



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** August 2, 2024

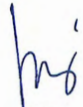
**From:** Mike Ching  
Director, Finance

**File:** 03-0905-01/2024-Vol  
01




**Re:** Financial Information – 2nd Quarter June 30, 2024

### Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2024”, dated August 2, 2024 from the Director, Finance, be received for information.

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

Att: 4

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE	
Arts, Culture & Heritage Services	<input checked="" type="checkbox"/>	Housing Office	<input checked="" type="checkbox"/>
Building Approvals	<input checked="" type="checkbox"/>	Information Technology	<input checked="" type="checkbox"/>
Climate and Environment	<input checked="" type="checkbox"/>	Library Services	<input checked="" type="checkbox"/>
Community Bylaws	<input checked="" type="checkbox"/>	Parks Services	<input checked="" type="checkbox"/>
Community Safety Administration	<input checked="" type="checkbox"/>	Policy Planning	<input checked="" type="checkbox"/>
Community Social Development	<input checked="" type="checkbox"/>	Public Works	<input checked="" type="checkbox"/>
Development Applications	<input checked="" type="checkbox"/>	RCMP	<input checked="" type="checkbox"/>
Economic Development	<input checked="" type="checkbox"/>	Real Estate Services	<input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	Recreation & Sport Services	<input checked="" type="checkbox"/>
Facilities and Project Development	<input checked="" type="checkbox"/>	Transportation	<input checked="" type="checkbox"/>
Fire Rescue	<input checked="" type="checkbox"/>		
		<b>CONCURRENCE OF GENERAL MANAGER</b> 	
<b>SENIOR STAFF REPORT REVIEW</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 	

## Staff Report

### Origin

Pre-audited financial information for the second quarter (ended June 30, 2024) is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City's) financial results throughout the year and before the annual audited financial statements are presented.

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

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

*4.1 Ensure effective financial planning to support a sustainable future for the City.*

*4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.*

### **Economic Overview**

Global economic activity has started to strengthen midway through 2024, driven notably by robust exports from Asia, particularly in the technology sector. The International Monetary Fund (IMF) is projecting a global growth rate of 3.2% in 2024 and 3.3% in 2025. Emerging-market economies and the Euro area are experiencing a more favourable outlook for 2024<sup>1</sup>. Conversely, the U.S. economy, which outperformed expectations in 2023, is projected to slow down in 2024 due to the effect of high interest rates on demand. By 2025, a recovery in overall growth is anticipated, once the U.S. Federal Reserve (U.S. FED) normalizes interest rates.

After a period of slowdown in 2023 and early 2024, Canada's economy is anticipated to start recovering in the second half of 2024 with expected improvements in both exports and household spending. Inflation has been easing (from 8.1% in June 2022 to 2.7% in June 2024) in alignment with the Bank of Canada (BoC)'s interest rate decisions. Most recently, the BoC announced two consecutive rate cuts of 25 basis points each in June and July 2024.

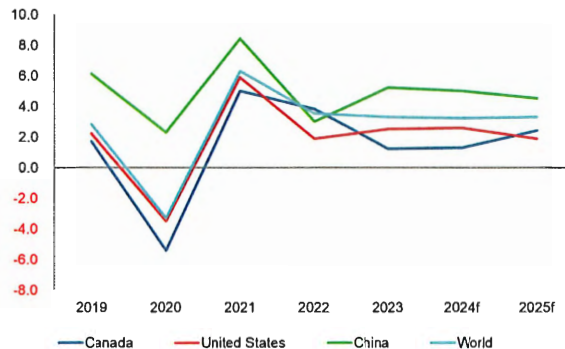
Richmond's economic activity, thanks to its diverse nature, remains relatively robust and resilient. That said, businesses continue to face challenges related to economic slowing and inflation. These challenges include but are not limited to difficulties in obtaining financing for complex projects, labour shortages and elevated input costs. Industrial vacancy rates have started to ease after an extended period of historic lows, and office vacancy rates are tracking very close to the Metro Vancouver average. Slow but steady growth is anticipated in 2024, aligned with global economic conditions.

---

<sup>1</sup> Bank of Canada, Monetary Policy Report, July 2024.

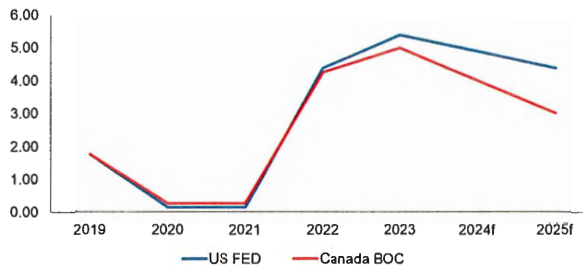
## Macroeconomic Indicators & Forecast

### 1) Global Growth – Real Gross Domestic Product % Change<sup>2</sup>



- The IMF projects global Gross Domestic Product (GDP) will dip slightly to 3.2% in 2024 and rebound to 3.3% in 2025. This reflects a slight upward revision to the 2025 forecast.
- In 2024, Canadian GDP is forecasted to grow by 1.3%, with U.S. and China GDP growth forecasts of 2.6% and 5.0%, respectively.
- The growth profile for 2024 reflects upward revisions for Canada and China, though a downward revision to the U.S. forecast.

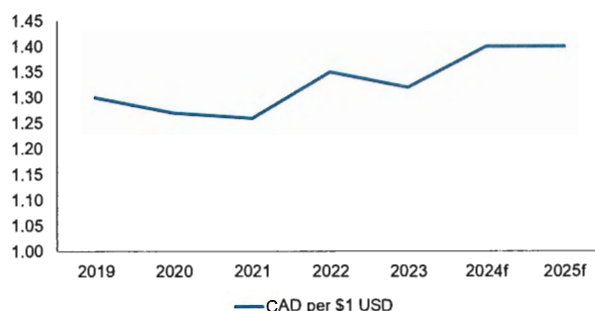
### 2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End<sup>3</sup>



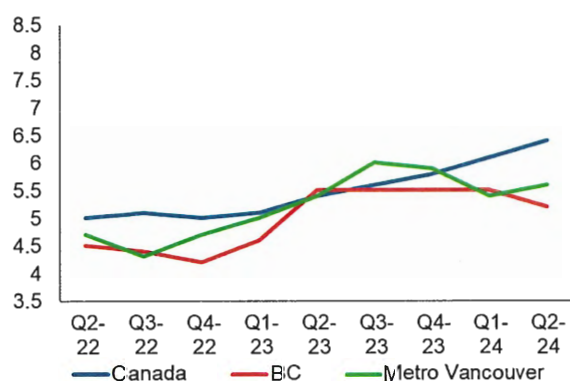
- The BoC reduced its overnight lending rate from 5.00% to 4.75% in June 2024, the first reduction since the last rate increase in July 2023. This was followed by a further reduction to 4.50% in July 2024.
- The U.S. FED continued to hold steady its rate of 5.38% (5.25% - 5.50%), as it also has since its last increase in July 2023.
- The rate reduction by the BoC responds to the downward inflation trend in Canada. The U.S. FED is not expected to follow suit until later this year as inflation in the U.S. remains above target.

