



City Council

**Council Chambers, City Hall
6911 No. 3 Road**

**Monday, May 11, 2020
7:00 p.m.**

Pg. # ITEM

MINUTES

- CNCL-6** 1. *Motion to adopt the **minutes** of the Regular Council meeting held on April 27, 2020.*

☐

AGENDA ADDITIONS & DELETIONS

PRESENTATION

C.J. James, Partner KPMG, to present on the City of Richmond - Audit Findings Report for the year ended December 31, 2019.

COMMITTEE OF THE WHOLE

2. *Motion to resolve into Committee of the Whole to hear delegations on agenda items.*

☐

Council Agenda – Monday, May 11, 2020

Pg. # ITEM

3. Delegations from the floor on Agenda items.

PLEASE NOTE THAT FOR LEGAL REASONS, DELEGATIONS ARE NOT PERMITTED ON ZONING OR OCP AMENDMENT BYLAWS WHICH ARE TO BE ADOPTED.

4. *Motion to rise and report.*

☐

RATIFICATION OF COMMITTEE ACTION

CONSENT AGENDA

PLEASE NOTE THAT ITEMS APPEARING ON THE CONSENT AGENDA WHICH PRESENT A CONFLICT OF INTEREST FOR COUNCIL MEMBERS MUST BE REMOVED FROM THE CONSENT AGENDA AND CONSIDERED SEPARATELY.

CONSENT AGENDA HIGHLIGHTS

- Receipt of Committee minutes
- Capital Regional District Biofuel Incineration at the Richmond Lafarge Cement Manufacturing Site
- Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127 Part Ten: Karaoke Box Room Regulation
- Application by David Lin for a Heritage Alteration Permit at 6471 Dyke Road (Mckinney House)
- Revenue Anticipation Borrowing (2020) Bylaw No. 10153

5. *Motion to adopt Items No. 6 through No. 10 by general consent.*

☐

6. **COMMITTEE MINUTES**

That the minutes of:

CNCL-11 (1) the **General Purposes Committee** meeting held on May 4, 2020; and

CNCL-19 (2) the **Finance Committee** meeting held on May 4, 2020;

be received for information.

☐

Consent
Agenda
Item

7. **CAPITAL REGIONAL DISTRICT BIOFUEL INCINERATION AT THE RICHMOND LAFARGE CEMENT MANUFACTURING SITE**
(File Ref. No. 10-6175-03-01) (REDMS No. 6440871 v. 6)

CNCL-23

See Page CNCL-23 for full report

GENERAL PURPOSES COMMITTEE RECOMMENDATION

That the comments outlined in the staff report titled “Capital Regional District Biofuel Incineration at the Richmond Lafarge Cement Manufacturing Site” dated March 30, 2020, from the Director, Sustainability and District Energy be endorsed and directed to Metro Vancouver and the Capital Regional District.



Consent
Agenda
Item

8. **BUSINESS REGULATION BYLAW NO. 7538, AMENDMENT BYLAW NO. 10127 PART TEN: KARAOKE BOX ROOM REGULATION**
(File Ref. No. 12-8060-02-01; 12-8060-20-010127) (REDMS No. 6392006)

CNCL-28

See Page CNCL-28 for full report

GENERAL PURPOSES COMMITTEE RECOMMENDATION

That Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127, which amends Part Ten: Karaoke Box Room Regulation to prevent mosaic patterns of glass coverage, be introduced and given first, second and third readings.



Consent
Agenda
Item

9. **APPLICATION BY DAVID LIN FOR A HERITAGE ALTERATION PERMIT AT 6471 DYKE ROAD (MCKINNEY HOUSE)**
(File Ref. No. HA 20-893182) (REDMS No. 6431249 v. 5)

CNCL-32

See Page CNCL-32 for full report

GENERAL PURPOSES COMMITTEE RECOMMENDATION

That a Heritage Alteration Permit be issued which would:

- (1) *Permit the following maintenance work to the heritage-designated house at 6471 Dyke Road, on a site zoned “Single Detached Housing (ZS1) - London Landing (Steveston)”:*

Council Agenda – Monday, May 11, 2020

Pg. # ITEM

- (a) *Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;*
- (b) *Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;*
- (c) *Installation of new building wrap material to seal the dwelling from water ingress;*
- (d) *Installation of metal flashing to all openings and joints; and*
- (e) *Incidental repair of existing soffits, as needed, on a like-for-like basis.*



Consent
Agenda
Item

10. **REVENUE ANTICIPATION BORROWING (2020) BYLAW NO. 10153**
(File Ref. No. 03-0900-01) (REDMS No. 6404314 v. 2)

CNCL-75

See Page CNCL-75 for full report

FINANCE COMMITTEE RECOMMENDATION

- (1) *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be introduced and given first, second and third readings; and*
- (2) *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be adopted.*



CONSIDERATION OF MATTERS REMOVED FROM THE
CONSENT AGENDA

NON-CONSENT AGENDA ITEMS

FINANCE COMMITTEE

Mayor Malcolm D. Brodie, Chair

11. **2019 CONSOLIDATED FINANCIAL STATEMENTS**
(File Ref. No. 03-0905-01) (REDMS No. 6448921 v. 2; 6448931; 6422057)

CNCL-81

See Page **CNCL-81** for full report

FINANCE COMMITTEE RECOMMENDATION

Opposed: Cllrs. Day, Greene and Wolfe

That the City of Richmond's audited consolidated financial statements for the year ended December 31, 2019 be accepted.

☐

PUBLIC ANNOUNCEMENTS AND EVENTS

NEW BUSINESS

BYLAW FOR ADOPTION

CNCL-171

Revised Consolidated 5 Year Financial Plan (2020-2024) **Bylaw No. 10183**
Opposed at 1st/2nd/3rd Readings – Cllr. Greene

☐

ADJOURNMENT

☐



Regular Council

Monday, April 27, 2020

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo (attending via teleconference)
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)

Acting Corporate Officer – Matt O'Halloran

Call to Order: Mayor Brodie called the meeting to order at 7:00 p.m.

RES NO. ITEM

MINUTES

R20/8-1-1 1. It was moved and seconded

That:

- (1) *the minutes of the Regular Council meeting held on April 14, 2020, be adopted as circulated;*
- (2) *the minutes of the Special Council meeting held on April 20, 2020, be adopted as circulated; and*
- (3) *the minutes of the Regular Council meeting for Public Hearings held on April 20, 2020, be adopted as circulated.*

CARRIED



Regular Council
Monday, April 27, 2020

Mayor Brodie noted that since no members of the public were present at the meeting, a motion to resolve into Committee of the Whole to hear delegations from the floor on Agenda items and to rise and report (Items No. 2 to 4) would not be necessary.

CONSENT AGENDA

- R20/8-2 5. It was moved and seconded
That Items No. 6 and No. 7 be adopted by general consent.

CARRIED

6. **COMMITTEE MINUTES**

That the minutes of:

- (1) *the General Purposes Committee meeting held on April 20, 2020; and*
 - (2) *the Special Finance Committee meeting held on April 20, 2020*
- be received for information.*

ADOPTED ON CONSENT

7. **REPORT 2019: CONTINUOUS IMPROVEMENT FOR
SUSTAINABLE WASTE MANAGEMENT**

(File Ref. No. 10-6370-01) (REDMS No. 6433406 v. 3)

That the annual report titled, “Report 2019: Continuous Improvement for Sustainable Waste Management” be endorsed and be made available to the community on the City’s website and through various communication tools including social media channels and as part of community outreach initiatives.

ADOPTED ON CONSENT



Regular Council
Monday, April 27, 2020

BYLAWS FOR ADOPTION

R20/8-3

It was moved and seconded

That the following bylaws be adopted:

Housing Agreement (9680 Williams Road) Bylaw No. 10118

Consolidated Fees Bylaw No. 8636, Amendment Bylaw No. 10143

Business Licence Bylaw No. 7360, Amendment Bylaw No. 10145

Consolidated Fees Bylaw No. 8636, Amendment Bylaw No. 10160

Richmond Zoning Bylaw No. 8500, Amendment Bylaw No. 9939

CARRIED

R20/8-4

It was moved and seconded

That Vehicle for Hire Bylaw No. 6900, Amendment Bylaw No. 10128 be adopted.

The question on the motion was not called as discussion took place on ensuring that minors are required to wear a helmet while on the quadricycle.

In response to queries from Council, staff noted that (i) the *Motor Vehicle Act* states that individuals are not required to wear helmets on quadricycles, (ii) the City of Richmond Bylaws state that individuals must wear helmets on quadricycles until they are 17 years old, and (iii) other municipalities have adopted similar bylaws to the City of Richmond with regard to helmet use.

As a result of the discussion the following **referral motion** was introduced:

R20/8-5

It was moved and seconded

That Vehicle for Hire Bylaw No. 6900, Amendment Bylaw No. 10128 be referred back to staff to include a requirement for individuals under the age of 19 to wear a helmet while on the quadricycle.

The question on the referral motion was not called as discussion took place on ensuring minors' heads are protected while on the quadricycle to prevent head injuries.

The question on the referral motion was then called and it was **CARRIED** with Mayor Brodie, Cllrs. Au and Loo opposed.



Regular Council
Monday, April 27, 2020

R20/8-6

It was moved and seconded

That Richmond Zoning Bylaw No. 8500, Amendment Bylaw No. 9644 be adopted.

The question on the motion was not called, as discussion took place regarding the rear access lane associated with the proposed rezoning, and concern over the loss of fruit trees, landscaping design, wall placement, and the coach house designation.

In reply to queries from Council, staff noted that separate portions of the existing lane for this block of Blundell Avenue are intended to be connected over time, and that landscaping layout is limited by the required access to the proposed coach houses.

The question on the motion was then called and it was **CARRIED** with Cllrs. Day, Greene and Wolfe opposed.

DEVELOPMENT PERMIT PANEL

R20/8-7

8. It was moved and seconded

(1) *That the Chair's report for the Development Permit Panel meeting held on October 17, 2019 be received for information; and*

(2) *That the recommendations of the Panel to authorize the issuance of a Development Permit (DP 18-820689) for the property at 1600 Savage Road be endorsed, and the Permits so issued.*

The question on the motion was not called as concern was raised regarding the proposed Environmentally Sensitive Area compensation and enhancement and the retention of habitat and native species.

The question on the motion was then called and it was **DEFEATED** with Cllrs. Au, Day, Greene, McPhail and Wolfe opposed.



Regular Council
Monday, April 27, 2020

Discussion then ensued with regard to reconsideration of the matter by the Development Permit Panel, and as a result, the following **referral motion** was introduced:

R20/8-8

It was moved and seconded

That Development Permit Application (DP 18-820689) by Integrated Construction, located at 1600 Savage Road, be referred back to the Development Permit Panel to:

- (a) assess construction activity occurring on site;*
- (b) investigate alternative site plans that would allow for the retention of the central Environmentally Sensitive Area; and*
- (c) review the Environmentally Sensitive Area restoration plans as it relates to the scope of work involved with invasive species removal and tree replacement planting species.*

CARRIED

ADJOURNMENT

R20/8-9

It was moved and seconded

That the meeting adjourn (8:05 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the Regular meeting of the Council of the City of Richmond held on Monday, April 27, 2020.

Mayor (Malcolm D. Brodie)

Acting Corporate Officer
(Matt O'Halloran)



General Purposes Committee

Date: Monday, May 4, 2020

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)

Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the General Purposes Committee held on April 20, 2020, be amended to include the phrase “enhanced communication regarding the disposal of drywall and wood” in Item No. 1 as Part (vii).

CARRIED

It was moved and seconded

That the minutes of the meeting of the General Purposes Committee held on April 20, 2020, be adopted as amended.

CARRIED

General Purposes Committee
Monday, May 4, 2020

ENGINEERING AND PUBLIC WORKS DIVISION

1. **CAPITAL REGIONAL DISTRICT BIOFUEL INCINERATION AT THE RICHMOND LAFARGE CEMENT MANUFACTURING SITE**
(File Ref. No. 10-6175-03-01) (REDMS No. 6440871 v. 6)

Discussion ensued with regard to (i) monitoring and minimizing contaminants in the biofuel, (ii) management of the project, (iii) minimizing potential odours and emissions, and (iv) alternatives to the incineration of biosolids.

In reply to queries from Committee, staff noted that (i) contaminants and emissions will be monitored to ensure that concentrations meet acceptable standards, (ii) installation of carbon filters are proposed in the emission pipes, (iii) the project will be managed by Metro Vancouver and the City will remain engaged and provide input throughout the process, and (iv) the City will be engaging with other municipalities to ensure sites outside of Richmond meet emission standards.

It was moved and seconded

That the comments outlined in the staff report titled "Capital Regional District Biofuel Incineration at the Richmond Lafarge Cement Manufacturing Site" dated March 30, 2020, from the Director, Sustainability and District Energy be endorsed and directed to Metro Vancouver and the Capital Regional District.

CARRIED

COMMUNITY SAFETY DIVISION

2. **BUSINESS REGULATION BYLAW NO. 7538, AMENDMENT BYLAW NO. 10127 PART TEN: KARAOKE BOX ROOM REGULATION**
(File Ref. No. 12-8060-02-01) (REDMS No. 6392006)

In reply to queries from Committee, staff noted that the applicant met current regulations regarding the coverage of glass on the walls for visibility of the rooms, however the proposed bylaw would further provide clarity on glass transparency requirements for future applicants.

It was moved and seconded

That Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127, which amends Part Ten: Karaoke Box Room Regulation to prevent mosaic patterns of glass coverage, be introduced and given first, second and third readings.

CARRIED

General Purposes Committee
Monday, May 4, 2020

PLANNING AND DEVELOPMENT DIVISION

3. APPLICATION BY DAVID LIN FOR A HERITAGE ALTERATION PERMIT AT 6471 DYKE ROAD (MCKINNEY HOUSE)

(File Ref. No. HA 20-893182) (REDMS No. 6431249 v. 5)

A revised Heritage Alteration Permit was distributed (attached to and forming part of these minutes as Schedule 1).

It was moved and seconded

That a Heritage Alteration Permit be issued which would:

- (1) Permit the following maintenance work to the heritage-designated house at 6471 Dyke Road, on a site zoned "Single Detached Housing (ZS1) - London Landing (Steveston)":*
 - (a) Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;*
 - (b) Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;*
 - (c) Installation of new building wrap material to seal the dwelling from water ingress;*
 - (d) Installation of metal flashing to all openings and joints; and*
 - (e) Incidental repair of existing soffits, as needed, on a like-for-like basis.*

CARRIED

4. APPLICATION BY YUANHENG SEASIDE DEVELOPMENTS LTD. / YUANHENG SEAVIEW DEVELOPMENTS LTD. FOR A ZONING TEXT AMENDMENT TO THE "RESIDENTIAL/LIMITED COMMERCIAL AND COMMUNITY AMENITY (ZMU30) – CAPSTAN VILLAGE (CITY CENTRE)" ZONE AT 3399 CORVETTE WAY AND 3311 AND 3331 NO. 3 ROAD

(File Ref. No. 12-8060-20-010162; ZT 19-872212) (REDMS No. 6447538)

Staff reviewed the application, noting that the applicant has requested that (i) approximately 10,000 ft² of unbuilt floor area be relocated from the Phase 1 site to the Phase 2 and 3 sites of the project, (ii) the number of dwelling units on-site be increased to 960 from 850 based on the increase of the public open space contribution as applicable to the Capstan Station Bonus, and (iii) completion of proposed City Centre North Community Centre be deferred to 2023.

General Purposes Committee

Monday, May 4, 2020

Discussion ensued with regard to (i) increasing the number of proposed dwelling units allocated for affordable housing, (ii) determining the size of the proposed units and the unit mix of family-friendly units, and (iii) considering the application at a Public Hearing.

In reply to queries from Committee, staff noted that at the time of the rezoning application, proposed designs were conceptual, however more information on dwelling unit size can be obtained from the applicant. Also, staff noted that the proposed development is expected to meet a minimum level 2 BC Energy Step Code and will be required to connect to District Energy.

A letter from the City Centre Community Association, dated May 3, 2020, was distributed (attached to and forming part of these minutes as Schedule 2).

Discussion ensued regarding the governance model of the proposed City Centre North Community Centre, and in reply to queries, staff noted that staff can provide additional information on the matter. Also, staff added that residency of Phase 2 will not take place until the completion of the proposed Community Centre.

As a result of the discussion, the following **referral motion** was introduced:

It was moved and seconded

That the staff report titled “Application by Yuanheng Seaside Developments Ltd. / Yuanheng Seaview Developments Ltd. for a Zoning Text Amendment to the “Residential/Limited Commercial and Community Amenity (ZMU30) – Capstan Village (City Centre)” Zone at 3399 Corvette Way and 3311 and 3331 No. 3 Road”, dated April 23, 2020, from the Director, Development, be referred back to staff to provide more information on the following:

- (1) the proposed changes to the dwelling unit sizes compared to the original proposal;*
- (2) the proposed number of rental units;*
- (3) options to increase the affordable housing contribution;*
- (4) rationale for waiving the Public Hearing;*
- (5) the proposed amount of amenity space;*
- (6) the rationale for the deferral of the proposed City Centre North Community Centre and the proposed construction timeline; and*
- (7) the proposed governance model of the City Centre North Community Centre.*

General Purposes Committee

Monday, May 4, 2020

The question on the referral motion was not called as discussion ensued with regard to the application's timeline and construction timeline of the proposed City Centre North Community Centre.

The question on the referral motion was then called and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:55 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Monday, May 4, 2020.

Mayor Malcolm D. Brodie
Chair

Evangel Biason
Legislative Services Associate



City of
Richmond

Schedule 1 to the Minutes of the
General Purposes Committee
meeting of Richmond City
Council held on Monday, May 4,
2020.

Heritage Alteration Permit

Development Applications Division
6911 No. 3 Road, Richmond, BC V6Y 2C1

File No.: HA 20-893182

To the Holder: David Lin

Property Address: 6471 Dyke Road

Legal Description: LOT 1 SECTION 18 BLOCK 3 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN 11588

(s.617, *Local Government Act*)

1. (Reason for Permit)
 - ☒ Designated Heritage Property (s.611)
 - ☐ Property Subject to Temporary Protection (s.609)
 - ☐ Property Subject to Heritage Revitalization Agreement (s.610)
 - ☐ Property in Heritage Conservation Area (s.615)
 - ☐ Property Subject to s.219 Heritage Covenant (Land Titles Act)
2. This Heritage Alteration Permit is issued for the following alterations, as illustrated on Plans #1 to Plan #3.d:
 - Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;
 - Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;
 - Installation of new building wrap material to seal the dwelling from water ingress;
 - Installation of metal flashing to all openings and joints; and
 - Incidental repair of existing soffits, as needed, on a like-for-like basis.
3. This Heritage Alteration Permit is issued subject to compliance with all of the Bylaws of the City applicable thereto, except as specifically varied or supplemented by this Permit.
4. If the alterations authorized by this Heritage Alteration Permit are not completed within 24 months of the date of this Permit, this Permit lapses.

AUTHORIZING RESOLUTION NO.

ISSUED BY THE COUNCIL THE DAY OF

DELIVERED THIS DAY OF , 2020.

