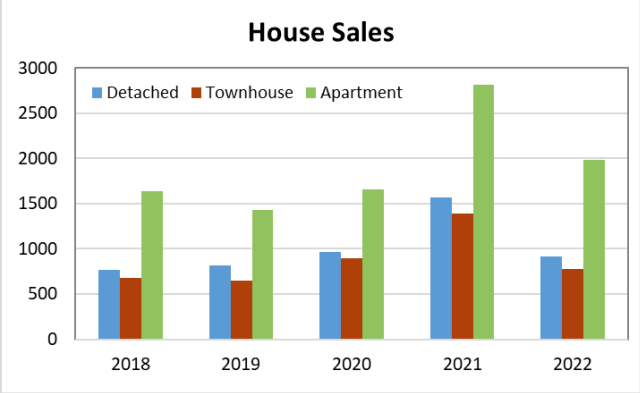
Today's economic challenges layer over the impacts of COVID-19, which varied among Richmond's key sectors. Some sectors, such as aviation and tourism, experienced business closures and job losses during the pandemic, while sectors such logistics, e-commerce, technology and film production experienced growth. Businesses across sectors are now facing

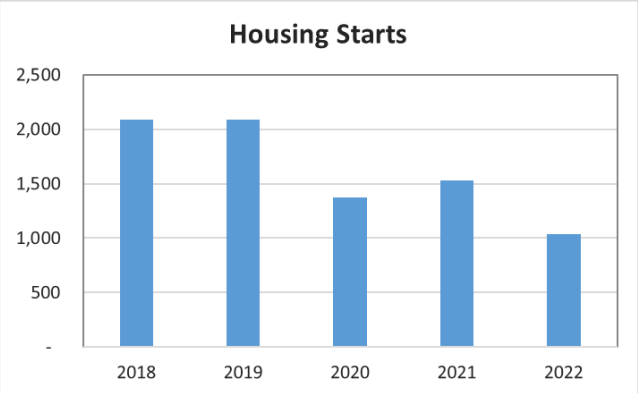
[10] City of Richmond Interactive Data, http://www.businessinrichmond.ca/data-centre/ (unless stated otherwise).

the ongoing challenges of labour shortages, high cost of capital, and elevated input costs for both goods and services.

That said, economic activity in Richmond continues to be relatively healthy, and its diversified economy is serving the city well. For example, while industrial and office vacancy rates are trending higher in some regions of Metro Vancouver, industrial vacancy in Richmond remains near record lows, and office vacancy remains relatively steady despite quarter-to-quarter fluctuations. Slow economic growth should be expected in 2023 and 2024, aligned with global, national, and regional conditions.

3. Housing Market





In 2022, sales of all types of housing decreased in Richmond, reversing the trend since 2019. This is aligned with the beginning of interest rate increases by the Bank of Canada from March 2022 in their efforts to curb inflation. Between 2021 and 2022, sales of detached homes and townhomes decreased by more than 40%, with apartment sales declining by almost 30%. The greater decrease in detached homes and townhomes is likely consistent with the higher prices of these types of housing.

To note, declines in sales across all housing types at the same time as record population growth may increase pressure on the rental market and lead to greater future demand once high interest rates start to ease. That said, increases in home sales between 2020 and 2021 were significant, over 55% across all types, which means that decreases in the last year are coming from a strong foundation.

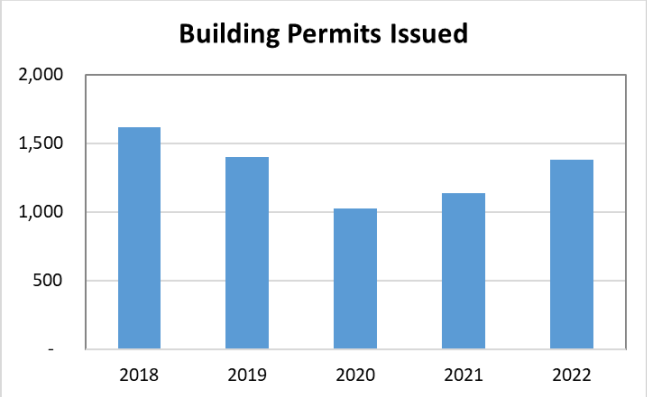
Sales made during the first two quarters of 2023 reflect the same declining trend across all three types of housing, though it is less pronounced to date, with a decrease of 21% for detached home sales, 25% for townhomes, and 28% for apartments.

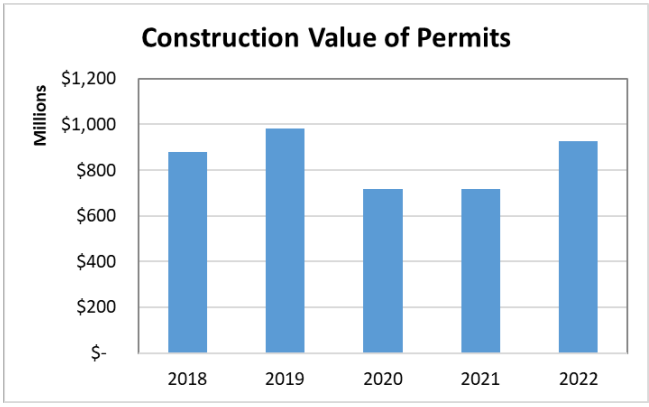
Housing starts in Richmond also declined by 32.07% between 2021 and 2022, though have increased by 25% during the first two quarters of 2023 as compared to the same period in 2022. This most recent trend in Richmond is a departure from the Metro Vancouver 2023 contraction in housing starts, though the net direction may be clearer over a longer time period. Multiple and complex dynamics are affecting housing starts, including population expansion leading to

increased future demand, while at the same time the high cost of capital and materials as well as labour shortages may be constraining factors.

Housing Indicators	2023 to Q2	2022 to Q2	% Change
Total Sales - Detached	475	602	-21%
Total Sales - Townhouse	372	496	-25%
Total Sales - Apartment	937	1,294	-28%
Housing Starts	860	690	25%

4. Construction Activity



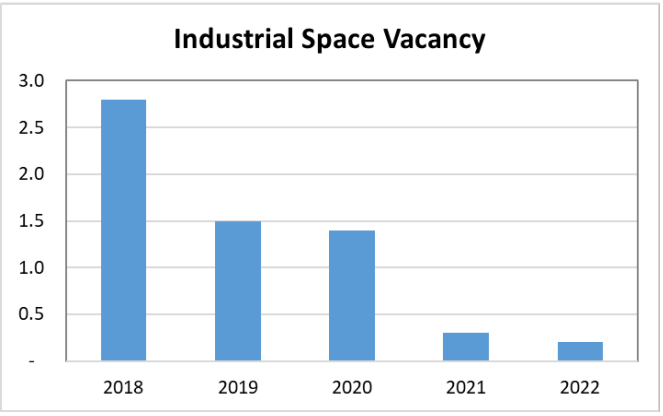


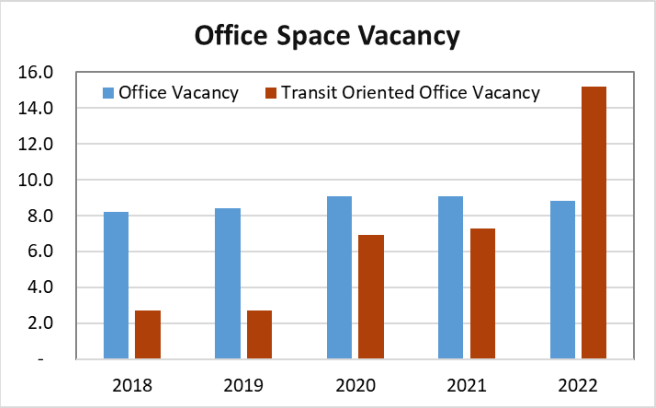
Between 2021 and 2022, both the number of building permits issued in Richmond and the construction value of those permits increased by more than 20%. This is a positive indicator of continuing economic activity in the city during a challenging time of slowing growth and high interest rates.

At the end of the second quarter of 2023, the construction value of building permits issued in Richmond had reached over $419 million, 4% higher than during the same period in 2022. At the same time, the number of building permits issued during the first six months of 2023 declined by 12% as compared to the same period in 2022. An increase in construction value while a decrease in number of building permits issued is consistent with the trend of fewer but larger and more complex developments, including those multi-family developments occurring in the City Centre.