<sup>2</sup>International Monetary Fund, *World Economic Outlook (July 2024): The Global Economy in a Sticky Spot*.

<sup>3</sup>US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (July 2024); RBC Financial Markets Monthly (July 2024).

3) Exchange Rates – CAD/USD at Year End<sup>4</sup>

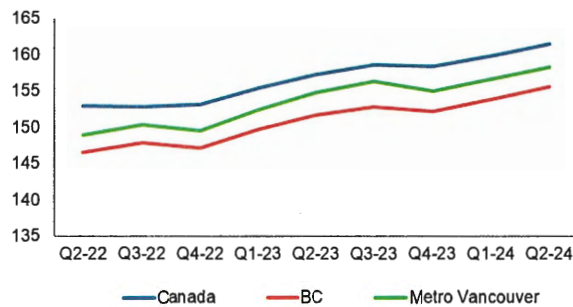
- The Canadian Dollar (CAD) continued to weaken against the U.S. Dollar (USD) in Q2 2024 and is now anticipated to stabilize at \$1.4 CAD/\$1 USD in 2024 and 2025.
- As the BoC has started cutting interest rates before the U.S. FED, the CAD may face short-term weakening, meaning that the purchase price of a USD is a higher amount of CAD.

4) Unemployment<sup>5</sup>

- According to Statistics Canada's June 2024 Labour Force Survey, nation-wide unemployment increased to 6.4% in June, the highest since January 2022, though it decreased to 5.2% in B.C.
- In B.C. as compared with a year ago, employment in services-producing sectors, such as healthcare, has increased more than goods-producing sectors, such as construction.
- At the end of Q2 2024, the Canadian, B.C., and Metro Vancouver unemployment rates were 6.4%, 5.2%, and 5.6%, respectively.

<sup>4</sup>RBC Economics (RBC Financial Markets Monthly, July 2024).

<sup>5</sup>Statistics Canada Labour Force Survey (June 2024); Labour Force Statistics Highlights Issue #24-06.

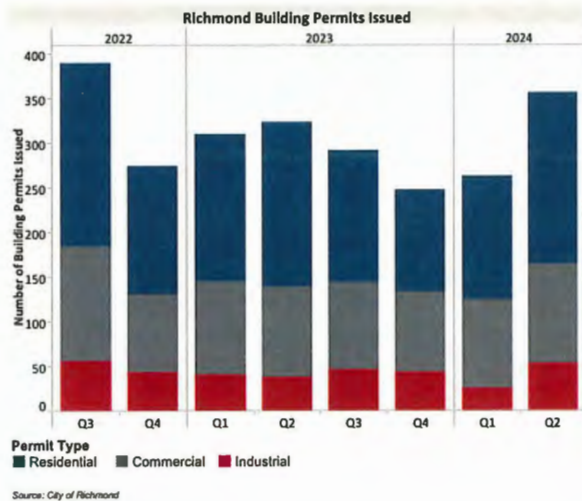
5) Consumer Price Index (CPI – 2002=100)<sup>6</sup>

- In June, the Consumer Price Index (CPI) increased to 2.7% year-over-year, which is less than it did in May (2.9%).
- The slowing in inflation was largely due to a slowdown in gasoline price growth, as well as lower prices for durable goods, including passenger vehicles. In B.C., shelter costs remain a key driver of inflation.
- Compared with other provinces, B.C. remains near the middle, with the fifth lowest rate of inflation in June.
- On average over the past 12 months, inflation has been higher in Metro Vancouver (3.3%) than in B.C. (3.0%) or nationally (3.1%).

<sup>6</sup>Statistics Canada, Consumer Price Index; also Consumer Price Index, June 2024; also BC Stats, Consumer Price Index, June 2024, Issue 24-06; also TD Economics, Canadian Consumer Price Index (June 2024).

## Regional & Local Economic Activity Indicators

### 6) Building Permits – Richmond<sup>7</sup>



- During the second quarter of 2024, there were 192 residential, 111 commercial, and 53 industrial building permits issued in Richmond.
- This represents a 10.2% increase in total building permits issued over the same period in 2023, with the highest increase in industrial building permits (39.5%).
- 319 new units were added to the local housing supply in Q2 2024, which represents a 57.4% decline relative to the same period in 2023. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

### 7) Construction Value<sup>8</sup>

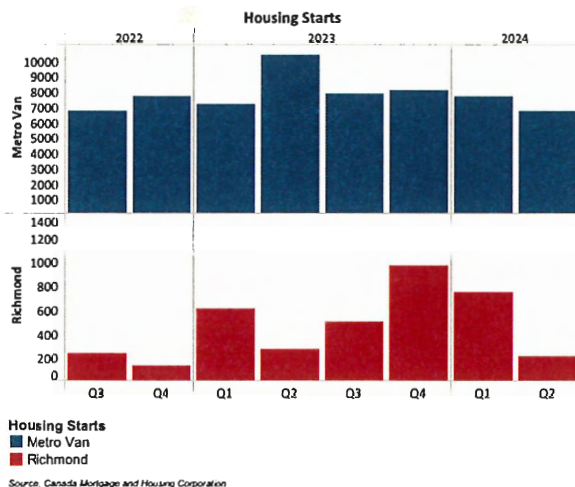


- Approximately \$271.5 million in construction value was registered in Q2 2024, a decrease of 5.3% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter.

<sup>7</sup>City of Richmond Building Permits.

<sup>8</sup>City of Richmond Building Permits.

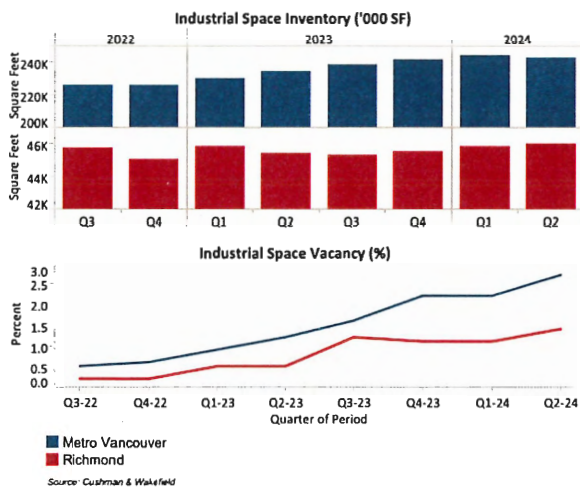


8) Housing Starts<sup>9</sup>

- In Q2 2024, there were 199 housing starts in Richmond and 6,651 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced<sup>10</sup>.
- Year-to-date housing starts increased by 8.6% in Richmond and decreased by 18.2% in Metro Vancouver, as compared to the same period in 2023. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.