MAYOR

CORPORATE OFFICER

IT IS AN OFFENCE UNDER THE *LOCAL GOVERNMENT ACT*, PUNISHABLE BY A FINE OF UP TO \$50,000 IN THE CASE OF AN INDIVIDUAL AND \$1,000,000 IN THE CASE OF A CORPORATION, FOR THE HOLDER OF THIS PERMIT TO FAIL TO COMPLY WITH THE REQUIREMENTS AND CONDITIONS OF THE PERMIT.



City Centre Community Association

5900 Minoru Blvd.
Richmond, BC
V6X 0L9

Tel: 604-204-8588
Fax: 604-204-8589

May 3, 2020

To: General Purposes Committee, City of Richmond

Re: May 4, 2020 meeting, Agenda item #4 from Planning & Development Division (GP-61)

"APPLICATION BY YUANHENG SEASIDE DEVELOPMENTS LTD. / YUANHENG SEAVIEW DEVELOPMENTS LTD. FOR A ZONING TEXT AMENDMENT TO THE "RESIDENTIAL/LIMITED COMMERCIAL AND COMMUNITY AMENITY (ZMU30)-CAPSTAN VILLAGE (CITY CENTRE)" ZONE AT 3399 CORVETTE WAY AND 3311 AND 3331 NO. 3 ROAD (File Ref. No. 12-8060-20-010162; ZT 19-872212) (REDMS No. 6447538)"

Dear Mayor and Councillors,

I am writing on behalf of the Board of Directors of the Richmond City Centre Community Association with respect to this City Centre North development, and particularly staff recommendation "(2) That the terms of the voluntary developer community amenity contribution secured through the original rezoning of 3399 Corvette Way and 3311 and 3331 No. 3 Road (RZ 12-603040) be amended to permit the completion of the proposed City Centre North Community Centre, at 3311 No. 3 Road, to be deferred from December 31, 2021 to December 31, 2023".

The Board of the City Centre Community Association strongly supports the City of Richmond's push to build the new City Centre North Community Centre. This Centre will be a major benefit to the growing community in City Centre North. We feel that the deferred completion will enable the new Centre to establish itself more quickly once it is finished, since there will be more residents in the area. The revised design brings significant improvements including an expanded plaza and improved design with more daylight within the building, which will be very positive for local residents. Plus, as taxpayers, we very much appreciate that the developer is funding the construction of the new Centre as well as significant costs for its fit-up.

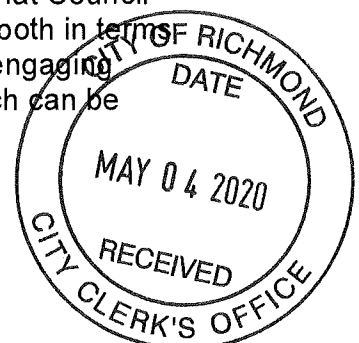
The new timeline and the presence of local residents when the new Centre opens will enable residents in that neighborhood to form a Board to ensure that local needs are met by the new Centre, in partnership with the City. Our Board requests that Council clearly endorse this governance model since it has been proven effective both in terms of results as well as costs across Richmond's other Community Centres, engaging local residents and establishing a sense of pride and neighbourhood, which can be particularly challenging in urban settings.

PHOTOCOPIED

MAY 04 2020

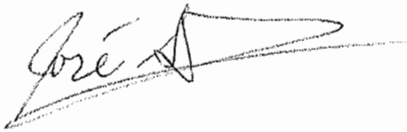
& DISTRIBUTED *Aw*

CNCL - 17



As our Board wrote in previous correspondence to the Mayor and Council, we are actively interested in helping the new Centre start on a successful path in its urban location and with the partnership opportunities that location brings. We are happy to help the City of Richmond establish the new Centre based on learnings from our experiences in the startup of the existing City Centre Community Centre - both with the new facility as well as setting-up links with the local community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jose', followed by a stylized, elongated flourish that extends to the right.

Jose Gonzalez,
President, Richmond City Centre Community Association



Finance Committee

Date: Monday, May 4, 2020

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)

Call to Order: The Chair called the meeting to order at 4:55 p.m.

MINUTES

It was moved and seconded

That the minutes of the meetings of the Finance Committee held on April 6, 2020 and April 20, 2020, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2019 FINANCIAL STATEMENTS FOR THE RICHMOND PUBLIC LIBRARY**

(File Ref. No. 03-0905-01) (REDMS No. 6448396; 6448404)

Discussion ensued with regard to the Richmond Public Library's operating budget and projected 2020 surplus.

Finance Committee
Monday, May 4, 2020

It was moved and seconded

That the 2019 Richmond Public Library audited financial statements for the year ended December 31, 2019, as presented in the attached report from the Chief Librarian, be received for information.

CARRIED

2. 2019 FINANCIAL STATEMENTS FOR THE LULU ISLAND ENERGY COMPANY

(File Ref. No. 10-0060-20) (REDMS No. 6441023)

It was moved and seconded

That the Lulu Island Energy Company report titled "2019 Financial Statements for the Lulu Island Energy Company" dated April 1, 2020 from the Chief Executive Officer and Chief Financial Officer, be received for information.

The question on the motion was not called as discussion ensued with regard to the utility's rates, staffing and financing costs.

The question on the motion was then called and it was **CARRIED**.

3. RICHMOND OLYMPIC OVAL – 2019 AUDITED FINANCIAL STATEMENTS

(File Ref. No.) (REDMS No. 6450716)

It was moved and seconded

That the report on 2019 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as discussion ensued regarding the recording of staff time and the Oval's investment balance.

The question on the motion was then called and it was **CARRIED**.

4. 2019 CONSOLIDATED FINANCIAL STATEMENTS

(File Ref. No. 03-0905-01/2020) (REDMS No. 6448921 v. 2; 6448931; 6422057)

Mayor Brodie noted that the auditors from KPMG were invited to attend the meeting to delegate on the matter. Mayor Brodie added that there are no provisions in *Council Procedure Bylaw No. 7560* to allow delegations to present remotely and electronically and as such, KPMG opted to present their submission in writing (copy on-file, City Clerk's Office).

Discussion ensued with regard to amending *Council Procedure Bylaw No. 7560* to allow delegations to present remotely. Staff noted that such amendments may be considered in the future, however the bylaw cannot be amended prior to the upcoming Council meeting.

Finance Committee
Monday, May 4, 2020

It was moved and seconded

That the City of Richmond's audited consolidated financial statements for the year ended December 31, 2019 be accepted.

CARRIED

Opposed: Cllrs. Day
Greene
Wolfe

5. **REVENUE ANTICIPATION BORROWING (2020) BYLAW NO. 10153**
(File Ref. No. 03-0900-01/2020) (REDMS No. 6404314 v. 2)

It was moved and seconded

1. *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be introduced and given first, second and third readings; and*
2. *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be adopted.*

The question on the motion was not called as staff advised that the proposed bylaw would allow for additional credit facilitation with the City's financial partners and as such, this financial tool can be used in the event that temporary bridge financing is required. Staff added that the temporary financing is typically not utilized for long-term capital expenditures.

Discussion ensued with regard to the proposed additional credit facility, and it was noted that the City has not used the credit. It was suggested that the public be informed of the City's position regarding utilization of the financial tool through a letter to the editor.

The question on the motion was then called and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:20 p.m.).

CARRIED

Finance Committee
Monday, May 4, 2020

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, May 4, 2020.

Mayor Malcolm D. Brodie
Chair

Evangel Biason
Legislative Services Associate



City of Richmond

Report to Committee

To:	General Purposes Committee	Date:	March 30, 2020
From:	Peter Russell, BAsC, MSc, MCIP, RPP Director, Sustainability and District Energy	File:	10-6175-03-01/2020- Vol 01
Re:	Capital Regional District Biofuel Incineration at the Richmond Lafarge Cement Manufacturing Site		

Staff Recommendation

That the comments outlined in the staff report titled "Capital Regional District Biofuel Incineration at the Richmond Lafarge Cement Manufacturing Site" dated March 30, 2020, from the Director, Sustainability and District Energy be endorsed and directed to Metro Vancouver and the Capital Regional District.

Peter Russell, BAsC, MSc, MCIP, RPP
Director, Sustainability and District Energy
(604-276-4130)

REPORT CONCURRENCE		
ROUTED TO: Building Approvals	CONCURRENCE <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER DocuSigned by: 9352CB09CEDB448...
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

March 30, 2020

- 2 -

Staff Report

Origin

The purpose of this report is to provide an update on biosolid management in Metro Vancouver and inform Council of the Capital Regional District's plan to export refined biosolid pellets from the Hartland Residuals Treatment Facility on Vancouver Island to Lafarge Canada Incorporated's (Lafarge) cement plant in Richmond. This report also recommends that comments regarding this project be endorsed and directed to Metro Vancouver and the Capital Regional District.

This report supports Council's Strategic Plan 2018-2022 Strategy #1 A Safe and Resilient City:

Enhance and protect the safety and well-being of Richmond.

1.4 Foster a safe, caring and resilient environment.

This report supports Council's Strategic Plan 2018-2022 Strategy #2 A Sustainable and Environmentally Conscious City:

Environmentally conscious decision-making that demonstrates leadership in implementing innovative, sustainable practices and supports the City's unique biodiversity and island ecology.

2.1 Continued leadership in addressing climate change and promoting circular economic principles.

Analysis

Biosolids in Metro Vancouver

Biosolids are the stabilized products recovered from the wastewater treatment process and are provincially regulated. Biosolids can be beneficially used in energy production or in land application (as a fertilizer or soil amendment). Biosolids can be further refined to produce biosolid pellets. As a biofuel, refined biosolid pellets can provide a high-heat alternative.

Biosolids from the region's five wastewater treatment facilities are managed by Metro Vancouver, from which 55,000 bulk tonnes of biosolids is generated annually. Metro Vancouver currently relies on land application projects throughout BC for reuse of the product. Metro Vancouver is forecasting this quantity to substantially increase to 150,000 tonnes per year by 2050 but does not expect it can secure sufficient new land application projects to meet the demand, due to fluctuations in customer markets and public concern. Metro Vancouver is currently considering future solutions to resolve this issue including constructing a drying facility at one of the regional wastewater treatment plants.

March 30, 2020

- 3 -

Biofuel Imports to Metro Vancouver

The Capital Regional District (CRD) prepared the Core Area Wastewater Program, Biosolids Management Plan in 2009. Under the plan, CRD is planning to pipe residual solids from the McLoughlin Point Wastewater Treatment Plant to a Residuals Treatment Facility located at the Hartland Landfill, where they will produce dried biosolid pellets that can be used as a biofuel. The CRD banned land application of biosolids in 2011 and recently relaxed the ban this year to allow biosolids to be used as fertilizer at the Hartland Landfill. The region remains reliant on the demand of independent vendors such as Lafarge Canada Incorporated (Lafarge) to meet its short-term waste management objectives.

The CRD expects to export up to 7,000 tonnes of biofuel annually to two locations in Metro Vancouver. Lafarge, located at 7611 No. 9 Rd. in Richmond, expects to receive 3,500 tonnes per year beginning in 2020, and the remaining 3,500 tonnes per year is expected to be delivered annually to the Lehigh Cement site located in Delta in subsequent years. The CRD will have the dried, granular by-product exported by truck and ferry in bulk trailers to Lafarge where it will be used to displace coal or natural gas in cement kiln burners for cement manufacturing. Lafarge received a Development Variance permit from the City in 2017 to upgrade its kiln and new material handling system. Lafarge is planning to construct a new silo and closed-loop, conveyance system for handling the biofuel. The new infrastructure will be designed to manage fugitive dust and reduce the potential for odours. Lafarge has committed to the necessary work and has secured provincial funding from the CleanBC Industry Fund to support the upgrades. Staff have held preliminary meetings with Lafarge to discuss concerns related to odours being generated through shipping into Richmond and management on their Richmond site. Potential requirement for City-issued permits related to the upgrades were also discussed. Staff are currently anticipating a building permit application in the coming months.

Lafarge estimates that the CRD's annual supply of biosolids will only satisfy approximately 1% of their future alternative fuel offsetting needs, leaving capacity for locally refined biosolids and biofuels should they be produced in the future.

Metro Vancouver Permitting Requirements

The overall project must consider the environmental and human health risks including managing odours, the risk of ignition, and human exposure through authorized transporting, handling, and storing procedures. Lafarge currently has an air discharge permit and a solid waste license issued by Metro Vancouver under delegated authority from the Province. The existing solid waste permit allows Lafarge to accept select alternative fuels such as biosolid pellets for onsite incineration. The air discharge permit includes provisions for Lafarge to conduct air quality pilot studies, including assessing odours from new fuels. Lafarge has advised staff that they intend to undertake a pilot study to assess the biofuel during incineration. Results from the pilot study would be submitted to Metro Vancouver for review to determine if permit amendments are required for the release of additional contaminants into the air. No additional environmental permits are required to transport, store, or incinerate the refined biosolid pellets.

March 30, 2020

- 4 -

Literature from the Environmental Protection Agency in the United States suggests that odours from transporting, handling, storing and incinerating the refined biofuel can be managed effectively with technology and best management practices. The City is also aware that approximately 8,000 tonnes of biosolids (recovered regionally) was used to amend soils for use at the Ecowaste facility in Richmond last year, and no odour complaints were filed with Metro Vancouver during that time. Nonetheless, the City of Richmond's (the City) concerns related to odour and air quality have already been communicated to Metro Vancouver and Lafarge. The City met with Lafarge staff in February 2020 and at the City's request, Lafarge has agreed to add carbon air filters to the silo design to further mitigate potential odour releases to the environment. Meetings with Metro Vancouver staff have taken place to get more information about the project and relay the City's concerns.

Recommended Comments for Metro Vancouver

After evaluating the project and reviewing Metro Vancouver's Biosolids Management Plan Framework, it is recommended that the following comments be endorsed and sent to appropriate departments at Metro Vancouver and the CRD for consideration:

- That Metro Vancouver review the scope of Lafarge's proposed incineration pilot study and ensure that information relating to odour, metals and pathogens emissions are included as part of the air quality testing, and that Metro Vancouver complete third party sampling during that time to verify the results;
- That a copy of all of the test results, in a suitable format, be made available for the City to review and evaluate;
- That Metro Vancouver be requested to investigate the benefit of developing biosolids-specific air quality standards to ensure that regional air quality standards continue to be achieved;
- That Lafarge be required to prepare and submit a biosolids management plan to outline the measures and best management practices that will be in place to reduce the risk to the community including management of odours, loading and offloading, transportation, storage and incineration;
- That Metro Vancouver begins preparing regional best management practices including evaluating suitable technologies in preparation for an increase in the beneficial uses of biosolids in the region;
- Given that Lafarge has agreed to the City's request that carbon filters be added onto the future silo to further reduce the potential for odours, that Metro Vancouver staff ensure that suitable carbon filters are present and operational prior to allowing future air discharges; and
- That Metro Vancouver appropriately notifies the community, in particular neighbouring businesses, regarding Lafarge's plan to incinerate biosolid pellets.

Financial Impact

None.

March 30, 2020

- 5 -

Conclusion

The development of well-managed, biosolids projects in Metro Vancouver can reduce costs, conserve nutrients, and can benefit local circular economy initiatives. The Lafarge project, if managed responsibly, will provide a case study for the future use of biosolids refined locally.

The City will remain engaged in the project to ensure the City's odour and air quality concerns are addressed and will report back to Council accordingly.



Chad Paulin
Manager, Environment
(604-247-4672)



Warren Mills
Coordinator, Environmental
(604-247-4694)



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** April 22, 2020
From: Cecilia Achiam **File:** 12-8060-02-01/2020-
General Manager, Community Safety Vol 01
Re: **Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127**
Part Ten: Karaoke Box Room Regulation

Staff Recommendation

That Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127, which amends Part Ten: Karaoke Box Room Regulation to prevent mosaic patterns of glass coverage, be introduced and given first, second and third readings.

Cecilia Achiam
General Manager, Community Safety
(604-276-4122)

REPORT CONCURRENCE	
ROUTED TO:	CONCURRENCE
Law	<input checked="checked" type="checkbox"/>
SENIOR STAFF REPORT REVIEW	INITIALS: CJ
APPROVED BY CAO 	

Staff Report

Origin

The Business Regulation Bylaw No. 7538, Part Ten: Karaoke Box Room Regulation (hereinafter referred to as: Karaoke Box Room Regulation), requires every room used for karaoke to be easily accessible and visible from the main entrance or restaurant area. The regulations further specify that at least half of the wall be constructed of clear, non-glare, non-reflected, non-tinted glass which must remain unobstructed at all times.

This report deals with an additional amendment to the regulation to prevent future applicants from introducing mosaic glass which can have a detrimental effect on visibility into the rooms and the intent of the Karaoke Box Room Regulation.

This report supports Council's Strategic Plan 2018-2022 Strategy #7 A Supported Economic Sector:

Facilitate diversified economic growth through innovative and sustainable policies, practices and partnerships.

Analysis

Since the inception of the Karaoke Box Room Regulation, new businesses have conformed to the regulations and have provided the required glass coverage over the middle half of every room. This makes it easy for staff or others to see inside the rooms and gives the occupants of the rooms a sense of safety and awareness that they can be seen. This also aids inspections of the businesses when either RCMP presence or bylaw enforcement is required.

More recently, an application was submitted with a mosaic pattern on room visibility windows. The mosaic includes numerous separated glass areas throughout the wall and door. The intent of the applicant was to use the mosaic pattern to contribute to an extensive lighting system around the mosaic patterns and the rest of the walls. While the pattern met the technical requirements of the regulation, the pattern makes it more difficult to see into the rooms and does not meet the intent of the Karaoke Box Room Regulation. This application was approved as the mosaic glass met the 50% requirement as stipulated by the Karaoke Box Room Regulation.

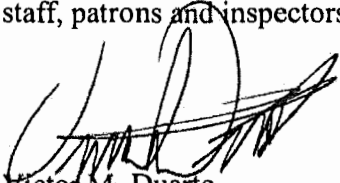
The proposed bylaw amendment will prevent further mosaic patterns from being introduced and provide clarity for applications on the approval process. The specific wording proposed for the Karaoke Box Room Regulation will require glass coverage with no more than one continuous piece, for the wall and door. This will ensure that all new karaoke rooms have sufficient visibility for staff, patrons and inspectors.

Financial Impact

None.

Conclusion

The amendments presented in this report will provide more specific requirements for glass viewing areas into karaoke rooms as part of Business Regulation Bylaw No. 7538, Part Ten: Karaoke Box Room Regulation. Staff are recommending the approval of the amendment so that all future business meet the intent of this regulation by providing visibility into the rooms for staff, patrons and inspectors.



Victor M. Duarte
Supervisor, Business Licences
(604-276-4389)



Carli Williams
Manager, Business Licence & Bylaws
Chief Licence Inspector
(604-276-4136)

VMD:vmd



Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127

The Council of the City of Richmond enacts as follows:

1. Business Regulation Bylaw No. 7538, as amended, is further amended at Section 10.3 by inserting the following new sub-section (c):

“(c) be constructed such that the glass portion of any wall or door, required to satisfy subsection 10.3(b), is one uninterrupted section of glass.”
2. This Bylaw is cited as “**Business Regulation Bylaw No. 7538, Amendment Bylaw No. 10127**”.