Construction Indicators	2023 to Q2	2022 to Q2	% Change
Building Permits Issued	633	718	-12%
Construction Value ($ millions)	419	404	4%

5. Commercial Space[11]





Richmond has over 45 million square feet of industrial space, which is the largest share of Metro Vancouver's regional industrial inventory (by any one municipality/ jurisdiction). Richmond's industrial space vacancy has continued to decline in recent years, dropping from 0.3% in 2021 to 0.2% in 2022. While it edged up to 0.5% during the first two quarters of 2022, this is still well below a healthy market rate. Richmond's industrial vacancy rate at the end of Q2 2023 was lower than the 1.2% vacancy rate in Metro Vancouver, which is indicative of constraints across the region. Average net asking rent prices for industrial space in Richmond ($21.31/sq ft) were also slightly above the Metro Vancouver average ($21.08/ sq ft).

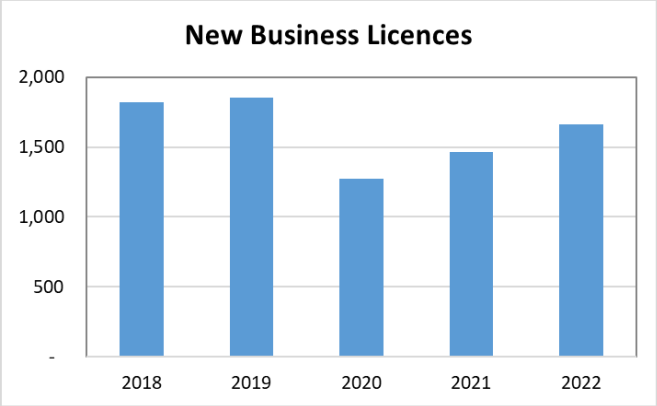
Policy and bylaw changes adopted by Council in early 2021 as part of the City of Richmond Industrial Land Intensification Initiative are intended to encourage the more intensified and productive use of this limited land that is essential for economic development in Richmond, and the region more broadly.

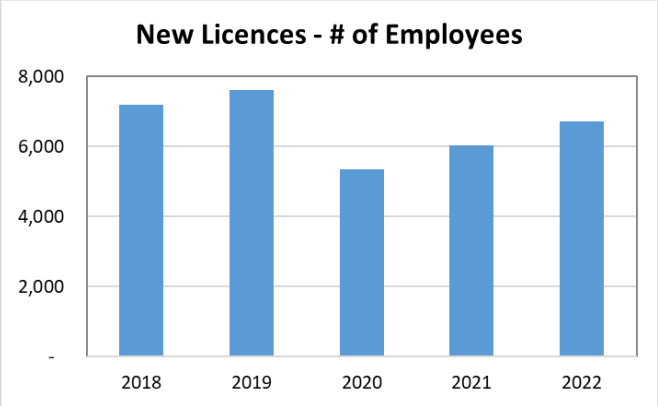
Office space vacancy has increased slightly in Richmond, though has remained relatively steady over the past several years. In both 2020 and 2021, the office vacancy rate was 9.1%, edging down to 8.8% in 2022. By the end of the second quarter in 2023, it had edged up to 9.0%, though it remained lower than the Metro Vancouver average of 9.7% or the downtown Vancouver office vacancy rate of 13.7% over the same time period. While the office market has been more resilient than anticipated as tenants re-evaluate their office footprints to accommodate a hybrid work environment, there is some continuing uncertainty as economic growth slows.

Commercial Space Indicators	2023 to Q2	2022 to Q2	% Change
Industrial Inventory (million sf)	45.43	45.39	0.1%
Industrial Vacancy Rate (%)	0.5	0.2	150%
Office Inventory (million sf)	5.04	4.90	3%
Office Vacancy Rate (%)	9.0	8.3	8%

[11] Cushman & Wakefield Vancouver Office and Industrial Market Beat Reports (Q2 2023). Note that the large increase in the transit-oriented office vacancy in 2022 was primarily driven by the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

6. Business Growth



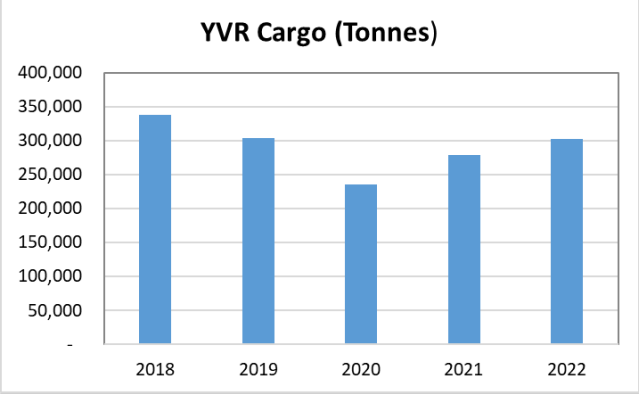


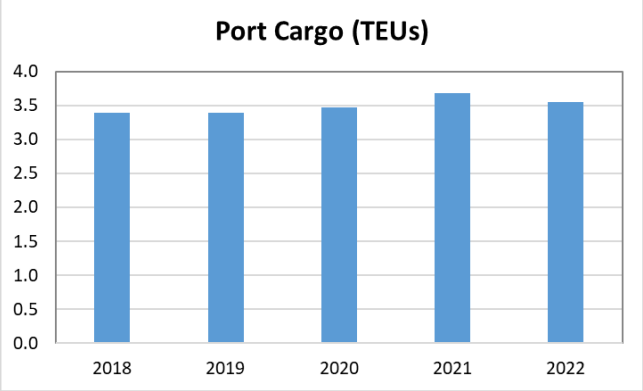
The upward trend in new business licences and the number of employees associated with those new licences has continued since 2020, reflecting continued positive economic activity in Richmond. During the first two quarters of 2023, there were 13% more new business licences as compared to the same period in 2022, and 20% more employees associated with those licences.

At the end of the second quarter of 2023, the number of valid licenced businesses had decreased by 6% as compared to the second quarter of 2022. Some fluctuations are expected as businesses undertake their annual renewals. The total number of valid business licences has remained relatively steady throughout the past 5+ years at between 13,000 and 14,500. This indicates a healthy balance in business growth in Richmond, as new businesses arrive and existing businesses expand, displacing those that have closed or relocated.

Local Business Activity	2023 to Q2	2022 to Q2	% Change
Valid Business Licences	13,212	13,848	-5%
New Business Licences	912	806	13%
New Licences - # of Employees	3,405	2,841	20%

7. Trade





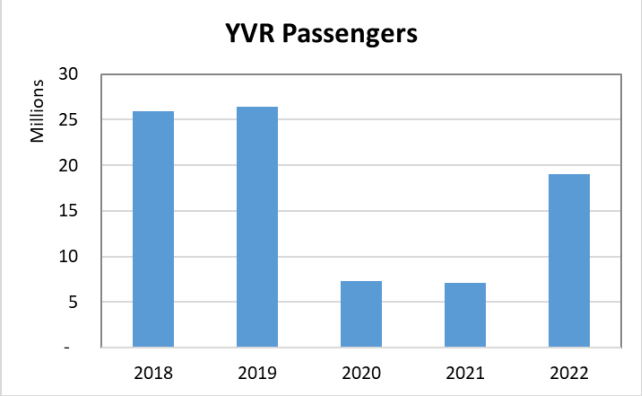
Over the past several years, YVR has seen a recovery in cargo volumes from the decline experienced during 2020 related to the COVID-19 pandemic. Most recently, there was an

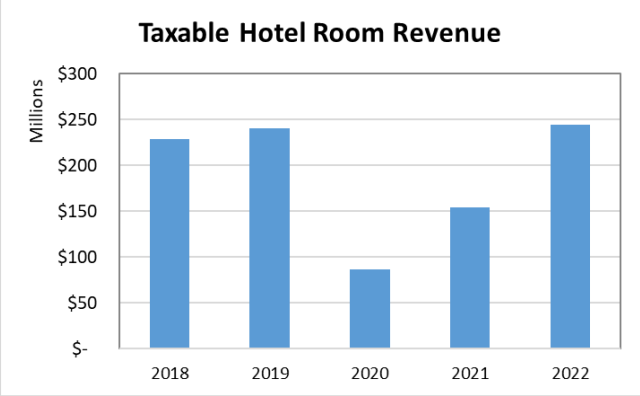
increase of 8.5% between 2021 and 2022, bringing 2022 cargo volumes very close to those seen in 2019. The increase continued during the first two quarters of 2023, as a 6% increase was observed as compared to the same period in 2022. This continued recovery in volumes is positive, as some supply chain constraints have eased, though the longer term outlook remains uncertain as growth and consumer demand continue to slow.