9) Commercial Space<sup>11</sup>

## a) Industrial Space



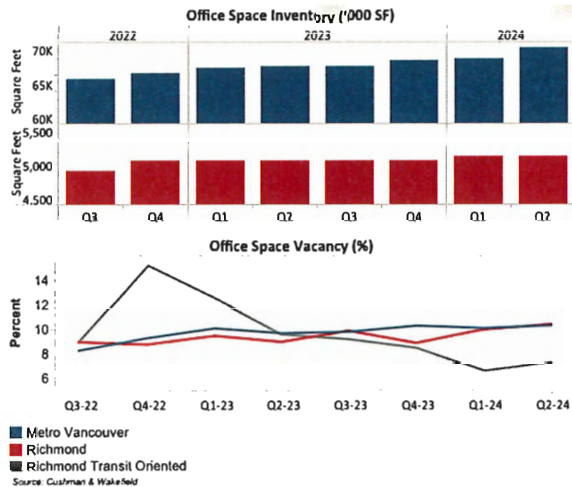
- In Q2, the Metro Vancouver industrial vacancy rate increased to 2.7% and is approaching a more balanced market. Recent new construction completions are driving the increased vacancy rate.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver at 1.4% in Q2 2024. This rate has continued to increase from previous historic lows, after decreasing briefly last quarter.
- Asking rents have started to moderate, as is generally expected with increasing vacancy rates.

<sup>9</sup>Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.

<sup>10</sup>Housing Start is defined as the beginning of construction work on a building, generally when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure.

<sup>11</sup>Cushman & Wakefield Office and Industrial Market Beat Reports Q2 2024.

## b) Office Space



Note that the increased transit-oriented vacancy rate in Q4 2022 was due to the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added.

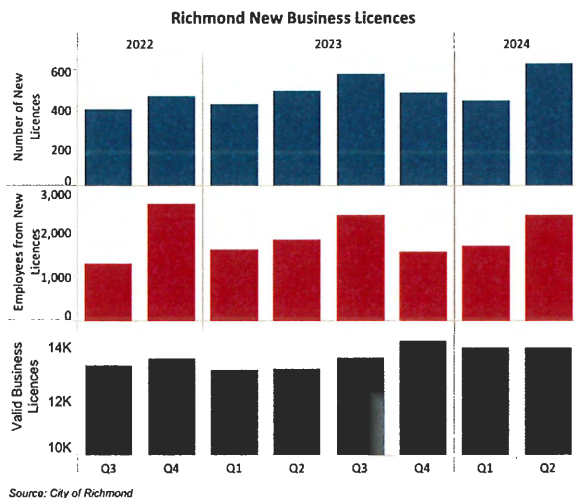
- At the end of Q2 2024, Metro Vancouver's office vacancy rate had increased to 10.3%, after a decrease to 10.1% in Q1 2024. This continues to be the lowest vacancy rate across major North American markets.
- In Richmond, the Q2 office vacancy rate increased to 10.4%, with transit-oriented vacancy increasing slightly from last quarter to 7.3%<sup>12</sup>.
- New leasing activity in Metro Vancouver increased by 48% quarter-over-quarter, reaching its highest level since the first quarter of 2023. This increase is predominantly driven by technology and public sector companies securing space in premium Class A and AAA buildings.

<sup>12</sup>Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. 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.



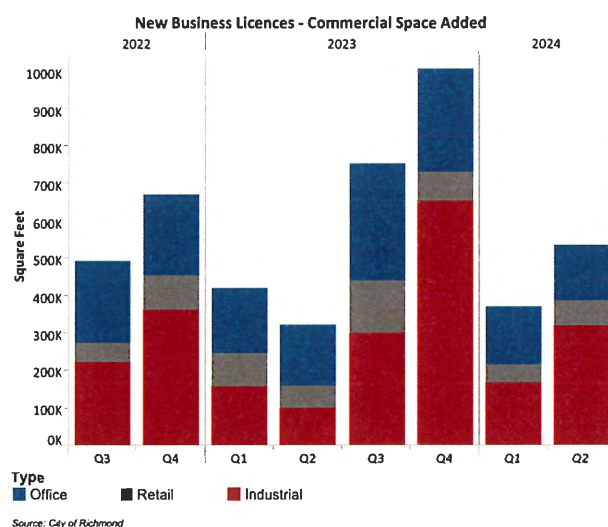
10) Business Growth – Richmond<sup>13</sup>

## a) New Business Licences – Number and Employees



- 630 new business licences (representing 2,361 jobs) were issued by the City of Richmond in Q2 2024, a 28.8% increase in new licences (and a 31.1% increase in corresponding jobs) as compared to the same period last year. This is a positive indicator of economic health, especially in times of challenges caused by inflation and other slowdowns.
- These new business licences are part of the City's 14,007 total valid business licences at the end of Q2 2024. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.
- In Q2 2024, 17 business licences became inactive. This includes businesses that ceased operations and home occupation businesses that may have stopped operating or moved out of Richmond.

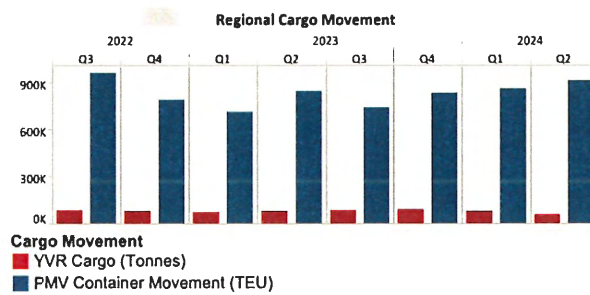
## b) New Business Licences – Commercial Space



- 533,297 square feet of commercial space absorption was tied to the new business licences issued during Q2 2024.
- This is an increase of 65.9% compared to the same time period last year. The greatest amount of space was required by industrial (318,979 sq ft), followed by office (147,634 sq ft), and then retail (66,684 sq ft).

<sup>13</sup>City of Richmond Business Licencing data.

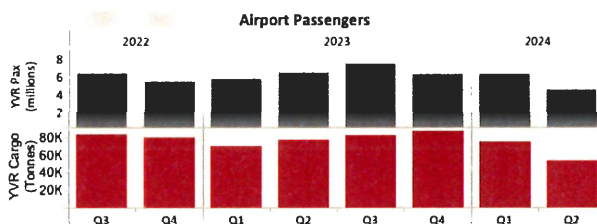
## 11) Goods and People Movement

a) Regional Cargo Movement<sup>14</sup>

Source: Port of Vancouver, YVR

Note: YVR data Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

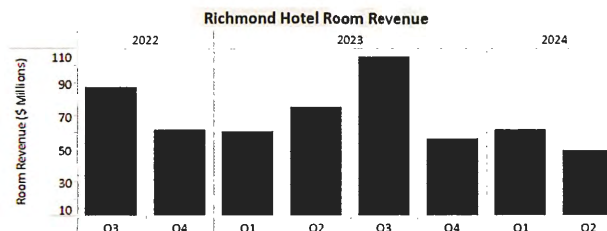
- In Q2 2024, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), increased by 7.3%, as compared to the same period last year.
- In the first two months of Q2, 53,272 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 3.7% increase as compared to the same period last year.