FIRST READING

SECOND READING

THIRD READING

LEGAL REQUIREMENTS SATISFIED

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept. 
APPROVED for legality by Solicitor 

MAYOR

CORPORATE OFFICER



City of Richmond

Report to Committee

To: General Purposes Committee

Date: April 7, 2020

From: Wayne Craig,
Director, Development

File: HA 20-893182

Re: Application by David Lin for a Heritage Alteration Permit at 6471 Dyke Road
(McKinney House)

Staff Recommendation

That a Heritage Alteration Permit be issued which would:

1. Permit the following maintenance work to the heritage-designated house at 6471 Dyke Road, on a site zoned "Single Detached Housing (ZS1) - London Landing (Steveston)":
 - a) Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;
 - b) Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;
 - c) Installation of new building wrap material to seal the dwelling from water ingress;
 - d) Installation of metal flashing to all openings and joints; and,
 - e) Incidental repair of existing soffits, as needed, on a like-for-like basis.

Wayne Craig
Director, Development

WC: cl
Att. 8

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Policy Planning	<input checked="" type="checkbox"/>	

Staff Report

Origin

David Lin has applied to the City of Richmond for a Heritage Alteration Permit (HAP) to alter the heritage-designated house, known as the McKinney House, at 6471 Dyke Road (Attachment 1). An HAP issued by City Council is required for the proposed alterations consistent with the provincial *Local Government Act* and the City's *Heritage Procedures Bylaw No. 8400*, as the property is protected by Heritage Designation Bylaw No. 6130. The scope of the proposed alterations is to remove and replace the existing wood shingle and horizontal lap siding cladding on a like-for-like basis, as well as to repair, replace, and install new components of the wall assembly to address water ingress. Incidental repair of existing soffits may also be required, as needed, where the proposed new cladding meets up with it.

Background

The McKinney House was constructed in 1911 and is an excellent example of Foursquare Edwardian-era architecture with Craftsman influences. The house became a protected heritage building in 1988 through Heritage Designation Bylaw No. 5186.

In 1993, the house was moved from its original location at 5791 Steveston Highway to its current location at 6471 Dyke Road, and Bylaw 5186 was repealed and replaced with a new Heritage Designation Bylaw No. 6130 to reflect the new location.

The Statement of Significance which describes the heritage value of the building is included in Attachment 2.

In 2018, Richmond City Council issued a HAP for restoration and rehabilitation of exterior building features and construction of an addition to the house (HA 17- 775892). The scope of work approved included alterations in the form of repair and restoration of historic windows, hardware, and sashes, doors, porch, and upper balcony, painting of the exterior cladding, removal of an existing non-historic rear addition and other non-historic elements of the building, and construction of a larger two-storey rear addition to the house. A variance to reduce the required minimum rear yard setback from 5.0 m to 4.2 m for a minor encroachment of a portion of the new addition was also approved as part of the HAP.

The proposed painting of the existing exterior wood cladding approved under the previously-issued HAP could not be completed as it was discovered while undertaking the approved construction that it was extensively rotted and further rot was discovered in the shiplap sheathing. Photos illustrating the condition of the exterior cladding are included in Attachment 3.

Since the proposed new alterations are modifications to the scope of work approved under the 2018 HAP, this new HAP application is required.

Surrounding Development

Existing development immediately surrounding the subject property is as follows:

- To the north is a multi-family development zoned “Town Housing (ZT43) – London Landing (Steveston)”.
- To the south, across Dyke Road, is the South Dyke Trail, and the south arm of the Fraser River beyond that.
- To the east is the City-owned London Farm, which is protected by Heritage Designation Bylaws No. 3515, 3528 and 3711, on a site zoned “Agriculture (AG1)”.
- To the west is a duplex on a site zoned “Heritage Two-Unit Dwelling (ZD1) – London Landing (Steveston)”.

Development Information

The attached Development Application Data Sheet provides a comparison of the proposed development with the applicable requirements (Attachment 4).

Related Policies & Regulations

2041 Official Community Plan and Steveston Area Plan

The 2041 Official Community Plan (OCP) Land Use Map designation for the subject property is “Neighbourhood Residential”. The Steveston Area Plan’s London/Princess Land Use Map designation for the subject property is “Heritage Residential” (Attachment 5), which accommodates residential structures of recognized historic significance and new structures designed to a distinctive heritage appearance reflective of Steveston’s character. The proposal at the subject site is consistent with the land use map designations in the OCP and Steveston Area Plan.

The OCP and Steveston Area Plan also include policy to preserve, promote and celebrate community heritage city-wide and to conserve significant heritage resources throughout the Steveston Area. The Steveston Area Plan specifies that the Parks Canada *Standards and Guidelines for the Conservation of Historic Places in Canada* (Standards and Guidelines) be used for heritage resource management. Assessment of the impact of the proposed alterations on the heritage value and character-defining elements of the McKinney House in the context of the Standards and Guidelines is provided under the “Analysis” section of this report.

Heritage Procedures Bylaw No. 8400

The City’s Heritage Procedures Bylaw No. 8400 requires a Heritage Alteration Permit for alterations to property that is included on Richmond’s Heritage Register or that is the subject of a Heritage Designation Bylaw. As the McKinney House at 6471 Dyke Road is both on the Heritage Register and protected under Heritage Designation Bylaw No. 6130, a Heritage Alteration Permit is required for the proposed alterations to the house.

Public Consultation

During the review process for the previously-issued HAP, a notification sign was installed on-site and written correspondence from the neighbours to the north and west was received in support of the proposal.

As this application is a modification from the previously-issued HAP at the subject site, and involves like-for-like replacement of cladding materials, thereby extending the life of the building while preserving the exterior character of the building, City staff did not require a new development sign to be installed on-site.

Richmond Heritage Commission

The proposed application was presented to the Richmond Heritage Commission on March 4, 2020 and was supported. An excerpt of the Richmond Heritage Commission meeting minutes is included in Attachment 6.

Analysis

The architectural plans submitted by the applicant (Plans # 1 to 3.d) illustrate the proposed modifications to the originally approved HAP drawings.

Heritage Impact Assessment

The following is a detailed list of the proposed alterations:

- Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;
- Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;
- Installation of new building wrap material to seal the dwelling from water ingress;
- Installation of metal flashing to all openings and joints, to prevent water ingress; and
- Incidental

Following the proposed alterations, the new wood cladding will be painted in the colours proposed in the previously-issued HAP, specifically: “Newburyport Blue” and “Monterey White”, from Benjamin Moore’s Historic Colour collection.

National Standards and Guidelines

The guidelines that apply to heritage resources in the Steveston Planning Area are Parks Canada’s Standards and Guidelines. The “standards” are principles that apply to all historic places and features, whereas the “guidelines” are specific to each type of historic place and/or materials; together they are applied to assess the overall impact of proposed alterations on the heritage value and character-defining elements of historic places.

The following are the relevant “standards” against which to assess the proposed alterations to the McKinney House (Attachment 7):

Chapter Standards

- | | | |
|---|-------|---|
| 3 | 7 a) | <i>Evaluate the existing condition of character-defining elements to determine the appropriate intervention needed.</i> |
| | 10 b) | <i>Where character-defining elements are too severely deteriorated to repair, and where sufficient physical evidence exists, replace them with new elements that match the forms, materials and detailing of sound versions of the same elements.</i> |

The following are the relevant “guidelines” against which to assess the proposed alterations (Attachment 8):

Chapter Guidelines

- | | | |
|-------|----|---|
| 4.3.4 | 14 | <i>Repairing an exterior wall assembly, including its functional and decorative elements, by using a minimal intervention approach. Such repairs might include the limited replacement in kind, or replacement using an appropriate substitute material of irreparable or missing elements, based on documentary or physical evidence.</i>

<i>Repairs might also include dismantling and rebuilding a masonry or wood wall, if an evaluation of its overall condition determines that more than limited repair or replacement in kind is required.</i> |
| | 17 | <i>Replacing in kind an irreparable exterior wall assembly...If using the same kind of material is not environmentally sound, or technically or economically feasible, then a compatible substitute material may be considered.</i> |
| 4.5.1 | 14 | <i>Repairing or replacing materials to match the original as closely as possible, both visually and physically.</i> |
| 4.5.2 | 17 | <i>Replacing in kind extensively deteriorated or missing parts of wood elements, based on documentary and physical evidence.</i> |

The proposal is supportable because the applicant has sufficiently demonstrated, and the City’s Building Inspector has confirmed, that the originally approved approach to retain and paint the existing wood cladding materials is not possible as the materials are too severely deteriorated to repair. The proposed cladding replacement with new materials that match the existing wood cladding maintain the dwelling’s heritage character-defining elements. The proposed alterations to the wall assembly address water ingress and extend the building’s longevity. On this basis, the proposal is consistent with the Standards and Guidelines.

Financial Impact

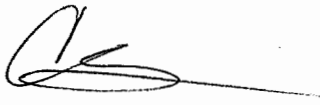
None.

Conclusion

This proposal involves modifications to the scope of work approved under the 2018 HAP at 6471 Dyke Road, on which is located the heritage-designated McKinney House.

The proposed removal and replacement of the existing wood shingle and horizontal lap siding cladding on a like-for-like basis, as well as repair, replacement, and installation of new components of the wall assembly to address water ingress and ultimately extend the building's longevity is consistent with Parks Canada's Standards and Guidelines.

Staff recommend that the Heritage Alteration Permit be endorsed, and issuance by City Council be recommended.



Cynthia Lussier
Planner 2
(604-276-4108)

CL:cas

Attachment 1: Location Map/Aerial Photo of the subject site at 6471 Dyke Rd

Attachment 2: Statement of Significance for the McKinney House

Attachment 3: Photos illustrating the condition of the exterior cladding

Attachment 4: Development Application Data Sheet

Attachment 5: Steveston Area Plan's London/Princess Land Use Map

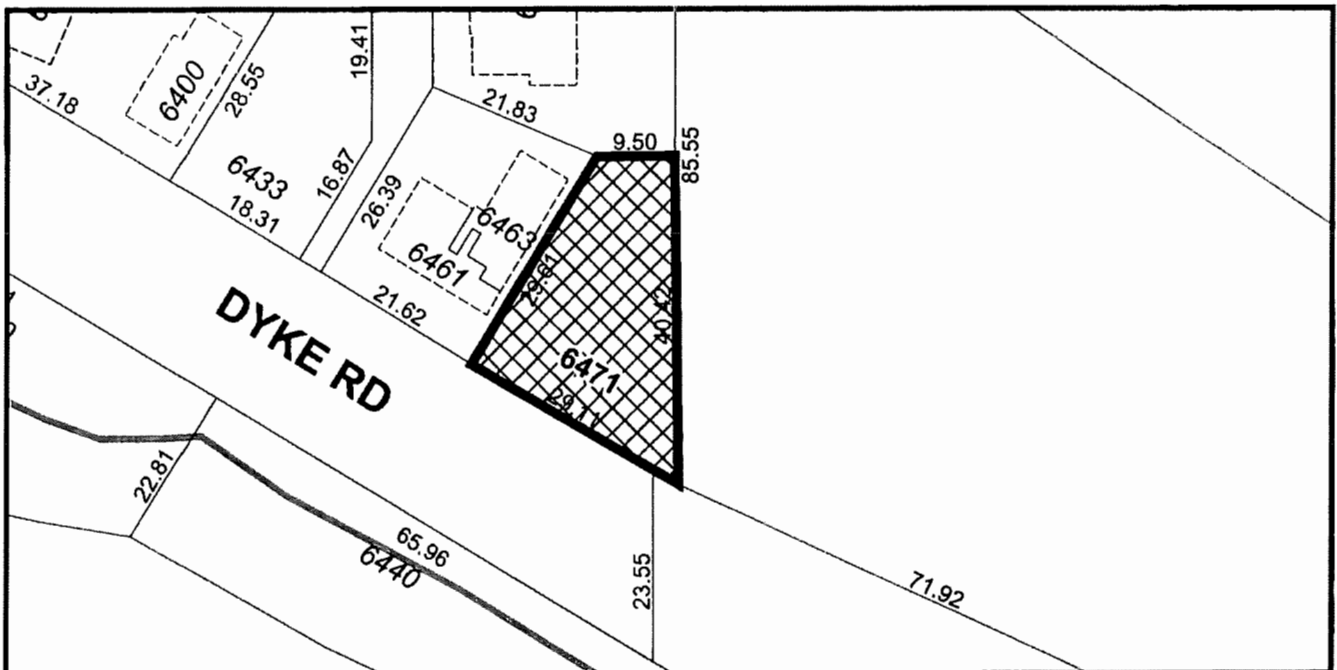
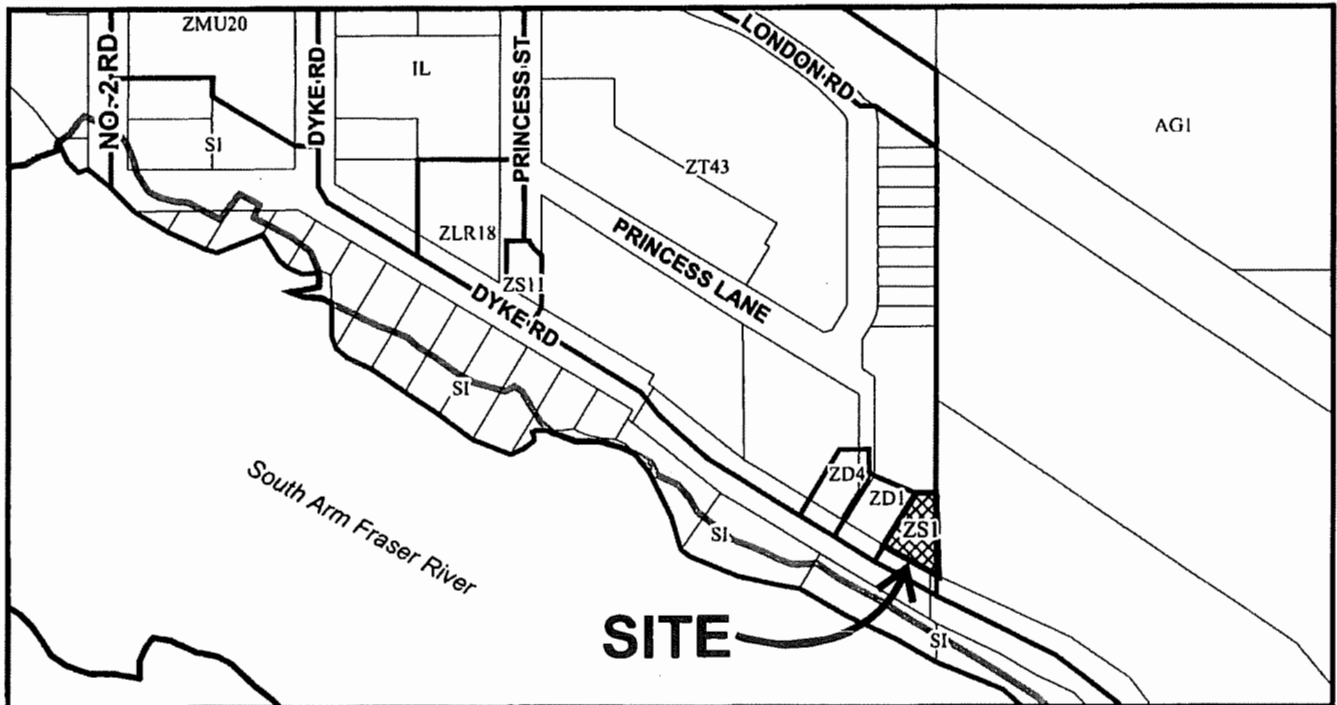
Attachment 6: Excerpt from the March 4, 2020 Richmond Heritage Commission Meeting
Minutes

Attachment 7: Excerpt from the National Standards

Attachment 8: Excerpt from the National Guidelines



City of
Richmond



HA 20-893182

Original Date: 02/11/20

Revision Date:

Note: Dimensions are in METRES



City of
Richmond



HA 20-893182

Original Date: 02/11/20

Revision Date:

Note: Dimensions are in METRES



MCKINNEY HOUSE

STATEMENT OF SIGNIFICANCE

JULY 2017

**DONALD LUXTON
AND ASSOCIATES INC**



STATEMENT OF SIGNIFICANCE



Current Address: 6471 Dyke Road, Richmond, British Columbia

Original Owners: James and Jane McKinney

Date of Construction: 1911

Description of Historic Place

The two and one-half storey McKinney House is located at 6471 Dyke Road along the Fraser River in the historic Steveston neighbourhood of Richmond. The Foursquare style, Edwardian-era, Sears, Roebuck and Company Catalogue residence was constructed in 1911, originally along Steveston Highway, and moved to its present location in 1993. Situated on a large, south-facing lot, the house is characterized by its hipped-roof with symmetrical hipped dormers, decorative bevelled glass windows, and full-width verandah.

Heritage Value of Historic Place

The McKinney House is valued as one of the oldest remaining houses in Steveston and for its association with original owners and prominent residents James and Jane McKinney. The house is also significant as an excellent example of a Sears, Roebuck and Company Catalogue house exhibiting Foursquare Edwardian-era architecture.

Steveston, located at the southern-most end of the city of Richmond, began its modern development in the nineteenth century as an agricultural community. In 1880, William Herbert

Steves, the son of Manoah Steves, the first newcomer in the area, bought land and began to develop a townsite that would rival that developing in Vancouver. Steveston's surrounding agricultural area thrived, producing a wide range of crops. Dairy farming, as well as vegetable and berry growing, were also highly successful. James and Jane McKinney, who had arrived in the area from Ontario, were well-known landowners in early Steveston, buying large swaths of land in the young municipality of Richmond. In addition to traditional farming pursuits on their land, the McKinneys also grew and bred plants, leading to the establishment of the larger of two loganberry wineries in Richmond, the Myrtina (Myrtena) Winery, during the 1930s. The McKinneys built this home in Steveston in 1911 along Steveston Highway, where it was surrounded by newly settled farms and newly-built farmhouses. Their home has been connected to the greater Steveston community for more than century.

The McKinneys were among the early citizens to settle in Steveston. James McKinney arrived in the 1890s as a tax collector and customs agent for the federal government and capitalized on the fervor surrounding the Gold Rush and the subsequent real-estate boom. Though briefly leaving Steveston for Vancouver, James, Jane, and their six children soon moved back, ordering *The Hamilton* home from the Sears, Roebuck and Company Catalogue in 1908. McKinney made significant upgrades to the original Sears plan with the goal of constructing an unrivalled residence in Steveston. The McKinney House arrived from Chicago in 1911, as the pre-war economic boom was reaching its peak. The house was a known centre of community life in the area, as the McKinneys were active residents, assisting in the founding and building of the South Arm Presbyterian Church, volunteering with the Liberal party and the Kiwanis club, and hosting Liberal functions, Red Cross teas and fashion shows in the house. The McKinneys remained in the house until 1948, when it was sold to the Scollon family. In 1992, the house was purchased by Curtis and Eileen Eystone, who subsequently moved the residence to its current location along Dyke Road.

