



**City of Richmond**

**Report to Committee**

**To:** Finance Committee

**Date:** May 11, 2009

**From:** Jerry Chong  
Director, Finance

**File:**

**Re:** 2009 1<sup>st</sup> Quarter Financial Information

**Staff Recommendation**

That the report on Financial Information for the 1<sup>st</sup> quarter ended March 31, 2009 be received for information

Jerry Chong  
Director, Finance  
(4064)

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES	NO
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REVIEWED BY CAO Acting	YES	NO
		<input type="checkbox"/>

## Staff Report

### Origin

The following financial updates have been provided for the 1<sup>st</sup> quarter ended March 31, 2009.

- Statement of net revenues/expenditures (actual vs. budget)
- Net Expenditure by Service Type – **Appendix 1**
- Revenue Updates – **Appendix 2**
- Status of Capital Program (Project Summary) – **Appendix 3**
- Investment Portfolio – **Appendix 4**
- Key Indicator Trends – **Appendix 5**
- Key Indicators – **Appendix 6**
- City Employees – **Appendix 7**
- Contract Awards – **Appendix 8**

### Analysis

#### Financial Performance

The 1st quarter financial results show year-to-date net revenues of \$7.8 million compared to a break-even budget. This is primarily due to the fact that the budget is spread evenly throughout the year, whereas the actual expenditures and revenues reflect the seasonal nature of business. Favourable variances have occurred in such areas as RCMP \$1.9 million, Fire Rescue \$1.1 million, Parks, Recreation & Cultural Services \$1.2 million, Engineering & Public Works \$2.6 million and Business & Financial Services \$.9 million. More detailed explanations for these variances are given in the following pages.

**Statement of net revenues/expenditures for  
1<sup>st</sup> Quarter ended March 31, 2009**

	Actual	Budget	Variance
Engineering & Public Works	(3,587,240)	(6,202,479)	2,615,239
RCMP	(6,174,043)	(8,063,433)	1,889,390
Fire Rescue	(5,581,422)	(6,660,542)	1,079,121
Parks Recreation & Culture	(5,654,784)	(6,694,200)	1,039,415
Business & Financial Services	286,470	(654,164)	940,634
ROBO & Major Projects	(106,670)	(306,346)	199,676
Library	(1,580,179)	(1,746,025)	165,846
Law & Community Safety	(693,777)	(775,923)	82,146
Fiscal & Transfer to Reserves	36,605,390	36,525,749	79,643
Corporate Administration	(630,612)	(649,775)	19,163
Corporate Services	(3,491,435)	(3,469,364)	(22,071)
Planning & Development Services	(1,580,704)	(1,303,496)	(277,208)
	<b>\$ 7,810,994</b>	<b>\$ -</b>	<b>\$ 7,810,994</b>

The following are the explanations for net expenditure variances at the departmental level.

- Engineering & Public Works show a favourable variance largely due to seasonal expenditure pattern. The majority of expenditures in street paving, storm drainage, facilities maintenance etc. are incurred in the second, third and fourth quarters.
- The favourable variance in RCMP is due partly to both annual adjustment in billings from the RCMP and the vacancies within the RCMP complement.
- Fire Rescue has a favourable variance pending salary arbitration.
- Parks, Rec. & Cultural Services variance is due to seasonal maintenance expenditures historically higher in the second, third and fourth quarters. Revenues are on budget for the 1<sup>st</sup> quarter.
- Business & Financial Services has a favourable variance due to the fact that the majority of business licenses are renewed during this period hence revenues will exceed expenditures for this quarter.
- Favourable variance in ROBO is due to the timing of revenue and expenses. This does not take into account various contracts, RFP's etc., that still need to be negotiated/implemented throughout various times of the year. The expenditure budget is expected to be fully utilized by year end.
- Library has a favourable variance due to full recognition of annual grant revenue and vacancies.

- The favourable variance in Law and Community Safety is mainly due to dog license revenues received for the year.
- The favourable variance in Fiscal is due to the timing of expenditures.
- Corporate Services unfavourable variance is due to IT's annual contract maintenance expense being incurred in the first quarter.
- The unfavourable variance in Planning and Development is largely due to the continuation in the decline of revenues associated with new development applications and building permits. However, revenue from administration fees and Production Centre have increased. The increase in administration fees results from developers continuing to contribute payments related to servicing agreements and inspections.

#### Net Expenditure by Service Type (Details see Appendix 1)

This graph presents the comparison between budget and actual net expenditures for each type of service.

#### Revenue Updates (Details see Appendix 2)

- 302 building permits were issued in the 1<sup>st</sup> quarter, which is 20% lower than the 380 permits issued during the same quarter of last year, resulting in lower revenues compared to last year's 1<sup>st</sup> quarter results.
- 21 development applications were issued in the 1<sup>st</sup> quarter, which is lower than the 49 issued during the same quarter of last year. Corresponding revenues are also lower.
- New business licenses issued in the 1<sup>st</sup> quarter of 2009 are 363 compared to 402 for the same quarter last year and the total business licenses issued are also lower resulting in a reduction in revenues compared to the 1<sup>st</sup> quarter of last year.
- Parking fine revenue is 4.5% lower than the same quarter of last year, this is due to staff absences and increase in public compliance to parking meter regulations.
- Gaming revenue is 4% lower than same quarter of last year, but has increased by 25% from the fourth quarter of 2008.
- DCC contributions received year to date are 63.9% lower than the same quarter of last year due to current economic conditions and the impact on the construction and housing market.

#### Status of Capital Program Project Summary (Details see Appendix 3)

A summary of the City's major capital programs is provided in Appendix 4, which shows the total budgeted and the actual costs of the projects incurred at March 31, 2009. The actual capital expenditures are at approximately 55% of the overall capital budget.

#### Investment Portfolio (Details see Appendix 4)

The City's investment portfolio at March 31, 2009 was \$499 million. The City's average return on investment for the 1<sup>st</sup> quarter was 3.48%, a decrease of 0.70% from the corresponding quarter of 2008. Although the current yield of our portfolio, has decreased, it is still exceeding our target yield of 3.00%. The current market environment and cash flow projections have influenced the terms and types of investments which is reflected in the return.

Due to the series of interest rate cuts announced by the Bank of Canada, the City's return on investment has decreased from the previous quarter. Despite the lower yields, the principal of our investment has not been affected due to the strict guidelines imposed by our Investment Policy (3702). The Policy requires the City to carry a diversified investment mix with strong credit quality and it also requires the City's investment activities to be managed in a manner that seeks to preserve capital along with the objective of realizing a reasonable rate of return.