While cargo volumes moved through the Port of Vancouver have grown steadily in recent years, a slight decline of 3.35% was observed between 2021 and 2022, which continued into the first two quarters of 2023. Volumes declined 14% between the first half of 2023 as compared with the same period in 2022. As these declines occurred prior to the Port of Vancouver strike action in July 2023, they may be related to the slowing economy and weakening demand from trading partners.

Trade Indicators	2023 to Q2	2022 to Q2	% Change
YVR Cargo (tonnes)	146,662	138,553	6%
PMV Cargo (TEUs)	1,554,904	1,803,479	-14%

8. Tourism





Following severe declines in the tourism sector due to the COVID-19 pandemic, there has been significant positive growth in the last several years. Between 2021 and 2022, the number of passengers moving through YVR increased by 169.93%, which is especially strong considering that the Canadian government ended all COVID-19 border and travel measures only on October 1, 2022. This growth trajectory has continued in 2023, as passenger volumes increased by 52% during the first two quarters of 2023 as compared to the same period in 2022.

Similarly, hotel room revenues have also recovered strongly, with a 58.93% increase between 2021 and 2022, and a 40% increase between the first two quarters of 2023 as compared to the same period in 2022. That said, recent modelling from Destination Vancouver indicates a lack of hotel capacity in Metro Vancouver, with demand anticipated to exceed supply by 2026.[12] Labour shortages also continue to challenge the sector, with shortages in housekeeping staff meaning that some hotels are not able to book their full capacity.

[12] Destination Vancouver, March 6, 2023.

The extent to which slowing global and domestic economies will impact the significant rebound in tourism sector is not yet clear. Growth of the sector in Metro Vancouver is expected to be positive again in 2023.[13] High levels of immigration are supporting travel, and the outlook is positive for continued demand for domestic travel to B.C. via YVR.[14] Demand from many international markets, especially China, has been slower to recover. As China has not included Canada in its Approved Destination Status list, group bookings from China are severely limited, which reduces the forecasted recovery from this market. That said, YVR is anticipating increased passenger growth in 2024, albeit at a more moderate pace.[15]

The Municipal and Regional District Tax (MRDT) partnership model between the City of Richmond, the Richmond Hotel Association, and Tourism Richmond 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 2023 was 40% higher than the first half of 2022, and the near-term forecast anticipates continued strong revenues.

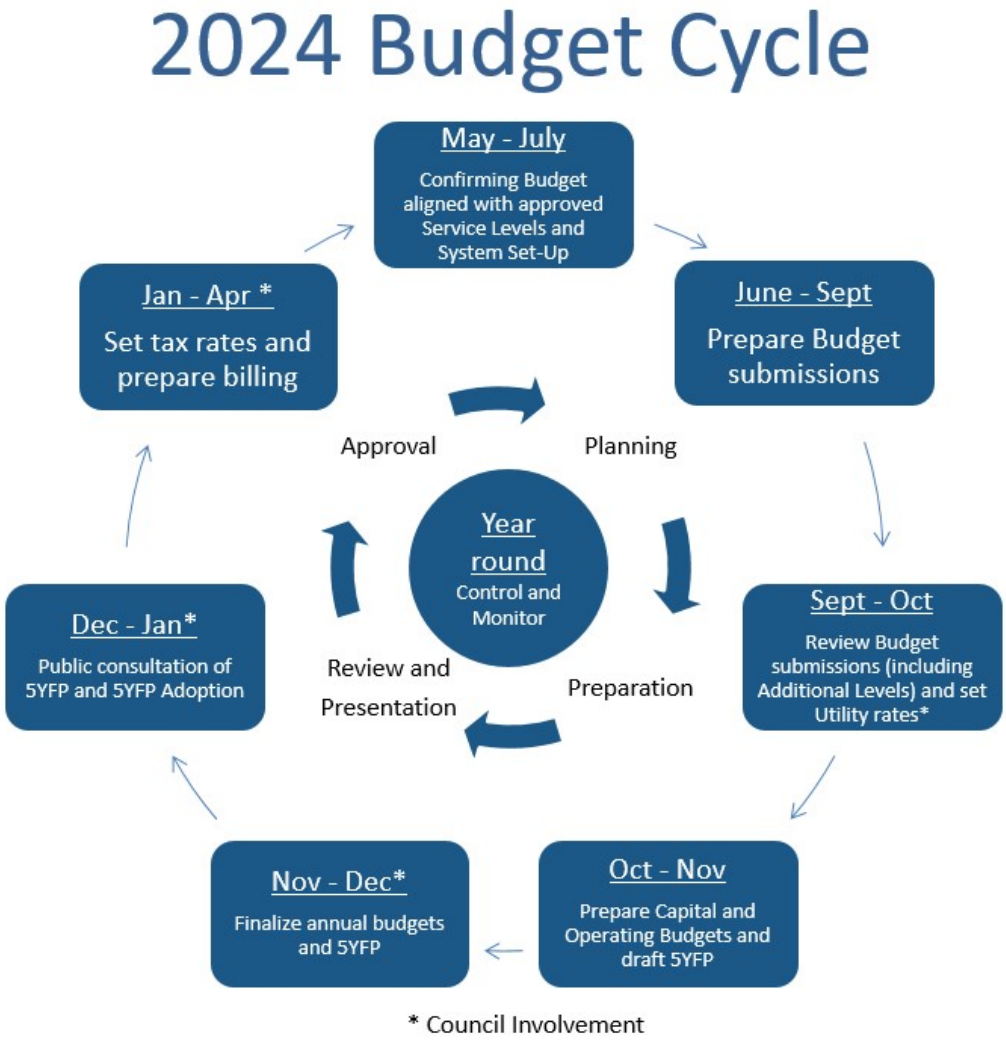
Tourism Indicators	2023 to Q2	2022 to Q2	% Change
YVR Passengers (millions)	11.7	7.7	52%
Hotel Room Revenue ($ millions)	135.3	96.4	40%

[13] Conference Board of Canada Major City Insights, Vancouver (May 2023)

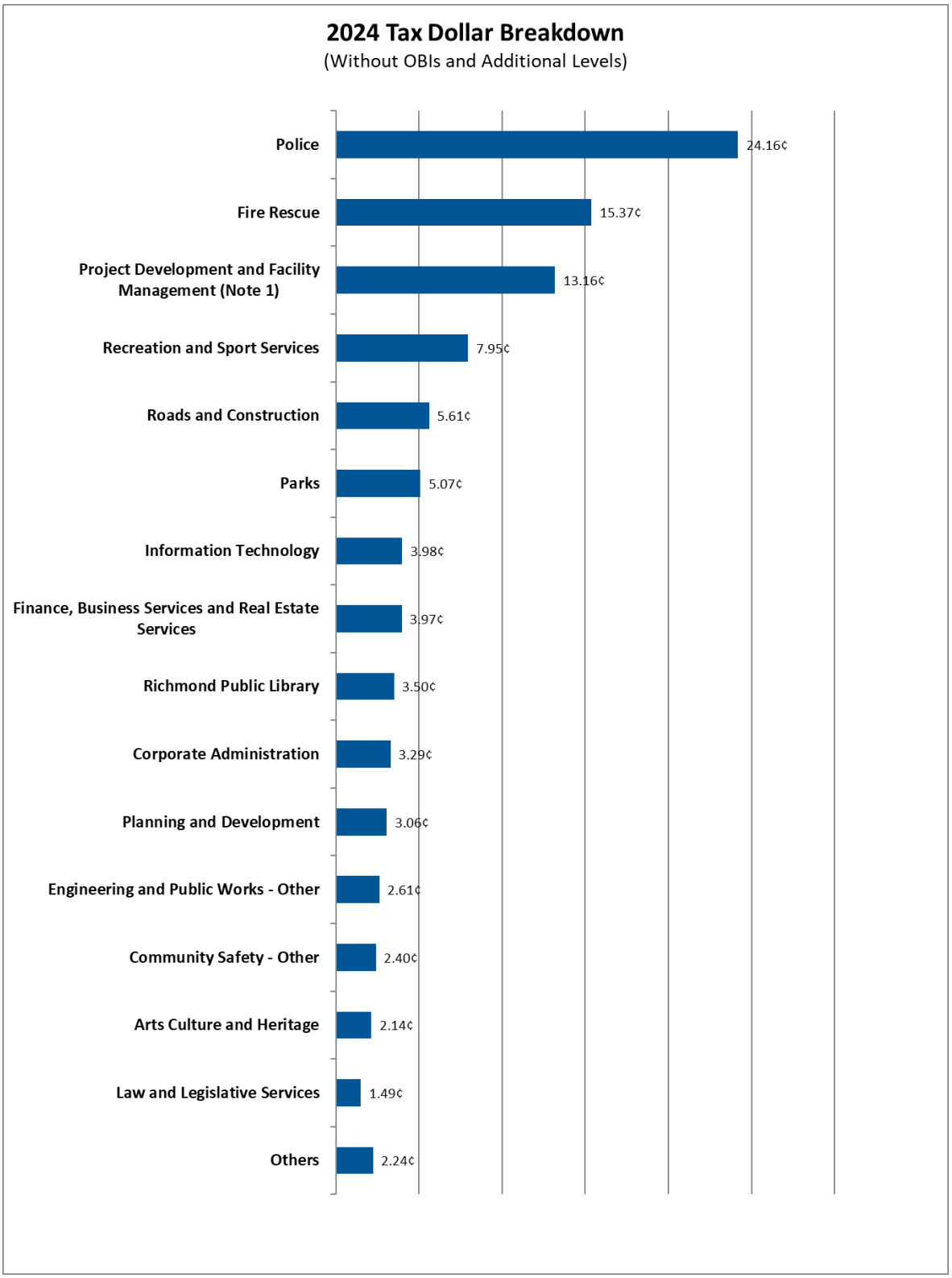
[14] Destination Vancouver, 2024 Economic and Tourism Outlook Forum (October 11, 2023); insights from YVR.

