



City of Richmond

Report to Committee

To: Finance Committee

Date: August 9, 2013

From: Jerry Chong
Director, Finance

File:

Re: Financial Information – 2nd Quarter June 30, 2013

Staff Recommendation

That the report titled Financial Information – 2nd Quarter June 30, 2013 from the Manager of Financial Reporting be received for information.

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

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Business Licences	<input checked="" type="checkbox"/>		
Economic Development	<input checked="" type="checkbox"/>		
Affordable Housing	<input checked="" type="checkbox"/>		
Parks Services	<input checked="" type="checkbox"/>		
Recreation Services	<input checked="" type="checkbox"/>		
Engineering	<input checked="" type="checkbox"/>		
Project Development	<input checked="" type="checkbox"/>		
Public Works	<input checked="" type="checkbox"/>		
Community Bylaws	<input checked="" type="checkbox"/>		
Fire Rescue	<input checked="" type="checkbox"/>		
RCMP	<input checked="" type="checkbox"/>		
Building Approvals	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Transportation	<input checked="" type="checkbox"/>		
REVIEWED BY DIRECTORS	INITIALS: 	REVIEWED BY CAO	INITIALS:

Staff Report

Origin

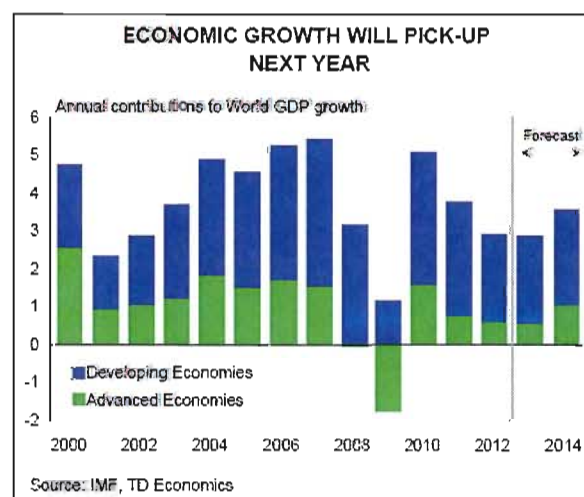
Financial information for the 2nd quarter ended June 30, 2013 is being provided to Council for review. Global and more specific economic updates outline the current environment with respect to Canada, the Province of B.C., and the City of Richmond. The City's financial results, significant revenues, investments, capital projects and other key indicator information are provided.

Analysis

Global Economic Overview^{1,2}

- Economists at TD Bank feel that Global economic growth started on a soft note this year, as major economies such as Germany, China and Brazil experienced weaker-than-expected performances.
- The RBC economists' estimate of the US second-quarter annualized GDP growth was 2.5% or 0.8 percentage points above the 1.7% advance estimate. Estimate was revised due to a sizeable improvement in the trade deficit. An upward revision to the pace of inventory building and higher non-residential structures investment were offset by slower investment in equipment and intellectual property.
- The increase in geopolitical risks in Egypt and Syria, rising concerns about another round of US government negotiations to pass the debt ceiling and the German election are factors that are adding to the uncertainty of the global economy.

Table 1



¹ TD Economics – Quarterly Economic Forecast – Global Outlook – June 18, 2013

² RBC Economics – Financial Markets Monthly – Sept 6, 2013

Canadian Economic Overview^{3,4,5,6}

The RBC Economists feel the Canadian economic growth slowed in the second quarter as was widely anticipated because of severe flooding in southern Alberta and a construction strike in Quebec that resulted in a 0.5% drop in output in June. Construction activity plummeted due to the strike while the flood effect weighed on transportation and warehousing output, and also contributed to sharp declines in wholesale and retail sales. The weakness in June followed five months of gains in real GDP.

- Canada's economy put its best foot forward in Q1 2013, as real GDP grew at a healthy 2.2% annualized pace. The showing provided reassurance that Canada has shaken off last year's growth slump. However, the outlook for the remainder of the year is more uneven. A sub-par external backdrop and subdued domestic demand should hold growth in Canada's economy to a modest 1.7% pace this year, only one point higher than TD Banks' March forecast.
- Consumer spending posted a strong increase in the quarter with both residential investment and government spending posting solid gains.

Table 2

CANADIAN ECONOMIC OUTLOOK															
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated															
	2012				2013				2014				Annual Average		
	Q1	Q2	Q3	Q4	Q1	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	12F	13F	14F
Real GDP	0.8	1.6	0.8	0.9	2.5	1.6	2.0	2.3	2.4	2.5	2.8	2.9	1.7	1.7	2.4
Labour Force	0.6	2.1	0.8	2.1	0.1	1.3	0.7	1.0	1.2	1.3	1.3	1.3	1.0	1.0	1.1
Unemployment Rate	7.4	7.3	7.3	7.2	7.1	7.1	7.1	7.2	7.1	7.1	7.0	6.8	7.3	7.1	7.0
Cons. Price Index (Y/Y)	2.3	1.6	1.2	0.9	0.9	0.9	1.4	1.6	1.5	1.7	1.7	1.8	1.5	1.2	1.7
Core CPI (Y/Y)	2.1	2.0	1.5	1.2	1.3	1.3	1.6	1.6	1.7	1.7	1.7	1.8	1.7	1.5	1.7
Housing Starts ('000's)	205	231	222	202	174	189	185	175	172	171	170	168	215	181	170
Productivity: Real GDP / worker (Y/Y)	1.2	1.4	0.3	-0.6	-0.1	0.2	0.6	1.3	1.1	1.2	1.1	1.0	0.5	0.5	1.1
F: Forecast by TD Economics as at June 2013															
Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics															

- Canadian housing activity remains buoyant, though the underlying fundamentals for continued gains are becoming less favourable. Average inflation-adjusted home prices increased 2.5% year over year in Q2 alongside strengthening sales volumes. Low borrowing costs and balanced market conditions continue to attract buyers, though slowing job growth and the recent uptick in fixed mortgage rates will likely cool activity later in the year and into 2014.
- Contractors took out building permits worth \$6.6 billion in June, down 10.3% from May and the first decrease in six months. Despite this decline, the total value of building permits continued to trend upward.

³ TD Economics – Quarterly Economic Forecast – Canadian Outlook – June 18, 2013

⁴ The Daily – Statistics Canada – August 7, 2013

⁵ Scotia bank – Global Economics – Global Real Estate – Sept 11, 2013

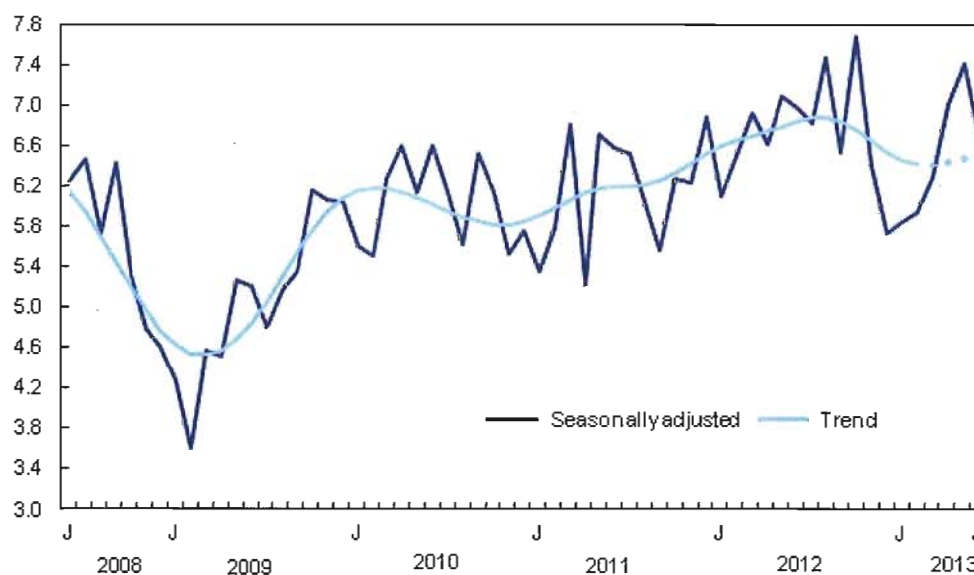
⁶ RBC Economics - Financial Markets Monthly – Sept 6, 2013