b) Airport Passengers<sup>15</sup>

Source: YVR

Note: YVR data for Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

- Passenger travel through YVR continues to be strong, with an increase of 7.3% during the first two months of Q2 2024 (4.3M) as compared to the same period last year (4.0M).
- Globally, the aviation industry has returned to pre-pandemic profitability levels. North America remains a significant contributor to industry profits, with high passenger numbers and strong consumer spending.

c) Richmond Hotel Room Revenue<sup>16</sup>

Source: City of Richmond Hotel Tax Ledger

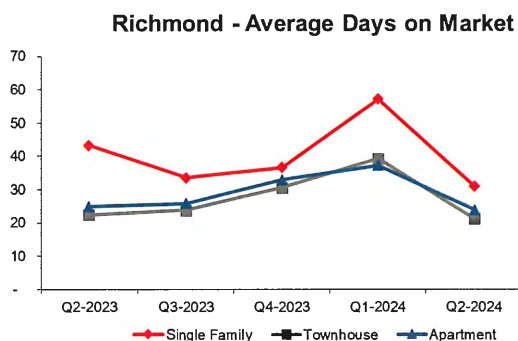
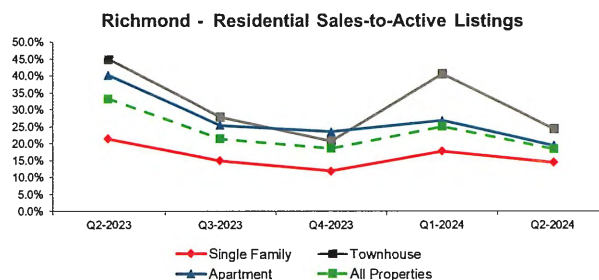
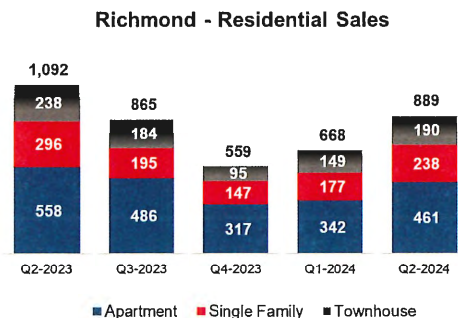
Note: Richmond Hotel Room Revenue for Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

- Richmond hotel revenues were \$49M during the first two months of Q2 2024, which is 7.5% higher than the first two months of Q2 2023. (Note that the graph provides full data on Q2 2023 for a quarter-over-quarter comparison, though full data for Q2 2024 is not yet available).

<sup>14</sup>Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.<sup>15</sup>YVR Monthly Statistics; International Air Transport Association, Global Outlook for Air Transport (June 2024).<sup>16</sup>City of Richmond Additional Hotel Room Tax Ledger.

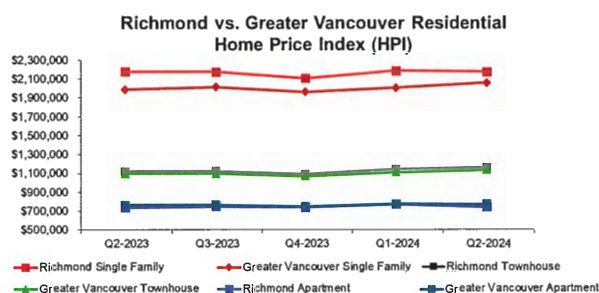
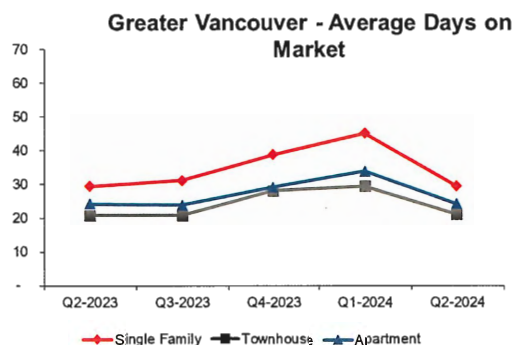
## **Residential Real Estate**<sup>17</sup>

In Q2, home sales stayed below seasonal and historical averages, leading to less competition amongst buyers. As a result, inventory has built up to a healthy range, offering buyers more options and moving all market segments towards balanced conditions. In July, the BoC further reduced the interest rate tilting the market in favor of buyers, even if the boost to affordability is modest.



- Single family detached (SFD) home sales decreased by 19.6% compared to Q2 2023.
- Townhouse sales have decreased by 20.2% and apartment sales have decreased by 17.4% compared to Q2 2023.
- Townhouse sales comprise 21.4% of the residential home sales in Richmond. SFD and apartment sales account for 26.7% and 51.9%, respectively, of home sales in Richmond.
- There were 889 residential home sales in Richmond in Q2 2024, an 18.6% decrease compared to the same period last year.
- Richmond residential properties had a sales-to-active listings ratio of 18.6% as at June 30, 2024.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.
- At Q2 2024, SFD properties in Richmond had an average of 31 days on the market, a 27.9% decrease compared to Q2 2023.
- Townhouses and apartments in Richmond had an average of 21 and 24 days on the market, respectively, representing an 8.7% and a 4.0% decrease, respectively, over the same period last year.

<sup>17</sup>Real Estate Board of Greater Vancouver.

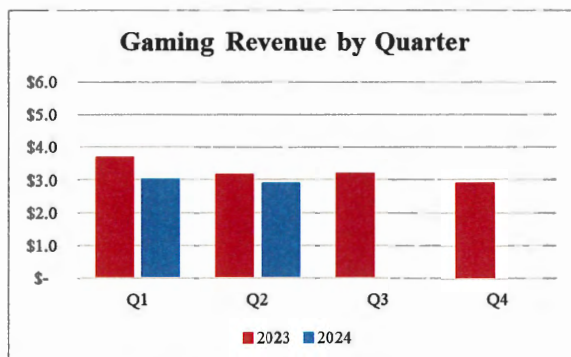


- At Q2 2024, SFD properties in GVRD had an average of 30 days on the market, which is equivalent to Q2 2023.
- Townhouses and apartments in GVRD had an average of 21 and 24 days on the market, respectively, which is also on par compared to Q2 2023.
- The Home Price Index (HPI)<sup>18</sup> for SFD properties in Richmond at Q2 2024 was \$2,179,800, a 0.1% decrease compared to Q2 2023. The GVRD housing market has increased with SFD properties priced at \$2,061,000, which represents a 3.5% increase compared to the same quarter last year.
- At Q2 2024, the HPI for townhouse properties in Richmond was \$1,163,300, an increase of 3.7% compared to Q2 2023. The HPI for townhouse properties in GVRD was \$1,138,100, which represents a 3.6% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$747,000, an increase of 1.0% compared to Q2 2023. The HPI for apartments in GVRD was \$773,400, which represents a 0.8% increase compared to the same time last year.

