

Councillor Tymoschuk
Councillor Steele
Councillor Priddy
Councillor Bose
Councillor Watts
Councillor Higginbotham

General Manager, Planning & Development
General Manager, Parks, Recreation & Culture
Chief Librarian
Supt. F. MacRae, Surrey RCMP Detachment
Inspector S. Bole, Surrey RCMP Detachment
City Clerk

A. CORPORATE REPORTS

1. The Corporate Reports, under date of October 26, 2004, were considered and dealt with as follows:

Item No. F003 2005 Financial Planning Process - Part 1 (General Operating)
File: 1700-01; 1705-05

The General Manager, Finance, Technology & HR submitted a report concerning the 2005 Financial Planning Process Part 1.

The General Manager, Finance, Technology & HR was recommending approval of the recommendations outlined in her report.

The General Manager, Finance, Technology and Human Resources stated that, based on the recommendations contained in the report, as well as the direction received from the 2004 planning process, staff had developed a preliminary draft of the 2005 Five-Year Financial Plan (2005 – 2009) using the following information:

- The adopted 2004 Finance Plan;
- 2.9% property tax increase;
- 2.0% cross-the-board fee increase or equivalent revenue increases;
- Target of 1 RCMP officer for every 750 citizens in Surrey;
- Additional civilian staff to support new RCMP members - 7 FTE's for each year of the Financial Plan;
- 8 new fire-fighters;
- 2 additional By-law Enforcement Officers;
- Operating costs related to the Plan for Social Well-being;
- Operating costs for South Surrey Multi-Purpose Facility, Fraser Heights Community centre, and Surrey Museum;
- Labour Contract increases (CUPE, RCMP, Fire, Library, etc.);
- Other third party contract increases (B.C. Hydro, Teresan, etc.);
- Increase the Operating Contribution to Capital (2004 level - \$5.2M; and
- Continued one-time use of Surplus up to \$2.9M.

The General Manager, Finance, Technology and Human Resources reported that new funding would be required in 2005 for the following:

- RCMP - \$9.250M for:
 - annualization of 20 police officers added in 2004;
 - 41 new police officers to begin April 2005;
 - additional vehicles and equipment for specialized RCMP needs;
 - increased overtime allowance for specialized units (\$1.8M to \$2.1M);
 - ongoing funding for 11 FTE civilians used in 2004 but not budgeted;
 - 17 FTE civilians to support additional members (Total 203 FTE's);
 - 50 additional Auxiliary Officers; and
 - Labour contract increases (members and civilian staff).
- Fire - \$2.900M for:
 - 8 new firefighters to begin April 2005;
 - annualization of 8 fire-fighters added in 2004; and

- labour, inflation and other third party contract increases.
- Other - \$6.450M for:
 - 2 additional by-law enforcement officers to begin January 2005;
 - funding for initiatives arising from the “Plan for Social Well-Being”;
 - labour, inflation and other third party contract increases;
 - operational costs for new facilities;
 - increased operating contribution to Capital; and
 - provision for Citywide inventory and other increases.

The following points were then raised during discussion:

- There are adequate reserve funds to cover replacement of equipment over the next 20 years.
- The funding for the “Plan for Social Well-being of Residents” is additional funding, not using existing funds from Parks, Recreation & Culture and Surrey Public Library.
- Council's policy regarding reserve funds (1998/1999) would need to be updated in order to address collapsing the unused reserve funds.
- Contributions would continue on an annual basis to the reserve for equipment and vehicle needs. A funding reduction would appear on the equipment side only.
- Discussion ensued with respect to additional RCMP officers and it was noted that currently there are 491 RCMP officers in Surrey. With the proposed additional 41 officers, there would be a complement of 532 officers.
- Fire Services had no material requests that could not be covered by existing funding.
- It is proposed that an additional \$7.6M be used for roads and traffic needs, including traffic calming. This matter is identified under Corporate Report F004.
- It was noted that the \$300,000 increase to RCMP overtime funds (to \$2.1M), was attributed to providing additional officers for special events, holidays such as Halloween, increased population, increased calls for service, and rededication of officers from their primary responsibilities to respond to serious crime investigations. It was added that serious crime investigation success is oftentimes predicated to front end loading of resources to move the investigation forward as quickly as possible.
- The comment was made that staff would provide further information with respect to Development Cost Charges (DCC). It was noted that DCC payments are statute-bound (*Local Government Act*) and that the City's practice is to spend DCC funds in the year following collection of these funds.

It was

Moved by Councillor Bose
Seconded by Councillor Watts
That the Finance Committee adjourn until 7:00 p.m.
Carried

The Finance Committee reconvened at 7:00 p.m. with all members of Council present.

Item No. F004 2005 Financial Planning Process - Part 2 (Capital Program)
File: 1700-01; 1705-05

The General Manager, Finance, Technology & HR submitted a report concerning the 2005 Financial Planning Process Part 2.

The General Manager, Finance, Technology & HR was recommending approval of the recommendations outlined in her report.