- After three consecutive monthly increases, the total value of permits in the residential sector declined 12.9% to \$4.0 billion in June. The value of residential building permits was down in nine provinces, led largely by Ontario, followed by Quebec and Alberta. Saskatchewan and the Northwest Territories showed the only gains in June.
- In the non-residential sector, the total value of building permits decreased 6.1% to \$2.7 billion in June. Quebec, Manitoba and Prince Edward Island accounted for most of the decline. Gains were recorded in five provinces, led by Alberta, British Columbia and New Brunswick.

Table 3

Total value of permits

billions of dollars



Note(s): The higher variability associated with the trend-cycle estimates is indicated with a dotted line on the chart for the current reference month and the three previous months. See Note to readers.

Source: The Daily, Stats Canada – August 7, 2013

³ TD Economics – Quarterly Economic Forecast – Canadian Outlook – June 18, 2013

⁴ The Daily – Statistics Canada – August 7, 2013

⁵ Scotia bank – Global Economics – Global Real Estate – Sept 11, 2013

⁶ RBC Economics – Financial Markets Monthly – Sept 6, 2013

Province of B.C. Economic Overview^{7,8,9,10}

After being held back in recent years by a significant cooling in its housing market, the TD Bank Economists expect that B.C.'s economy will enjoy a moderate bounce back over the 2013-14 period.

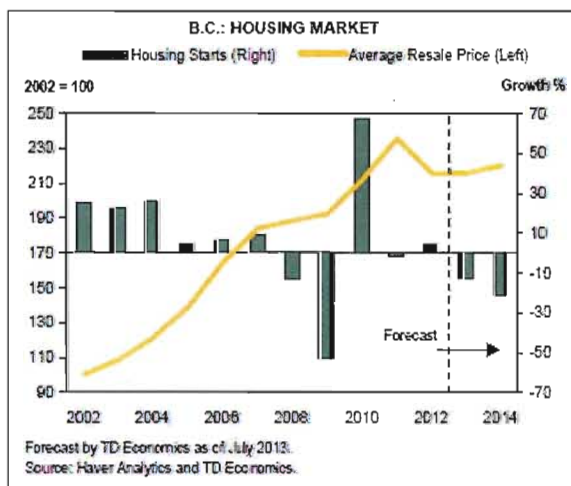
Table 4

British Columbia forecast at a glance				
% change unless otherwise indicated				
	2011	2012	2013F	2014F
Real GDP	2.8	1.8	1.6	2.7
Employment	0.8	1.7	0.4	1.5
Unemployment rate (%)	7.5	6.7	6.4	6.3
Retail Sales	3.2	1.9	2.1	4.0
Housing starts (units)	26,400	27,465	24,500	23,500
Consumer price index	2.3	1.1	0.5	1.6

Source: Royal Bank Economics - Provincial Outlook - June 2013

- The housing market continues to be a drag on B.C.'s economy. While MLS® sales are on an upswing, new home construction investment, which accounts for nearly half of all residential investment expenditures in the province, declined for an eighth consecutive month in June. Constant-dollar or real investment in new principal dwellings fell to a seasonally-adjusted \$583.3 million, marking a 0.2 per cent dip from May and 5 per cent decline from June 2012.
- The declining trend in home construction investment reflects the second-half lull in new project commencements in 2012 and fewer units under construction as completions outpaced starts. While housing starts and permits have bounced higher in recent months, annual starts will fall about 7 per cent this year leading to a 5 per cent decline in principal dwellings investment and representing a significant drag on the provincial growth picture.

Table 5



⁷ Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 35 – Week of August 26-30, 2013

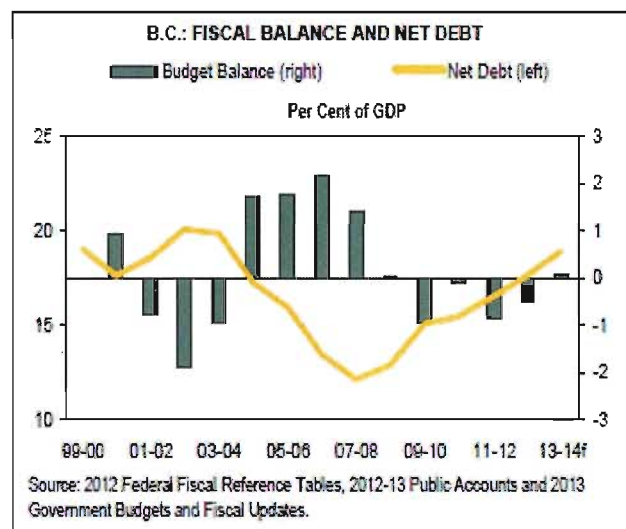
⁸ Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 36 – Week of September 2-6 –12, 2013

⁹ Labour Market Bulletin – Government of Canada – Employment and Social Development Canada – June 2013

¹⁰ Housing Now – Canada Mortgage and Housing Corporation – June 2013 & August 2013

- An anticipated increase in economic activity south of the border bodes well for the province's export sector. B.C. exporters will also benefit from rising prices in key sectors, including natural gas and lumber.
- Employment continued to be the same as in July for August. The total number of working residents is 2.32 million persons, seasonally adjusted (SA), up by an insignificant estimate of 6,200 persons (0.3%) from July. Part-time employment increased while full-time work declined. Jobs in accommodation and food services grew, while jobs in construction declined. The unemployment rate was little changed at 6.6% SA of the labour force.
- The June 2013 budget update maintained the call for a budgetary surplus in fiscal year 2013-14. Consistent with the February document, a budgetary balance will be achieved through a combination of increased tax measures, controlled spending growth and sales of surplus assets. The budget still requires legislative approval but is expected to pass given the government's majority status. The TD Economists feel that there are already tentative signs that the BC economy is slowly improving. For example, the housing resale activity stabilized by early in 2013, and new motor vehicle sales picked up in January.

Table 6



- Retail spending in B.C. rose in June for a second straight month to push above the trend observed since early 2012. Led by new car sales, sales volumes reached a seasonally-adjusted \$5.23 billion in June, up 1.3 per cent from May and a marked contrast to the 0.6 per cent national decline. The pickup suggests a mild improvement in consumer spending growth in the second quarter, but underlying demand still remains tepid. While sales were up 2.7 per cent year-over-year, national growth was more than 3 per cent, and through mid-year, year to-date sales were unchanged from year ago levels.

⁷ Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 35 – Week of August 26-30, 2013

⁸ Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 36 – Week of September 2-6 –12, 2013

⁹ Labour Market Bulletin – Government of Canada – Employment and Social Development Canada – June 2013

¹⁰ Housing Now – Canada Mortgage and Housing Corporation – June 12 & 13 August 2013

Lower Mainland Overview^{11,12,13}

- Housing starts in the Vancouver Census Metropolitan Area (CMA) were trending at 18,882 units in July compared to 17,580 in June. The trend is a six-month moving average of the monthly seasonally adjusted annual rates (SAAR) of housing starts. The trend measure of multiple-family starts has increased for the past two months, whereas the same measure for single-detached housing starts reflected relative stability. Actual housing starts totalled 10,681 units in the seven months to July 2013, which was 5.8 per cent lower than during the same period a year ago.
- The inventory of completed and unabsorbed housing units rose year-over-year in July 2013 despite increased absorptions. The number of completed and unabsorbed units was 1,382 for single-detached homes compared to 1,000 units a year ago, and 2,875 units for multiple-family homes compared to 2,193 units in the prior 12 months prior.
- The affordability percentage which represents the portion of income devoted for shelter has stabilized, but still represents a significant figure for Vancouver households. The Price-to-Income Ratio shows a similar trend reflecting the levelling of housing prices.