#### Key Indicator Trends (Details see Appendix 5)

This appendix shows the general quarterly trend of key indicators for the years 2008 and 2009.

#### Key Indicators (Details see Appendix 6)

This appendix provides information with regard to various financial and market indicators for the year 2008 as compared to 2009.

#### City Employees (Details see Appendix 7)

This appendix shows the breakdown of city employees by pay groups and employee status.

#### Contract Awards (Details see Appendix 8)

This report provides Committee members information with regard to the formal contracts awarded by the City during the 1<sup>st</sup> quarter.

**Financial Impact**

None.

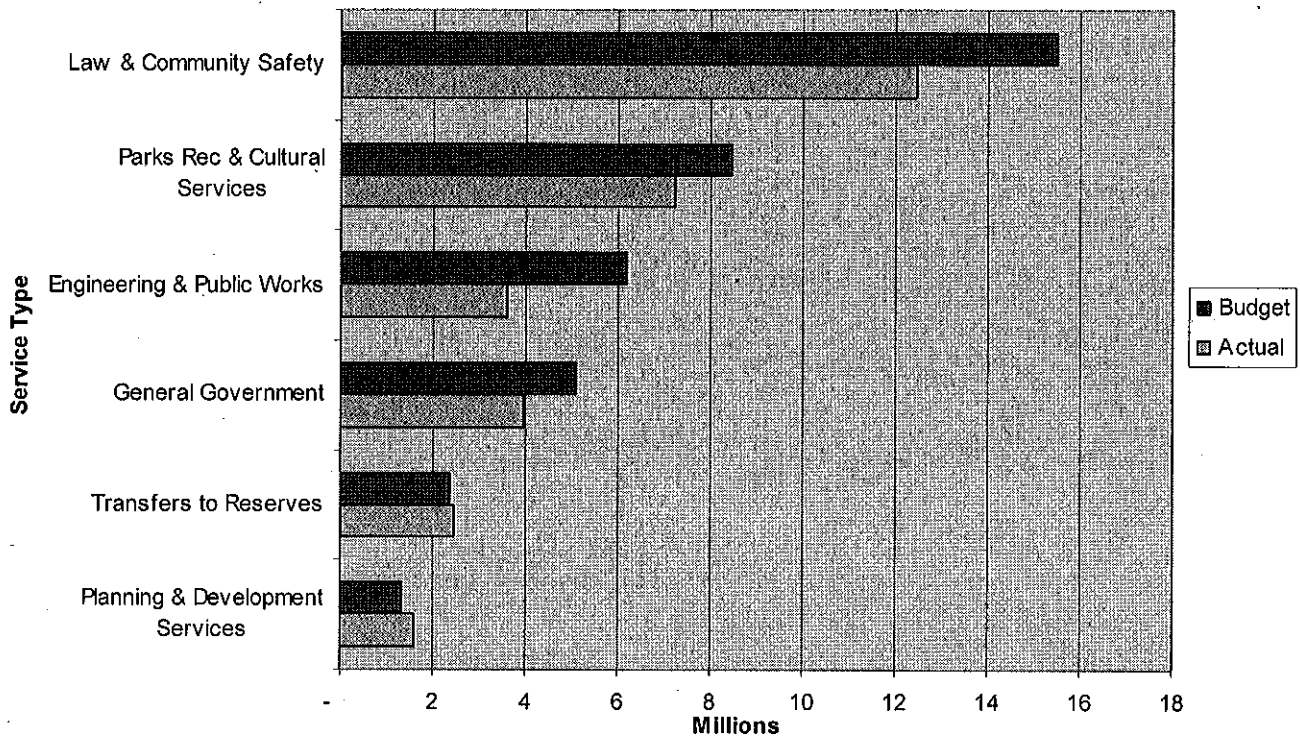
**Conclusion**

The 1<sup>st</sup> quarter financial results are favourable in comparison to the budget although, the current economic conditions have had an impact on the City's revenues from building permits and development applications showing reductions below budget. However due to seasonality, timing and vacancies, expenditures have shown favourable variances in such areas as RCMP, Fire Rescue, Parks Recreation and Culture and Engineering and Public Works. Therefore there is no financial impact at this time and Staff will monitor results and update the Committee in the 2<sup>nd</sup> quarter.



Hari Suvarna  
Manager, Budgets and Accounting  
(4365)