[15] Destination Vancouver, 2024 Economic and Tourism Outlook Forum (October 11, 2023); insights from YVR.

3. 2024 Budget Cycle



4. 2024 Tax Dollar Breakdown



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

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5. 2024 Same Level of Service Net Base Budget

Department/Division	2023 Adjusted Base Budget (in '000s) (Restated for Comparison)	2024 Proposed Net Base Budget (in '000s)	Amount Change (in '000s)	Percent Change	Tax Impact
Policing	$72,252	$76,214	$3,962	5.48%	1.38%
Fire Rescue	$47,005	$48,836	$1,831	3.90%	0.64%
Community Safety - Other	$987	$3,074	$2,087	211.45%	0.73%
Community Safety - Total	**$120,244**	**$128,124**	**$7,880**	**6.55%**	**2.75%**
Community Services	$47,388	$48,428	$1,040	2.19%	0.36%
Library	$10,846	$11,286	$440	4.06%	0.15%
Community Services including Library	**$58,234**	**$59,714**	**$1,480**	**2.54%**	**0.51%**
Engineering and Public Works	**$42,364**	**$44,199**	**$1,835**	**4.33%**	**0.64%**
Finance and Corporate Services	**$24,652**	**$25,428**	**$776**	**3.15%**	**0.27%**
Corporate Administration	**$10,200**	**$10,508**	**$308**	**3.02%**	**0.11%**
Planning and Development	**$9,323**	**$9,679**	**$356**	**3.82%**	**0.12%**
Law and Legislative Services	**$4,508**	**$4,765**	**$257**	**5.69%**	**0.09%**
Fiscal	**($269,525)**	**($269,943)**	**($418)**	**0.16%**	**(0.15%)**
Same Level of Service Increase	**$0**	**$12,474**	**$12,474**		**4.34%**
Storm Drainage - $1.8 Million Reallocation to Utility Budget		($1,816)	($1,816)		(0.63%)
Same Level of Service Increase after Storm Drainage Reallocation to Utility Budget	**$0**	**$10,658**	**$10,658**		**3.71%**
Amounts Deferred from the 2023 Operating Budget through utilization of Rate Stabilization Account		1,742	1,742		0.61%
Same Level of Service Increase after Storm Drainage Reallocation and Amounts Deferred from 2023 Operating Budget	**$0**	**$12,400**	**$12,400**		**4.32%**
Less: Estimated 2024 New Tax Growth		($3,500)	($3,500)		(1.22%)
Same Level of Service Increase After Storm Drainage Reallocation, Amount Deferred from 2023 Operating Budget and Tax Growth	**$0**	**$8,900**	**$8,900**		**3.10%**

6. 2024 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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(391,400,850)**	**(418,120,300)**	**(26,719,450)**	**6.83%**
Expenditures				
Labour	185,417,400	191,606,800	6,189,400	3.34%
Contract Services	99,634,300	106,427,900	6,793,600	6.82%
Operating Expenses	42,656,350	52,118,400	9,462,050	22.18%
Total Operating Expenses	**327,708,050**	**350,153,100**	**22,445,050**	**6.85%**
Fiscal Expenses	**79,379,400**	**74,065,100**	**(5,314,300)**	**(6.69%)**
Transfers	**(15,686,600)**	**4,559,600**	**20,246,200**	**(129.07%)**
Grand Total[1]	**-**	**10,657,500**	**10,657,500**	**-**

[1] 2024 Proposed Base Budget increase represents the same level of service after Storm Drainage Reallocation and before Tax Growth.

FTE Change

	2023 FTE[2]	2024 FTE	Change 2024
Total	**1,464**	**1,464**	-

[2] Full-Time Equivalent (FTE) for 2023 is restated to include positions approved by Council in the 2023 budget process (additional levels, budget amendments, etc.) and is also restated to reflect the currently approved organizational structure.

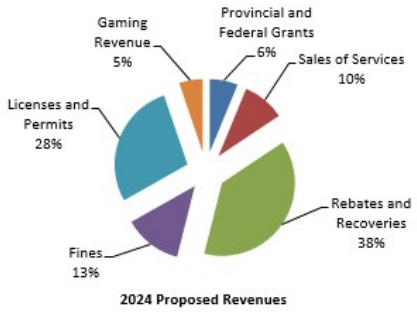
FTE Change – Library

	2023 FTE	2024 FTE	Change 2024
Total	**95.3**	**95.3**	**-**

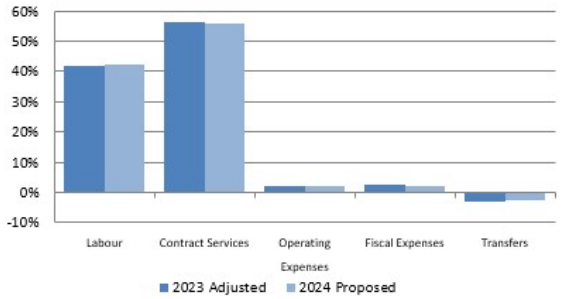
Community Safety

The City's primary community safety providers are Police (RCMP), Fire-Rescue, 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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(15,587,400)**	**(17,687,400)**	**(2,100,000)**	**13.47%**
Expenditures				
Labour	56,963,600	61,261,600	4,298,000	7.55%
Contract Services	76,287,600	81,856,700	5,569,100	7.30%
Operating Expenses	2,933,900	3,046,500	112,600	3.84%
Total Expenditures	**136,185,100**	**146,164,800**	**9,979,700**	**7.33%**
Fiscal Expenses	**3,597,900**	**3,244,500**	**(353,400)**	**(9.82%)**
Transfers	**(3,951,200)**	**(3,597,600)**	**353,600**	**(8.95%)**
Grand Total	**$120,244,400**	**$128,124,300**	**$7,879,900**	**6.55%**



2024 Proposed Revenues



FTE Change

	2023 FTE	2024 FTE	Change 2024
Total	**423.6**	**423.6**	**-**

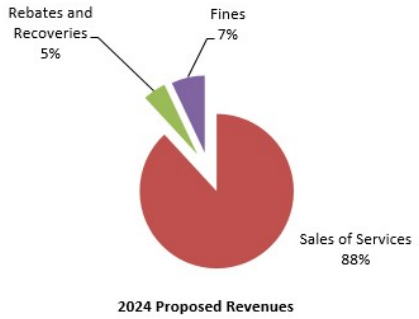
RCMP Contract Complement (Funded)

	2023 FTE	2024 FTE	Change 2024
Officers	276.0	276.0	-
Less: Non-Budgeted	(11.0)	(11.0)	-
Municipal Policing	**265.0**	**265.0**	**-**
Specialized Police Operations and Integrated Homicide Investigation Team	14.5	14.5	-
Total	**279.5**	**279.5**	**-**