Table 7

Housing Outlook Summary - Vancouver *					
	Average 2000 to 2010	2011	2012	2013F	2014F
Home Sales (000's of Units)	33.8	32.9	25.4	24.3	27.1
Home Prices (\$)	-	779,453	728,230	742,051	752,423
Sales-to-New Listings Ratio	0.7	0.5	0.4	0.4	0.5
Affordability (%)	44.0	61.9	55.7	54.8	54.9
Price-to-Income Ratio	7.4	11.4	10.3	10.2	10.0
Housing Starts	15.3	17.9	19.0	17.1	16.0
Lower Mainland Housing Activity **			2012 YTD	2013 YTD	% change
New Home Listings			7,314	8,605	18%
Total Listings			41,629	37,241	-11%

*Source: TD Economics 2013-2013 Canadian Regional Housing Market Outlook – June 3, 2013

**Source: Housing Now, Canadian Mortgage and Housing Corporation – August 2013

- Residential building permits are up slightly this year, outpacing the first five months of 2012 by about 14.4 per cent on higher multi-family starts in the Lower Mainland
- In May, employment crept up in the Lower Mainland by 0.3%, which was mainly attributed to a soft real estate market beginning to level off, however fell 0.2 per cent in June. In July, Metro Vancouver fared slightly better than the rest of the province by falling another 0.2% whereas the provincial level fell by 0.5%.

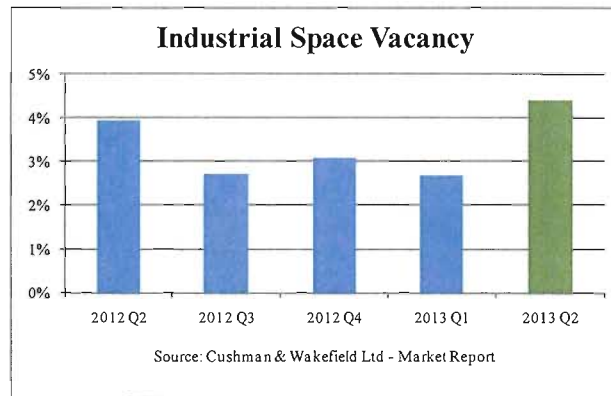
¹¹ CMHC – Housing Now – Vancouver CMA's – August 2013¹² Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 27 – Week of July 1-7, 2013¹³ Central 1 Credit Union – BC Economic Briefings – Volume 19 Issue 28 – Week of July 8-12, 2013

City of Richmond Overview

Richmond is performing well relative to global and provincial economic trends. The figures described below indicate that Richmond's economy is maintaining similar levels to that of 2012 and it is anticipated that this trend will stabilize. The activity of the remaining quarters of 2013 is expected to be in line with the financial plan.

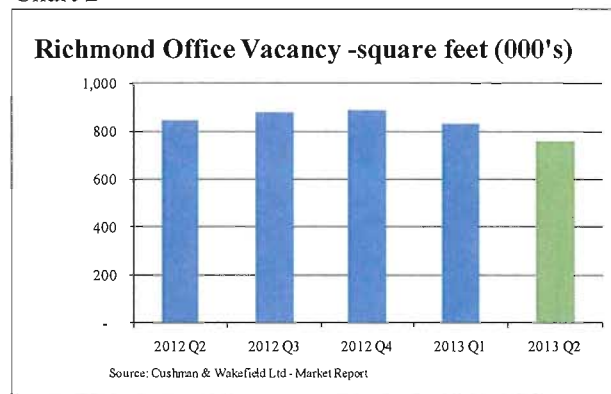
In the second quarter of this year, the vacancy rate for industrial space rose to 4.38% from 2.69%, partly due to an additional 500,000 square feet added to the total inventory. This rate continues to represent historical lows and a high demand, despite the inventory of 37.5 million square feet being one of the largest in the region. Industrial space continues to decline overall, pressuring business retention of light industry companies in need to move their operations from areas of re-development.

Chart 1



The office space vacancy rate has dropped another 1.5 percentage points in the last quarter and currently sits at 17.43% in Q2 of 2013. Although a consistent decrease for two consecutive quarters, this rate has not lowered enough to warrant an increase in inventory. Demand for new office space continues to centre around accessible transportation networks.

Chart 2



The value of building construction for permits issued increased significantly from the 1st quarter of 2013 from \$74.7M to \$172M in the 2nd quarter of 2013. This reflects the current trend of higher value construction projects, predominately as mixed-use residential and commercial buildings are starting to complete.

Chart 3



In the 2nd quarter, there were 347 building permits issued, which is comprised of multi-family and residential building permits, which is consistent with the 348 permits issued in the 2nd quarter 2012. The total fees collected for the 2nd quarter decreased by 21% from \$2.2M to \$1.7M for 2012 to 2013 due to the mix of townhouses and low rise residential building projects being constructed.

Chart 4

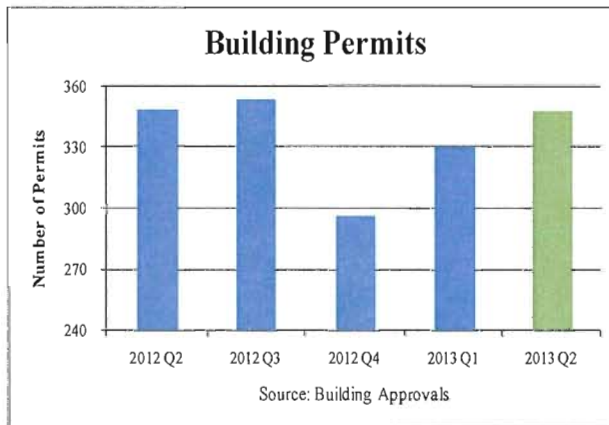


Chart 5



There were 35 development applications received in the 2nd quarter which is a decrease of 47% as compared to 66 received in the same quarter in 2012. Development application fees fell by 27% in the 2nd quarter of 2013 when compared to the 2nd quarter of 2012 due to the type and scope of the applications submitted in 2013. The number of application submissions is down when compared to 2012 due to the limited land available for small developments (arterial roads and area plans); the single family housing market had slowed in 2012 and there were a number of large projects in the City Centre that began marketing pre-sales late last year and early this year. Until the large inventory of new residential units currently being marketed in the City Centre can be absorbed, staff anticipate there will be a moderate slow down in new application submissions.