The McKinney House is an excellent example of Foursquare Edwardian-era architecture, with Craftsman influences. The symmetrical design of Foursquare houses originated as a reaction to the more elaborate and flamboyant Victorian styles, which often included ornate mass-produced elements. The typical Foursquare house was constructed from quality local materials, most often fir and cedar in British Columbia. The interior layout was oriented for the maximum amount of interior room space, while large and plentiful windows provided the maximum amount of light and views. The house features a hipped-roof with symmetrical hipped dormers, decorative bevelled glass windows on the ground floor, and a full front verandah with four square tapered porch columns. The McKinney House is a prominent local landmark, and a significant surviving example of Richmond's historic housing stock.

Character-Defining Elements

The elements that define the heritage character of the McKinney House are its:

- residential use for more than a century;
- residential form, scale and massing as expressed by its two and one-half storey height with square plan and hipped-roof;
- wood-frame construction including narrow lapped siding on the ground floor and twin-coursed shingling on the second floor;
- features of the Edwardian-era Foursquare style including: its symmetrical design, hipped-roof structure with hipped roof dormers on each side, bellyband, bay window with hipped-roof on the east elevation, full-width front verandah with hipped roof and balcony above,

STATEMENT OF SIGNIFICANCE: MCKINNEY HOUSE, 6471 DYKE ROAD, RICHMOND

- square tapered verandah columns and closed balustrade, its closed soffits with dentil coursing, closed soffit ceiling and tongue and groove wooden deck;
- wooden windows including double-hung, casement, and decorative bevelled and stained glass assemblies; and
 - two symmetrical exterior masonry chimneys on both the east and west elevations.

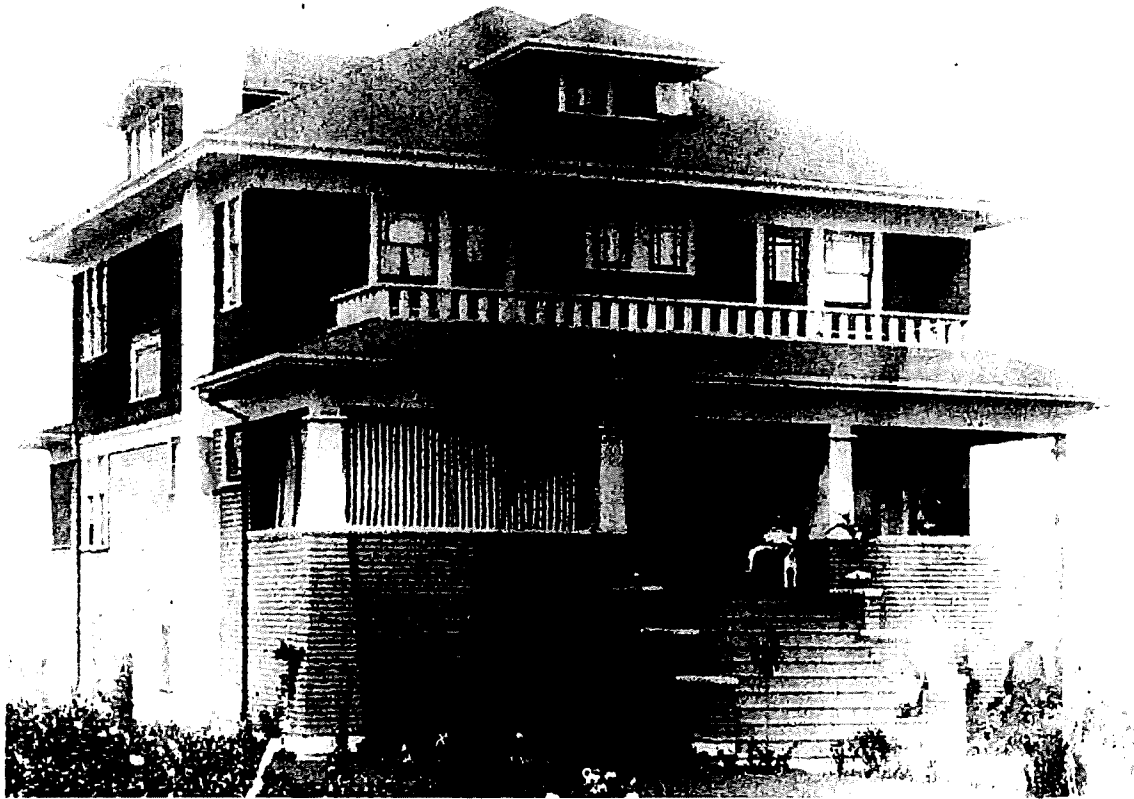
STATEMENT OF SIGNIFICANCE: MCKINNEY HOUSE, 6471 DYKE ROAD, RICHMOND

RESEARCH SUMMARY

ADDRESS: 6471 Dyke Road, Richmond, British Columbia

ORIGINAL OWNERS: James and Jane McKinney

DATE OF CONSTRUCTION: 1911, ordered from a 1908 Sears, Roebuck and Company Catalogue



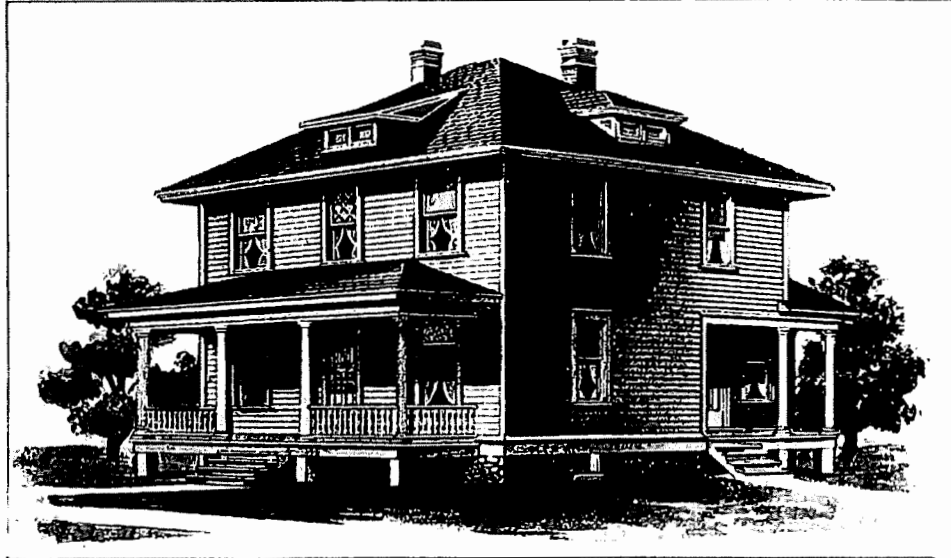
Ca. 1914 image of the McKinney House, shortly after its completion, City of Richmond Archives

DONALD LUXTON & ASSOCIATES INC. JULY 2017

STATEMENT OF SIGNIFICANCE: MCKINNEY HOUSE, 6471 DYKE ROAD, RICHMOND

\$2,065⁰⁰ Completely BUILDS AND FINISHES This \$3,000.00 Ten-Room Residence

As Proven by Our FREE Plans, Specifications and Complete Itemized Bill of Materials.
THESE PLANS ARE FREE OF CHARGE TO YOU ON CONDITIONS EXPLAINED ON PAGE 2.



MODERN HOME No. 102

This house contains ten conveniently and economically arranged rooms as shown on the two floor plans.

The arrangement of this house is as follows:

FIRST FLOOR.

Parlor.
Large Reception Hall.
Living Room or Library.
Dining Room.
Kitchen.
Pantry.
Front Porch 7 feet by 25 feet.
Rear Porch, 4 feet by 13 feet 6 inches.

SECOND FLOOR.

Bedroom.
Bedroom.
Bedroom.
Bathroom or Storeroom.
Large Hall.
Length of building 36 feet, exclusive of porches; width, 32 feet, exclusive of porches.

This house is one of the most economical to build. Being practically square, every inch of space can be utilized to the very best advantage. It has proven to be a favorite in all parts of the country. It is the best house ever built in recent years under \$3,000.00. The material we specify is always the best. Send for the plans (blue prints), specifications and bill of materials which we will send you free on conditions as explained on page 2.

Any of the houses shown in this book can be arranged with bathroom for a small additional charge. Write for particulars.

Sears, Roebuck & Co., Chicago, Ill.

—12—

BOOK OF MODERN HOMES

Sears, Roebuck and Company *Hamilton* house plan, 1908

DONALD LUXTON & ASSOCIATES INC. JULY 2017

STATEMENT OF SIGNIFICANCE: MCKINNEY HOUSE, 6471 DYKE ROAD, RICHMOND



Moving of the McKinney House, August 1, 1993, *The Review*



DONALD LUXTON & ASSOCIATES INC. JULY 2017

STATEMENT OF SIGNIFICANCE: MCKINNEY HOUSE, 6471 DYKE ROAD, RICHMOND



DONALD LUXTON & ASSOCIATES INC. JULY 2017

















**City of
Richmond**

Development Application Data Sheet
Development Applications Department

HA 20-893182

Address: 6471 Dyke Road

Applicant: David Lin

Owner: Ramzi Astifo and Fatin Herbert

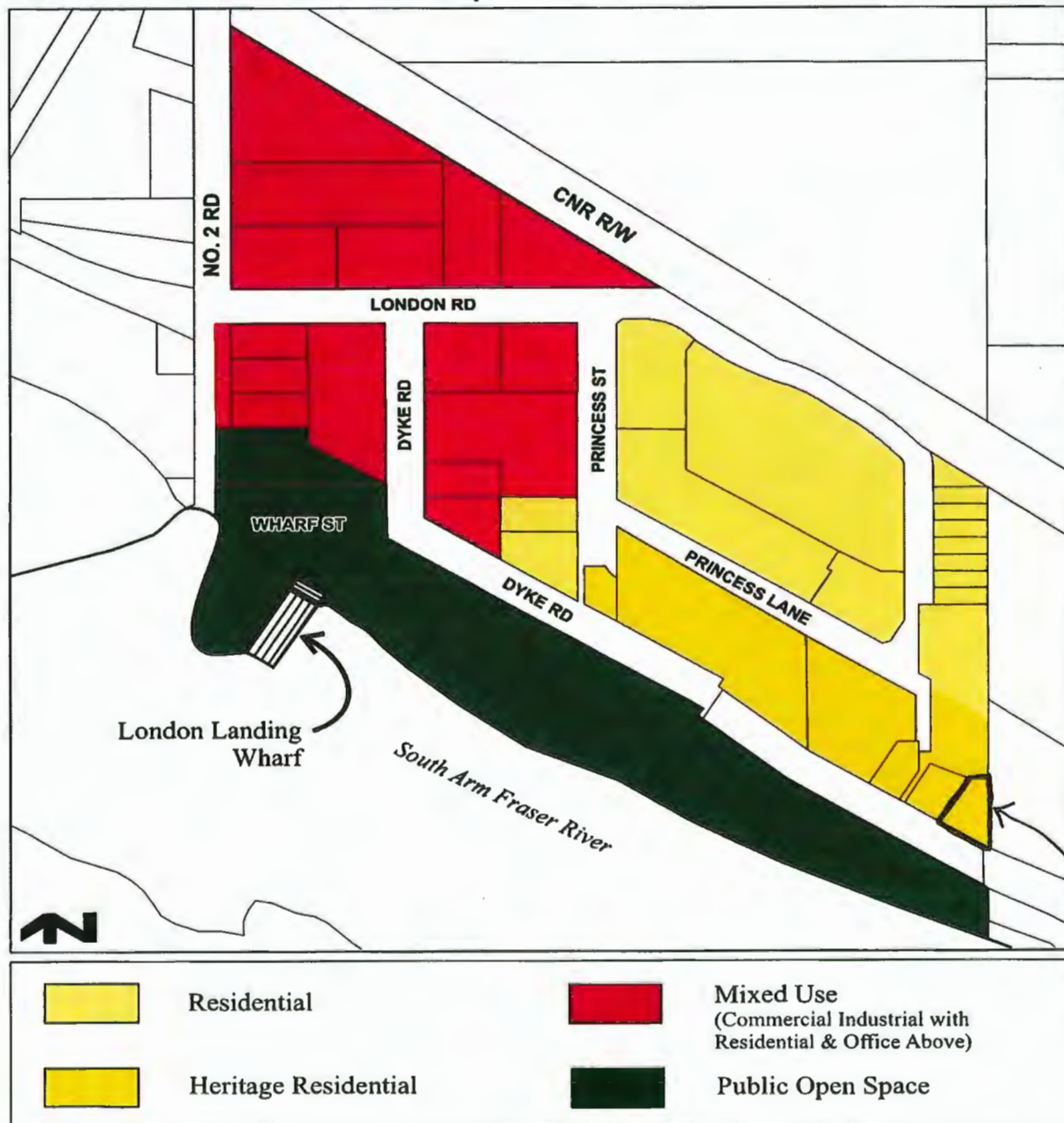
Planning Area(s): Steveston – London/Princess Node

	Existing	Proposed (as part of previously issued HAP)
Site Area:	620 m ²	620 m ²
Land Uses:	Single Detached Housing	Single Detached Housing with Secondary Suite
OCP Designation:	Neighbourhood Residential	Neighbourhood Residential
Area Plan Designation:	Heritage Residential	Heritage Residential
Zoning:	"Single Detached Heritage (ZS1) – London Landing (Steveston)"	"Single Detached Heritage (ZS1) – London Landing (Steveston)"

	Bylaw Requirement	Proposed	Variance
Floor Area Ratio:	1.0	0.91	None permitted
Lot Coverage:	Max. 45% buildings Max. 70% non-porous Min. 20% live plant material	36% buildings 61% non-porous 20% live plant material	None
Setback – Front Yard (south):	Min. 6.0 m	6.2 m	None
Setback – Rear Yard (north):	Min. 5.0 m	4.2 m*	*variance approved under previously-issued HAP
Setback – Side Yard (west):	1.2 m	2.09 m	None
Setback – Side Yard (east):	1.2 m	1.7 m	None
Height (m):	15 m	10.72 m	None
Minimum Lot Size:	620 m ²	620 m ²	None
Parking Spaces:	2	2	None

City of Richmond

London/Princess Land Use Map

Bylaw 8817
2012/09/24SUBJECT
SITE

**Excerpt from the Minutes of
The Richmond Heritage Commission meeting**

**Wednesday, March 4, 2020 – 7:00 p.m.
Rm. M.1.003
Richmond City Hall**

Heritage Alteration Permit for 6471 Dyke Road (HA 20-893182)

On behalf of Ramzi Astifo (property owner), the applicant David Lin (David Lin Design Studio) presented the alterations proposed to be made to the “McKinney House” on the subject site as part of this Heritage Alteration Permit (HAP) application, as illustrated on the architectural drawings and as described in the Memo from City staff. Photos were presented and material samples provided.

The applicant explained that the existing dwelling is currently undergoing alterations as well as construction of a new rear addition, which was approved through a HAP issued in 2018. As part of the previously issued HAP, the existing exterior wood shingle and horizontal lap siding cladding was proposed to be painted. However, during construction, it was discovered that the majority of the exterior cladding could not be repaired and painted due to extensive rot, further rot in the shiplap sheathing, and the lack of flashing and failing building paper was allowing water ingress. Since the previously issued HAP did not provide for alterations to the exterior cladding and wall assembly to address the issues that were discovered during construction, the applicant is seeking support for this new HAP application.

In response to the Commission’s questions, the following information was provided:

- Where preservation of original materials is not possible, City staff support like-for-like replacement of cladding materials (e.g., wood for wood), rather than the use of contemporary materials that are made to appear as the original materials.
- Rain Screen will be provided as per the BC Building Code

It was moved and seconded

That the Heritage Alteration Permit application for 6471 Dyke Road be supported as presented in order to:

- ***Remove and replace the exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;***
- ***Repair and replace rotted shiplap sheathing with new plywood sheathing as needed;***
- ***Install new building wrap material to seal the dwelling from water ingress; and***
- ***Install metal flashing to all openings and joints;***

CARRIED

THE STANDARDS

The Standards are not presented in a hierarchical order. All standards for any given type of treatment must be considered, and applied where appropriate, to any conservation project.

General Standards for Preservation, Rehabilitation and Restoration

1. Conserve the *heritage value* of an *historic place*. Do not remove, replace or substantially alter its intact or repairable *character-defining elements*. Do not move a part of an historic place if its current location is a character-defining element.
2. Conserve changes to an *historic place* that, over time, have become *character-defining elements* in their own right.
3. Conserve *heritage value* by adopting an approach calling for *minimal intervention*.
4. Recognize each *historic place* as a physical record of its time, place and use. Do not create a false sense of historical development by adding elements from other historic places or other properties, or by combining features of the same property that never coexisted.
5. Find a use for an *historic place* that requires minimal or no change to its *character-defining elements*.
6. Protect and, if necessary, stabilize an *historic place* until any subsequent *intervention* is undertaken. Protect and preserve archaeological resources in place. Where there is potential for disturbing archaeological resources, take mitigation measures to limit damage and loss of information.
7. Evaluate the existing condition of *character-defining elements* to determine the appropriate *intervention needed*. Use the gentlest means possible for any intervention. Respect *heritage value* when undertaking an intervention.
8. Maintain *character-defining elements* on an ongoing basis. Repair character-defining elements by reinforcing their materials using recognized conservation methods. Replace in kind any extensively deteriorated or missing parts of character-defining elements, where there are surviving *prototypes*.
9. Make any *intervention* needed to preserve *character-defining elements* physically and visually compatible with the *historic place* and identifiable on close inspection. Document any intervention for future reference.

Additional Standards Relating to Rehabilitation

10. Repair rather than replace *character-defining elements*. Where character-defining elements are too severely deteriorated to repair, and where sufficient physical evidence exists, replace them with new elements that match the forms, materials and detailing of sound versions of the same elements. Where there is insufficient physical evidence, make the form, material and detailing of the new elements compatible with the character of the *historic place*.
11. Conserve the *heritage value* and *character-defining elements* when creating any new additions to an *historic place* or any related new construction. Make the new work physically and visually compatible with, subordinate to and distinguishable from the historic place.
12. Create any new additions or related new construction so that the essential form and integrity of an *historic place* will not be impaired if the new work is removed in the future.

Additional Standards Relating to Restoration

13. Repair rather than replace *character-defining elements* from the *restoration* period. Where character-defining elements are too severely deteriorated to repair and where sufficient physical evidence exists, replace them with new elements that match the forms, materials and detailing of sound versions of the same elements.
14. Replace missing features from the *restoration* period with new features whose forms, materials and detailing are based on sufficient physical, documentary and/or oral evidence.

GENERAL GUIDELINES FOR PRESERVATION, REHABILITATION AND RESTORATION

	Recommended	Not Recommended
11	Replacing in kind extensively deteriorated or missing parts of exterior wall assemblies where there are surviving prototypes.	Replacing an entire exterior wall assembly when only limited replacement of deteriorated and missing parts is possible. Using a substitute material for the replacement part that neither conveys the same appearance as the surviving parts of the element, nor is physically or visually compatible.
12	Testing proposed interventions to establish appropriate replacement materials, quality of workmanship and methodology. This can include reviewing samples, testing products, methods or assemblies, or creating a mock-up. Testing should be carried out under the same conditions as the proposed intervention.	
13	Documenting all interventions that affect the exterior walls, and ensuring that the documentation is available to those responsible for future interventions.	