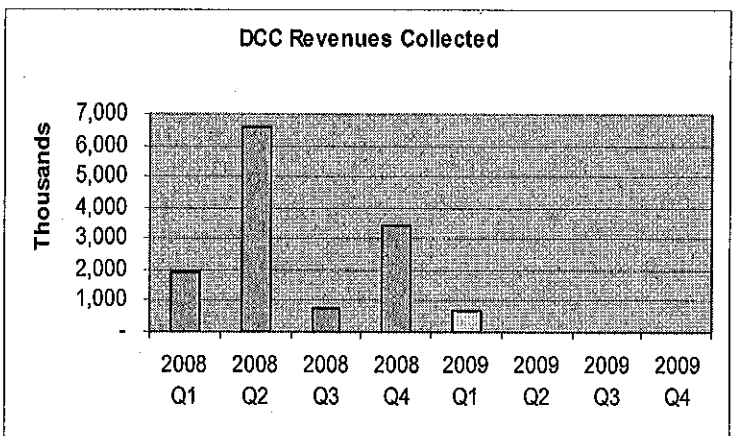
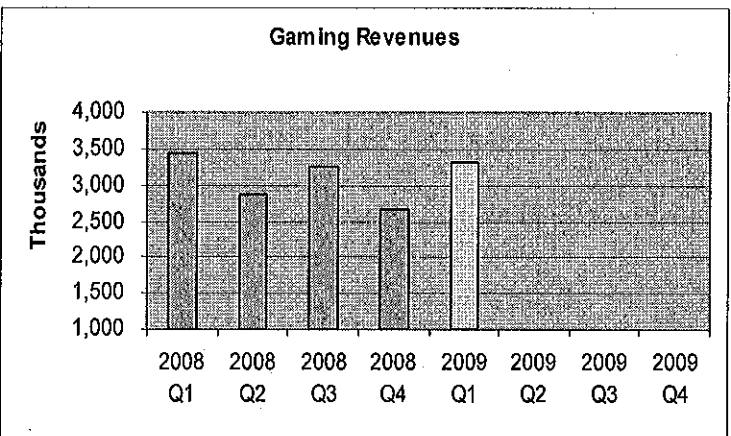
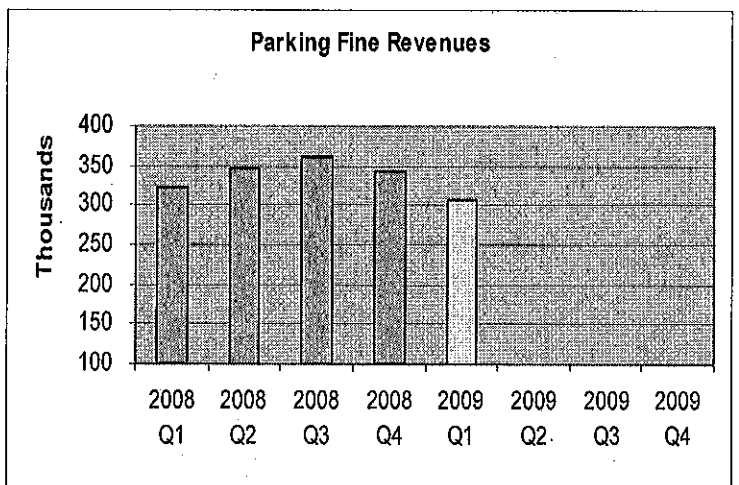
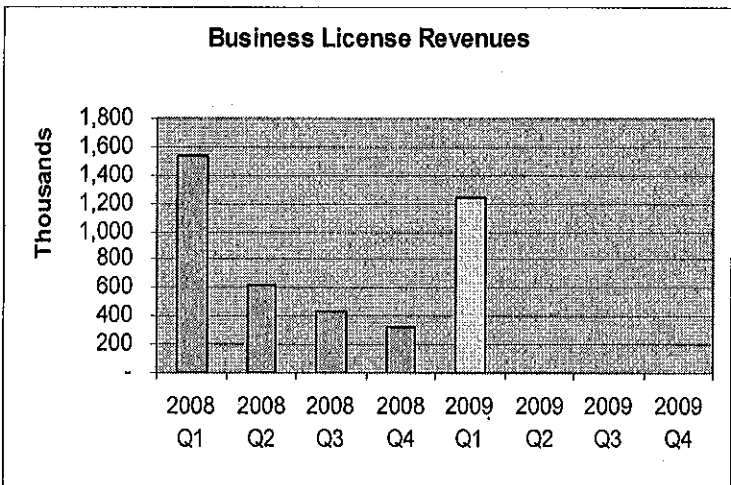
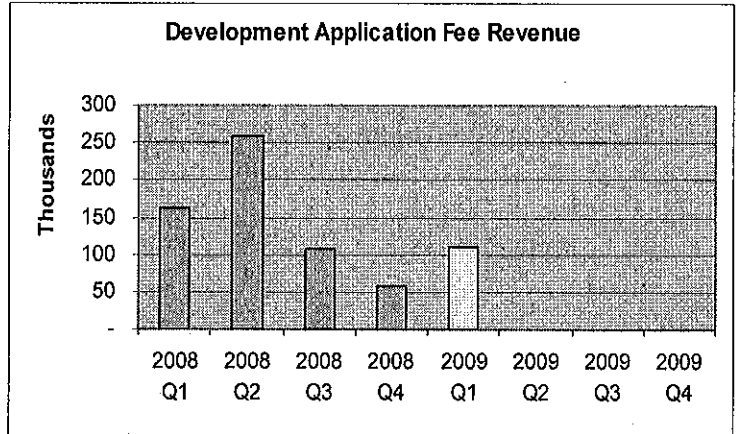
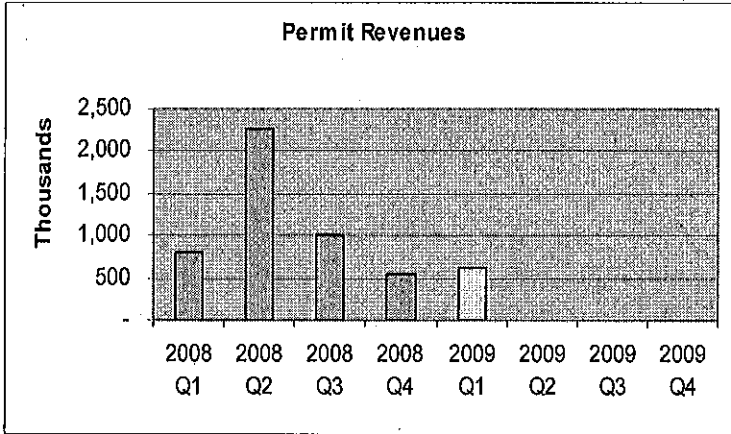
## Net Expenditure by Service Type