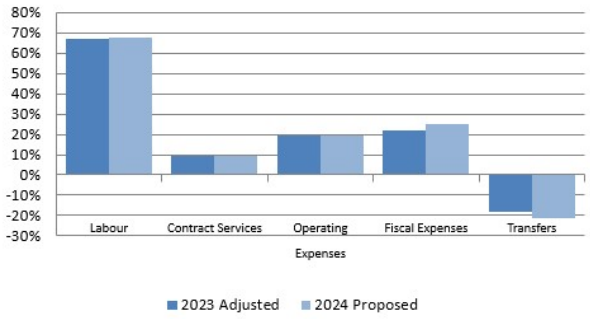
Community Services

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(12,899,350)**	**(13,095,200)**	**(195,850)**	**1.52%**
Expenditures				
Labour	48,804,100	50,041,200	1,237,100	2.53%
Contract Services	6,519,900	6,659,000	139,100	2.13%
Operating Expenses	13,045,700	13,238,800	193,100	1.48%
Total Expenditures	**68,369,700**	**69,939,000**	**1,569,300**	**2.30%**
Fiscal Expenses	**13,771,100**	**16,202,500**	**2,431,400**	**17.66%**
Transfers	**(11,007,750)**	**(13,332,800)**	**(2,325,050)**	**21.12%**
Grand Total	**$58,233,700**	**$59,713,500**	**$1,479,800**	**2.54%**



2024 Proposed Revenues



FTE Change

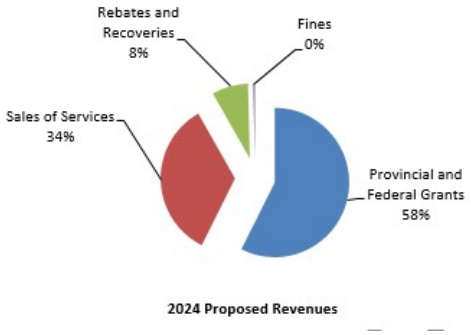
	2023 FTE	2024 FTE	Change 2024
Community Services	430.9	430.9	-
Library	95.3	95.3	-
Total	**526.2**	**526.2**	**-**

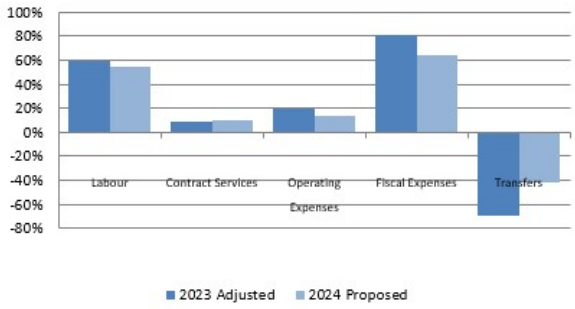
Engineering and Public Works (excluding Utilities)

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(7,514,800)**	**(7,153,500)**	**361,300**	**(4.81%)**
Expenditures				
Labour	29,700,400	26,725,500	(2,974,900)	(10.02%)
Contract Services	4,543,200	4,810,300	267,100	5.88%
Operating Expenses	9,566,300	6,928,900	(2,637,400)	(27.57%)
Total Expenditures	**43,809,900**	**38,464,700**	**(5,345,200)**	**(12.20%)**
Fiscal Expenses	**40,605,500**	**31,904,600**	**(8,700,900)**	**(21.43%)**
Transfers	**(34,536,900)**	**(20,833,400)**	**13,703,500**	**(39.68%)**
Grand Total	**$42,363,700**	**$42,382,400**	**$18,700**	**0.04%**

Note: Engineering and Public Works increase of $1.8 million as shown on Attachment 5 is before the reallocation of Storm Drainage to the Utility Budget. This table reflects the net increase after removing the Storm Drainage operations from the operating budget.





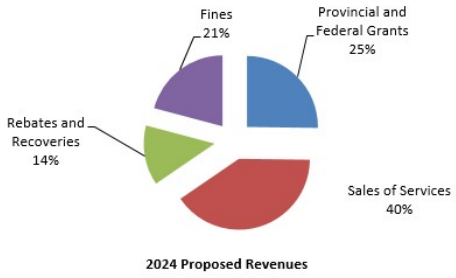
FTE Change

	2023 FTE	2024 FTE	Change 2024
Total	**246.3**	**246.3**	**-**

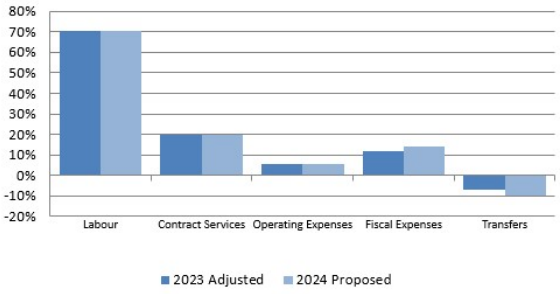
Finance and Corporate Services

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(713,300)**	**(765,600)**	**(52,300)**	**7.33%**
Expenditures				
Labour	17,789,200	18,396,800	607,600	3.42%
Contract Services	4,978,200	5,186,300	208,100	4.18%
Operating Expenses	1,477,700	1,490,500	12,800	0.87%
Total Expenditures	**24,245,100**	**25,073,600**	**828,500**	**3.42%**
Fiscal Expenses	**2,930,000**	**3,722,800**	**792,800**	**27.06%**
Transfers	**(1,809,800)**	**(2,602,600)**	**(792,800)**	**43.81%**
Grand Total	**$24,652,000**	**$25,428,200**	**$776,200**	**3.15%**



2024 Proposed Revenues



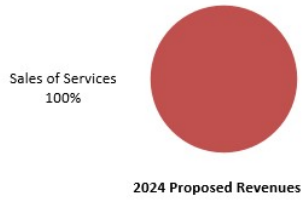
FTE Change

	2023 FTE	2024 FTE	Change 2024
Total	**148.3**	**148.3**	**-**

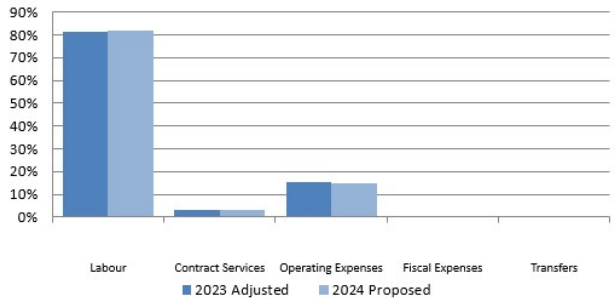
Corporate Administration

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(5,000)**	**(5,000)**	**-**	**-%**
Expenditures				
Labour	8,235,200	8,543,600	308,400	3.74%
Contract Services	340,200	340,200	-	-%
Operating Expenses	1,622,600	1,622,600	-	-%
Total Expenditures	**10,198,000**	**10,506,400**	**308,400**	**3.02%**
Fiscal	**300**	**300**	**-**	**-**
Transfers	**6,200**	**5,800**	**(400)**	**(6.45%)**
Grand Total	**$10,199,500**	**$10,507,500**	**$308,000**	**3.02%**



2024 Proposed Revenues



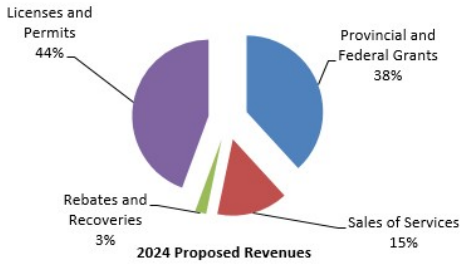
FTE Change

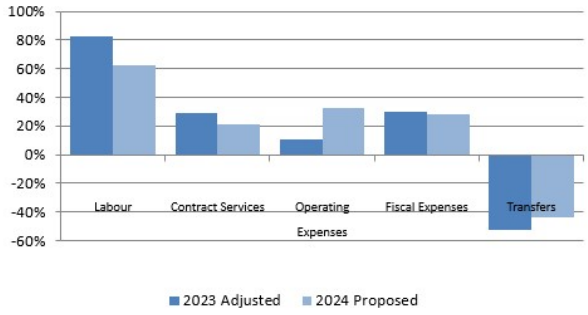
	2023 FTE	2024 FTE	Change 2024
Total	**58.6**	**58.6**	**-**

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(10,596,600)**	**(17,511,900)**	**(6,915,300)**	**65.26%**
Expenditures				
Labour	16,367,200	17,004,100	636,900	3.89%
Contract Services	5,800,500	5,800,500	-	-%
Operating Expenses	2,130,300	8,762,400	6,632,100	311.32%
Total Expenditures	**24,298,000**	**31,567,000**	**7,269,000**	**29.92%**
Fiscal Expenses	**6,038,900**	**7,597,400**	**1,558,500**	**25.81%**
Transfers	**(10,417,500)**	**(11,973,600)**	**(1,556,100)**	**14.94%**
Grand Total	**$9,322,800**	**$9,678,900**	**$356,100**	**3.82%**