Chart 6

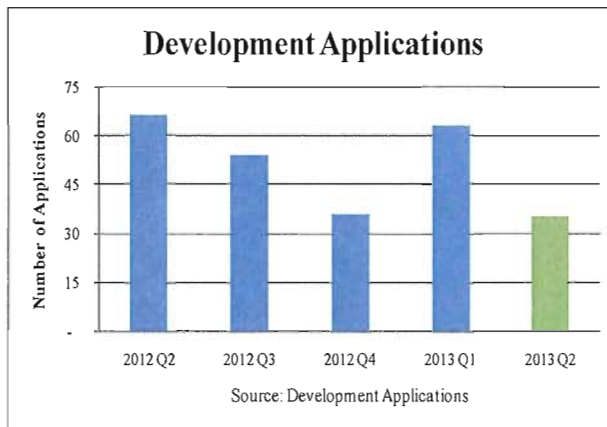
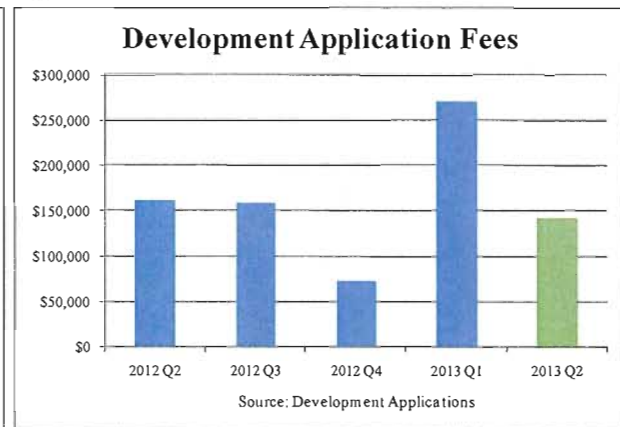
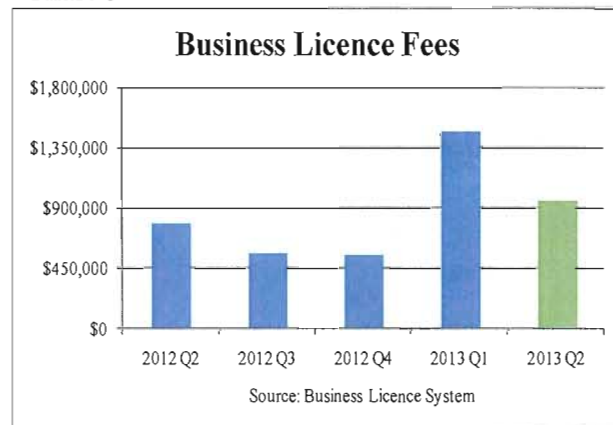


Chart 7



Business Licence activity for the 2nd quarter of 2013 is consistent with the 2nd quarter 2012. In 2012, the 2nd quarter revenue was \$0.83M compared to the \$0.95M earned in 2013. There were 586 new licenses issued in the 2nd quarter of 2013 as compared with the 669 new licenses issued in the 2nd quarter of 2012.

Chart 8



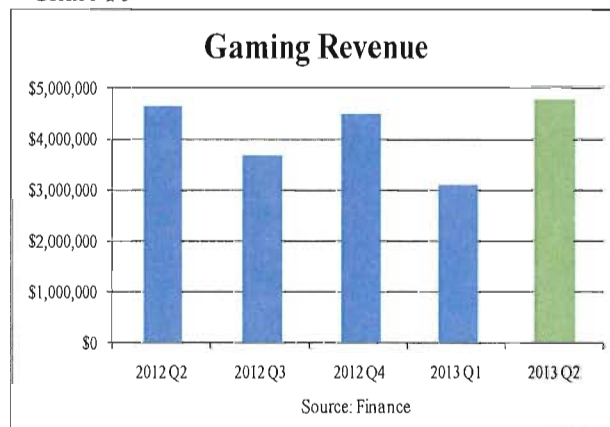
Parking Program revenues from meters, permits and enforcement for the 2nd quarter of 2013 increased by \$87K to \$499K from \$412K for the same period in 2012.

Chart 9



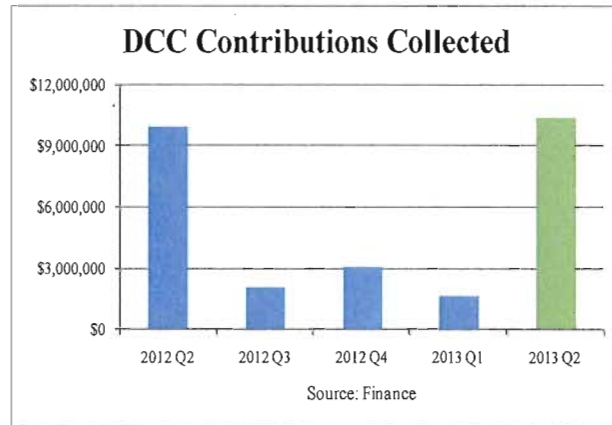
Gaming revenues for the 2nd quarter are slightly higher at \$4.75M compared to \$4.63M in the same quarter last year representing a 2.5% increase.

Chart 10



DCC contributions received in the 2nd quarter of 2013 were slightly higher than the same quarter 2012 by 4.2%. The 1st quarter DCC contributions in 2013 were \$1.62M and for the 2nd quarter \$10.36M, which keeps with historical trends, that more building permits are issued through the 2nd quarter which is directly correlated to an increase in developer contributions.

Chart 11



Statement of (net revenues)/expenditures
For the period ending June 30, 2013

Operating Budget (000's) General Fund	Budget 2013*	Actuals June 30, 2013 **	Variance as at June 30, 2013
RCMP	\$19,298	\$19,083	\$215
Fire Rescue	15,212	14,044	1,168
Community Services	17,278	15,990	1,288
Engineering and Public Works	18,550	18,418	132
Finance and Corporate Services	8,370	7,810	560
Library	4,013	4,048	(35)
Planning and Development	3,037	2,167	870
Corporate Administration	3,617	3,365	252
Law and Community Safety	1,752	1,130	622
Fiscal	(91,701)	(92,173)	472
Total	(\$574)	(\$6,618)	\$5,544

* The 2013 Budget amount represents the prorated annual budget to June 30, 2013 adjusting for the timing of certain revenues and expenditures.

** The 2013 Actuals include, where applicable, accruals and estimates for revenues and expenditures.

The following are the explanations for net expenditure variances at the departmental/divisional level:

- RCMP is targeted to be slightly under budget by the end of the year. The federal contract amount for the 2nd quarter includes a credit adjustment for the RCMP Fiscal year end.
- Richmond Fire Rescue is expected to be on budget at the end of the year. The current favourable variance will be utilized during the 3rd quarter for required staffing levels.
- Community Services revenues and expenditures are on track given the seasonal nature of the business. The highest levels of expenditures are during the summer months are for parks maintenance, swimming pools and summer programs for community centres and cultural and heritage facilities. The majority of special event expenses will be recorded in the 3rd and 4th quarter including those for Ships to Shore, Maritime Festival, Salmon Row and Culture Days 2013.
- Engineering & Public Works are due to be on budget by the end of the year. The favourable variance in the 2nd quarter can be attributed to the timing of preventative maintenance and seasonal programs which began in the 2nd quarter and will continue throughout the 3rd quarter.

- Finance and Corporate Services has a favourable variance due to higher business licences revenue relative to budget, unfilled positions within the Finance Division and lower contract costs in IT.
- Library is on budget for the 2nd quarter.
- Planning and Development has realized higher than anticipated Building Permit revenue for the 2nd quarter. The favourable variance is based on a stronger than anticipated housing market, particularly in the multi-residential applications. It is anticipated the construction activity will remain stable with the potential moderate increase in the housing market.

There is also a favourable variance in development application revenue for the 2nd quarter due primarily to large servicing agreements associated with a number of substantial development applications. It is anticipated that development activity will remain relatively stable during the 3rd quarter of 2013 although application submissions are anticipated to slow given the amount of new residential units that are currently being marketed for sale in the City.