ADDITIONAL GUIDELINES FOR REHABILITATION PROJECTS

	Recommended	Not Recommended
14	Repairing an exterior wall assembly, including its functional and decorative elements, by using a minimal intervention approach. Such repairs might include the limited replacement in kind, or replacement using an appropriate substitute material of irreparable or missing elements, based on documentary or physical evidence. Repairs might also include dismantling and rebuilding a masonry or wood wall, if an evaluation of its overall condition determines that more than limited repair or replacement in kind is required.	Over-cladding a deteriorated or poorly insulated exterior wall with a new material or assembly, without considering the impact on heritage value or the condition of underlying materials. Replacing an entire exterior wall assembly when the repair and limited replacement of deteriorated or missing elements is feasible. Failing to reuse intact cladding when only the internal parts of the wall assembly need replacement.
15	Improving the drying ability of exterior wall assemblies through suitable heating and/or ventilation measures.	Damaging the masonry of an exterior wall by drilling drainage holes into the masonry units or into the joints, with a drill bit wider than the mortar joints. Introducing a vapour barrier in an exterior wall that was constructed to be permeable or breathable.

ADDITIONAL GUIDELINES FOR REHABILITATION PROJECTS

	Recommended	Not Recommended
16	Accommodating the thermal expansion and contraction of masonry, concrete and curtain wall assemblies, by introducing expansion or control joints, and incorporating those joints into existing crack patterns, where feasible, to minimize impact on character-defining elements.	Filling moving cracks or expansion joints in exterior wall assemblies with materials that inhibit or prevent thermal expansion and contraction.
17	Replacing in kind an irreparable exterior wall assembly, based on documentary and physical evidence. If using the same kind of material is not environmentally sound, or technically or economically feasible, then a compatible substitute material may be considered.	Removing an irreparable exterior wall assembly, such as a cornice or <i>brise-soleil</i> , and not replacing it, or replacing it with a new element that does not convey the same appearance or serve the same function. Replacing deteriorated elements and materials in curtain wall assemblies that are no longer available, with physically and visually incompatible substitutes.
18	Replacing missing historic features by designing and constructing a new portion of the exterior wall assembly, based on physical and documentary evidence, or one that is compatible in size, scale, material, style and colour.	Creating a false historical appearance, because the replicated feature is incompatible or based on insufficient physical and documentary evidence.

ADDITIONS OR ALTERATIONS TO EXTERIOR WALLS

- | | |
|--|---|
| <p>19 Modifying exterior walls to accommodate an expanded program, a new use, or applicable codes and regulations, in a manner that respects the building's heritage value.</p> | |
| <p>20 Designing a new addition in a manner that preserves the character-defining exterior walls of the historic building.</p> | <p>Constructing an addition that requires the removal of character-defining exterior walls.</p> |

HEALTH, SAFETY AND SECURITY CONSIDERATIONS

- | | |
|---|---|
| <p>21 Complying with health, safety and security requirements in a manner that conserves the heritage value of the exterior wall assembly and minimizes impact on its character-defining elements.</p> | <p>Damaging or destroying elements while making modifications to comply with health, safety or security requirements.</p> |
| <p>22 Working with code specialists to determine the most appropriate solution to health, safety and security requirements with the least impact on the character-defining elements and overall heritage value of the historic building.</p> | <p>Making changes to exterior walls, without first exploring equivalent systems, methods or devices that may be less damaging to character-defining elements and the heritage value of the historic building.</p> |
| <p>23 Removing or encapsulating toxic materials, using the least-invasive abatement methods possible, and only after thorough testing has been conducted.</p> | |
| <p>24 Protecting exterior walls against loss or damage by identifying and assessing specific risks, and by implementing an appropriate fire-protection and blast protection strategy that addresses those risks.</p> | <p>Covering flammable character-defining walls with fire-resistant sheathing or coatings that alter their appearance.</p> |

GENERAL GUIDELINES FOR PRESERVATION, REHABILITATION AND RESTORATION

	Recommended	Not Recommended
10	Updating and adapting maintenance activities, as conditions and knowledge about the materials and maintenance products and methods evolve.	
11	Cleaning materials only when necessary, to remove heavy soiling or graffiti. The cleaning method should be as gentle as possible to obtain satisfactory results.	
12	Carrying out cleaning tests, after it has been determined that a specific cleaning method is appropriate.	
13	Protecting adjacent materials from accidental damage during maintenance or repair work.	Allowing character-defining elements to be exposed to accidental damage by nearby work.
14	Repairing or replacing materials to match the original as closely as possible, both visually and physically.	Using inappropriate or untested materials or consolidants, or using untrained personnel for repair work.

ADDITIONAL GUIDELINES FOR REHABILITATION PROJECTS

	Recommended	Not Recommended
15	Replacing character-defining materials with compatible substitute materials, when the original is found to accelerate deterioration and only after thorough analysis and monitoring confirms that the material or construction detail is problematic. Substitute materials should be as durable as the overall assembly to maintain its expected service life.	Using new materials and new technologies that do not have a proven track record. Replacing deteriorated character-defining elements using new materials or technologies to improve durability, when the original material performs adequately.

ADDITIONAL GUIDELINES FOR RESTORATION PROJECTS

	Recommended	Not Recommended
16	Documenting materials dating from periods other than the restoration period before their alteration or removal. If possible, selected samples of these materials should be stored to facilitate future research.	Failing to document materials that are not from the restoration period before removing them.

GENERAL GUIDELINES FOR PRESERVATION, REHABILITATION AND RESTORATION

	Recommended	Not Recommended
9	Applying compatible coatings following proper surface preparation, such as cleaning with tri-sodium phosphate.	Failing to follow the manufacturer's product and application instructions when applying coatings.
10	Ensuring that new coatings are physically and visually compatible with the surface to which they are applied in durability, chemical composition, colour and texture.	
11	Applying chemical preservatives to unpainted wood elements that are not exposed to view.	Using chemical preservatives, such as copper naphthanate, if these materials have not been used historically, and are known to change the appearance of wood elements.
12	Preventing the continued deterioration of wood by isolating it from the source of deterioration. For example, blocking windborne sand and grit with a windbreak, or installing wire mesh over floor joists in a crawlspace to thwart rodents.	Neglecting to treat known conditions that threaten wood, such as abrasion, animal gnawing, fungal decay, or insect infestation.
13	Treating active insect infestations by implementing an extermination program specific to that insect.	
14	Retaining all sound and repairable wood that contributes to the heritage value of the historic place.	Replacing wood that can be repaired, such as wood components from old growth timber that is inherently more durable.
15	Stabilizing deteriorated wood by structural reinforcement, weather protection, or correcting unsafe conditions, as required, until repair work is undertaken.	Removing deteriorated wood that can be stabilized or repaired.
16	Repairing wood by patching, piecing-in, consolidating, or otherwise reinforcing the wood, using recognized conservation methods.	Replacing an entire wood element, when repair and limited replacement of deteriorated or missing parts is appropriate.
17	Replacing in kind extensively deteriorated or missing parts of wood elements, based on documentary and physical evidence.	Using a substitute material for the replacement part that neither conveys the same appearance as the wood element, nor is physically or chemically compatible.
18	Replacing in kind the entire panel of an extensively deteriorated or missing modular wood product, such as plywood, on a unit-by-unit basis.	



City of Richmond

Heritage Alteration Permit

Development Applications Division
6911 No. 3 Road, Richmond, BC V6Y 2C1

File No.: HA 20-893182

To the Holder: David Lin

Property Address: 6471 Dyke Road

Legal Description: LOT 1 SECTION 18 BLOCK 3 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN 11588

(s.617, *Local Government Act*)

1. (Reason for Permit)
 - ☒ Designated Heritage Property (s.611)
 - ☐ Property Subject to Temporary Protection (s.609)
 - ☐ Property Subject to Heritage Revitalization Agreement (s.610)
 - ☐ Property in Heritage Conservation Area (s.615)
 - ☐ Property Subject to s.219 Heritage Covenant (Land Titles Act)
2. This Heritage Alteration Permit is issued for the following alterations, as illustrated on Plans #1 to Plan #3.d:
 - Removal and replacement of exterior wood shingle and horizontal lap siding cladding on a like-for-like basis;
 - Repair and replacement of the rotted shiplap sheathing with new plywood sheathing as needed;
 - Installation of new building wrap material to seal the dwelling from water ingress;
 - Installation of metal flashing to all openings and joints; and
 - Incidental repair of existing soffits, as needed, on a like-for-like basis.
3. This Heritage Alteration Permit is issued subject to compliance with all of the Bylaws of the City applicable thereto, except as specifically varied or supplemented by this Permit.
4. If the alterations authorized by this Heritage Alteration Permit are not completed within 24 months of the date of this Permit, this Permit lapses.

AUTHORIZING RESOLUTION NO.

ISSUED BY THE COUNCIL THE DAY OF

DELIVERED THIS DAY OF , 2020.

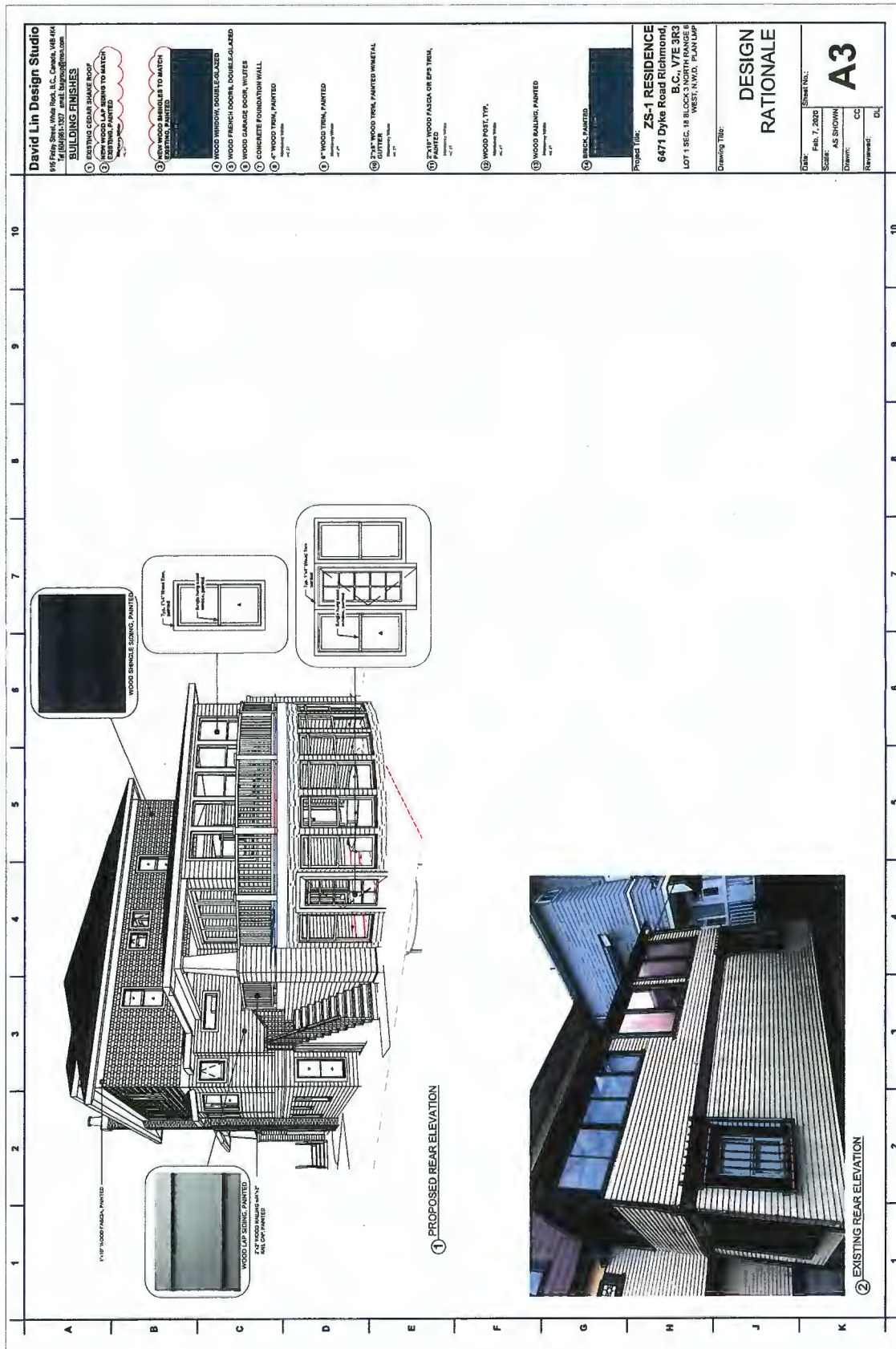
MAYOR

CORPORATE OFFICER

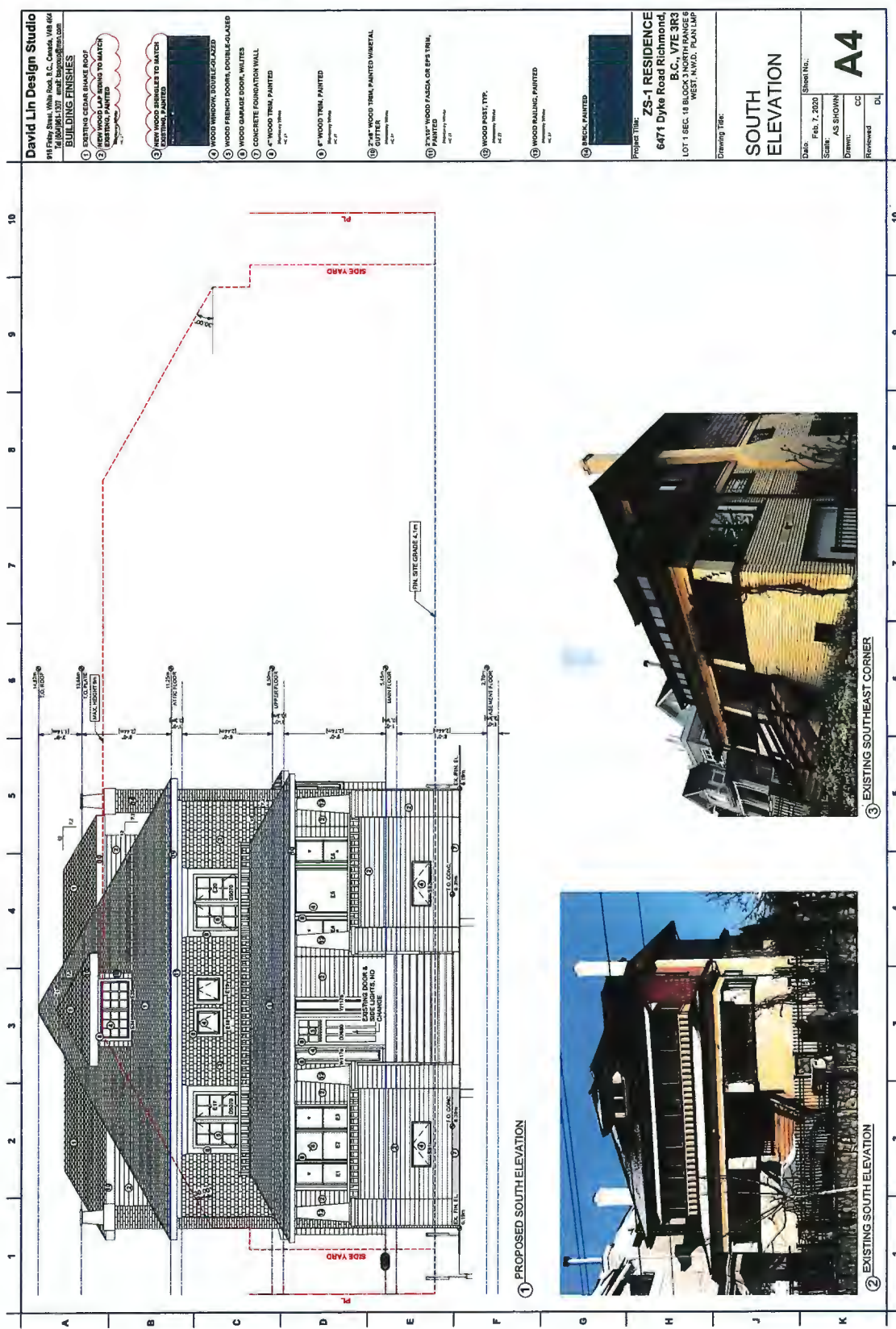
IT IS AN OFFENCE UNDER THE *LOCAL GOVERNMENT ACT*, PUNISHABLE BY A FINE OF UP TO \$50,000 IN THE CASE OF AN INDIVIDUAL AND \$1,000,000 IN THE CASE OF A CORPORATION, FOR THE HOLDER OF THIS PERMIT TO FAIL TO COMPLY WITH THE REQUIREMENTS AND CONDITIONS OF THE PERMIT.