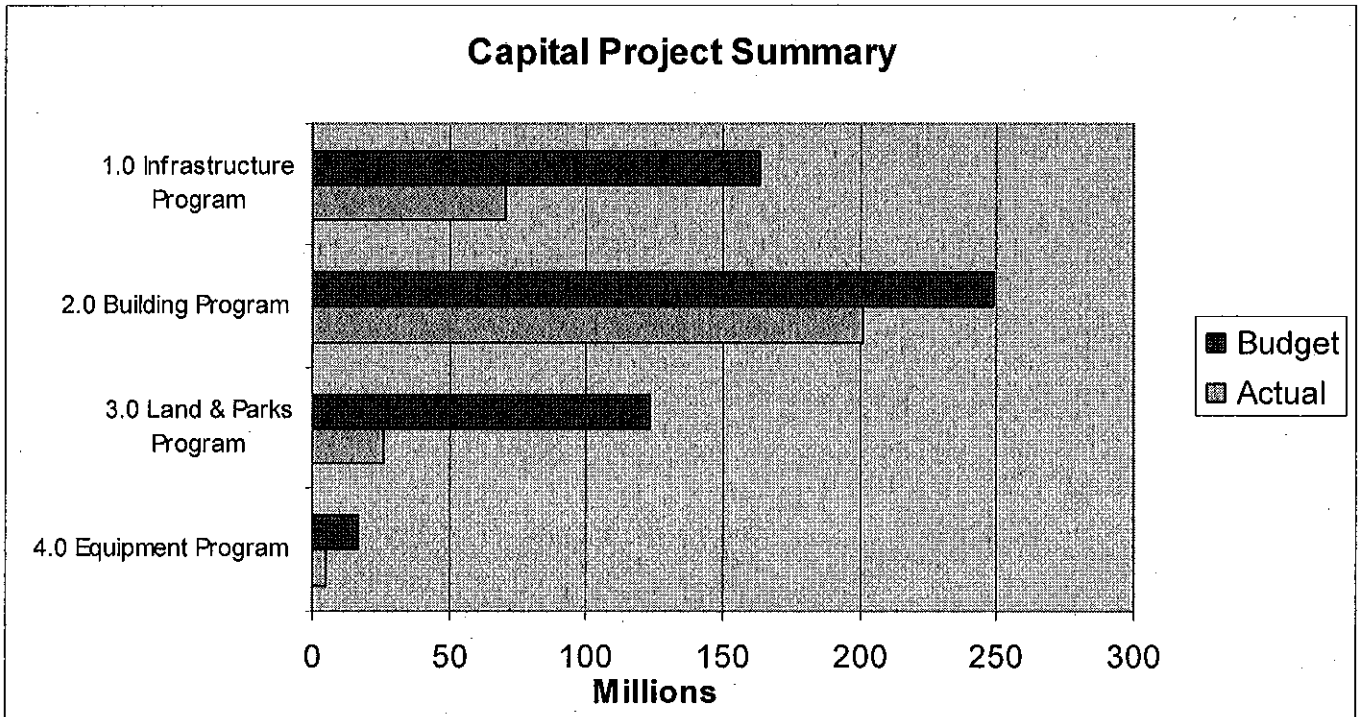
**Statement of Net Expenditure**

Service Type	Department	Actual YTD	Budget YTD	Budget Variance
Law & Community Safety	Fire Rescue	5,581,422	6,660,542	1,079,121
	Law & Community Safety	693,777	775,923	82,146
	RCMP	6,174,043	8,063,433	1,889,390
Parks Rec & Cultural Services	Library	1,580,179	1,746,025	165,846
	Parks Rec & Culture	5,654,784	6,694,200	1,039,415
Engineering & Public Works	Engineering & Public Works	3,587,240	6,202,479	2,615,239
General Government	General Government	3,942,247	5,079,649	1,137,402
Transfers to Reserves	Transfers to Reserves	2,440,609	2,378,071	(62,537)
Planning & Development Services	Planning & Development Services	1,580,704	1,303,496	(277,208)
Fiscal		(39,045,999)	(38,903,818)	142,180
<b>Total</b>		<b>(7,810,994)</b>	<b>-</b>	<b>7,810,994</b>

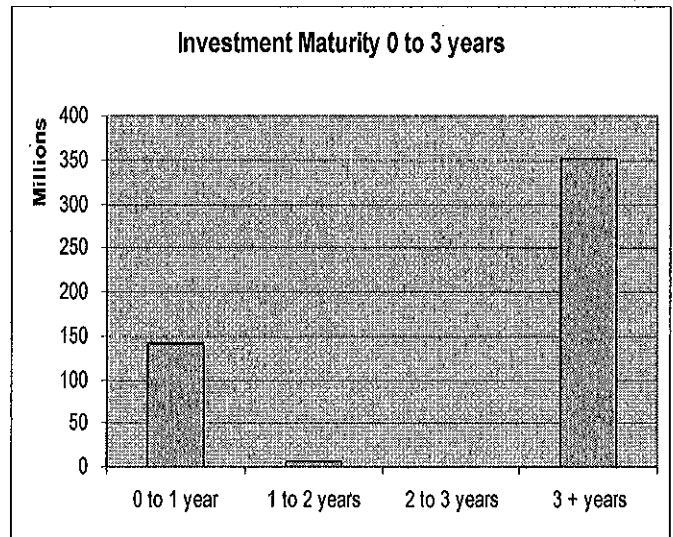
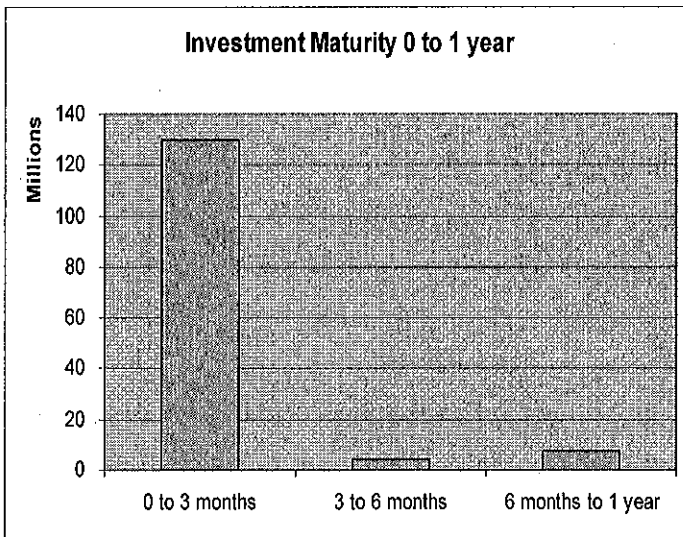
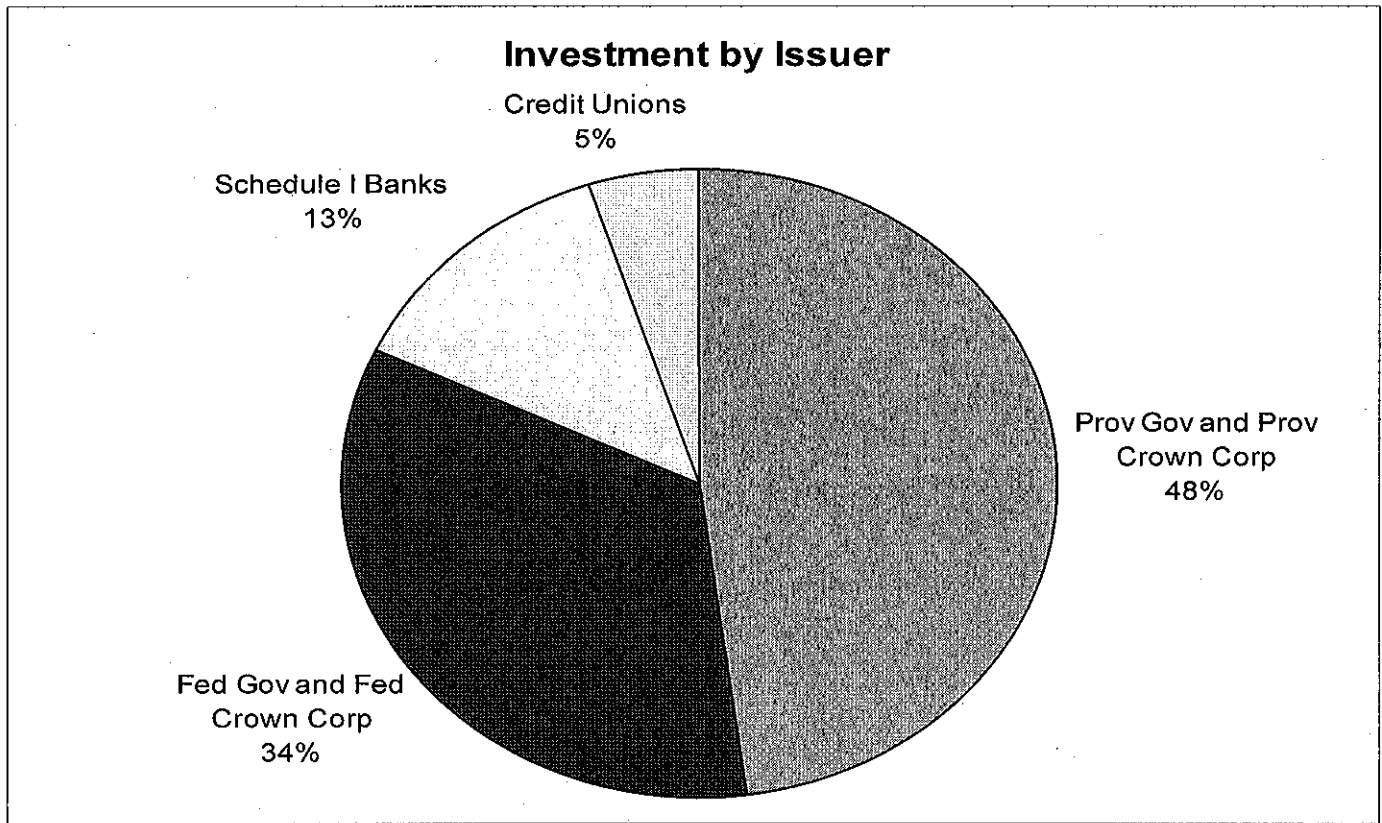
Revenue Updates