<sup>18</sup> Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.

### Gaming Revenue

In accordance with the Host Financial Assistance Agreement with the Province of BC (Province), the Province pays 10% of net gaming income to the City. Net gaming revenue is calculated as net win from casino games less (i) fees payable by BC Lottery Corporation (BCLC) to the service provider, and (ii) BCLC's administrative and operating costs. Distributions are subject to volatility due to fluctuations in net win from casino games, operating costs and accounting adjustments.



- The gaming revenue for Q2 2024 was \$2,932,479, a decrease of 7.2% compared to the same quarter last year when \$3,160,472 was received.
- Year to date revenue for 2024 is \$5,977,578 which is 12.7% lower than for same period for 2023 which was \$6,850,768.
- The 2024 budget for gaming revenue is \$12,500,000. Actual revenue received year to date is 47.8% of the total budget.

Gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 29, 2024 Council meeting, the 2024 Budget was approved which included the gaming revenue allocation for 2024. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be transferred to the capital reserve.

Table 1: Distribution of the 2024 gaming revenue allocation

	Distribution	2024 Budget
Capital Reserves	Remainder	\$1.8M
Grants	25%	3.1M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)*	7%	0.9M
<b>Total</b>		<b>\$12.5M</b>

\*The funding allocation towards total policing costs is calculated based on the cost of four officers and does not reflect actual policing effort.



### Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2024. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: Net Operational Activity for the period January 1, 2024 to June 30, 2024 (in \$000's)

Division/Department <sup>1,2</sup>	Q2 YTD Net Budget <sup>3</sup>	Q2 YTD Actuals and Commitments <sup>4</sup>	Q2 YTD Variance (\$)
Community Safety <sup>5</sup>	378	(160)	538
Corporate Administration	5,281	5,067	214
Engineering and Public Works	26,302	26,051	251
Finance and Corporate Services	13,866	13,558	308
Fire Rescue	25,593	25,361	232
Law and Legislative Services	2,433	2,282	151
Library	5,571	5,401	170
Parks, Recreation and Culture Services	26,413	25,453	960
Planning and Development	5,296	4,357	939
Policing	37,868	36,607	1,261
Fiscal	(115,560)	(116,312)	752
<b>Total</b>	<b>33,441</b>	<b>27,665</b>	<b>5,776</b>
Flood Protection Utility	8,228	7,537	691
Sanitary Sewer Utility	3,625	2,263	1,362
Sanitation and Recycling Utility	13	(485)	498
Water Utility	3,549	2,290	1,259
<b>Utilities Total</b>	<b>15,415</b>	<b>11,605</b>	<b>3,810</b>

<sup>1</sup>Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc. It does not represent Generally Accepted Accounting Principles but is presented on a modified cash basis.

<sup>2</sup>Based on the organizational structure in place as of June 30, 2024

<sup>3</sup>The Net Budget is based on the operating budget approved by Council on January 29, 2024.

<sup>4</sup>Includes budgeted equity transactions such as transfer to reserves, transfer to provision, transfers from provision, etc.

<sup>5</sup>Includes Community Safety Administration, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year-to-date variances in relation to the 2024 Financial Plan:

During the second quarter the collective agreements for CUPE 718 and 394 were settled through mediation and retroactive payments were made. The settled rates were higher than anticipated in the budget thus Council has approved one-time provision funding to cover the shortfall. This one-time funding is reflected within the YTD results.

- Community Safety (excluding fire rescue and policing) has a favourable variance due to higher than anticipated dog and business licence revenue, lower operational spending and vacancies.



- Corporate Administration's favourable variance is mainly due to vacant positions and lower operational spending.
- Engineering and Public Works is on budget.
- Finance and Corporate Services is on budget.
- Fire Rescue is on budget.
- Law and Legislative Services' favourable variance is mainly due to vacant positions and underspend in operating expenses.
- Library's favourable variance is due to vacant positions.
- Parks, Recreation and Culture Services' favourable variance is mainly due stronger revenue from recreation activities, vacant positions and lower than budgeted operating expenses to date.
- Planning and Development's favourable variance is primarily due to staff vacancies.
- Policing's favourable variance is due to a combination of a lower than budgeted complement offset by additional collective agreement costs for the RCMP.
- Fiscal's favourable variance is mainly due to higher investment income earned.
- Flood Protection Utility's favorable variance is mainly due to vacant positions and timing on operational spending. Any surplus at year-end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenue received from developers for sanitary sewer user fees during construction of residential developments and operational savings. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted Recycle BC revenue and more utilities fees than budgeted. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly due to unbudgeted revenue received from developers for water consumption charges during construction of new residential developments and lower water consumption than budgeted. Any surplus at year-end will be transferred to the Water Levy Provision.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and expenses, and presents the net amount inclusive of transfers. The Statement of Operations

presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Six Month Period Ended June 30, 2024, with comparative figures for 2023, is included in Attachment 3.

### **Cash and Investment Portfolio**

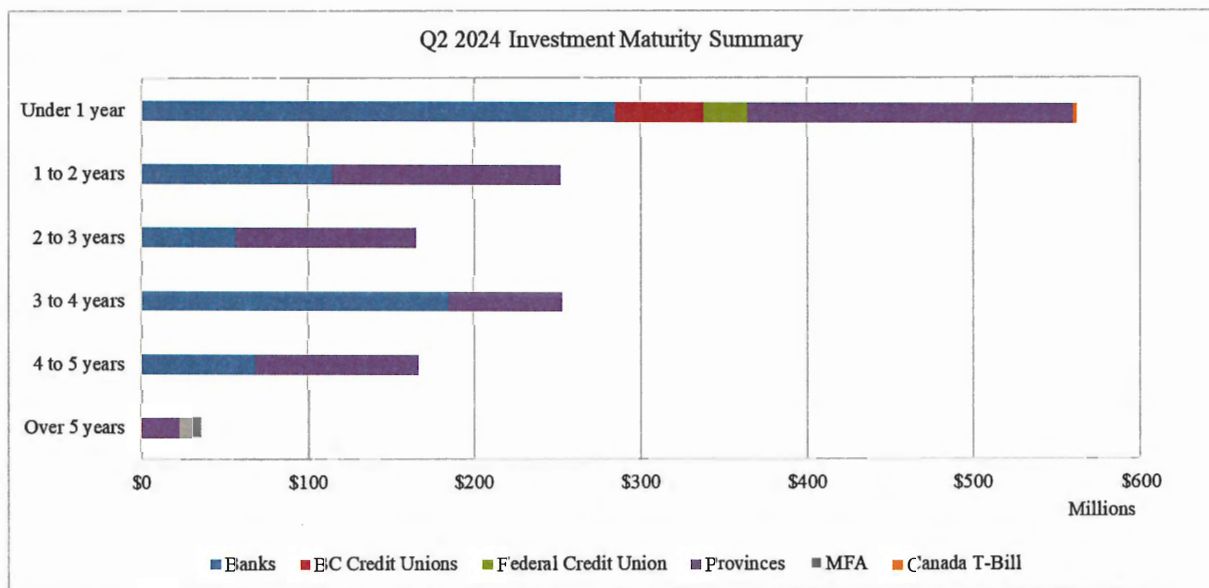
As of June 30, 2024, the City's total cash and investment balance was \$1.98 billion, which represents the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses. The higher than usual cash and investment balance is mainly due to the timing of property taxes collection for the July 2, 2024 due date. The City has subsequently remitted over \$300 million to various external agencies for taxes that were collected on their behalf.