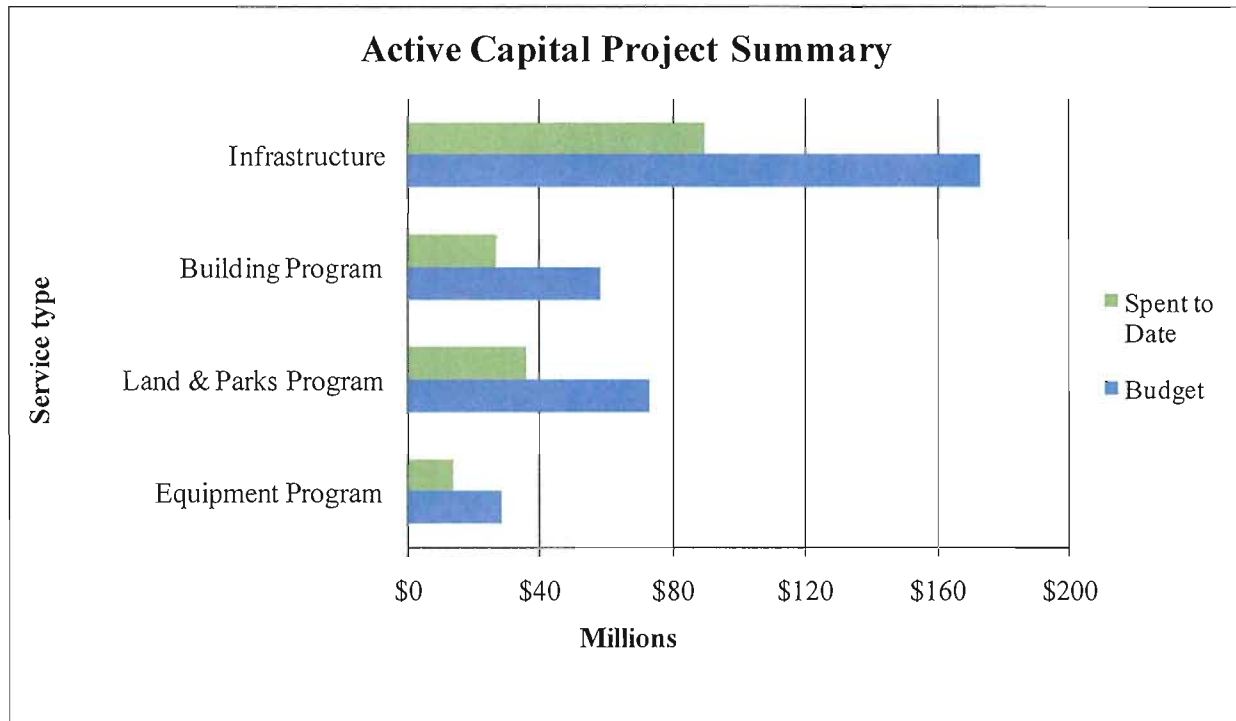
- Corporate Administration has a favourable variance due mainly to the timing of training expenditures and vacant positions.
- Law and Community Safety has a favourable variance for the 2nd quarter due to vacancies and parking program revenue exceeding budget.
- Fiscal has a favourable variance for the 2nd quarter with anticipated expenses to be incurred throughout the year.

Active Capital Project Summary

The 2013 Capital Budget of \$65.8M (excluding internal payment transfers and debt repayments) are included in the figures below as are amounts relating to capital projects from previous years' Capital Budgets that remain active.

Statement of Active Capital Project Expenditures in \$'000s

	Budget	Spent to Date	Committed
Infrastructure	173,216	89,750	83,466
Land & Parks Program	73,006	36,065	36,941
Building Program	58,086	27,102	30,984
Equipment Program	28,636	14,135	14,501
Grand Total	\$ 332,944	\$ 167,052	\$ 165,892



Infrastructure Highlights:

- **Westminster Hwy: Nelson Rd. to McMillan Way – Widening Westminster Hwy:**
 - Approved Budget: \$10.4M (2011)
 - *20% Complete*
 - Preload works are continuing. The main road construction contract has been awarded, and will commence once the preload settlement is complete.
- **Nelson Road Improvements – Widening Nelson Road between Blundell Road and Westminster Highway:**
 - Approved Budget: \$4.1M (2011)
 - *Design Complete*
 - The main road construction contract has been awarded. Environmental, traffic and property approvals are being finalized, and the start of construction is expected in the August/September timeframe.
- **No. 1 Road Drainage Pump Station:**
 - Approved Budget: \$3.45M (2010)
 - *95% Complete*
 - This project has been substantially completed, and the dike path has been re-opened to the public. The public art panels are being finalized, with installation scheduled for Q3 2013.
- **Steveston Drainage Area Replacement and Upgrades – Williams Road West Drainage Pump Station Upgrade:**
 - Approved Budget: \$2.0M (2011)
 - *97% Complete*
 - This project has been substantially completed, including installation of a water bottle filling station. Installation of public art is expected to occur in Q3 2013.
- **No. 6 Road Widening:**
 - Approved Budget: \$1.7M (2011)
 - *Design 95% Complete*
 - Construction tendering is anticipated for the August 2013 timeframe.
- **Aintree Crescent (West) Laneway Drainage and Pavement Upgrade:**
 - Approved Budget: \$540K (2013)
 - The scope of this project includes re-grading of the surface to address 'ride-ability' and drainage issues. This project is being built by the City's Integrated Works Group. Project completed.
- **Ainsworth Crescent (West) Laneway Drainage and Pavement Upgrade:**
 - Approved Budget: \$510K (2013)
 - Similar to the Aintree Crescent Laneway, this project includes re-grading of the surface to address 'ride-ability' and drainage issues, and is being constructed by the City's Integrated Works Group. Project completed.

Building Highlights:

- **Interurban Tram Structure:**
 - Approved Budget: \$1.9M (2010)
 - *100% Complete*
 - Construction of the new structure which will house the Interurban Tram Car in Steveston Park is complete as of March 2013. The Interurban Tram Car 1220 has been moved into the building. The building will permit the restoration of the Tram Car as well as viewing by the public.
- **Hamilton Childcare Centre:**
 - Approved Budget: \$1.8M (Land value \$480K) (2010)
 - *25% Complete*
 - A site plan and preliminary drawings have been developed, and rezoning is complete for this modular childcare service facility. Preloading placement at the site is complete. The design services have been awarded and design commenced in January 2013. Construction is planned to be complete June 2014.
- **Britannia Heritage Shipyards – Seine Net Loft:**
 - Approved Budget: \$1.2M (2010)
 - *90% Complete*
 - Construction is underway with final preparations for the exterior painting. The upgraded building will provide Parks & Recreation programmed events at the ship yard.

Community Services / Parks Highlights:

- **Railway Corridor:**
 - Approved Budget: \$2.2M (2013)
 - *75% Complete*
 - Construction is underway with the asphalt installation along this 5.6 kilometer trail which will link the North and South waterfront trail system.
- **Terra Nova Heritage Building Restorations:**
 - Approved Budget: \$2.0M (2005)
 - *75% Complete*
 - Construction in progress at the Cannery Store & House.
- **Terra Nova Play Environment:**
 - Approved Budget: \$1.0M (2012)
 - *30% Complete*
 - Construction is underway with the play environment base preparations and play box installations. Play equipment to be ordered and installed later in the summer. Construction is expected to be complete by the fall.