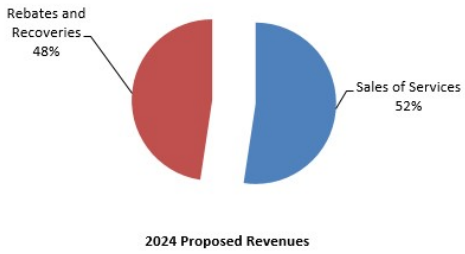
FTE Change

	2023 FTE	2024 FTE	Change 2024
Total	**129.7**	**129.7**	**-**

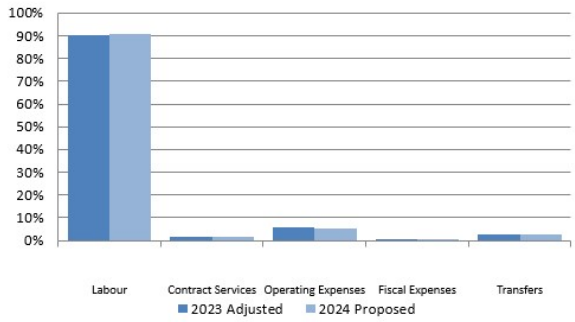
Law and Legislative Services

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.

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(2,100)**	**(2,100)**	**-**	**0.00%**
Expenditures				
Labour	4,067,200	4,323,300	256,100	6.30%
Contract Services	71,600	71,600	-	-%
Operating Expenses	249,600	249,600	-	-%
Total Expenditures	**4,388,400**	**4,644,500**	**256,100**	**5.84%**
Fiscal Expenses	**10,200**	**7,200**	**(3,000)**	**(29.41%)**
Transfers	**111,900**	**115,600**	**3,700**	**3.12%**
Grand Total	**$4,508,400**	**$4,765,200**	**$256,800**	**5.69%**



2024 Proposed Revenues

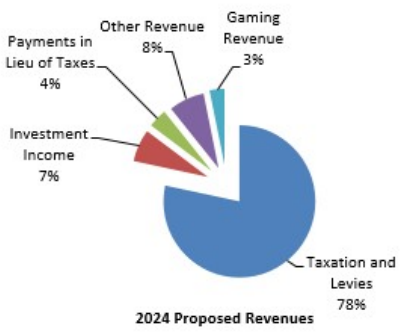


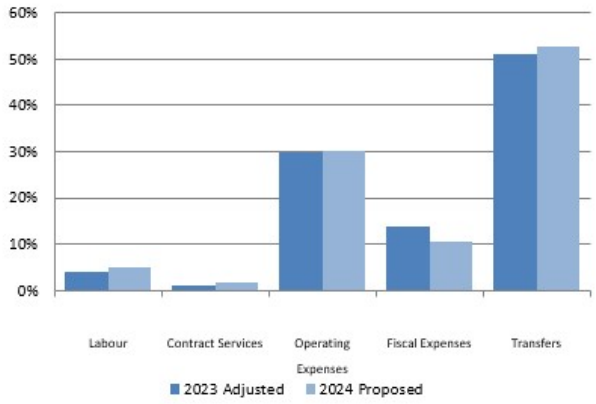
FTE Change

	2023 FTE	2024 FTE	Change 2024
Total	**26.6**	**26.6**	**-**

Fiscal

	2023 Adjusted Base Budget (Restated for Comparison)	2024 Proposed Base Budget	Change 2024 $	Change 2024 %
Revenues	**(344,082,300)**	**(361,899,600)**	**(17,817,300)**	**5.18%**
Expenditures				
Labour	3,490,500	5,310,700	1,820,200	52.15%
Contract Services	1,093,100	1,703,300	610,200	55.82%
Operating Expenses	11,630,250	16,779,100	5,148,850	44.27%
Total Expenditures	**16,213,850**	**23,793,100**	**7,579,250**	**46.75%**
Fiscal Expenses	**12,425,500**	**11,385,800**	**(1,039,700)**	**(8.37%)**
Transfers	**45,918,450**	**56,778,200**	**10,859,750**	**23.65%**
Grand Total	**(269,524,500)**	**(269,942,500)**	**(418,000)**	**0.16%**





7. 2024 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 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**	**2024**
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	396,197
Public Art Total		**396,197**
		$1,581,197

The proposed expenditures for 2024 and the planned expenditures for 2025-2028 are summarized in this attachment for each program.

Affordable Housing Program 2024

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 '000s)	2024	2025	2026	2027	2028
Affordable Housing Operating Initiatives	$ 400	$ 400	$ 400	$ 400	$ 400
12040 Horseshoe Way (Shelter) Repayment	$ 525	$ 525	$ 525	$ 525	$ 525
Total Affordable Housing Program	**$ 925**	**$ 925**	**$ 925**	**$ 925**	**$ 925**
Affordable Housing Funding Sources (in '000s)					
Affordable Housing Operating Reserve	$ 400	$ 400	$ 400	$ 400	$ 400
Affordable Housing City-Wide Reserve	$ 525	$ 525	$ 525	$ 525	$ 525
Total Affordable Housing Funding Sources	**$ 925**	**$ 925**	**$ 925**	**$ 925**	**$ 925**

Affordable Housing Operating Initiatives

The City's Council-adopted Affordable Housing Strategy 2017–2027 and Homelessness Strategy 2019–2029 guide the City's actions regarding affordable housing and homelessness service provision. The Affordable Housing 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 $7 million 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 installments of $525,000.

Child Care Program 2024

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. A new 10-year child care strategy is also in development. The identified priorities include the establishment and maintenance of a comprehensive child care system to help children and families thrive and address the need for quality, affordable and 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 13 existing City-owned child care facilities including two Early Childhood Development Hubs.

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 '000s)	2024	2025	2026	2027	2028
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**
Child Care Funding Sources (in '000s)					
Child Care Operating Reserve	$ 210	$ 210	$ 210	$ 210	$ 210
Child Care City-Wide 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 implementating specific actions in the Council adopted 2017–2022 Richmond Child Care Needs Assessment and Strategy and the 2021–2031 Richmond Child Care Action Plan. Development of the new 10-year child care strategy is underway and is anticipated to be completed in 2024 with implementation to begin immediately following its adoption by Council.

The Child Care Planner 2 position is funded through the Child Care Operating Reserve and plays an important role in supporting the ongoing collaboration with the operators of the 13 City-owned child care facilities and Early Childhood Development (ECD) Hubs, supporting the Richmond Child Care Grant Program and Child Care Development Advisory Committee and assisting with the planning, design and construction of new child care facilities secured as community amenity contributions. In addition, these funds will be used to pay for administrative costs including: 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 ECD Hubs and child care facilities as necessary.

The Child Care Operating Reserve is an appropriate source of funding for such expenses. There is currently sufficient funding in the Child Care Operating Reserve to fund this request for 2024. Additional funds are secured on an ongoing basis through the development process and additional funds are anticipated to be received on an ongoing basis.

Child Care - City-Wide (Capital Grants)

Sufficient funding is required to administer the City's 2024 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). The Child Care City-Wide Reserve is an appropriate source of funding for this expense. There is currently sufficient funding in the Child Care City-Wide Reserve to fund this request for 2024. Additional funds are secured on an ongoing basis through the development process and additional funds are anticipated to be received on an ongoing basis.

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

Funding is required to enable the provision of the 2024 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. The Child Care Operating Reserve is an appropriate source of funding for such expenses. There is currently sufficient funding in the Child Care Operating Reserve to fund this request for 2024. Additional funds are secured on an ongoing basis through the development process and additional funds are anticipated to be received on an ongoing basis.

Public Art Program 2024

The Public Art Program is a self-sustaining project funded by private development contributions to the Public Art Reserve, guided by a Council-approved policy (Policy 8703 and supported by a Council-appointed Public Art Advisory Committee).

The Public Art Program contributes to Council's Strategic Plan 2022 – 2026 *Vibrant, resilient and active communities supported by a wide variety of opportunities to get involved, build relationships and access resources.* The Public Art Program advances the Richmond Art Strategy 2019 - 2024, approved by Council in July 2019.

Public Art Program (in $'000s)	2024	2025	2026	2027	2028
Public Art Program	**396**	**158**	**158**	**158**	**158**
Total Public Art Program	**$396**	**$158**	**$158**	**$158**	**$158**
Funding Source:					
Public Art Program Reserve	**$396**	**$158**	**$158**	**$158**	**$158**
Total Public Art Funding Source	**$396**	**$158**	**$158**	**$158**	**$158**

The scope of work consists of $396,197 of developer-funded public art projects as detailed below.