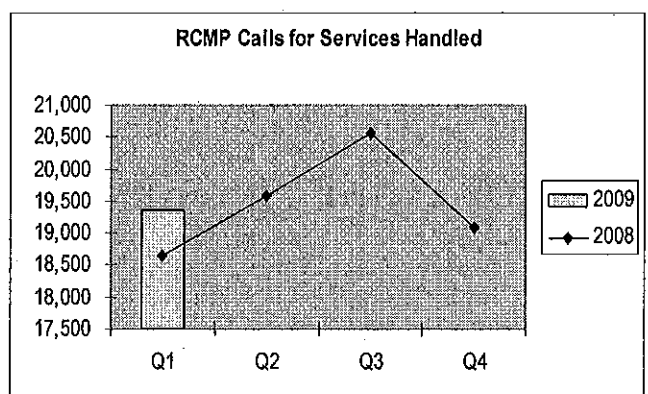
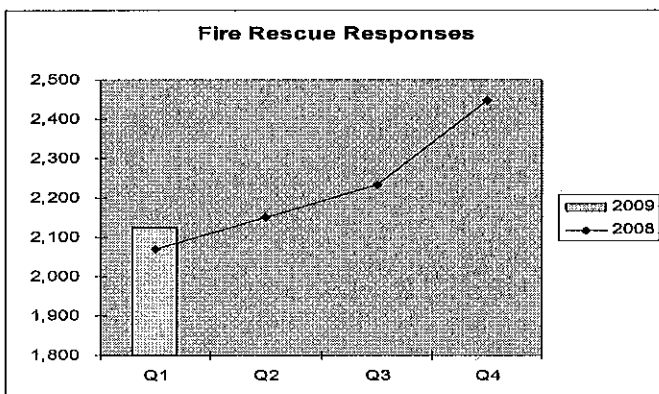
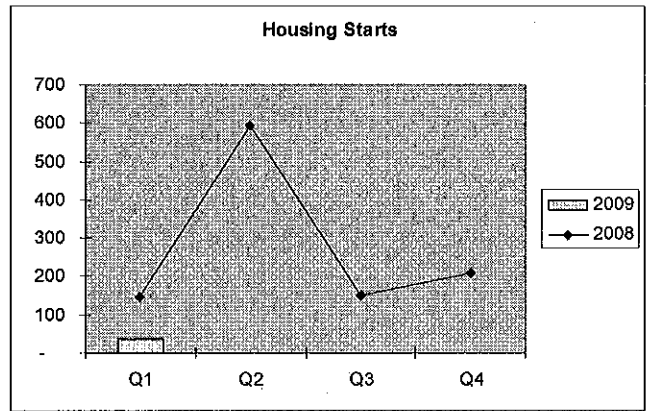
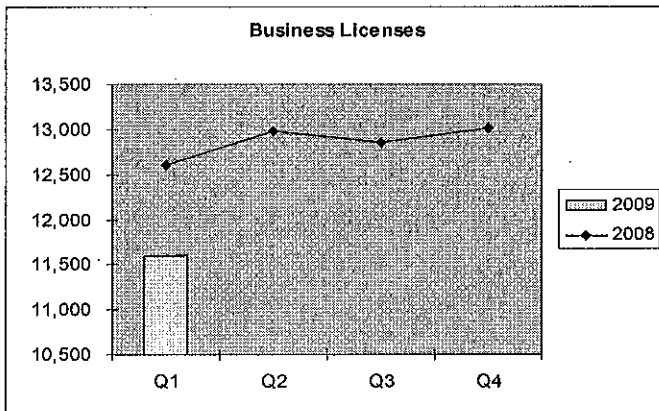
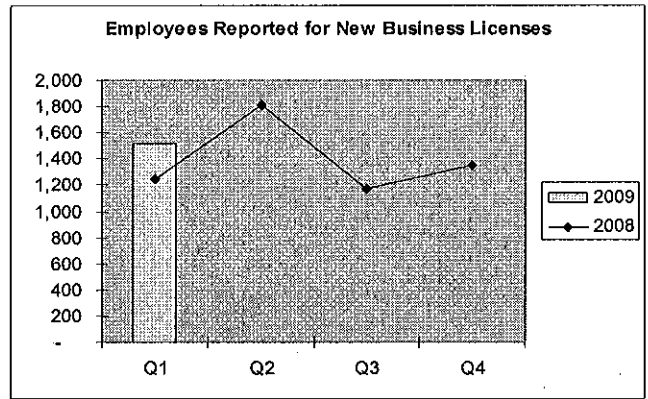
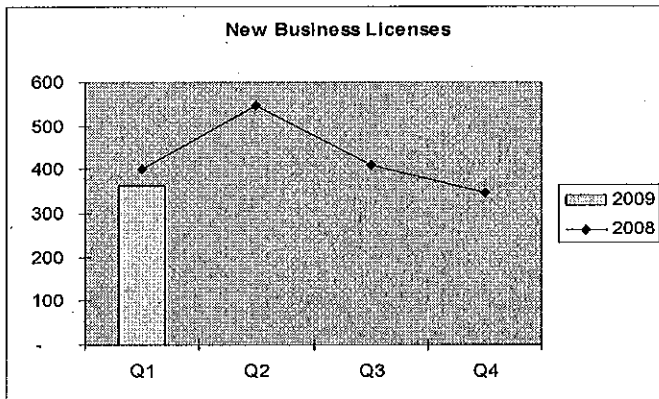
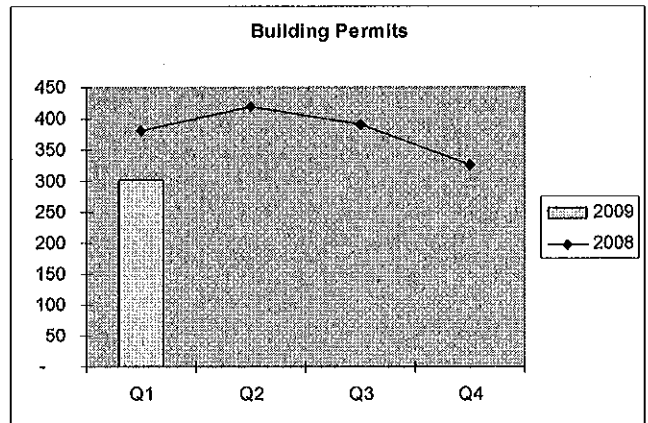
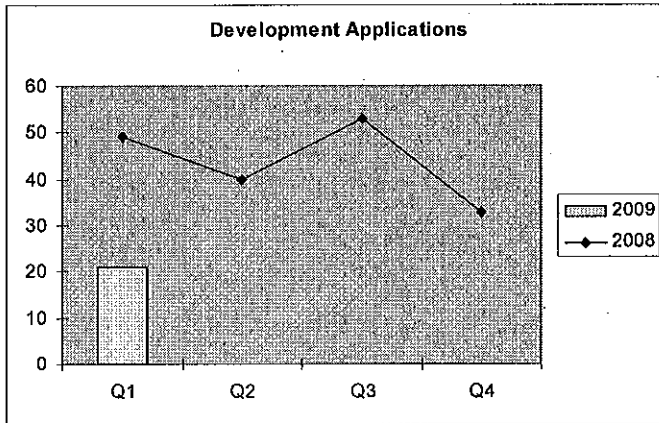
<b>Statement of Capital Program Expenditures</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>1.0 Infrastructure Program</b>	163,615,144	70,132,493	93,482,651
<b>2.0 Building Program</b>	248,659,871	200,950,839	47,709,032
<b>3.0 Land &amp; Parks Program</b>	123,170,400	26,223,140	96,947,260
<b>4.0 Equipment Program</b>	16,973,092	5,117,398	11,855,694
<b>Grand Total</b>	<b>552,418,507</b>	<b>302,423,870</b>	<b>249,994,637</b>