The City's total cash and investment balance was comprised of \$1.44 billion in investments and \$541 million in high interest savings cash account, with a weighted average annualized yield of 4.68%.

With broad price pressures continuing to ease and inflation remaining below 3% for several months, the BoC in its June 5 meeting cut its target interest rate by 0.25% for the first time since March 2020. At the subsequent interest rate announcement on July 24, the BoC further reduced the overnight rate by 0.25% to the current level of 4.50%. Further quantitative tightening is expected as inflation continues to ease.

The City's overall credit risk exposure remains low as the City continues to maintain a diversified and high credit quality investment portfolio, where 49% is invested in chartered bank deposits and bonds, 44% in provincial government bonds, 5% in B.C. credit unions deposits, 1% in federal credit union deposits and approximately 1% in MFA long-term bond.

The chart below shows the investment maturity summary by term to maturity. The City's cash and investment portfolio has been strategically repositioned to allow the City to lock in higher interest rates by extending investment duration. This strategy allows the City to sustain favourable investment yields in the long-run, while balancing the needs of near-term cash flow required to support operations and approved capital plans.



Staff will continue to monitor the interest rate movement and position cash and investments to ensure that amongst its investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions.

All investment activities have been conducted in compliance with the City's Investment Policy 3703. Based on the independent ESG rating<sup>19</sup> of the City's fixed income portfolio, the City continues to receive a high ESG Rating of "AA" as of Q2 2024.

### **Contract Awards**

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the second quarter, 36 contracts greater than \$75,000 were awarded totalling over \$19.7 million (Attachment 4).

### **Financial Impact**

None.

<sup>19</sup> Morgan Stanley Capital International (MSCI) ESG Rating

## **Conclusion**

The June 30, 2024 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



Cindy Gilfillan, CPA, CMA  
Manager, Financial Reporting  
604-276-4077

- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Unaudited Statement of Operations
- Att. 4: Contract Awards Greater than \$75,000

**Economic Indicators****June 30, 2024****Macroeconomic Indicators & Forecast**

<b>1) Real GDP (% at YE)</b>	<b>2024f</b>	<b>2025f</b>			
Canada	1.3	2.4			
United States	2.6	1.9			
China	5.0	4.5			
World	3.2	3.3			
<b>2) Interest Rates (at YE)</b>	<b>2024f</b>	<b>2025f</b>			
Bank of Canada	4.00	3.00			
US FED	4.88	4.38			
<b>3) Exchange Rate (at YE)</b>	<b>2024f</b>	<b>2025f</b>			
CAD per \$1 USD	1.4	1.4			
<b>4) Unemployment (% at QE)</b>	<b>Q2-2024</b>	<b>Q1-2024</b>	<b>Change</b>	<b>Q2-2023</b>	<b>Change</b>
Canada	6.4	6.1	4.9%	5.4	18.5%
BC	5.2	5.5	(5.5%)	5.5	(5.5%)
Metro Vancouver	5.6	5.4	3.7%	5.4	3.7%
<b>5) CPI (2002=100) (at QE)</b>	<b>Q2-2024</b>	<b>Q1-2024</b>	<b>Change</b>	<b>Q2-2023</b>	<b>Change</b>
Canada	161.4	159.8	1.0%	157.2	2.7%
BC	155.5	153.8	1.1%	151.6	2.6%
Metro Vancouver	158.2	156.6	1.0%	154.7	2.3%

**Regional and Local Market Indicators**

<b>6) Richmond Building Permits</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Residential – New Construction	41	53	(22.6%)	80	116	(31.0%)
Residential – Alterations	151	131	15.3%	251	234	7.3%
Residential Total	192	184	4.3%	331	350	(5.4%)
Number of units from new residential construction	319	748	(57.4%)	635	903	(29.7%)
Residential	192	184	4.3%	331	350	(5.4%)
Commercial	111	101	9.9%	210	205	2.4%
Industrial	53	38	39.5%	78	78	0.0%
Building Permits Total	356	323	10.2%	619	633	(2.2%)
Construction Value (\$ million)	271.5	286.7	(5.3%)	475.4	419.3	13.4%
<b>7) Housing Starts CMHC (Units)</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Starts - Richmond	199	261	(23.8%)	934	860	8.6%
Starts - Metro Vancouver	6,651	10,340	(35.7%)	14,278	17,458	(18.2%)
<b>8) Richmond Residential Sales Activity</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Sales - Detached	238	296	(19.6%)	415	475	(12.6%)
Sales - Townhouse	190	238	(20.2%)	339	372	(8.9%)
Sales - Apartment	461	558	(17.4%)	803	937	(14.3%)
Sales - Total	889	1,092	(18.6%)	1,557	1,784	(12.7%)

**Economic Indicators****June 30, 2024****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (% at QE)**

	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	14.6%	21.5%	(32.1%)
Townhouse	24.5%	44.8%	(45.3%)
Apartment	19.5%	40.1%	(51.4%)
Total	18.6%	33.2%	(44.0%)

**10) Average Days on Market**

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	31	43	(27.9%)	30	30	0.0%
Townhouse	21	23	(8.7%)	21	21	0.0%
Apartment	24	25	(4.0%)	24	24	0.0%

**11) Home Price Index (\$000 at QE)**

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	2,180	2,182	(0.1%)	2,061	1,991	3.5%
Townhouse	1,163	1,122	3.7%	1,138	1,099	3.5%
Apartment	747	739	1.0%	773	767	0.8%

**12) Commercial Space (at QE)**

	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Office Vacancy (%)	10.4	9.0	15.6%	10.3	9.7	6.2%
Transit Oriented Office Vacancy (%)	7.3	9.6	(24.0%)	N/A	N/A	N/A
Office Inventory (000 sf)	5,090	5,043	0.9%	69,233	66,989	3.3%
Industrial Vacancy (%)	1.4	0.5	180.0%	2.7	1.2	125.0%
Industrial Inventory (000 sf)	46,003	45,432	1.3%	242,826	234,392	3.6%