Proposed Public Arts Projects 2024	Estimated Costs
Annual Community Public Art Programs - Urban Infrastructure Art Wrap Program, Engaging Artists in Community Program, Community Mural Program	$88,000
Community Public Art Projects - No. 3 Road Art Columns	$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
VOLO Public Art Project (RZ 2004-286496) 6333 Mah Bing Street	$238,197
Total	**$396,197**

8. Externally Funded Programs

This attachment highlights initiatives funded by external grants for inclusion in the Consolidated Five Year Plan (2024-2028). There is no additional tax impact of including these amounts in the operating budget however it is required to includes these programs and staffing resources in the financial plan for expenditure authorization.

Rapid Housing Initiative

The City of Richmond received $9.1 million in funding from the Government of Canada's Rapid Housing Initiative's (RHI) city stream in 2023.

The City of Richmond has partnered with BC Housing and Turning Point Housing Society on a new 25-unit affordable rental housing development located at 4831 Steveston Highway for residents in need of safe and secure housing.

The project is currently in the rezoning process and targeted for completion in late 2024. To date, $2.5 million has been disbursed and another $1.2 million is projected to be disbursed by end of 2023. The balance of $5.4 million is planned to be disbursed in 2024.

Rapid Housing Initiative (in $000's)	2023	2024	2025	2026	2027	2028	Total
Contribution Disbursement	$3,750	$5,367	$0	$0	$0	$0	$9,117
Total Rapid Housing Initiative (RHI)	$3,750	$5,367	$0	$0	$0	$0	$9,117
Funding Sources:							
Grant from Federal Government	$3,750	$5,367	$0	$0	$0	$0	$9,117
Total RHI Funding Sources	$3,750	$5,367	$0	$0	$0	$0	$9,117

Richmond Building Safer Communities Fund

The City of Richmond was allocated a total of $2.7 million from the Federal Building Safer Communities Fund (BSCF) over four years to implement prevention and intervention programming to address gun and gang violence amongst young people. The City will implement BSCF programs and initiatives, which have been approved by Council at the closed meeting on July 24, 2023 and by Public Safety Canada (PSC), that target at-risk youth. The City will use the BSCF funds for managing contracts, securing End Gang Life licensing, staffing a temporary full-time BSCF Project Coordinator, establishing a youth situation table, creating two youth micro hubs, and enhancing the City's Media Lab.

Building Safer Communities Fund (in $000's)	2023	2024	2025	2026	2027	2028	Total
Program implementation	$916	$995	$637	$134	$0	$0	$2,682
Total Building Safer Communities Fund	$916	$995	$637	$134	$0	$0	$2,682
Funding Sources:							
Grant from Federal Government	$916	$995	$637	$134	$0	$0	$2,682
Total BSCF Funding Sources	$916	$995	$637	$134	$0	$0	$2,682

Richmond Food Hub

In early 2023, the Government of B.C. announced an overarching investment of $200.0 million in food security, noting that the Ministry of Agriculture and Food would be investing in new and enhanced programs to strengthen B.C.'s food supply chain and expand local food production. Subsequently, the Ministry indicated a commitment to provide a $1 million grant to the City of Richmond toward establishing a commercially-focused Richmond Food Hub, which would be the 14th hub in the B.C. Food Hub Network.

Richmond is home to many existing strengths in the agri-food and seafood processing ecosystem, and this grant funding provides the opportunity to build on that strong foundation. This initiative can also explore how to bolster the innovation ecosystem in this specific sector, providing a platform for newer entrepreneurs and growing businesses to access key resources, information, equipment, tools and space.

As presented in the Richmond Food Hub Implementation Plan on October 10, 2023, there are three key phases planned for this project. First, this funding provides the opportunity to conduct a gap analysis and needs assessment to better understand Richmond's current strengths and identify how a Food Hub could respond to gaps and benefit the economy of the local community (Phase 1). It is expected that significant public and stakeholder engagement will be a key part of this process.

Based on the results of Phase 1, and depending on Council direction and the ability to secure sufficient additional funding, the City could then proceed with Phases 2 and 3. This could include issuing a Request for Proposals or similar competitive procurement approach to seek an entity (or partnering entities) to provide the location and/or facility to establish a Food Hub. This would include a business plan for its operations and governance structure. Phase 2, during which an appropriate site and operating structure would be established, is anticipated to take place during spring 2025. Phase 3, the construction and/or redevelopment of the potential site with partners would follow, with a potential launch date in fall 2026.

Depending on Council direction, it is anticipated that the City's role in this initiative may include assessing needs, supporting start-up activities, and governance oversight, while the Hub would be self-sustaining in the future.

Funds from the Government of B.C. will be used to support staff resourcing for a temporary full-time Project Lead-Economic Initiatives position, consultant costs, and Hub implementation costs related to advancing an identified site/facility toward launch.

Richmond Food Hub (in $000's)	2024	2025	2026	2027	2028	Total
Feasibility and implementation	$250	$ 401	$ 349	$0	$ 0	$ 1,000
Total Richmond Food Hub	$ 250	$ 401	$ 349	$ 0	$ 0	$ 1,000
Funding Sources:						
Grant from Government of B.C.	$ 250	$ 401	$ 349	$ 0	$ 0	$ 1,000
Total Richmond Food Hub Funding Sources	$ 250	$ 401	$ 349	$ 0	$ 0	$ 1,000

Contingent Grants

An estimate of $7.0 million has been included in the budget for operating grants the City has applied for or will apply for in the future as funding programs are announced. Spending will only be incurred against this estimated budget in accordance with the approved funding agreement for the specific initiative. Approved funding will be transferred to the appropriate division's budget through the financial plan amendment which is typically presented to Council in the fall each year.

The City has submitted an application to the Federal Housing Accelerator Fund. At the time of writing this report, no funding decision has been announced. Subject to the grant application being successful, the positions listed below are proposed to be funded from this grant. These positions would only be filled if grant funding is secured.

Proposed Regular Full Time Positions Subject to Securing External Funding from the Federal Housing Accelerator Fund	
Item	**Position Name**
1	Development Applications, Program Manager
2	Development Applications, Planner 3
3	Development Applications, Planner 2
4	Affordable Housing, Planner 2 (Housing Priorities Grant Program)
5	Affordable Housing, Program Manager (Non-Profit Partnership Program)
6	Affordable Housing, Planner 2 (Non-Profit Partnership Program)
7	Affordable Housing, Departmental Associate 2 (Non-Profit Partnership Program)

9. No Tax Impact Positions

2024 No Tax Impact Positions			
Ref	Requested By	Description	Funding Source
1	Planning and Development	**Building Approvals - Special Projects Coordinator/Senior Building Official (RFT)** This is a new supervisory-level role envisioned to encompass and facilitate all Building Approvals' technical and business process functions. It aims to facilitate large-scale and complex projects, from development permitting to building permit applications, permit review and verification of construction. This position will be funded by permit revenue.	Revenue Funded
2	Planning and Development	**Transportation Department Engineer-in-Training (TFT)** Additional funding to convert a regular part-time Senior Advisor position (retired incumbent previously involved in development reviews) to a temporary fulltime Engineer-in-Training position to assist with review of permits, applications and transportation plans to support growth in the City. This position will be funded by rental and lease revenue.	Revenue Funded
3	Engineering and Public Works	**Senior Climate Action Specialist (Existing Buildings) (TFT)** The City is receiving $566,000/year (2023-2025) in provincial Local Government Climate Action Program (LGCAP) funding for Community Energy and Emissions Plan (CEEP) 2050 actions. Two TFT positions, one to support transition to zero emission vehicles and another to low-carbon retrofit to existing buildings were approved in 2023. Due to the scale of work for low- carbon retrofits on existing buildings, a second TFT position is required for that particular program. This position will be funded by Provincial revenue.	Revenue Funded
4	Community Safety	**Bylaw II Officer for Unpermitted Construction (RFT)** One Bylaw II Property Use Inspector with specialized experience in the BC Building Code that will focus on Building and Zoning related bylaws violations in relation to unpermitted construction. This submission requires $61,300 initial capital cost for a vehicle. This position will be funded by enforcement revenue.	Revenue Funded
5	Community Safety	**Bylaw II Officer for Illegal Suites (RFT)** One Bylaw II Property Use Inspector with specialized experience in the BC Building Code that will focus on Building and Zoning related bylaws violations in relations to illegal suites. This position will be funded by enforcement revenue and building permit revenue.	Revenue Funded
6	Engineering and Public Works	**Fleet Administration Project Manager (RFT)** The City's Electric Vehicle charging network has expanded significantly since 2013 (from 36 to 129 charging ports). Charging station usage has increased since 2016 (from 433 to 41,894). A project manager is required to manage contractors/staff for maintaining/expanding this growing service level as well as GPS/fuel/Green Fleet planning. This position will be funded by Electric Vehicle charging revenue.	Revenue Funded
7	Engineering and Public Works	**Facility Management Program Manager (RFT)** To coordinate multiple Facility Maintenance programs and projects such as the preventative maintenance program, capital program and submissions, condition audits, asset management, sustainability initiatives, major repairs and assist with the new Works Yard project. This position will be funded by various capital projects.	Capital Funded