**Investment Portfolio...Continued**

Investment	Value	% of Portfolio
<b>Prov Gov and Prov Crown Corp</b>		
Prov of Manitoba	\$ 6,300,674	1.26%
Prov of BC	\$ 22,649,560	4.54%
BC MFA	\$ 226,633	0.05%
Prov of Ontario	\$ 98,036,182	19.64%
Prov of Quebec	\$ 15,748,957	3.16%
Hydro Quebec	\$ 16,960,939	3.40%
Prov of New Brunswick	\$ 3,619,359	0.73%
Alta Treasury	\$ 21,575,529	4.32%
Alta Cap Fin Authority	\$ 54,306,127	10.88%
<b>Total Prov Gov and Prov Crown Corp.</b>	<b>\$ 239,423,960</b>	<b>47.97%</b>
<b>Fed Gov and Fed Crown Corp</b>		
Government of Canada	\$ 38,268,096	7.67%
Canadian Wheat Board	\$ 13,886,704	2.78%
CMHC	\$ 118,442,859	23.73%
<b>Total Fed Gov and Fed Crown Corp</b>	<b>\$ 170,597,659</b>	<b>34.18%</b>
<b>Schedule 1 Banks</b>		
Royal Bank of Canada	\$ 15,963,190	3.20%
Scotia Bank	\$ 96,556	0.02%
National Bank of Canada	\$ 5,507,008	1.10%
TD Financial	\$ 12,512,399	2.51%
CIBC	\$ 15,462,663	3.10%
BMO Financial	\$ 10,521,591	2.11%
First Bank	\$ 5,203,584	1.04%
<b>Total Schedule 1 Banks</b>	<b>\$ 65,266,991</b>	<b>13.08%</b>
<b>Credit Unions</b>		
G&F Financial	\$ 25,000,000	5.01%
<b>Total Credit Unions</b>	<b>\$ 25,000,000</b>	<b>5.01%</b>
Funds held in trust for Richmond Community Associations	\$ (1,172,478)	-0.23%
<b>TOTAL</b>	<b>\$ 499,116,132</b>	<b>100%</b>