- **Oval West Waterfront Park:**
 - Approved Budget: \$850K (2012)
 - *30% Complete*
 - Tender process completed and awarded to Wilco Construction for development of the waterfront park adjacent to the Richmond Oval. Construction is scheduled for completion by late summer.
- **Britannia Heritage Shipyards, Slipways Restoration:**
 - Approved Budget: \$513K (2013)
 - *5% Complete*
 - Planning & design in progress for the restoration of the slipways inside the main shipyards building.
- **Garden City Community Park:**
 - Approved Budget: \$500K (2012)
 - *10% Complete*
 - Design in progress for the bike park. Construction to start in the summer.
- **The Gardens Agricultural Park:**
 - Approved Budget: \$316K (2012)
 - *5% Complete*
 - Design in progress. Construction to start in the summer.
- **Thompson Youth Park, Phase 3:**
 - Approved Budget: \$300K (2013)
 - *5% Complete*
 - Design to start in August and construction to start in the fall.

Cash and Investment Portfolio

The City's cash and investment portfolio at June 30, 2013 was \$767.5M, with an average yield on investment for the 2nd quarter of 1.75%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Appendix 1).

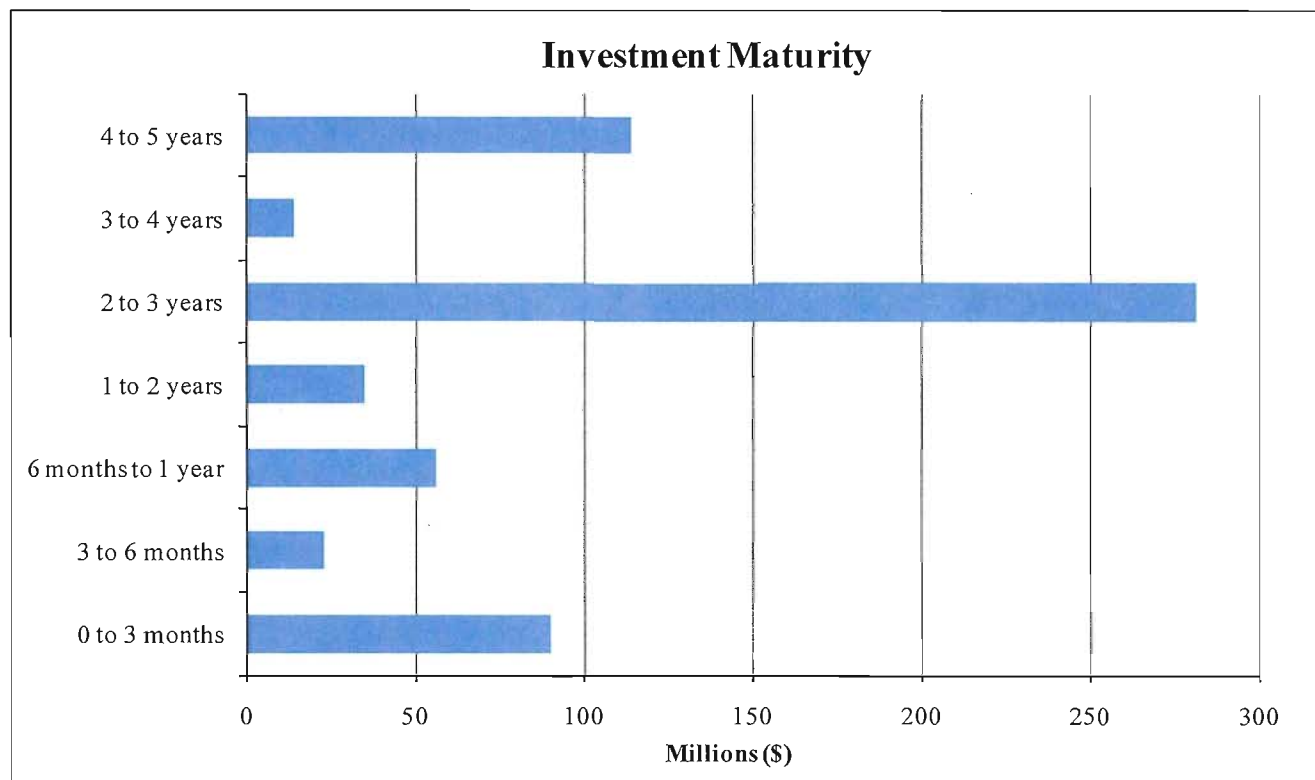
Market Interest Rates (for analytical purposes only)

	June 30, 2013
3 month Government of Canada T-Bills	1.03%
2 Year Government of Canada Bonds	1.23%
5 Year Government of Canada Bonds	1.84%
10 Year Government of Canada Bonds	2.50%

Source: Bank of Canada

Overall global economic growth remains modest; with the U.S. economic expansion proceeding at a moderate pace, offset by the weak economic activities in the euro area and the slowdown of real GDP growth in China and other emerging markets. These factors have resulted in the Bank of Canada downgrading slightly its global growth forecast and maintaining its benchmark overnight rate at 1.0% during its July 2013 interest rate announcement. It is anticipated that the interest rate environment will remain status quo for the rest of the year.

The City in accordance with its Investment Policy (3703) is required to carry a diversified investment mix with strong credit quality and at the same time meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return. Staff will look at updating the Investment policy to reflect the current market conditions.



Key Indicators (Appendix 2)

This appendix provides information with regard to various financial and market indicators for the year 2013 as compared to 2012.

Contract Awards (Appendix 3)

This report provides Committee members information with regard to the formal contracts awarded by the City during the 2nd quarter. During this period, 70 contracts greater than \$25,000 were awarded totalling over \$15.5M.

Financial Impact

None.

Conclusion


The City of Richmond has maintained its strong financial position through the second quarter of 2013. Business activity remains strong, revenue collection is exceeding expectations and the building construction and development activity is consistent with previous years. It is expected that these trends will stabilize throughout the remaining 2013.



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Cash and Investment Portfolio
June 30, 2013 (in 000's)

Issuer	Amount	% of Portfolio
Federal Government and Federal Crown Corporations		
Canadian Mortgage and Housing Corporation	\$ 316,791	41.27%
Government of Canada	\$ 16,277	2.12%
Total	\$ 333,068	43.39%
Provincial Governments and Provincial Crown Corporations		
Province of Ontario	\$ 85,613	11.15%
Province of New Brunswick	\$ 24,171	3.15%
Financement Quebec	\$ 21,153	2.76%
Total	\$ 130,936	17.06%
Schedule I Banks		
Royal Bank of Canada	\$ 15,396	2.01%
Canadian Western Bank	\$ 10,000	1.30%
CIBC	\$ 8,990	1.17%
TD Financial	\$ 8,584	1.12%
Scotia Bank	\$ 7,622	0.99%
Total	\$ 50,592	6.59%
Credit Unions		
Gulf & Fraser Financial Group	\$ 29,520	3.85%
Vancity Savings Credit Union	\$ 28,895	3.76%
Coast Capital Savings	\$ 15,327	2.00%
Total	\$ 73,743	9.61%
Pooled Investments		
Municipal Finance Authority	\$ 21,786	2.84%
Total	\$ 21,786	2.84%
Total Investments	\$ 610,125	
Total Cash & Cash Equivalents	\$ 157,413	20.51%
Total Reported Investments and Cash & Cash Equivalents	\$ 767,538	