[illegible]

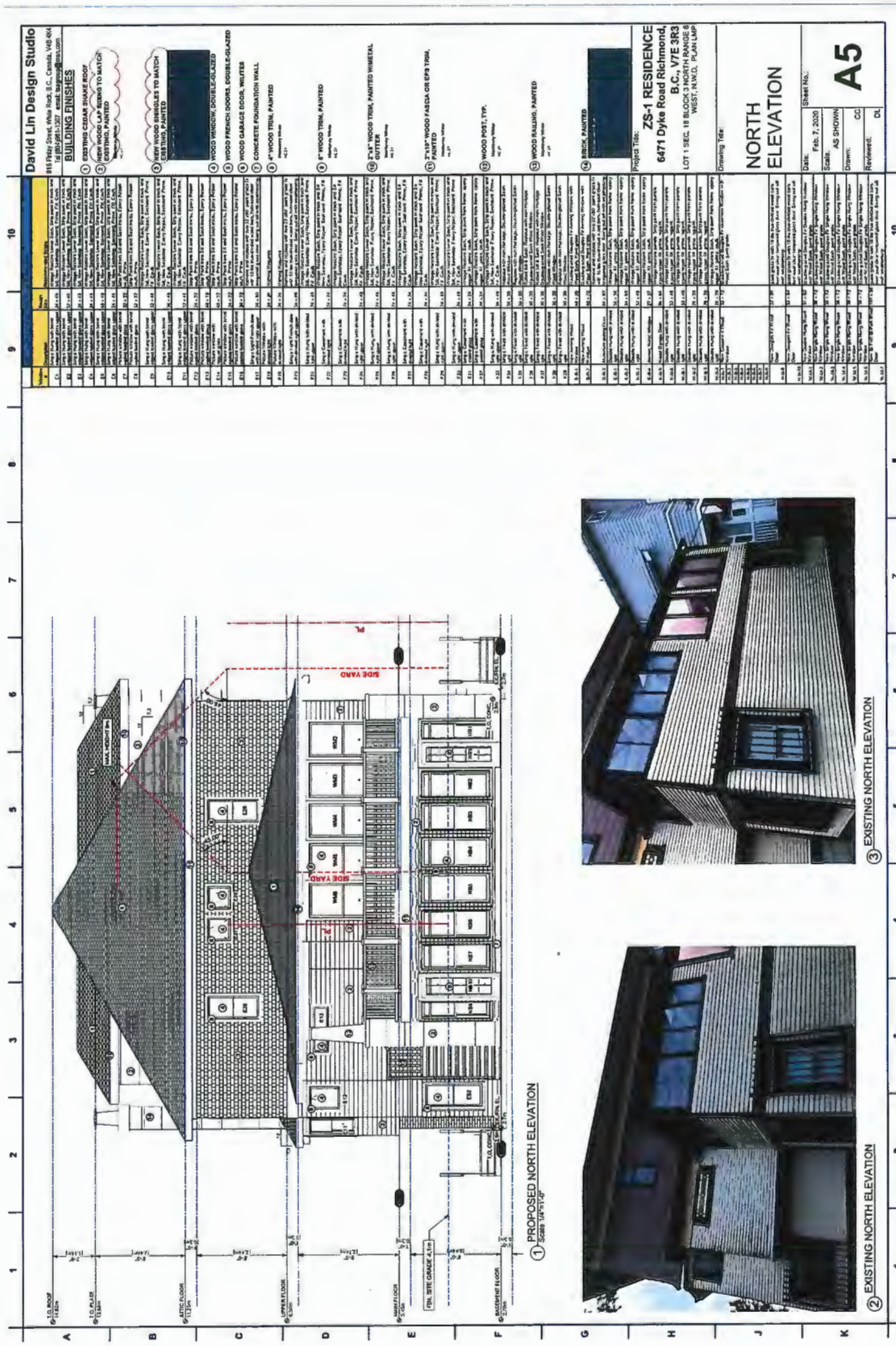
HA 20-893182 PLAN #2.a



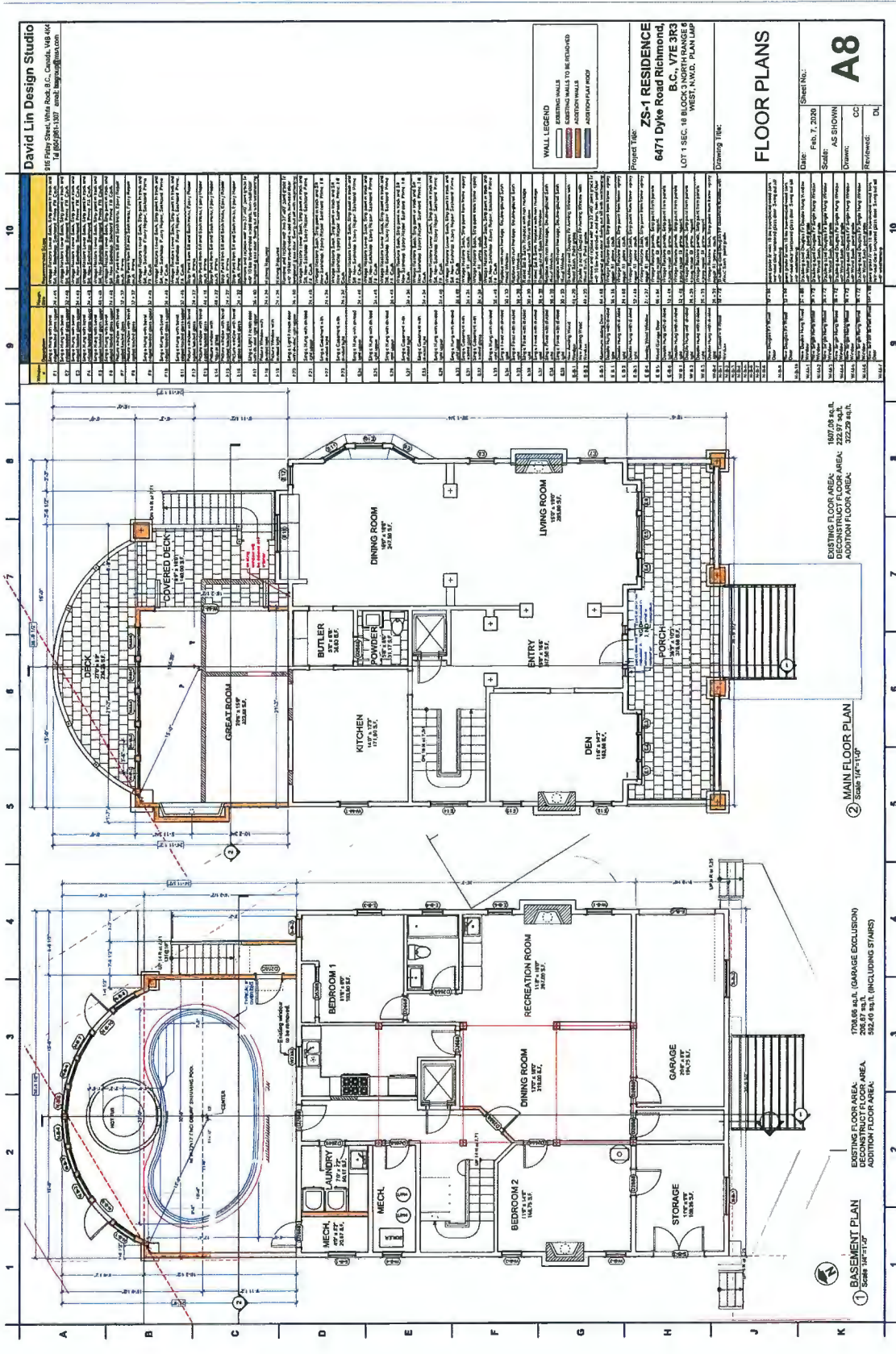
HA 20-893182 PLAN #3.1b



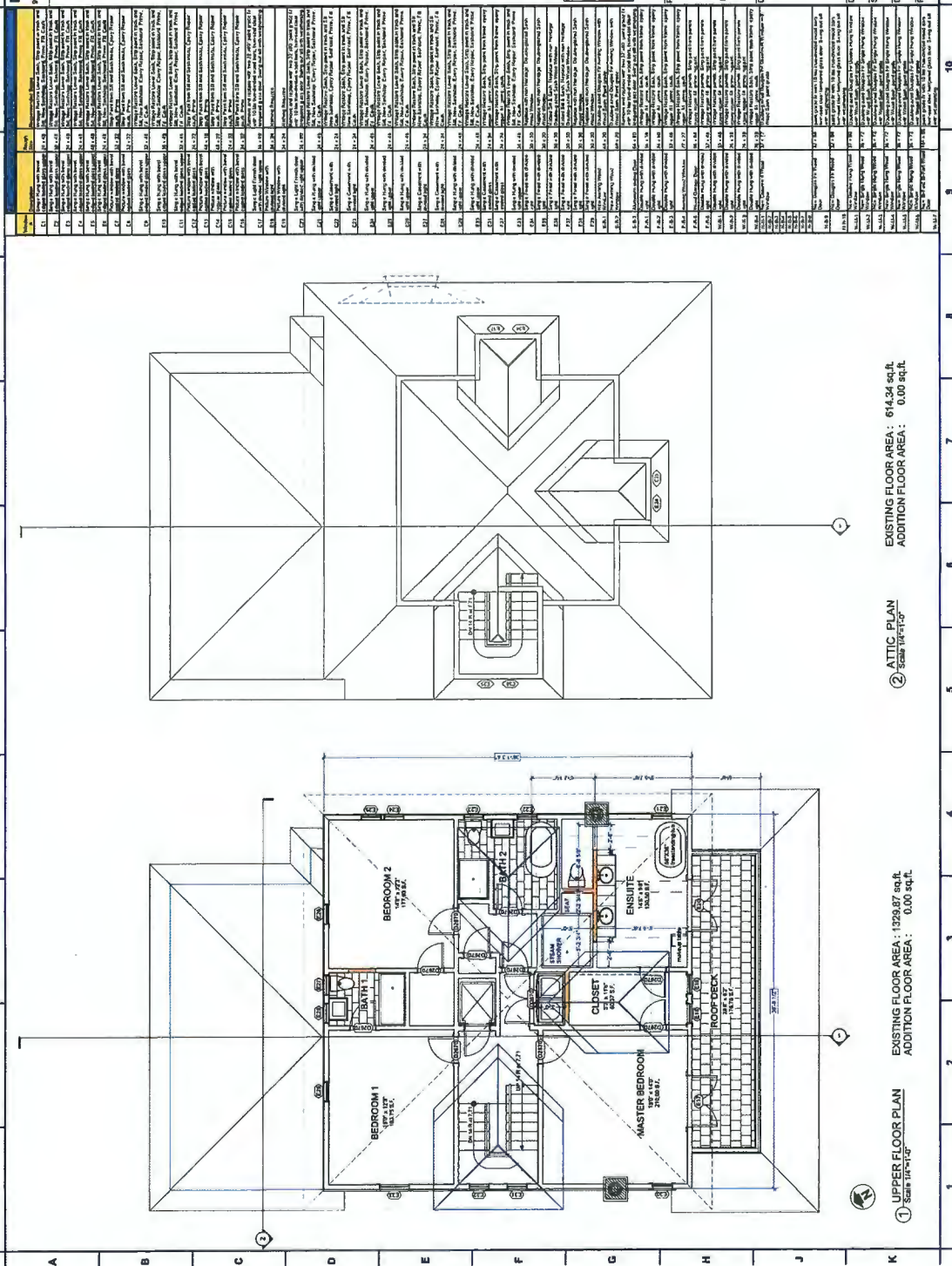
HA 20-893182 PLAN# 3.a



HA 20-893182 PLAN # 3.b



REFERENCE PLANS





City of Richmond

Report to Committee

To: Finance Committee

Date: April 15, 2020

From: Jerry Chong
Director, Finance

File: 03-0900-01/2020-Vol
01

Re: Revenue Anticipation Borrowing (2020) Bylaw No. 10153

Staff Recommendation

1. That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be introduced and given first, second and third readings.
2. That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be adopted.

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

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Staff Report

Origin

The current COVID-19 pandemic has raised concerns for many local governments over cash flow impact as a result of the significant decline in sales of services, possible delay and/or delinquency in property tax collection, along with the possibility that we may have to front-end tax remittances to other taxing agencies.

The City of Richmond (the City) continues to maintain a sound financial position with access to cash and liquid investments to meet its financial obligations. However, with the uncertainties regarding the duration of the pandemic measures, it is prudent to have a contingency plan in place for the possibility that some borrowing may be required to maintain liquidity through the pandemic crisis.

The purpose of this report is to seek Council's approval for Revenue Anticipation Borrowing (2020) Bylaw No. 10153.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.1 Maintain a strong and robust financial position.

Analysis

Section 177 of the Community Charter

Pursuant to Section 177 of the *Community Charter*:

- Council may, by bylaw, provide the authority to borrow money that may be necessary to meet current lawful expenditures or to pay amounts required to meet the City's taxing obligations in relation to other local governments or public bodies.
- The maximum amount of borrowing allowed for revenue anticipation borrowing is the sum of the unpaid taxes for the current year and the money remaining due from other governments (e.g. payment in lieu of taxes and grants).
- Before the adoption of the annual property tax bylaw in any year, the taxes in that year are deemed to be 75% of all property taxes imposed for all purposes in the preceding year.
- If money is borrowed pursuant to a revenue anticipation borrowing bylaw, any money to be collected from property taxes must be used to repay the money borrowed.

Staff propose that Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be authorized to allow the City to have the ability to temporarily borrow up to \$36,500,000 in the event that the City requires bridge funding to meet current lawful expenditures or to pay amounts required to meet the City's taxing obligations in relation to other local governments or public bodies.

City's Credit Facility Agreement and Proposed Amendment

The City currently has an existing \$9,500,000 credit facility agreement with its bank, which is comprised of:

- (i) \$3,000,000 in standby letters of credit, demand promissory notes or bank overdraft;
- (ii) \$4,500,000 in leasing lines of credit; and
- (iii) \$2,000,000 in commercial card credit facility.

Standby Letters of Credits/Demand Promissory Notes/Bank Overdraft

The purpose of the \$3,000,000 operating line of credit is to ensure that the City has a secondary source of credit in place to protect its bank accounts from the unlikely event of going into an overdraft position. Staff regularly monitor the City's cash flow position to prevent the possibility of having to draw down on the credit facility.

The credit facility has never been utilized by the City. If the operating line of credit remains unused, it will be free of charge for the City to maintain.

Under the current COVID-19 situation, staff recommend that the limit for this credit facility under the City's Revenue Anticipation Borrowing Bylaw be increased from the existing level of \$3,000,000 to \$30,000,000 in the event the City has to undertake temporary borrowing to meet corporate cash flow requirements if the collection of property taxes falls short from budget or gets delayed due to the pandemic.

Leasing Lines of Credit

The purpose of the \$4,500,000 leasing lines of credit is to ensure that a leasing facility is available in the event it is required. If the leasing line of credit remains unused, it will be free of charge for the City to maintain.

This leasing line of credit is unused. Staff recommend no change to this credit facility.

Commercial Credit Card Facility

The purpose of the \$2,000,000 limit in commercial credit card facility is to provide a convenient and cost-effective method of procuring and paying for low value goods and services. The commercial credit card facility is free of charge if payment is received within three days after the statement date.

The current spending of the City's commercial credit card program is well under the \$2,000,000 credit limit. Staff recommend no change to this credit facility.

Costs of the City's Credit Facilities

The credit facilities are offered to the City by Scotiabank at no charge unless they are being drawn upon. The following table summarizes the interest rates under the City's existing credit facility agreement:

	Operating Lines of Credit	Leasing Lines of Credit	Commercial Credit Card
Interest Rate	Bank's prime lending rate minus 0.50%	Bank's prime lending rate or leasing base rate plus 0.60%	Bank's prime lending rate plus 1.00%
Grace Period	None	None	3 days after statement date

The current bank's prime lending rate at the time of this report is 2.45%.

Proposed Revenue Anticipation Borrowing (2020) Bylaw No. 10153

Staff propose that Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be authorized to allow the City to have the ability to temporarily borrow up to \$36,500,000 in the event that the City requires bridge funding to meet current lawful expenditures or to pay amounts required to meet the City's taxing obligations in relation to other local governments or public bodies.

The proposed Revenue Anticipation Borrowing (2020) Bylaw No. 10153 does not automatically result in any borrowing upon adoption. The adoption of the Bylaw will enable the establishment of available credit facilities in the event that bridge financing is required.

With the City's solid financial position, the City has never activated any credit facilities in the past. The purpose of maintaining these credit facilities is to ensure that they will be available in the event that funds are required to meet short-term operational cash flow needs. Should any of these credit facilities be utilized resulting in the City incurring interest charges for a consecutive period of more than two weeks, staff will prepare a memo to inform Council of such financial activity.

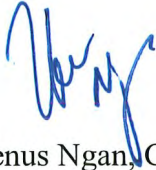
The Revenue Anticipation Borrowing Bylaw is required to be adopted annually by Council. Credit facility arrangements are reviewed with the bank at least once a year (more frequently in 2020 due to the rapidly changing operating environment) to evaluate the City's credit needs in determining the optimal level of credit facility balances to maintain.

Financial Impact

None.

Conclusion

Staff recommend that the Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be approved for adoption in order for the credit facilities to be available to the City in the event that the City has to temporarily borrow to meet current lawful expenditures or to pay amounts required to meet the City's taxing obligations in relation to other local governments or public bodies.



Venus Ngan, CPA, CA
Manager, Treasury and Financial Services
(604-276-4217)



REVENUE ANTICIPATION BORROWING (2020) BYLAW NO. 10153

The Council of the City of Richmond enacts as follows:

1. Council shall be and is hereby empowered and authorized to borrow upon the credit of the City, from a financial institution, a sum not exceeding \$36,500,000 at such times as may be required.
2. The form of obligation to be given as acknowledgement of the liability shall be \$30,000,000 in the form of standby letters of credit, demand promissory notes or bank overdraft, \$4,500,000 in the form of leasing lines of credit, and \$2,000,000 in the form of commercial credit card facility.
3. All unpaid taxes and the taxes of the current year (2020) when levied or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.
4. Revenue Anticipation Borrowing (2019) Bylaw No. 9997 is hereby repealed.
5. This Bylaw is cited as **“Revenue Anticipation Borrowing (2020) Bylaw No. 10153”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept. 
APPROVED for legality by Solicitor 



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong
Director, Finance, CPA, CA

Date: April 15, 2020
File: 03-0905-01/2020-Vol
01

Re: 2019 Consolidated Financial Statements

Staff Recommendation

That the City of Richmond's audited consolidated financial statements for the year ended December 31, 2019 be accepted.

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

Att. 3

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
SENIOR STAFF REPORT REVIEW	INITIALS:
APPROVED BY CAO 	

Staff Report

Origin

Sections 98 and 167 of the *Community Charter* require that the City of Richmond (the City) prepare annual audited financial statements. The City's audited consolidated financial statements for 2019 have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

This report supports Council's Strategic Plan 2018-2022 Strategy #8 An Engaged and Informed Community:

Ensure that the citizenry of Richmond is well-informed and engaged about City business and decision-making.

8.2 Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.

Analysis

KPMG LLP (KPMG) has been appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion, that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operation, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards. The complete Audit Findings Report is attached as Appendix 1.

The annual financial statements and the auditor's report for the year ended December 31, 2019 are attached as Appendix 2.

The consolidated financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval and Richmond Public Library. The City's investment in Lulu Island Energy Company (LIEC), a wholly owned government business enterprise (GBE), is accounted for using the modified equity method. Further information about the basis of consolidation is listed in Note 2 to the consolidated financial statements.

An analysis of the consolidated financial statements as prepared by management is provided in the Financial Statement Discussion and Analysis (FSD&A) included in Attachment 3. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. This analysis is intended to be read in conjunction with the 2019 audited consolidated financial statements.

Financial Impact

None.

Conclusion

The City's audited consolidated financial statements for 2019 have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. As noted in the Auditors' Report, it is the Auditors' opinion that these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operation, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



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

CG:cg

- Att. 1: Audit Findings Report for the year ended December 31, 2019
2: 2019 City of Richmond Consolidated Financial Statements
3: 2019 Financial Statement Discussion and Analysis



City of Richmond

Audit Findings Report for the year ended
December 31, 2019

KPMG LLP

Dated April 9, 2020 for the Finance Committee
meeting on May 4, 2020

kpmg.ca/audit



Table of contents

EXECUTIVE SUMMARY	2
AREAS OF AUDIT FOCUS	5
AUDIT RISKS	8
TECHNOLOGY IN THE AUDIT	9
SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES	10
CONTROL AND OTHER OBSERVATIONS	11
CURRENT DEVELOPMENTS	12
APPENDICES	14
APPENDIX 1: REQUIRED COMMUNICATIONS	15
APPENDIX 2: MANAGEMENT REPRESENTATION LETTER	16



The contacts at KPMG in connection with this report are:

C.J. James, CPA, CA
Engagement Partner
Tel: 604-527-3635
cjames@kpmg.ca

Aanu Adeleye, CPA (Illinois), MBA
Engagement Senior Manager
Tel: 604-527-3746
aadeleye@kpmg.ca

This Audit Findings Report should not be used for any other purpose or by anyone other than Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive Summary



Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of Richmond City Council ("Council"), in your review of the results of our audit of the consolidated financial statements ("financial statements") of City of Richmond (the "City") as at and for the year ended December 31, 2019.