Key Indicators Trends





## City of Richmond

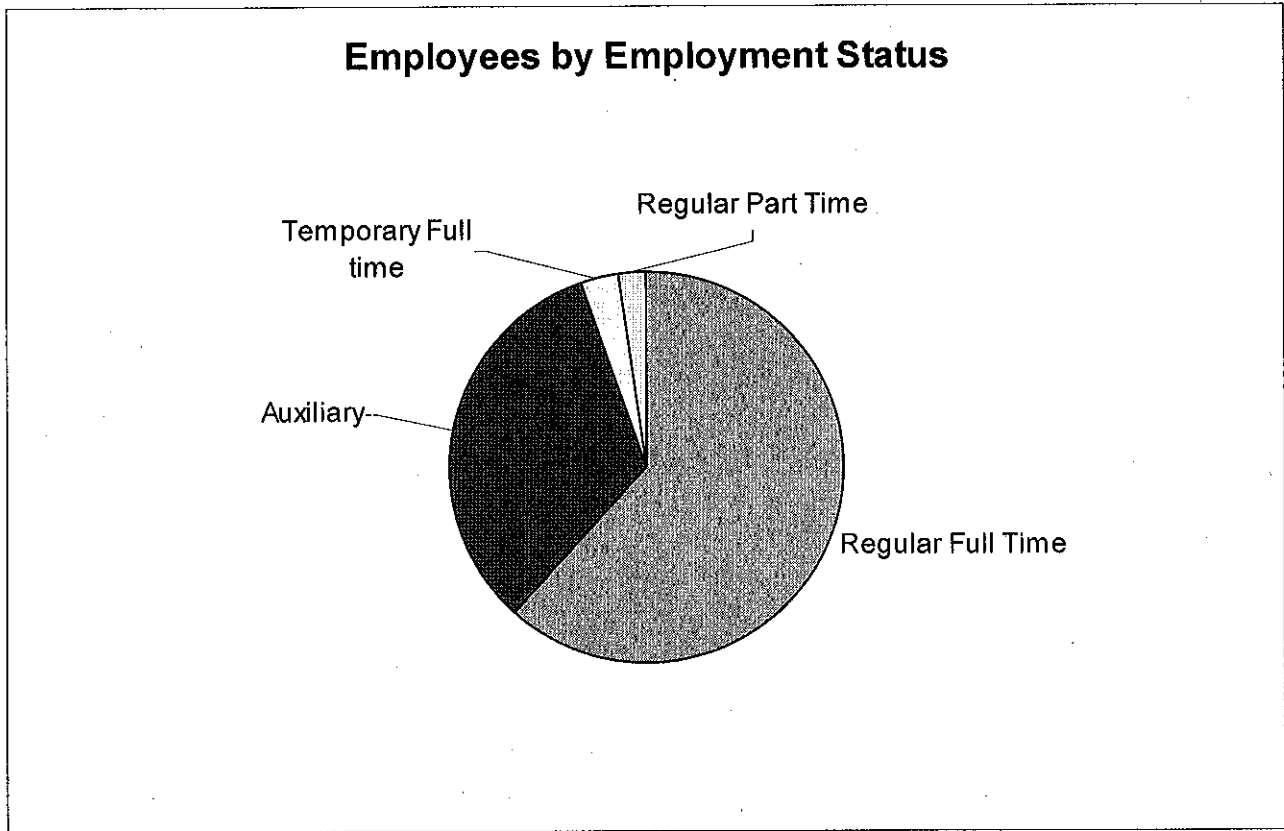
## Key Indicators - Mar 31 2009

Population	Dec-08	Dec-07	
<b>Richmond Population Estimate Year End*</b>	190,357	188,000	
<i>*Note: These population estimates include an estimate of the Census undercount. Amounts rounded to the nearest thousand.</i>			
	Year to Date Jan - March 2009	Year to Date Jan-March 2008	Year to date % change
<b>Building Permits</b>			
Number of Building Permits Issued	302	380	(20.5%)
Permit Revenue (Building, Plumbing, Gas, Demo etc)	609,806	797,071	(23.5%)
Value of Building Construction for Permits Issued	\$26,868,941	59,282,327	(54.7%)
<b>Development Applications</b>			
Development Applications Received	21	49	(57.1%)
Development Applications Revenue	110,329	161,060	(31.5%)
<b>Business Licenses</b>			
Number of New Business Licenses Issued	363	402	(9.7%)
Number of Employees Reported - New Licenses	1,521	1,245	22.2%
Total Valid Licenses to date	11,598	12,612	(8.0%)
Revenue Received for Current Year Licenses	1,247,316	1,531,967	(18.6%)
Revenue Received for Next Year (Deferred)	62,730	54,288	15.6%
Total License Revenue	1,310,046	1,586,255	(17.4%)
<i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>			
<b>Other Revenues</b>			
Parking Revenue	307,097	321,719	(4.5%)
Gaming Revenue	3,311,120	3,450,132	(4.0%)
Traffic Fine Revenue	2,396,882	2,203,831	8.8%
<b>Development Cost Charges Income</b>			
Total DCC Fees Received To Date	684,590	1,893,866	(63.9%)
Roads, Water, Sewer DCC's Received To Date	515,524	927,892	(44.4%)
Parks DCC's Received To Date	169,066	965,973	(82.5%)
<b>Uncommitted Reserves</b>			
DCC Reserves to date*	\$25,836,546	\$30,460,297	(15.2%)
Capital Funding Reserves to date	\$71,939,068	\$130,412,007	(44.8%)
Other Reserves to date	\$80,640,651	\$82,289,368	(2.0%)
Total Uncommitted Reserves	\$178,416,265	\$243,161,672	(26.6%)
<b>Investments</b>			
Total Investments	\$499,116,132	\$503,691,300	(0.9%)
<b>Interest Earned on Investments</b>			
Average City Rate of Return on Investments	3.48%	4.18%	(16.7%)

Sources: All data is from City of Richmond records except as noted

2621615

	Year to Date Jan - March 2009	Year to Date Jan-March 2008	Year to date % change
<b>Taxes to date</b>			
Taxes Collected	6,765,379	6,643,016	1.8%
City Portion of Taxes Collected	3,315,036	3,255,078	1.8%
Unpaid Taxes - Delinquent & Arrears	5,691,596	5,578,124	2.0%
No. of Participants on Installment Plan	5,293	5,124	3.3%
Installment Plan Monthly Payments	1,598,553	1,567,633	2.0%
Interest Rate Paid to IP Participants	1.50%	4.00%	(62.5%)
<b>Payroll</b>			
Gross City Payroll (City and Library)	24,723,931	22,735,624	8.7%
Number of City Employees (City and Library)	1,870	1,810	3.3%
<b>Fire Rescue Responses</b>			
	2,124	2,069	2.7%
<b>RCMP - Calls for Service Handled</b>			
	19,369	18,653	3.8%
<b>Affordable Housing</b>			
Affordable Rental Housing*	62	40	55.0%
Market Rental Units**	150	132	13.6%
Unallocated Funds in Reserves	693,900	221,683	213.0%
Unspent Funds Allocated to Capital Projects to date	9,433,315	9,238,314	2.1%
<b>Market Indicators</b>			
<b>Housing Starts</b>			
Number of Housing Starts (number of units)	37	147	(74.8%)
Number of Demolitions	35	126	(72.2%)
Net Housing Units Added	2	21	(90.5%)
<b>Median Residential Selling Prices - Richmond</b>			
Single Family Detached	645,833	703,333	(8.2%)
Townhouse	400,933	452,300	(11.4%)
Apartment	271,167	326,807	(17.0%)
Number of Sales (all housing types)	635	1,076	(41.0%)
<i>Source: Real Estate Board of Greater Vancouver</i>			
<b>Retail Sales - Greater Vancouver Region</b>			
Regional Quarterly Retail Sales (in \$ millions)	5,190	5,857	(11.4%)
<i>Source: Statistics Canada (Data not available for Richmond)</i>			
<b>Unemployment Rate-Greater Vancouver</b>			
	5.6%	4.3%	30.2%
<i>Regional Unemployment Rate (3 month moving average)</i>			
<i>Source: Statistics Canada &amp; BC Stats (Data not available for Richmond)</i>			
<b>Economic Development</b>			
Total sq. ft space available (Office)	713,049	520,594	37.0%
Vacancy rate - Office (in %)	11.11%	12.89%	(13.8%)
Total sq. ft space available (Industrial)	2,605,648	2,531,173	2.9%
Vacancy rate - Industrial (in %)	3.96%	1.26%	214.3%