 City of Richmond Key Indicators - June 30, 2013				
All \$ in 000s	Q2 2013 Apr - Jun 2013	Q2 2013 to Q2 2012 % Change	Year to Date Jan-Jun 2013	2013 YTD to 2012 YTD % change
Housing Starts				
Number of Housing Starts (number of units)	736	14.3%	979	(2.0%)
Number of Demolitions	96	(40.7%)	160	(45.9%)
Net Housing Units Added	640	32.8%	819	16.5%
Building Permits				
Number of Building Permits Issued	347	(0.3%)	677	5.5%
Permit Revenues Collected	\$1,718	(21.0%)	\$2,719	(23.0%)
Value of Building Construction for Permits Issued	\$172,376	(9.9%)	\$247,170	(4.2%)
Development Applications				
Development Applications Received	35	(47.0%)	98	(15.5%)
Development Applications Revenue	\$142	(27.0%)	\$412	(14.7%)
<i>Revenue reported for Development Applications reflects deferred revenue adjustments for 2012 & 2013</i>				
Business Licenses				
Number of New Business Licenses Issued	586	(12.4%)	1,008	(13.8%)
Number of Employees Reported - New Licenses	1,976	(30.1%)	3,779	(13.4%)
Total Valid Licenses Renewed/(Discontinued)	315	(29.7%)	13,240	(3.0%)
Revenue Received for Current Year Licenses	\$947	14.4%	\$2,409	(0.4%)
Revenue Received for Next Year (Deferred)	\$190	9.8%	\$250	10.7%
Total License Revenue	\$1,137	19.4%	\$2,659	0.5%
<i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>				
Other Revenues				
Parking Program Revenue	\$499	21.1%	\$969	25.6%
Gaming Revenue	\$4,747	2.5%	\$7,838	5.7%
Traffic Fine Revenue to date	\$394	(50.1%)	\$394	(66.7%)
Development Cost Charges Income				
Roads, Water, Sewer DCC's Received	\$4,466	21.4%	\$5,264	(12.2%)
Parks DCC's Received	\$5,899	(5.9%)	\$6,718	(22.1%)
Total DCC Fees Received	\$10,366	4.2%	\$11,982	(18.1%)
Uncommitted Reserves				
DCC Reserves to date	\$39,506	14.8%	\$39,506	14.8%
Capital Funding Reserves to date	\$95,932	12.7%	\$95,932	12.7%
Affordable Housing Reserves to date	\$8,639	180.5%	\$8,639	180.5%
Other Reserves to date	\$110,438	(5.5%)	\$110,438	(5.5%)
Total Uncommitted Reserves to date	\$254,515	24.6%	\$254,515	24.6%
Taxes to date				
Taxes Collected	\$155,831	1.4%	\$164,172	1.7%
City Portion of Taxes Collected	\$76,357	1.4%	\$80,444	1.7%
Unpaid Taxes - Delinquent & Arrears	\$4,635	4.5%	\$4,635	4.5%
No. of Participants on PAWS (Pre authorized withdrawal)	6,004	4.3%	6,004	4.3%
PAWS	\$4,448	8.6%	\$11,088	8.2%
Interest Rate Paid to PAWS	1.00%	0.00%	1.00%	0.0%
<i>Sources: All data is from City of Richmond records</i>				



City of Richmond

Key Indicators - June 30, 2013

All \$ in 000s	Q2 2013 Apr - Jun 2013	Q2 2013 to Q2 2012 % Change	Year to Date Jan-Jun 2013	2013 YTD to 2012 YTD % change
Employees				
Number of City Employees (City and Library)	1,944	1.0%	1,944	1.0%
Fire Rescue Responses	2,334	1.5%	4,585	0.9%
RCMP - Calls for Service Handled	17,072	(4.7%)	33,578	(4.5%)
Affordable Housing - New Units				
New Affordable Rental Units	-	(100.0%)	-	(100.0%)
New Secondary Suite/Coach House Units	5	25.0%	6	(50.0%)
New Market Rental Units	-	0.0%	-	0.0%
Unspent Funds Allocated to Capital Projects to date	\$11,074	6.0%	\$11,074	6.0%
Investments				
Total Investments	\$767,538	41.5%	\$767,538	41.5%
Interest Earned on Investments				
Average City Rate of Return on Investments	1.75%	(0.49%)	1.75%	(0.49%)
<i>Sources: All data is from City of Richmond records</i>				
Market Indicators				
Median Residential Selling Prices - Richmond				
Single Family Detached	\$948	(2.7%)	\$948	(2.7%)
Townhouse	\$501	(3.5%)	\$501	(3.5%)
Apartment	\$339	(0.6%)	\$339	(0.6%)
Number of Sales (all housing types)	1,033	25.2%	1,697	1.6%
<i>Source: Real Estate Board of Greater Vancouver</i>				
Unemployment Rate-Greater Vancouver	6.6%	(0.7%)	6.6%	(0.7%)
<i>Regional Unemployment Rate (3 month moving average)</i>				
<i>Source: Statistics Canada & BC Stats (Data not available for Richmond)</i>				
Economic Development				
Total sq. ft space Office YTD	4,358,727	0.0%	4,358,727	0.0%
Total sq. ft vacant space available Office YTD	759,897	(10.1%)	759,897	(10.1%)
Vacancy rate - Office (in %) YTD	17.43%	(10.1%)	17.43%	(10.1%)
Total sq. ft space Industrial YTD	37,563,968	3.5%	37,563,968	3.5%
Total sq. ft vacant space available Industrial YTD	1,643,855	34.1%	1,643,855	34.1%
Vacancy rate - Industrial (in %) YTD	4.38%	11.5%	4.38%	11.5%
<i>Source: Cushman & Wakefield Ltd. - Market Report</i>				
Richmond Population Estimate Year End*	2013	205,133		
<i>*Note: BC Stats Population figures</i>	2012	201,471		

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

<i>Item</i>	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
1.	4609EOI - Construction Manager for the City of Richmond	Stuart Olson Dominion	\$2,371,650	Project Development & Facilities Services
2.	4664Q – General Contractor for Richmond Ice Centre	Venture Pacific Construction Management	\$226,574	Project Development & Facilities Services
3.	4701 Q – On Call Painting Contractor	Lincor Enterprises	\$40,000 est	Engineering & Public Works
4.	4711T - Granville Avenue Watermain Sliplining	PW Trenchless Construction	\$207,513	Engineering & Public Works
5.	4746P - Richmond Fire-Rescue Drill and Job Task Review	Centric Health	\$42,156	Richmond Fire-Rescue
6.	4749P - Food Services Operator for City Hall Cafe	Canwell Enterprises Ltd.	Approx \$75,000 over 5 years based on revenues	Finance and Corporate Services
7.	4762F - Fire Department Scheduling System -Telestaff System	Kronos	\$74,835	Law and Community Safety
8.	4772T – Construction Services for Oval West Waterfront Park	Wilco	\$1,100,000	Community Services
9.	4783T – Nelson Road Widening	King Hoe Excavating Ltd.	\$1,801,663	Engineering and Public Works
10.	4784T - Westminster Highway Widening	BD Hall Constructors Corp.	\$3,952,655	Engineering and Public Works
11.	4787F - JOC Urgent roof repair roofing surplus overtop of main building electrical transformer room at City Hall	Ashton Mechanical	\$77,666	Engineering and Public Works
12.	4794P - Bath Slough Drainage Pump Station Upgrade	Opus Dayton Knight Consultants Ltd.	\$346,505	Engineering and Public Works
13.	4795F – West Richmond Community Centre Building Envelope Consulting Service	Levelton	\$125,000	Engineering and Public Works
14.	4799Q - Two (2) Triple Axle 25 tonne tilt tag trailers	Raja Trailer & Equipment Sales	\$89,066	Engineering and Public Works - Fleet