2024 No Tax Impact Positions Ref	Requested By	Description	Funding Source
8	Community Services	**Park Planner (RFT)** More than 47 acres of new parks have been approved by Council either as new Capital Projects or related to developments, e.g. Lulu Island Park, Lansdowne, etc. They will be developed long term (15 years plus) and requires an additional Park Planner to manage, provide design expertise and leadership. This position will be funded by various capital budgets.	Capital Funded
9	Community Services	**Recreation - Program Manager (RFT)** The recreation management team has not kept pace with recent and planned growth in community recreation centres, programs and services. Additional management staff are needed to support these services and further the actions identified in the Recreation & Sport and Community Wellness strategies. This position will be funded by previously approved amounts for developer contributed amenities.	Reallocation of Existing Budgets
10	Corporate Administration	**Human Resources Clerk (RFT)** The position is responsible for high volume PeopleSoft entries primarily from employee movement (hires, terminations, transfers, acting). Centralizing this work into this new HR Clerk position will increase the efficiency and productivity of HR services and ensure consistency and integrity of the data. This work has previously been completed by HR Advisors impacting the amount of time they can allocate to servicing the high volume recruitment needs in the organization. This position will be funded by previously approved impacts from new infrastructure and growth.	Reallocation of Existing Budgets
11	Finance and Corporate Services	**Technical Support Person for Council Audio\Visual Equipment (RFT)** In 2023, there was complete refresh of all Council camera\recording equipment, eliminating the need for a dedicated manual camera operator. Hiring a full time staff to maintain the audio\video equipment is critical to produce quality presentation and preservation of Council meeting content. This position will be funded by previously approved impacts from new infrastructure and growth.	Reallocation of Existing Budgets
12	Engineering and Public Works	**Trades 2 Electrician (2 RFTs)** The modernization of buildings has resulted in an increase in the number of related electrical assets as well as in the number of electric vehicle charging stations. Two additional electricians are needed to meet the increasing preventative maintenance and demand service requirements. These positions will be funded by reallocation of existing budgets.	Reallocation of Existing Budgets
13	Engineering and Public Works	**Public Works Data Transition & Process Improvement Project Manager (RFT)** A project manager is necessary to convert paper based systems to digital alternatives embedded in operational processes. Increased accountability measures through accurate and time stamped data entries. A project manager is required to establish the governance model and manage staff involved in process improvement initiatives. This position will be funded by reallocation of existing budgets.	Reallocation of Existing Budgets
2024 No Tax Impact Positions			**Total $1,862,167**
Initial Capital Cost associated with No Tax Impact Position #4 recommended to be Funded by Rate Stabilization Account			**$61,300**

10. Emerging Organizational Additional Levels – Recommended for Funding in 2024

Emerging Organizational Additional Levels - Recommended for Funding in 2024				
Ref	Requested By	Description	Amount	Tax Impact
1	Community Services	**City Wide Public Access Automatic External Defibrillator (AED) Program** The City has a five year contract for the supply, support and maintenance of AEDs which require ongoing funding. This request also covers the replacement of broken or stolen AEDs.	$25,950	0.01%
2	Community Safety	**Bylaw I Officers (2 RFTs)** Bylaw I Officers whose primary mandate would be to identify, monitor and enforce bylaw violations under the Traffic Bylaw and Parking Bylaws that have a nexus to social disorder issues. This submission requires $62,100 initial capital cost.	$192,304	0.07%
3	Community Safety	**Property Use Bylaw II Officers (2 RFTs)** Richmond has increased calls involving people experiencing homelessness, they are complex and resource consuming, complicated by mental, physical health and addiction related issues. Additional staff is necessary to deal with this issue. This submission requires $61,300 initial capital cost.	$234,157	0.08%
4	Planning and Development	**Outreach Workers (2 RFTs)** Two RFT Outreach Workers are required to enhance and provide proactive and timely outreach to people experiencing unsheltered homelessness in Richmond. These will supplement the existing community, community safety and emergency responses. This submission requires $60,000 initial capital cost.	$226,102	0.08%
5	Planning and Development	**Drop-in Centre and Shower Program** Since 2021, with funds from Union of British Columbia Municipalities (UBCM), a Drop-in Centre and Shower Program for those experiencing homelessness has been operated by Turning Point Recovery Society in the Brighouse Pavilion. The UBCM funding ends in 2023. An ongoing source of funding is required for this important program.	$270,000	0.09%
6	Finance and Corporate Services	**Cybersecurity Proactive Network Monitoring** Cybersecurity enhancements will further reduce the City's risk of targeted attacks or security breaches, ensuring the operational continuity and system monitoring. The original request was $716,315 (tax impact 0.25%) however due to budget constraints the scope will be reduced. This submission requires $67,024 initial capital cost.	$553,315	0.19%
2024 Total Emerging Organizational Additional Levels - Recommended			**$1,501,828**	**0.52%**
Initial Capital Cost associated with Recommended Emerging Organizational Additional levels #2, 3, 4, and 6 recommended to be Funded by Rate Stabilization Account			**$250,424**	

11. Emerging Organizational Additional Levels – Not Recommended for Funding in 2024

Emerging Organizational Additional Levels – Not Recommended for Funding in 2024				
Ref	Requested By	Description	Amount	Tax Impact
1	Community Safety	**Fire Prevention Officers (2 RFTs)** The City of Richmond continues to grow in population and densification. Single family residential properties (non inspectable) are developed and expanded into developments that include multi family residential units/buildings, day cares, shops, parking garages and common areas (one inspectable property). This submission requires $20,000 initial capital cost.	$344,082	0.12%
2	Planning and Development	**Community Social Development - Planner 1 (2 RFTs)** These positions are required to support senior planners in response to increasingly complex social issues that require research, policy work and advancing strategic priorities, particularly in the areas of housing, homelessness, poverty, accessibility and seniors.	$238,830	0.08%
3	Planning and Development	**Social Development Leader (RFT)** This position is required to support senior planners in response to increasingly complex social issues and will enhance Community Social Development's ability to advance strategic directions and respond to growing community need in the areas of housing, homelessness, poverty, accessibility and seniors.	$93,161	0.03%
4	Community Safety	**Fire-Department Associate Staff Increase (1 RFT)** One additional Department Associate in Richmond Fire-Rescue be approved to maintain the workload demands of the public and internal service delivery. This added resource will ensure that the City can continue to provide a safe community and timely responses to the public and stakeholders. This submission requires $10,000 initial capital cost.	$87,133	0.03%
5	Community Safety	**Fire-Emergency Vehicle Technician (EVT) Staff Increase (RFT)** Richmond Fire-Rescue Emergency Vehicle Technician staff increase of one be approved to maintain the workload demands of the public and internal service delivery. This added resource will ensure that the City can continue to provide a safe community and timely responses to the public and stakeholders. This submission requires $10,000 initial capital cost.	$168,441	0.06%
6	Engineering and Public Works	**City Hall Security Added Shift** Current approved funding allows for one security guard at City Hall, 24 hours per day, 365 days per year. The addition of City Hall Annex, plus an increase in security related incidents, such as break-ins, requires increased security presence.	$100,000	0.03%

Emerging Organizational Additional Levels – Not Recommended for Funding in 2024				
Ref	Requested By	Description	Amount	Tax Impact
7	Community Services	**Public Art Planner Position (RFT)** The Public Art Planner is currently funded from developer contributions to public art. This request is to have the position as part of the base operating budget in order to maintain service delivery of ongoing public programs and manage a growing collection of valuable artworks in the public realm.	$137,380	0.05%
Total Emerging Organizational Additional Levels – Not Recommended for Funding in 2024			**$1,169,027**	**0.40%**