Employee by Employment Status		
Regular Full Time	1,154	62%
Auxiliary	617	33%
Temporary Full time	56	3%
Regular Part Time	43	2%
<b>Total</b>	<b>1,870</b>	<b>100%</b>

**Contract Awards  
JANUARY 1, 2009 – MARCH 31, 2009**

	<i>Contract Name</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
1	3547F – REDMS (DM) Users Licence Renewal	Open Text	\$139,516.07	Info Tech
2	3544F – Vehicle Capital Program – Fire Hose & Capital Hose Equipment	Guillevin International Inc.	\$35,811.35	Fire – Rescue
3	3543F – Interior of Chinese Bunkhouse	Parkwood Construction Inc.	\$102,300.00	PW – Facilities
4	3542F – One (1) 2009 Honda Civic Hybrid	Richmond Imports Ltd.	\$27,087.19	PW – Fleet
5	3540F – One (1) Truck Body & Service Box	Commercial Body Builders	\$31,676.00	PW – Fleet
6	3539F – KSB Submersible Pumps	KSB Pumps Inc.	\$475,000.00	PW – Engineering
7	3538F – Supply & Install Media Equipment @ Britannia Heritage Shipyard Buildings	Commercial Electronics Ltd.	\$31,590.00	PW – Facilities
8	3532F – Design, Supply & Installation of Playground Structure at Odlin Park	Playtech Distributors	\$41,879.96	PW – Parks
9	3530F – 3 and 4 Stage Decontamination Shower System	Hazmasters	\$28,907.80	Fire – Rescue
10	3528F – Smiths Sabre 4000 Tri-Mode Detector & Accessories	Smiths Detection	\$40,733.10	Fire – Rescue
11	3527F – Upgrade of Existing DDC Building Control System	Webir Automation Ltd.	\$41,854.00	PW – Facilities
12	3524F – Supply & Installation of Waterfall Diversion Valve & Line	Canadian Lawn Care Services Ltd.	\$25,490.84	Major Projects
13	3521F – Telephone Systems Maintenance for Cityhall, WY, RCMP & Fire	Telus Communications	\$58,066.40	Info Tech
14	3517F – Asphaltic Paving – Odlin, Nelson and Blundell Roads	Progressive Contracting (Richmond) Ltd.	\$36,120.00	PW – Roads
15	3516F – Supply & Installation of Sanitary Force Main on Eckersley Road	Progressive Contracting (Brighthouse) Ltd.	\$89,580.00	PW – Engineering
16	3515F – Sponsorship Consulting – Ozone	DM Jones & Associates Inc.	\$62,500.00	Major Projects
17	3514F – Supply & Install of a New Public Announcement System at Minoru Park Track Facility	Rocky Mountain Production Services	\$41,841.58	PW – Parks
18	3508F – Customize Trailer	Intercontinental Truck Body Inc.	\$39,929.17	PW – Sewer/Drainage
19	3507F – Consulting Services Recreation Software Project – Phase A	Active Network	\$40,800.00	Info Tech
20	3506F – VMWare License, Support & Subscription Renewal	Long View Systems Corp.	\$41,320.00	Info Tech
21	3502F – Service Renewal	Oracle Corporation Canada Inc.	\$226,495.77	Info Tech
22	3501F – Senior Centre Custodian	Minoru Senior Society	\$27,675.00	Parks, Rec & Culture
23	3499Q – Self Contained Breathing Apparatus and Supplies	Part A: Acklands-Grainger Part B: Levitt-Safety	\$24,138.09 \$12,840.00	Fire – Rescue



24	3482F – Oval Site Services	E. Mathers Bulldozing Co. Ltd.	\$25,831.86	Major Projects
25	3481F – Bridgeport Rd/Gage Rd Intersection – City Cost for Signal Upgrade	Minister of Finance – Transportation & Infrastructure	\$35,000.00	Transportation
26	3480F – Word and Vista Technical Support	Ashland Consulting	\$70,000.00	Info Tech
27	3479F – Supply & Install Piping in Trailer	Ashton Mechanical	\$50,065.67	PW – Facilities
28	3476F – Extreme Network MTCE Renewal	CDW Canada	\$31,949.00	Info Tech
29	3475F – MailChannel Traffic Control Anti Span 1500	MailChannels	\$35,000.00	Info Tech
30	3474F – Hansen System Business Processes	Dexter Consultants	\$40,500.00	Business & Financial Services
31	3473F – Amanda – Annual Maintenance	CSDC Systems Inc.	\$68,060.82	Info Tech
32	3470F – Lighting System Retrofit for Richmond Ice Centre	Pacific Energy Solutions LLC	\$72,671.35	PW – Facilities
33	3469F – Installation of Nortel Meridian PBX (Private Branch Exchange)	Telus Communications	\$40,500.00	Info Tech
34	3465Q – Supply & Delivery of Desktop Computers	TLD Computers Ltd.	\$143,346.01	Info Tech
35	3464F – Annual Oracle Software Support	Oracle Corporation Canada Inc.	\$48,485.11	Info Tech
36	3460F – Esri GIS Software Annual Software Support	Esri Canada	\$82,884.38	Info Tech
37	3459F – National Benchmarking Initiative 2008-2009	Earth Tech (Canada) Inc.	\$30,090.00	PW – Sewer/Drainage
38	3453P – Watermain Replacement	Dayton and Knight	\$174,075.00	PW – Engineering
39	3451Q – Aerial Truck Cab & Chassis Hybrid	First Truck Centre	\$134,619.00	PW – Fleet
40	3425P – Vending Services for Community Centres	Ryan Vending	-	Community Associations
41	3416P – Asbestos Surveys of Various City Owned Buildings	Pacific Environmental	\$48,480.00	PW – Facilities
42	T.3405 – Storm Culvert Replacement on No. 2 Road South of Steveston Hwy	Progressive Contracting (Delta) Ltd.	\$388,888.00	PW – Engineering
43	3380P – Shelter Operation and Animal Control Services	Richmond Animal Protection Society	\$640,000.80	Bylaws
44	3353Q – Supply & Delivery of Photocopiers for Production Centre	Konica Minolta	\$288,327.36	Production Centre
45	3337P – Pandemic Plan	Global Consulting	\$71,500.00	Law & Community Safety
46	3293P – Supply & Delivery of Accessible Pedestrian Signals (APS)	Novax Industries Corporation	\$77,740.00	Traffic Operations
47	3006Q – Supply & Delivery of Turn Out Gear	Guillevin International Inc.	\$86,080.00	Fire - Rescue