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

<i>Item</i>	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
15.	4801Q - Supply and Delivery of 2 (Two) Mini Vans	Maple Ridge Chrysler Jeep Dodge	\$55,442	Engineering and Public Works - Fleet
16.	4803Q - Supply & Delivery of One (1) Tier 4 Compliant Backhoe	Finning (Canada)	\$131,288	Engineering and Public Works - Fleet
17.	4807P - Garden City Lands Phase 1 - Site Analysis and Public Engagement Process	CitySpaces Consulting	\$119,045	Community Services Parks - Planning
18.	4817P - Engineering Design for the Steveston East Dunford Subdivision Proposed Waterworks Project	ISL Engineering and Land Services Ltd.	\$42,550	Engineering and Public Works
19.	4818Q - Supply and Delivery of Electrical Kiosk for Montrose Pump Station	Northwest Tech-Con Systems	\$59,880	Engineering and Public Works
20.	4819F - Construction Management services to deliver Oval Mezzanine Expansion project	Stuart Olson Dominion	\$178,000	Project Development & Facility Maintenance
21.	4820F - Voyageur Way and Simpson Road Watermain Construction	Penta Builders Group	\$92,320	Project Development & Facility Maintenance
22.	4823F - Conduct air sealing on 5 City buildings to achieve energy savings	Tremco Canada Division	\$89,612	Sustainability
23.	4824F - Richmond Public Library Wireless Access Upgrade Project 2013	Smart Edge Networks	\$141,991	Library
24.	4825F - Construction Services for Branscombe House and site services	Penta Builders Group	\$301,500	Project Development & Facility Maintenance
25.	4826F - Mould Remediation of the Interurban Tram	Pro Active Hazmat and Environmental	\$29,900	Community Services
26.	4828F - 2013 Thermoplastic Road Markings	Sutton Road Marking Ltd.	\$45,000	Engineering and Public Works - Roads
27.	4842Q - 2013 Exterior Repainting for Misc. COR Facilities	Combined Painting	\$46,765	Engineering and Public Works

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

<i>Item</i>	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
28.	4856F - Event Professionals and production services for Maritime Festival 2013	Anigraph Productions Limited	\$145,000	Major Events and Film
29.	4857F - 12-month media monitoring amendments starting April 1, 2013	Infomart	\$28,740	Corporate Communications
30.	4861F - Secure records storage	BC Records Management Services	\$26,500	Records
31.	4862F - City Hall Trane Chiller Renewal Service	Trane	\$127,300	Facilities Maintenance
32.	4866Q – Box Culvert Replacement – 2 Rd.	Merletti Construction	\$252,000	Engineering and Public Works
33.	4890F - Design and Construction Oval Fitness Space	Stuart Olson Dominion	\$174,570	Project Development & Facilities Services
34.	4895P – Consulting Services - Resilient Economy Strategy	Coriolis Consulting Corp.	\$70,000	Economic Development
35.	4897P - Communications Services for the Garden City Lands Strategy	Switch United Design Inc.	\$48,500	Communications
36.	4900F - Compile and Publish City of Richmond Child Care Design Guidelines and Technical Specifications	Dialog	\$30,000	Project Development & Facility Maintenance
37.	4902Q - Storm sewer box culvert replacement 11400 No. 2 Road	Merletti Construction (1999) Ltd	\$225,000	Engineering and Public Works
38.	4903F - Supply and Delivery of Instructional Materials for Aquatics	Canadian Red Cross	\$32,000	Community Services
39.	4904F - Council Chambers Audio-Video Consulting	McSquared System Design Group	\$36,680	Information Technology
40.	4905F - Software Update License & Support	Oracle Canada ULC	\$244,857	Information Technology
41.	4906F - Implementation Services, Dog licenses and municipal ticketing	Tempest Development Group	\$137,100	Information Technology

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

<i>Item</i>	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
42.	4907F - Annual Support Contract	CSDC Systems Inc	\$59,548	Information Technology
43.	4908F - Emergency repair of Drainage Culvert at 18691 Westminster Hwy	Merletti Construction (1999) Ltd	\$28,000	Engineering and Public Works
44.	4909F - Software License from June 1, 2013 to Jan 31, 2015	Open Text Corporation	\$259,872	Information Technology
45.	4910F - Selectron WebPermits Module	Selectron	\$35,616	Information Technology
46.	4911F - Supply and Install Structural Lumber at Seine Net Loft	Penta Builders Group	\$35,950	Project Development & Facilities Services
47.	4912F - Class maintenance and support renewal April 01, 2013 to May 31, 2014	The Active Network	\$92,884	Information Technology
48.	4913F - Bylaw Prosecution Fees for 2013	JW Lees Law Corporation	\$45,000	Law and Community Safety - Bylaws
49.	4914F - Consulting Services - Railway Corridor Greenway	Hapa Landscape Architecture Collaborative	\$29,655	Community Services
50.	4915F - Supply and Delivery of Telephones	Telus Communications	\$108,122	Information Technology
51.	4916F - Design Services - Branscombe House	Hapa Landscape Architecture Collaborative	\$31,075	Community Services
52.	4917F - Annual Support and Maintenance for Tempest System April 1, 2013 - Jan 31, 2104	Tempest Development Group Inc	\$77,518	Information Technology
53.	4918F - Printing Services - Green Cart Information Kit Brochures for Environmental Services	Blanchette Press	\$34,050	Environmental Services
54.	4919F - Supply and Delivery of Submersible pressure transducer and Stainless Steel Adapters for the Radio Shop	Geo Scientific Ltd	\$53,520	Engineering and Public Works
55.	4920F - Supply and Install LED Signage connection at Steveston Fire Hall - Plan Group	Govan Brown Szeto Construction Managers	\$41,737	Project Development & Facilities Services

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

<i>Item</i>	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
56.	4921Q - Supply and Delivery of Scaffolding for Britannia Heritage Shipyards Seine Net Loft	Matakana Scaffolding BC Inc	\$41,270	Project Development & Facilities Services
57.	4922Q—Britannia Heritage Shipyards Seine Net Loft - Fire Suppression	Escape Fire Protection Ltd	\$160,895	Project Development & Facilities Services
58.	4923Q - Britannia Heritage Shipyards Seine Net Loft - Electrical Work	Jim Brookshaw Electrical installation	\$84,100	Project Development & Facilities Services
59.	4924Q - Britannia Heritage Shipyard - Framing and Structural Steel Installation	Penta Builders Group	\$74,025	Project Development & Facilities Services
60.	4925F - Annual Powder Post Beetle Remediation at Britannia Heritage Shipyards	Entech Environmental Ltd.	\$46,729	Project Development & Facilities Services
61.	4926F - INFOR (Hansen) Annual Support	Info (Canada) Ltd	\$94,376	Information Technology
62.	4927Q - Seine Net Loft upgrade Metal Guard Rail	Morph Industries Ltd	\$59,900	Project Development & Facilities Services
63.	4928Q - Life Safety Upgrade to Seine Net Loft	Impact Ironworks Ltd	\$63,700	Project Development & Facilities Services
64.	4929F - Architectural and building envelope consulting for Watermania	Hughes Condon Marler	\$27,500	Project Development & Facilities Services
65.	4930F - Fitness Services at Aquatic centres for 2013	Richmond Fitness & Wellness Association	\$131,500	Community Services
66.	4931F - Fitness and Wellness Program Instruction at Aquatic Centers for 2013 at Garrett/Pavillion	Richmond Fitness & Wellness Association	\$60,000	Community Services
67.	4932F - Production of information videos for Engineering Capital Projects	Shaka Productions	\$30,422	Engineering and Public Works

Contract Awards > \$25,000
April 1st, 2013 to June 30th, 2013

68.	4944F - Design, Fabrication and Delivery of Public Art Work "Rookery and Roost: Metal Origami" at 9388 Cambie Road and 4033,4099,4133,4008,4068 and 4088 Stolberg Street	James Erick	\$130,000	Community Services
69.	4947F - Fuel Island dispensing terminal upgrade	Western Oil Services	\$37,499	Engineering and Public Works
70.	4950F - Supply and install 115m of 300mm diameter watermain on Blundell Road	Westmark Development Group	\$85,200	Engineering and Public Works