**13) Richmond Business Growth**

	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Total Valid Business Licences (at QE)	14,007	13,212	6.0%	N/A	N/A	N/A
New Licences - Number Issued	630	489	28.8%	1,071	912	17.4%
New Licences - Employees	2,361	1,801	31.1%	4,023	3,405	18.1%
Inactive Business Licences	17	12	41.7%	38	32	18.8%
New Licences - Office Added (sf)	147,634	163,031	(9.4%)	301,729	337,305	(10.5%)
New Licences - Retail Added (sf)	66,684	58,492	14.0%	114,693	147,530	(22.3%)
New Licences - Industrial Added (sf)	318,979	99,943	219.2%	485,635	256,979	89.0%
Total Space Added (sf)/Avg. Change	533,297	321,466	65.9%	902,057	741,814	21.6%



**Economic Indicators****June 30, 2024****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
YVR Air Cargo (tonnes)*	53,272	51,363	3.7%	128,432	121,013	6.1%
PMV Container Movement (TEUs)	908,413	846,629	7.3%	1,769,017	1,554,904	13.8%
YVR Passengers (million)*	4.29	4.00	7.3%	10.28	9.50	8.2%
Richmond Hotel Revenue (\$ million)**	49.0	45.6	7.5%	110.6	105.7	4.6%

**Notes:**

- a) QE indicates quarter-end; YE indicates year-end.  
b) f - forecast to year-end.  
c) Figures have been updated to reflect changes in source data.  
\*YVR data for Q2 includes April and May data only. YTD includes data from January to May.  
\*\*Richmond Hotel Room Revenue for Q2 includes April and May date only. YTD includes January to May only.

**List of Sources:**

- 1) International Monetary Fund, World Economic Outlook (July 2024). The Global Economy in a Sticky Spot.  
2) US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report, July 2024.  
3) RBC Economics RBC Financial Markets Monthly, July 2024.  
4) & 5) Statistics Canada, BC Stats.  
6) City of Richmond Building Permits.  
7) Canada Mortgage and Housing Corporation.  
8), 9), 10) & 11) Real Estate Board of Greater Vancouver.  
12) Cushman & Wakefield Office and Industrial Market Beat Reports.  
13) City of Richmond Business Licences  
14) Port of Vancouver Monthly Cargo Statistics.  
YVR Monthly Statistics.  
City of Richmond Additional Hotel Room Tax Ledger.

**Financial and Key Indicators****June 30, 2024**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges Contributions</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Roads, Water, Sewer DCCs Received	\$4,150	\$125	3229%	\$7,439	\$1,211	514.3%
Parks DCCs Received	\$1,910	\$43	4345%	\$5,164	\$609	747.9%
Total DCC Fees Received	\$6,060	\$168	3515%	\$12,603	\$1,820	592.5%
DCC Reserves – Uncommitted Balance at QE	\$157,260	\$142,042	10.7%	N/A	N/A	N/A
<b>2) Uncommitted Reserves (at QE)</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>			
Capital Funding Reserves	\$204,970	\$240,622	(14.8%)			
Utility Reserves	\$87,770	\$105,864	(17.1%)			
Affordable Housing Reserves	\$9,046	\$9,436	(4.1%)			
Other Reserves	\$113,141	\$105,416	7.3%			
Total Uncommitted Reserves	\$414,927	\$461,338	(10.1%)			
<b>3) Taxes to date</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Taxes Collected	\$402,507	\$358,561	12.3%	\$420,336	\$374,050	12.4%
City Portion of Taxes Collected	\$205,279	\$182,866	12.3%	\$214,372	\$190,765	12.4%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$10,779	\$9,268	16.3%	\$10,779	\$9,268	16.3%
No. of Participants on Pre-authorized withdrawal (at QE)	6,334	6,281	0.8%	6,334	6,281	0.8%
Pre-authorized withdrawals payments	\$8,972	\$8,231	9.0%	\$22,446	\$20,555	9.2%
Interest rate % paid	5.20%	4.70%	10.6%	5.20%	4.70%	10.6%
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Cash and Investments</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>			
Investments	\$1,437,512	\$1,186,081	21.2%			
Cash (includes high interest savings accounts)	\$540,551	\$697,313	(22.5%)			
Total Cash and Investments	\$1,978,063	\$1,883,394	5.0%			
Average City Rate of Return on Investments %	4.68%	4.50%	4.0%			

**Financial and Key Indicators****June 30, 2024**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

5) Planning and Development	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
Building Permit Fees Collected	\$1,170	\$1,880	(37.8%)	\$3,494	\$3,589	(2.6%)
Development Applications Received	35	31	12.9%	58	67	(13.4%)
Development Applications Fees	\$335	\$170	97.1%	\$546	\$384	42.2%

6) Business Licences	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
Revenue Received for Current Year Licences	\$1,218	\$1,191	2.3%	\$3,499	\$3,148	11.1%
Revenue Received for Next Year (Deferred)	\$317	\$294	7.8%	\$429	\$398	7.8%
Total Licence Revenue	\$1,535	\$1,485	3.4%	\$3,928	\$3,546	10.8%

*Year to date valid licences and revenue include current year licences issued in the prior year.*

7) Other Revenues	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
Parking Program Revenue	\$624	\$561	11.2%	\$1,201	\$1,060	13.3%
Gaming Revenue	\$2,932	\$3,160	(7.2%)	\$5,978	\$6,851	(12.7%)
Traffic Fine Revenue	\$2,303	\$2,475	(6.9%)	\$2,303	\$2,475	(6.9%)

8) Employees	Q2-2024	Q2-2023	Change
Full Time Equivalent (FTE) Employees (at QE)	1,698	1,636	3.8%

*(City and Library)*  
FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.

9) Operating Indicators	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2024	Change
RCMP - Calls for Service Handled	17,365	17,221	0.8%	34,250	33,054	3.6%
Community Bylaws	2,026	2,151	(5.8%)	3,720	3,790	(1.8%)
Fire-Rescue Incidents	3,183	2,982	6.7%	6,687	5,890	13.5%
Public Works Calls for Service	3,556	3,505	1.5%	6,978	6,586	6.0%

10) Richmond Population Estimate	2024f	2023
Year End	240,996	228,093

Population figures from BC Stats

**Notes:**

- a) All figures presented above are unaudited  
b) f - forecast to year-end

## Unaudited Statement of Operations<sup>1</sup>

For the Six Month Period Ended June 30, 2024, with comparative figures for 2023.