This Audit Findings Report builds on the Audit Planning Report we provided to Council dated October 25, 2019.

We appreciate the assistance of management and staff in conducting our audit. We hope this audit findings report is of assistance to you for the purpose above and we look forward to discussing our findings and answering your questions.



Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously provided to you.

In addition to the planned audit procedures, we also considered the impact of COVID-19 on the financial statements. See page 5 for further details.



Finalizing the audit

As of the date of this report, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with Council;
- Obtaining the signed management representation letter;
- Obtaining evidence of Council's acceptance of the financial statements; and,
- Completing subsequent event review procedures up to the date of Council's acceptance of the financial statements.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Executive Summary



Areas of audit focus

Our audit is risk-focused. We have not identified any significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Subsequent event – impact of COVID-19 on the financial statements and operations;
- Tangible capital assets;
- Deferred revenue and development cost charges;
- Post-employment benefits; and
- Recreation management system conversion.

See pages 5 to 7 for further details.



Adjustments and differences

Corrected misstatements

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected misstatements

We did not identify any misstatements that remain uncorrected in the financial statements.

Executive Summary



Significant accounting policies and practices

There was no financial reporting impact from the new accounting standard PS 3430 *Restructuring Transactions* effective for the City's 2019 fiscal year-end. There have been no other initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

The presentation and disclosure of the financial statements are, in all material respects, in accordance with Canadian public sector accounting standards. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

See page 10 for further details.



Control observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting (ICFR).

See page 11 for further details.



Independence

We confirm that we are independent with respect to the City within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2019 to the date of this report.



Current developments

There have been no current accounting development updates since those presented to you in our Audit Planning Report. Please see pages 12 and 13 for audit and industry information and COVID-19 resources that may be of interest to you.

Areas of audit focus

We highlight our findings in respect of areas of audit focus as identified in our Audit Planning Report. In addition to the planned audit procedures, we also considered the impact of COVID-19 on the financial statements.

Area of audit focus

Background

Subsequent events - impact of COVID-19 on the financial statements and operations

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market impact. As such enhanced subsequent events procedures are warranted.

There are two types of subsequent events, with the accounting treatment dependent on the categorization as follows:

- Events that provide future evidence of conditions that existed at the financial statement date. For these conditions, the financial statements should be adjusted for measurable impact to the assets, liabilities, revenues and expenditures.
- Events that are indicative of conditions that rose subsequent to the financial statement date. For these conditions, disclosures, at a minimum, should include a description of the event and an estimate of the financial impact, when practicable or a statement that an estimate cannot be made.

Our response and significant findings

- As the COVID-19 outbreak occurred subsequent to December 31, 2019, we discussed with management the impact and the subsequent event disclosure. Note 26 of the financial statements describes the nature of the event and also discloses that an estimate of the impact of the outbreak cannot be made at this time.
- Actions undertaken by the City as of the date of this report and potential future financial implications are as follows:
 - Closure of several City facilities from March 16, 2020 based on public health recommendations to slow the transmission;
 - Mandatory working from home requirements for those able to do so;
 - Potential impact to working arrangements; and
 - Potential future decreases in revenue and delays in completing capital project work.
- See page 13 for further details on COVID-19 resources.

Area of audit focus (continued)

Area of audit focus

Background

Our response and significant findings

Tangible capital assets	As tangible capital assets are a significant part of the City's financial statements, there is a need to ensure that the assets have been properly capitalized, amortized and retired (when applicable), and contributed assets are appropriately recorded.	<ul style="list-style-type: none"> - We updated our understanding of the process activities and controls over tangible capital assets. - We obtained the tangible capital assets continuity schedule, verified its mathematical accuracy, and performed substantive procedures over additions, disposals, reclassifications, and other adjustments. - We tested asset additions including inspection of supporting documentation to determine if additions are capital in nature and amounts recorded are accurate. - We selected a sample of contributed assets and agreed the fair value on the date the assets were received to supporting documentation. - We tested asset dispositions including inspection of supporting documentation and assessed appropriateness of the gain or loss recorded. - We reviewed the reasonableness of estimated useful lives and amortization recognized. - The Minoru Centre for Active Living was slated to open in March 2019, however there was a setback as a leak and cracks were discovered in one of the lap pools. As a result of the structural issues, it was determined that the related tangible capital assets no longer held their carrying value and needed to be repaired. The tangible capital assets were written down by \$1,754,513 for the costs previously incurred associated with the defective lap pool. We reviewed management's assessment of the impairment of tangible capital assets. - We reviewed the financial statement note disclosure to ensure it is complete and accurate. - There were no issues noted in our testing.
Deferred revenue and development cost charges	There is a significant amount of development and capital activity ongoing in the City. The City receives government grants and development cost charges for certain projects. As these amounts are for specified purposes and could contain stipulations, there is a need to determine whether the amounts should be deferred or recognized as revenue upfront.	<ul style="list-style-type: none"> - We updated our understanding of the process activities and controls over deferred revenue and development cost charges. - We reconciled a sample of permits to new development cost charges recorded in the year and inspected bylaws showing appropriation for the specified purpose. - We inspected specific contracts to determine whether there are stipulations or restrictions impacting revenue recognition. We assessed whether revenue was appropriately recognized or the amount was appropriately deferred. - We assessed whether the appropriate stipulations have been met by inspecting and recalculating expenses incurred for certain projects. - There were no issues noted in our testing.

Area of audit focus (continued)

Area of audit focus	Background	Our response and significant findings
Valuation of post-employment benefits	<p>The City provides post-employment benefits to its employees, creating a liability. Due to the variety of factors involved in calculating the estimate, and the use of an actuarial expert, a high degree of estimation uncertainty exists.</p>	<ul style="list-style-type: none"> – We obtained the report prepared by Mercer (Canada) Limited and agreed the amount recorded in the general ledger to the report. – We performed an analytical review over the amounts recorded. – We assessed the reasonableness of the significant assumptions used in the valuation, including changes in assumptions from the prior year. – We performed testing over the data provided by the City to Mercer for completeness and accuracy. – We reviewed the financial statement note disclosure for accuracy and completeness. – There were no issues noted in our testing.
Recreation management system conversion (CLASS to PerfectMind)	<p>In December 2019, the City's legacy recreation management system, CLASS, was replaced with a new system, PerfectMind. As PerfectMind serves as the basis for the recording and recognition of parks, recreation, and culture revenues streams going forward, we considered the impact of the system conversion on the City's financial reporting and the financial statements as a whole.</p>	<ul style="list-style-type: none"> – We reviewed the City's conversion procedures and controls around verifying the accurate and complete data transfer to PerfectMind. – We obtained an understanding of the financial reporting processes and controls impacted by the conversion to the new system. – We performed testing over the data transferred from CLASS to PerfectMind to ensure the information was accurately imported into the new system at the time of conversion. – We performed substantive audit procedures over the revenue recorded within PerfectMind. – There were no issues noted in our testing.

Audit risks



Professional requirements

Fraud risk from management override of controls.

Why Significant

This is a presumed fraud risk under professional audit standards.

We have not identified any specific additional risks of management override relating to this audit.

Our response and significant findings

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments;
- Performing a retrospective review of significant estimates; and
- Evaluating the business rationale of significant unusual transactions.

Based on our audit work performed, there were no issues noted.

Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Areas of the audit where Technology and D&A routines were used

Data & Analytics Routines	Our results and insights
Duplicate earnings testing	We used KPMG data analytics software (IDEA) to identify duplicate payroll payments made during the year. We did not note any instances of duplicate payments in 2019.
Payroll payments processed on weekends	We used KPMG data analytics software (IDEA) to identify payroll payments processed on weekends. We did not note any instances of payroll payments processed on weekends in 2019.
Testing of high-risk journal entries	We used KPMG data analytics software (IDEA) to identify journal entries with specific high-risk characteristics for further testing. There were no issues noted with the journal entries tested.

Significant accounting policies and practices



Significant accounting policies

Significant accounting policies

Significant accounting policies and practices are disclosed in Note 2 to the financial statements.

- There were no changes to the critical accounting policies and practices
- There were no changes in significant accounting policies
- Section 3430 *Restructuring Transactions* is effective for the City's 2019 fiscal year. There was no impact on the financial statements from the adoption of the new accounting standard.
- There are no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the City's transactions in relation to the period in which they are recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.

Significant accounting estimates

- There were no issues with management's identification of accounting estimates
- There were no issues noted with management's process for making accounting estimates
- There were no indicators of possible management bias
- There were no significant factors affecting the City's asset and liability carrying values

Significant disclosures

- There were no issues noted with the judgements made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.
- There was a subsequent event note disclosure describing the nature and impact of COVID-19 included in the financial statements.

Control and other observations



As your auditors, we are required to obtain an understanding of internal control over financial reporting (“ICFR”) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

In accordance with professional standards, we are required to communicate to Council any control deficiencies that we identified during the audit and have determined to be material weaknesses or significant deficiencies in internal control over financial reporting. No significant deficiencies have been identified.

Other control deficiencies may be identified during the audit that do not rise to the level of material weakness or significant deficiency.

Current developments

Our discussions with you, our audit opinion, and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
2019 Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
Put your data to work to gain competitive advantage	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever increasing pace.	Link to report
Predictive analytics, it works	CFOs recognize the value that predictive analytics delivers to their decision-making process.	Link to report
Creating the workforce of the future	You can't transform the organization without also transforming the workforce. It may be time to rethink the people strategy.	Link to report
Accelerate	Introducing the new 2019/2020 Accelerate report, a KPMG report and video series offering insight into the key issues driving the Audit Committee agenda, including: <ul style="list-style-type: none"> - Digital disruption of the finance function - Digital business brings increased cyber risk - Taking the lead on data privacy - Boards bracing for climate change - Future-proofing your ERM 	Link to report

Current developments – Response to COVID-19 Pandemic

Resources	Summary	Links
Resources for Management, Board and Committee members	<p>Please visit our COVID-19 website for resources regarding the topics below. This site is being updated <u>daily</u> based on information being released by Federal, Provincial and Municipal news releases.</p> <ul style="list-style-type: none"> — Business continuity guide — Immediate actions to take — Medium to long-term actions — Tax considerations and a summary of Federal and Provincial programs — Legal considerations — Financial reporting and audit considerations — Global perspectives 	COVID-19 Alerts (Live Link)

Appendices



Appendix 1: Required communications



Appendix 2: Management representation letter

Appendix 1: Required communications



In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:



Auditors' report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



Management representation letter

In accordance with professional standards, copies of the management representation letter are provided to Council. The management representation letter is attached in Appendix 2.



Independence

In accordance with professional standards, we have confirmed our independence.

Appendix 2: Management Representation Letter

MANAGEMENT REPRESENTATION LETTER

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC, V5Y 1K3
Canada

May __, 2020

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the City of Richmond ("the Entity") as at and for the period ended December 31, 2019.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 26, 2017, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - (i) the names of all related parties and information regarding all relationships and transactions with related parties;
 - (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with additional information that you may request from us for the purpose of the engagement.
 - d) providing you with unrestricted access to persons within the from whom you determined it necessary to obtain audit evidence.

- e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the Entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

OTHER INFORMATION:

- 11) We confirm that the final version of the 2019 annual report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Mr. Andrew Nazareth, General Manager, Financial & Corporate Services

Mr. Jerry Chong, Director of Finance

Ms. Cindy Gilfillan, Manager, Financial Reporting

Cc: Council

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

kpmg.ca/audit



KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2020 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with

KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.



Consolidated Financial Statements of

CITY OF RICHMOND

And Independent Auditors' Report thereon

Year ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Richmond

Opinion

We have audited the consolidated financial statements of the City of Richmond (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Vancouver, Canada

April __, 2020

CITY OF RICHMOND

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2019, with comparative information for 2018

	2019	2018
Financial Assets		
Cash	\$ 389,564	\$ 121,861
Investments (note 3)	830,896	1,004,928
Investment in Lulu Island Energy Company ("LIEC") (note 4)	31,414	29,780
Accrued interest receivable	7,781	7,443
Accounts receivable (note 5)	28,407	29,151
Taxes receivable	11,033	11,844
Development fees receivable	21,144	25,545
Debt reserve fund - deposits (note 6)	508	508
	1,320,747	1,231,060
Liabilities		
Accounts payable and accrued liabilities (note 7)	107,590	95,231
Development cost charges (note 8)	197,671	158,882
Deposits and holdbacks (note 9)	117,364	113,620
Deferred revenue (note 10)	64,362	67,364
Debt, net of MFA sinking fund deposits (note 11)	27,891	32,842
	514,878	467,939
Net financial assets	805,869	763,121
Non-Financial Assets		
Tangible capital assets (note 12)	2,427,798	2,371,694
Inventory of materials and supplies	2,961	3,602
Prepaid expenses	2,714	2,673
	2,433,473	2,377,969
Accumulated surplus (note 13)	\$ 3,239,342	\$ 3,141,090
Contingent demand notes (note 6)		
Commitments and contingencies (note 18)		
Subsequent event (note 26)		

See accompanying notes to consolidated financial statements.

General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (notes 2(p) and 24)	2019	2018
Revenue:			
Taxation and levies (note 20)	\$ 229,903	\$ 230,198	\$ 216,908
Utility fees	105,805	111,472	102,915
Sales of services	41,977	42,747	39,111
Payments-in-lieu of taxes	14,200	16,277	15,489
Provincial and federal grants	8,362	10,687	10,355
Development cost charges (note 8)	22,764	13,802	17,432
Other capital funding sources	63,197	39,028	95,859
Other revenue:			
Investment income	16,062	25,142	20,705
Gaming revenue	16,500	15,140	16,837
Licenses and permits	11,107	13,030	13,637
Other (note 21)	11,244	62,785	48,678
Equity income in government business enterprise ("GBE") (note 4)	-	1,634	1,491
	541,121	581,942	599,417
Expenses:			
Community safety	112,526	106,209	98,500
Utilities: water, sewer and sanitation	95,067	98,653	89,959
Engineering, public works and project development	74,568	80,940	68,793
Community services	68,627	67,522	61,174
General government	64,603	55,689	52,549
Planning and development	20,273	48,104	18,076
Richmond Olympic Oval	16,595	15,972	15,424
Richmond Public Library	11,079	10,601	9,981
	463,338	483,690	414,456
Annual surplus	77,783	98,252	184,961
Accumulated surplus, beginning of year	3,141,090	3,141,090	2,956,129
Accumulated surplus, end of year	\$ 3,218,873	\$ 3,239,342	\$ 3,141,090

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (notes 2(p) and 24)	2019	2018
Annual surplus for the year	\$ 77,783	\$ 98,252	\$ 184,961
Acquisition of tangible capital assets	(118,551)	(93,154)	(92,851)
Contributed tangible capital assets	(50,350)	(28,867)	(88,021)
Amortization of tangible capital assets	61,513	64,228	60,542
Net loss (gain) on disposal of tangible capital assets	-	(17,637)	324
Proceeds on sale of tangible capital assets	-	19,326	213
	(29,605)	42,148	65,168
Acquisition of inventory of materials and supplies	-	(2,961)	(3,602)
Acquisition of prepaid expenses	-	(2,714)	(2,673)
Consumption of inventory of materials and supplies	-	3,602	3,762
Use of prepaid expenses	-	2,673	2,376
Change in net financial assets	(29,605)	42,748	65,031
Net financial assets, beginning of year	763,121	763,121	698,090
Net financial assets, end of year	\$ 733,516	\$ 805,869	\$ 763,121

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 98,252	\$ 184,961
Items not involving cash:		
Amortization	64,228	60,542
Loss (gain) on disposal of tangible capital assets	(17,637)	324
Contributions of tangible capital assets	(28,867)	(88,021)
Equity income in GBE	(1,634)	(1,491)
Change in non-cash operating working capital:		
Accrued interest receivable	(338)	(792)
Accounts receivable	744	(2,115)
Taxes receivable	811	(2,868)
Development fees receivable	4,401	(3,169)
Inventory of materials and supplies	641	160
Prepaid expenses	(41)	(297)
Accounts payable and accrued liabilities	12,359	(3,805)
Development cost charges	38,789	28,198
Deposits and holdbacks	3,744	30,834
Deferred revenue	(3,002)	1,077
Net change in cash from operating activities	172,450	203,538
Capital activities:		
Cash used to acquire tangible capital assets	(93,154)	(92,851)
Proceeds on disposal of tangible capital assets	19,326	213
Net change in cash from capital activities	(73,828)	(92,638)
Financing activities:		
Repayments of debt	(4,951)	(4,761)
Investing activities:		
Net sale (purchase) of investments	174,032	(32,145)
Net change in cash	267,703	73,994
Cash, beginning of year	121,861	47,867
Cash, end of year	\$ 389,564	\$ 121,861

See accompanying notes to consolidated financial statements.

1. Operations:

The City of Richmond (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, infrastructure, environmental, recreational, water, sewer, and drainage.

2. Significant accounting policies:

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of consolidation:

The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks, and Reserve Funds consolidated with the Richmond Public Library (the "Library") and the Richmond Olympic Oval (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly owned municipal corporation of the City. Interfund transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly owned government business enterprise ("GBE"), is accounted for using the modified equity method.

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, policing, and servicing general debt.

(ii) General Capital and Loan Fund:

This fund is used to record the City's tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related tangible capital assets and debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund and developer contributions plus interest earned on fund balances.

2. Significant accounting policies (continued):

(b) Basis of accounting:

The City follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90 days from date of acquisition.

(e) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(f) Investment in government business enterprises:

Government business enterprises are recorded using the modified equity method of accounting. The City's investment in the GBE is recorded as the value of the GBE's shareholder's equity. The investment's income or loss is recognized by the City when it is earned by the GBE. Inter-organizational transactions and balances are not eliminated, except for any gains or losses on assets remaining within the City.

(g) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(h) Development cost charges:

Development cost charges are restricted by legislation to expenditures on capital infrastructure. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

2. Significant accounting policies (continued):

(i) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employee plan, contributions are expensed as incurred.

Post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the assets. The cost, less the residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and building improvements	10 - 75
Infrastructure	5 - 100
Vehicles, machinery and equipment	3 - 40
Library's collections, furniture and equipment	4 - 20

Amortization is charged over the asset's useful life commencing when the asset is acquired. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources, works of art, and cultural and historic assets:

Natural resources, works of art, and cultural and historic assets are not recorded as assets in the consolidated financial statements.

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the construction of a tangible capital asset.

(v) Labour capitalization:

Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized.

(vi) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(viii) Inventory of materials and supplies:

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

(k) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.

(l) Property taxes:

The City establishes property tax rates based on assessed market values provided by the British Columbia Assessment Authority (BCA). Market values are determined as of July 1st of each year. The City records taxation revenue at the time the property tax bills are issued. The City is entitled to collect interest and penalties on overdue taxes.

2. Significant accounting policies (continued):

(m) Deferred revenue:

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed, other related expenses are incurred or services are provided.