The attached table outlines the proposed new capital projects based on the funding available (see Appendix A):

The following points were raised during discussion:

- The comment was made that the City would apply to the province for grant funds to be used for

Greenways/Park Development. It was noted that there are two projects being considered for the application.

- It was noted that Whalley Little League had submitted a grant application for the amount of \$100,000. Councillor Tymoschuk put to Council that he is prepared to support funding for this organization in order that they may host the International Little League games in 2006. He added that Surrey and its youth would greatly benefit from this event.
- Discussion ensued with respect to the Gaming Policy and it was noted that gaming revenue funds would be invested in Parks, Recreation and Cultural capital and programming areas. The comment was made that some gaming revenue funds should be reserved to deal with the down side of gambling addiction. It was then noted that 75% of the gaming revenue funds go to Capital and it is recommended to use funds for the revitalization of the Cloverdale Fairgrounds and a variety of projects on that site. It was added that there is another 25% of gaming revenue funding going into General Operating that could be, in part, utilized in the development of the social plan.
- Further information would be provided to Council with respect to Traffic Calming projects.
- The matter of providing cricket fields was discussed briefly. It was noted that a cricket field is currently under development at the Sullivan Heights Park.

Item No. F005 2005 Financial Planning Process - Part 3 (Utilities)
File: 1700-01; 1705-05

The General Manager, Finance, Technology & HR submitted a report concerning the 2005 Financial Planning Process Part 3.

The General Manager, Finance, Technology & HR was recommending approval of the recommendations outlined in her report.

The following points were raised during discussion:

- The residential metering program commenced in 1998, requiring all new construction, both commercial and residential to be metered.
- In 2000, the voluntary metering program commenced and there are currently 22,000 customers.
- The number of meters being requested is dropping on a month-to-month basis, which indicates that most low volume users have now opted for a meter installation and those remaining on flat rates are likely the higher users.
- In order for the utilities to remain revenue neutral and maintain a user-pay system, flat rate fees must increase incrementally faster than metered rates, reflecting the increasingly higher average water usage/sewer discharge of the flat fee group.
- It is proposed that the water utility flat rate be increased from \$236 to \$267 (13.1%) for flat rate users.
- It was noted that a public stakeholder consultation had been undertaken to all large metered customers and a public open house had been held. Comments received during this process have been included in these rates.
- The comment was made that Vancouver, Richmond and Kelowna use similar charges for base metering.
- It is proposed to nominally increase the metered water rates from \$0.3966 cents per cubic meter to \$0.40 cents per cubic meter.
- There will be a 12% increase coming from the GVRD for 2005, 17% in 2006 and 21% in 2007 for bulk water costs, primarily driven by filtration facilities for Capilano and Seymour reservoirs, and contractual labour and energy cost increases.
- To offset the higher usage for existing flat rate users, it is proposed to increase the flat rates from \$236 to \$267 (13.1% increase).
- It is proposed to maintain the metered sewer rates at the 2004 level (\$0.56 cents per cubic meter) and to increase the flat rate from \$232 to \$238 (2.6%) for flat users due to a proposed increase of \$0.715 million in Surrey's GVS&DD levy rates (3.14% or about \$6.00 per household); contractual labour and energy cost increases, and streamlining of the fee structure.
- It is proposed to increase Drainage Parcel Tax from \$150 to \$152 (1.3%) in 2005 to offset labour and other contractual increases.

Recreation Facilities:					
South Surrey Multi-Purpose Facility – total funding \$8.0M	\$ 6,500				
Surrey Archives/Cloverdale Senior Centre/Storage-to match grant funding	300		1,000		
Newton Youth Centre – Multi-Purpose Space & Washroom Facilities					
Cloverdale Revitalization:	4,500	2,000	2,000	3,410	4,590
Cloverdale Fairgrounds Redevelopment (\$16.5M)		3,280	5,030	4,690	0
Cloverdale Multi-Purpose Centre/RCMP District Office (\$13M)					
Police:	700	1,300			
Thalley District Office Expansion					
Fire:	800	1,500			
New Firehall #10 – Newton					
Engineering:	4,550	5,000	500	500	500
Increased funding for Road & Traffic Needs such as City Share DCC/Bridge Replacement/Traffic Calming & Intersection Improvements (Note 1)					
	300				
Parks:		300			
Fraser Heights Park Grass Fields	2,400	800	0		0
Youth Park & Grass Fields at Guildford		200	200	200	200
Artificial Turf Fields					
Increased Funding for Greenways/Park development	0	0	0	0	3,040
Unallocated & Contingency (Note 2)					
TOTAL PROPOSED NEW PROJECTS	\$ 20,050	\$ 14,380	\$ 8,730	\$ 8,800	\$ 8,330

Note 1: Details of specific work will be submitted to Council at a later date.

Note 2: At this stage 2009 shows an unallocated figure of \$3.04 Million. Many priorities will be evaluated in the upcoming year.