(in \$000's)

	Budget June 30, 2024	Actuals June 30, 2024	Actuals June 30, 2023
<b>Revenue:</b>			
Taxes and levies	\$ 154,666	\$154,666	\$144,538
Utility fees	73,476	75,613	65,041
Sales of services	20,618	21,879	19,336
Payments-in-lieu of taxes	7,325	7,325	6,824
Provincial and federal grants	9,857	9,097	26,573
Development cost charges	8,302	33,385	9,087
Other capital funding sources	31,110	18,539	11,890
Other revenue:			
Investment income	12,817	32,476	17,482
Gaming revenue	6,707	5,978	6,851
Licences and permits	7,842	8,980	8,556
Other	7,246	21,587	10,211
Equity income	304	1,359	1,194
	<b>\$340,270</b>	<b>\$390,884</b>	<b>\$327,583</b>
<b>Expenses:</b>			
Community safety	\$76,843	\$73,441	65,786
Utilities <sup>4</sup>	73,770	66,932	62,054
Engineering, public works and project development	36,635	30,844	28,432
Parks, recreation and culture services	39,867	36,364	33,095
General government	47,461	41,902	37,516
Planning and development	22,592	16,722	11,699
Library services	6,225	5,884	5,612
	<b>\$303,393</b>	<b>\$272,089</b>	<b>\$244,194</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	\$36,877	\$118,795	\$83,389
Accumulated surplus, beginning of year	3,594,084	3,594,084	3,510,695
Accumulated surplus, end of June 30 <sup>3</sup>	\$3,630,961	\$3,712,879	\$3,594,084

<sup>1</sup>Statement of Operations for City and Library after intercompany eliminations, includes investment in Lulu Island Energy Company but excludes Oval results.

<sup>2</sup>Annual Surplus is the difference between revenues and expenses and reflects the change in the accumulated surplus on the Statement of Financial Position. Annual Surplus is prior to transfer to reserves and surplus appropriations. The revenues include capital contributions, development cost charges and other items that impact the investment in tangible capital assets within the accumulated surplus. The expenses include amortization which impacts the investment in tangible capital assets in accumulated surplus.

<sup>3</sup>Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

<sup>4</sup>Utilities includes flood protection, water, sewer and sanitation recycling.



## Contract Awards Greater than \$75,000

April 1<sup>st</sup> to June 30<sup>th</sup>, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
1	No. 4 Road Box Culvert Reconstruction & Rehabilitation	PW Trenchless Construction Inc.	\$1,545,879	Engineering & Public Works
2	Cambie Road Overpass at Knight Street Repair	MDBS Quattro Constructors Ltd.	233,959	Engineering & Public Works
3	Asphaltic Concrete Paving	Save On Blacktop	6,568,775	Engineering & Public Works
4	Supply of Pedestrian, Cyclists and E-Scooter Counters and Software Maintenance	Eco-Counter Inc.	112,730	Engineering & Public Works
5	No. 3 Road Watermain Design - Westminster Highway to North of Lansdowne Road	R F Binnie and Associates Ltd.	83,060	Engineering & Public Works
6	Provision of Security Guard Services - (5 year term)	BC Corps of Commissionaires	2,114,417	Engineering & Public Works
7	City Hall Lighting Upgrade	Holaco Construction (1997) Ltd.	672,617	Engineering & Public Works
8	City Hall Chiller Replacement, Domestic Waterline and Elevator Renewals - Elevator Equipment Supply	Heatherbrae Builders Co. Ltd.	184,870	Engineering & Public Works
9	Berkeley House Streetlight Relocation	Hexcel Construction Ltd.	141,835	Engineering & Public Works
10	Supply and Delivery of Bank Stabilizing Materials for Sidaway Canal Stabilization Project	White Cap Supply Canada Inc.	142,645	Engineering & Public Works
11	Construction Manager for Works Yard Replacement Pre-Construction Services - Phase 1	PCL Constructors Westcoast Inc.	607,363	Engineering & Public Works
12	PeopleSoft Software Technical Support Services (3 year term)	Oracle Canada ULC	1,263,009	Finance and Corporate Services
13	Charter Vessel for Tour of Fraser River from Britannia Shipyards National Historic Site (5 year term)	Searidge Ventures Ltd.	124,000	Community Services
14	Firefighter Candidate Assessment Services (3 year term)	BL Associates Corporate Psychologists Inc.	225,000	Community Safety
15	Construction Manager for Hugh Boyd Community Facility and Fieldhouse - Pre-Construction Services	PCL Constructors Westcoast Inc.	99,967	Engineering & Public Works

**Contract Awards Greater than \$75,000 (continued)**

April 1st to June 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
16	Data Hosting and Support of Computerized Maintenance Planning Software (5 year term)	VFA Canada Corporation	\$246,778	Engineering & Public Works
17	Supply and Delivery of One (1) Tier 4 Front End Loader with a Four (4) Cubic Yard Bucket	Wajax Limited	414,552	Engineering & Public Works
18	Asphalt Re-Paving Program - 2024 Manhole Adjustments	BC Hydro	96,519	Engineering & Public Works
19	Supply and Delivery of Four (4) Four Wheel Drive Tier 4 Utility Tractors with Cabs	Avenue Machinery Corp	164,964	Engineering & Public Works
20	Provincial Housing Legislation and City's OCP Update	JK49 City Consulting Services	293,000	Finance and Corporate Services
21	Supply and Delivery One (1) Turf Tractor	Avenue Machinery Corp	95,414	Engineering & Public Works
22	Employee and Family Assistance Program	FSEAP Vancouver	117,000	Corporate Administration
23	Oracle Database Software Support Renewal	Eclipsys Solutions Inc.	86,043	Finance and Corporate Services
24	PeopleSoft Financials License Expansion 2024	Oracle Canada ULC	75,015	Finance and Corporate Services
25	Schematic Designs for 2025 Capital Planning	Kasian Architecture Interior Design and Planning Ltd.	143,220	Engineering & Public Works
26	Caretaker Suites Infrastructure Renewals	Holaco Construction Ltd.	975,162	Engineering & Public Works
27	Business Continuity Program and Incident Response Plan (2 year term)	Deloitte LLP	392,000	Finance and Corporate Services
28	CCTV Inspection Services for Sewer Collection System (3 year term)	McRae's Environmental Services	423,000	Engineering & Public Works
29	HVAC Water Treatment Chemical Services (5 year term)	Chem-Aqua, Div of NCH Canada Inc.	154,037	Engineering & Public Works



**Contract Awards Greater than \$75,000 (continued)**

April 1st to June 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
30	City Hall Annex - Space Planning Pilot Project Design Services	Kasian Architecture Interior Design and Planning Ltd.	\$129,580	Engineering & Public Works
31	Provision of Annual and Quarterly Utility Billing, Annual Property Tax Notice and General Information Mail-Out Services (4 year term)	IDRS - International Direct Response Services	389,642	Finance and Corporate Services
32	Richmond Maritime Festival Programming (2024)	Anigraph Productions Limited	141,000	Community Services
33	Bus Speed and Reliability Program & Priority Collision Prone Intersection Improvements 2024	McElhanney Consulting Services Ltd	414,090	Engineering & Public Works
34	Supply and Install Replacement Roofing - 5831 Minoru Boulevard	Homan Roofing Ltd.	96,696	Finance and Corporate Services
35	Priority Collision Prone Intersection Improvements 2024 (intersections of Blundell Road and No. 2 Road, Alderbridge Way and No. 4 Road and Westminster Highway and No. 4 Road)	McElhanney Consulting Services Ltd	339,901	Engineering & Public Works
36	Community Safety Building Lighting Upgrades	Ashton Mechanical Group	421,758	Engineering & Public Works