Deferred revenue also represents funds received from external parties for specified purposes. This revenue is recognized in the period in which the related expenses are incurred.

(n) Deposits:

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as deposits and are refundable under certain circumstances. When qualifying expenses are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenses.

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2019-2023) ("Consolidated Financial Plan") and was adopted through Bylaw No. 9979 on March 11, 2019.

(q) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material of live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i)* An environmental standard exists;
- (ii)* Contamination exceeds the environmental standard;
- (iii)* The City is directly responsible or accepts responsibility;
- (iv)* It is expected that future economic benefits will be given up; and
- (v)* A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

2. Significant accounting policies (continued):

(r) Use of accounting estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the value of contributed tangible capital assets, value of developer contributions, useful lives for amortization, determination of provisions for accrued liabilities, performing actuarial valuation of employee future benefits, allowance for doubtful accounts, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(s) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of segments as well as presented financial information in segment format.

3. Investments:

	2019		2018	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 409,759	\$ 409,874	\$ 577,416	\$ 577,060
Government and government guaranteed bonds	192,314	194,229	164,943	165,401
Municipal Finance Authority pooled investment fund	47,306	46,123	46,150	44,716
Other bonds	181,517	182,039	216,419	213,577
	\$ 830,896	\$ 832,265	\$ 1,004,928	\$ 1,000,754

4. Investment in Lulu Island Energy Company Ltd:

The City owns 100% of the issued and outstanding shares of LIEC, which was incorporated under the British Columbia Business Corporations Act on August 19, 2013. LIEC develops, manages and operates district energy utilities in the City of Richmond, on the City's behalf, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sales to customers, customer service, profit generation, financial management and advisory services for energy and infrastructure.

Summarized financial information relating to LIEC is as follows:

	2019	2018
Cash, cash equivalents, and investments	\$ 11,826	\$ 8,596
Accounts receivable	1,303	2,242
Tangible capital assets	33,412	32,361
Total assets	46,541	43,199
Accounts payable and accrued liabilities	778	414
Deferred contributions	6,183	5,375
Concession liability	8,166	7,630
Total liabilities	15,127	13,419
Shareholder's equity	\$ 31,414	\$ 29,780
Total revenue	\$ 5,295	\$ 4,888
Total expenses	3,661	3,397
Net income	\$ 1,634	\$ 1,491

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$136,168 (2018 - \$1,375,799).

On October 30, 2014, LIEC and the Oval Village district energy utility developer ("the Concessionaire") entered into a 30-year Concession Agreement, which is a public-private partnership project ("P3"), where the Concessionaire will design, construct, finance, operate, and maintain the infrastructure for the district energy utility at the Oval Village community. As part of the Agreement, the infrastructure will be owned by LIEC.

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of LIEC's obligations under the Concession Agreement to a maximum of \$18.2 million (2018 - \$18.2 million).

5. Accounts receivable:

	2019	2018
Water and sewer utilities	\$ 13,671	\$ 11,999
Casino revenue	3,903	4,010
Capital grants	1,291	5,003
Other trade receivables	9,542	8,139
	<u>\$ 28,407</u>	<u>\$ 29,151</u>

6. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2018 and 2019 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 508	\$ 2,447

7. Accounts payable and accrued liabilities:

	2019	2018
Trade and other liabilities	\$ 73,403	\$ 64,917
Post-employment benefits (note 15)	34,187	30,314
	<u>\$ 107,590</u>	<u>\$ 95,231</u>

8. Development cost charges:

	2019	2018
Balance, beginning of year	\$ 158,882	\$ 130,684
Contributions	48,740	42,792
Interest	3,851	2,838
Revenue recognized	(13,802)	(17,432)
Balance, end of year	\$ 197,671	\$ 158,882

9. Deposits and holdbacks:

	Balance December 31, 2018	Deposit contributions/ interest earned	Refund/ expenditures	Balance December 31, 2019
Security deposits	\$ 89,557	\$ 25,949	\$ (21,342)	\$ 94,164
Developer contributions	7,313	222	-	7,535
Contract holdbacks	6,650	2,658	(3,891)	5,417
Other	10,100	6,184	(6,036)	10,248
	\$ 113,620	\$ 35,013	\$ (31,269)	\$ 117,364

10. Deferred revenue:

	Balance December 31, 2018	Externally restricted inflows	Revenue earned	Balance December 31, 2019
Taxes and utilities	\$ 20,450	\$ 22,836	\$ (20,450)	\$ 22,836
Building permits/development	15,598	9,454	(5,207)	19,845
Oval	1,876	10,625	(11,067)	1,434
Capital grants	19,558	2,728	(11,434)	10,852
Business licenses	2,523	2,251	(2,123)	2,651
Parking easement/leased land	2,430	58	(47)	2,441
Other	4,929	5,920	(6,546)	4,303
	\$ 67,364	\$ 53,872	\$ (56,874)	\$ 64,362

11. Debt, net of MFA sinking fund deposits:

The interest rate for the year ended December 31, 2019 on the principal amount of the MFA debenture was 3.30% (2018 - 3.30%) per annum. Interest expense incurred for the year on the long-term debt was \$1,676,895 (2018 - \$1,676,895). The maturity date of the MFA debt is April 7, 2024.

The City obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures.

Gross amount for the debt less principal payments and actuarial adjustments to date are as follows:

	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2019	Net debt 2018
General Fund	\$ 50,815	\$ 22,924	\$ 27,891	\$ 32,842

Repayments on net outstanding debt over the next five years are as follows:

2020	\$ 5,149
2021	5,355
2022	5,570
2023	5,792
2024	6,025
	\$ 27,891

12. Tangible capital assets:

Cost	Balance December 31, 2018	Additions and transfers	Disposals	Balance December 31, 2019
Land	\$ 984,001	\$ 34,517	\$ (955)	\$ 1,017,563
Building and building improvements	442,181	45,398	(338)	487,241
Infrastructure	1,741,680	66,647	(7,436)	1,800,891
Vehicles, machinery and equipment	142,793	10,255	(3,163)	149,885
Library's collections, furniture and equipment	9,445	1,068	(575)	9,938
Assets under construction	151,296	(35,864)	-	115,432
	\$ 3,471,396	\$ 122,021	\$ (12,467)	\$ 3,580,950

Accumulated amortization	Balance December 31, 2018	Disposals	Amortization expense	Balance December 31, 2019
Building and building improvements	\$ 186,279	\$ (302)	\$ 16,332	\$ 202,309
Infrastructure	820,387	(6,919)	36,524	849,992
Vehicles, machinery and equipment	86,826	(2,982)	10,244	94,088
Library's collections, furniture and equipment	6,210	(575)	1,128	6,763
	\$ 1,099,702	\$ (10,778)	\$ 64,228	\$ 1,153,152

Net book value	December 31, 2019	December 31, 2018
Land	\$ 1,017,563	\$ 984,001
Buildings and building improvements	284,932	255,902
Infrastructure	950,899	921,293
Vehicles, machinery and equipment	55,797	55,967
Library's collection, furniture and equipment	3,175	3,235
Assets under construction	115,432	151,296
Balance, end of year	\$ 2,427,798	\$ 2,371,694

12. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$115,432,086 (2018 - \$151,295,702) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$28,866,769 (2018 - \$88,020,879) comprised of land in the amount of \$14,665,393 (2018 - \$69,654,386), infrastructure in the amount of \$14,191,349 (2018 - \$13,666,004), buildings had no contributed tangible capital assets in 2019 (2018 - \$4,700,489), and library collections in the amount of \$10,027 (2018 - nil).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including building, artifacts, paintings, and sculptures located at City sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

Tangible capital assets were written down by \$1,754,513 (2018 - nil) related to estimated repair costs associated with one of the lap pools at the Minoru Center for Active Living. The costs to repair the deficiencies will be recovered through insurance.

13. Accumulated surplus:

	General and Reserve Funds	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2019 Total	2018 Total
Investment in tangible capital assets	\$ 2,385,747	\$ -	\$ -	\$ 8,553	\$ 3,176	\$ 2,397,476	\$ 2,336,489
Reserves (note 14)	548,720	-	-	8,856	-	557,576	540,153
Appropriated surplus	193,455	18,316	10,420	1,471	390	224,052	207,173
Investment in LIEC	31,414	-	-	-	-	31,414	29,780
Surplus	17,717	446	6,276	604	951	25,994	24,029
Other equity	2,830	-	-	-	-	2,830	3,466
Balance, end of year	\$ 3,179,883	\$ 18,762	\$ 16,696	\$ 19,484	\$ 4,517	\$ 3,239,342	\$ 3,141,090

14. Reserves:

	Balance, December 31, 2018	Change during year	Balance, December 31, 2019
Affordable housing	\$ 10,836	\$ 869	\$ 11,705
Arts, culture and heritage	4,003	(277)	3,726
Capital building and infrastructure	81,763	18,923	100,686
Capital reserve	176,142	(4,166)	171,976
Capstan station	32,332	(14)	32,318
Child care development	6,806	2,116	8,922
Community legacy and land replacement	8,852	(7,542)	1,310
Drainage improvement	56,132	(487)	55,645
Equipment replacement	19,600	603	20,203
Hamilton area plan community amenity	752	968	1,720
Leisure facilities	18,765	(1,089)	17,676
Local improvements	7,155	172	7,327
Neighborhood improvement	7,520	340	7,860
Oval	6,324	2,532	8,856
Public art program	4,860	(2)	4,858
Sanitary sewer	44,107	3,624	47,731
Steveston off-street parking	317	8	325
Steveston road ends	155	(5)	150
Waterfront improvement	317	(115)	202
Watermain replacement	53,415	965	54,380
	\$ 540,153	\$ 17,423	\$ 557,576

15. Post-employment benefits:

The City provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2019	2018
Accrued benefit obligation, beginning of year	\$ 28,423	\$ 29,892
Current service cost	1,881	1,947
Interest cost	954	879
Past service cost (credit)	3,155	(397)
Benefits paid	(1,953)	(2,508)
Actuarial loss (gain)	2,724	(1,390)
Accrued benefit obligation, end of year	\$ 35,184	\$ 28,423

15. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2019. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 10 years (2018 - 10 years).

	2019	2018
Post-employment benefit liability:		
Post-employment benefit liability, end of year	\$ 35,184	\$ 28,423
Unamortized net actuarial (loss) gain	(997)	1,891
Balance, end of year	\$ 34,187	\$ 30,314

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2019	2018
Discount rate	2.40%	3.30%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

16. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

16. Pension plan (continued):

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$13,251,994 (2018 - \$12,759,865) for employer contributions while employees contributed \$11,120,458 (2018 - \$10,615,884) to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

17. Contingent assets and contractual rights:

(a) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the City's control occurs or fails to occur.

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2019. Contingent assets are not recorded in the consolidated financial statements.

In 2019, the City had requested payment from the Office of the Minister of Public Services and Procurement Canada, for outstanding payments-in-lieu of taxes in the amount of \$11,139,593. As of December 31, 2019, collectability of the requested amount is not determinable and has not been accrued for in the City's consolidated financial statements.

(b) Contractual rights:

The City has entered into contracts or agreements in the normal course of operations that it expects will result in revenue and assets in future fiscal years. The City's contractual rights are comprised of leases, licenses, grants and various other agreements, including the provision of police services with the Vancouver Airport Authority. The following table summarizes the expected revenue from the City's contractual rights:

2020	\$ 15,157
2021	11,574
2022	4,887
2023	3,437
2024	2,011
Thereafter	9,768

17. Contingent assets and contractual rights (continued):**(b) Contractual rights (continued):**

The City is entitled to receive revenue from certain other agreements. The revenue from these agreements cannot be quantified and has not been included in the amounts noted above.

18. Commitments and contingencies:**(a) Joint and several liabilities:**

The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Greater Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

The City is committed to operating lease payments for premises and equipment in the following approximate amounts:

2020	\$ 3,368
2021	3,311
2022	2,583
2023	2,569
2024	2,369
Thereafter	7,748

(c) Litigation:

As at December 31, 2019, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia ("Association"):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

18. Commitments and contingencies (continued):

- (f) E-Comm Emergency Communications for Southwest British Columbia Incorporated ("E-Comm"):

The City is a shareholder of the E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 34 Class A and 20 Class B shares issued and outstanding as at December 31, 2019). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.

- (g) Community associations:

The City has agreements with the various community associations which operate the community centers throughout the City. The City generally provides the buildings and grounds, pays the operating costs of the facilities, and provides certain staff and other services such as information technology. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive.

19. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust fund is excluded from the City's consolidated financial statements.

	2019	2018
Richmond Community Associations	\$ 1,877	\$ 1,837

20. Taxation and levies:

	2019	2018
Taxes collected:		
Property taxes	\$ 463,679	\$ 433,319
Payment-in-lieu of taxes and grants	27,597	26,369
Local improvement levies	88	265
	491,364	459,953
Less transfers to other authorities:		
Province of British Columbia – School taxes	(190,650)	(177,521)
TransLink	(40,800)	(37,813)
Metro Vancouver	(7,224)	(6,178)
BC Assessment Authority	(6,185)	(6,016)
Other	(30)	(28)
	(244,889)	(227,556)
Less payment-in-lieu of taxes retained by the City	(16,277)	(15,489)
	\$ 230,198	\$ 216,908

21. Other revenue:

	2019	2018
Developer contributions	\$ 27,394	\$ 33,672
Tangible capital assets gain on sale of land	18,205	-
Penalties and fines	4,303	3,784
Parking program	2,091	2,054
Other	10,792	9,168
	\$ 62,785	\$ 48,678

22. Government transfers:

Government transfers are received for operating and capital activities. The operating transfers consist of gaming revenue and provincial and federal grants. Capital transfers are included in other capital funding sources revenue. The source of the government transfers are as follows:

	2019	2018
Operating		
Province of British Columbia	\$ 20,602	\$ 21,899
TransLink	3,666	3,593
Government of Canada	1,560	1,700
Capital		
Province of British Columbia	3,968	5,685
TransLink	1,010	1,666
Government of Canada	4,056	50
	\$ 34,862	\$ 34,593

23. Segmented reporting:

The City provides a wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows:

- (a) **Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, and protection of life and properties.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water and sewer networks and sanitation and recycling.
- (c) **Engineering, Public Works and Project Development** comprises of General Public Works, Roads and Construction, Storm Drainage, Fleet Operations, Engineering, Project Development, and Facility Management. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.

23. Segmented reporting (continued):

- (d) **Community Services** comprises of Parks, Recreation, Arts, and Culture and Heritage Services. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the economic, arts, culture, and community issues that the City encounters.
- (e) **General Government** comprises of Mayor and Council, Corporate Administration, and Finance and Corporate Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, legal services, providing sound management of human resources, information technology, City finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and Development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City including the City's transportation systems, and community social development.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.

23. Segmented reporting (continued):

	Community safety	Utilities	Engineering, public works and project development	Community services	General government	Planning and development	Total City subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 230,198	\$ -	\$ 230,198
User fees	-	99,426	12,046	-	-	-	111,472
Sales of services	6,732	4,235	2,476	9,917	7,786	2,284	33,430
Payments-in-lieu of taxes	-	-	-	-	16,277	-	16,277
Provincial and federal grants	99	-	3,707	37	3,545	40	7,428
Development cost charges	-	668	2,412	2,988	2,203	5,531	13,802
Other capital funding sources	-	3,432	11,448	3,783	14,666	5,689	39,018
Other revenue:							
Investment income	-	542	-	-	24,580	-	25,122
Gaming revenue	706	-	-	-	14,434	-	15,140
Licenses and permits	4,588	42	1,009	-	15	7,376	13,030
Other	2,652	3,608	1,202	1,173	51,453	153	60,241
Equity income	-	-	-	-	1,634	-	1,634
	14,777	111,953	34,300	17,898	366,791	21,073	566,792
Expenses:							
Wages and salaries	45,582	13,962	25,595	33,372	29,366	12,425	160,302
Public works maintenance	22	7,465	7,060	1,894	(1,481)	337	15,297
Contract services	55,027	8,944	4,978	4,446	3,673	1,585	78,653
Supplies and materials	2,719	33,219	1,397	13,056	10,748	1,035	62,174
Interest and finance	78	22,918	-	72	3,017	-	26,085
Transfer from (to) capital for tangible capital assets	(27)	3,140	12,829	5,695	275	30,621	52,533
Amortization of tangible capital assets	2,765	8,778	28,888	8,930	10,088	2,023	61,472
Loss (gain) on disposal of tangible capital assets	43	227	193	57	3	78	601
	106,209	98,653	80,940	67,522	55,689	48,104	457,117
Annual surplus (deficit)	\$ (91,432)	\$ 13,300	\$ (46,640)	\$ (49,624)	\$ 311,102	\$ (27,031)	\$ 109,675

23. Segmented reporting (continued):

	Total City subtotal	Richmond Olympic Oval	Richmond Public Library	2019 Consolidated	2018 Consolidated
Revenue:					
Taxation and levies	\$ 230,198	\$ -	\$ -	\$ 230,198	\$ 216,908
User fees	111,472	-	-	111,472	102,915
Sales of services	33,430	9,228	89	42,747	39,111
Payments-in-lieu of taxes	16,277	-	-	16,277	15,489
Provincial and federal grants	7,428	2,883	376	10,687	10,355
Development cost charges	13,802	-	-	13,802	17,432
Other capital funding sources	39,018	-	10	39,028	95,859
Other revenue:					
Investment income	25,122	-	20	25,142	20,705
Gaming revenue	15,140	-	-	15,140	16,837
Licenses and permits	13,030	-	-	13,030	13,637
Other	60,241	2,289	255	62,785	48,678
Equity income	1,634	-	-	1,634	1,491
	566,792	14,400	750	581,942	599,417
Expenses:					
Wages and salaries	160,302	9,298	7,763	177,363	162,331
Public works maintenance	15,297	-	2	15,299	13,405
Contract services	78,653	-	445	79,098	73,479
Supplies and materials	62,174	5,042	1,585	68,801	67,919
Interest and finance	26,085	-	4	26,089	23,149
Transfer from (to) capital for tangible capital assets	52,533	-	(289)	52,244	13,307
Amortization of tangible capital assets	61,472	1,628	1,128	64,228	60,542
Loss (gain) on disposal of tangible capital assets	601	4	(37)	568	324
	457,117	15,972	10,601	483,690	414,456
Annual surplus (deficit)	\$ 109,675	\$ (1,572)	\$ (9,851)	\$ 98,252	\$ 184,961

24. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated Financial Plan adopted by Council on March 11, 2019. The table below reconciles the adopted Consolidated Financial Plan to the budget amounts reported in these consolidated financial statements.

	Financial plan Bylaw No. 9979	Financial statement budget
Consolidated financial plan:		
Revenue	\$ 541,121	\$ 541,121
Expenses	463,338	463,338
Annual surplus	77,783	77,783
Less:		
Acquisition of tangible capital assets	(399,171)	-
Contributed tangible capital assets	(50,350)	-
Transfer to reserves	(69,403)	-
Debt principal	(4,951)	-
Add:		
Capital funding	417,161	-
Transfer from surplus	28,931	-
Annual surplus	\$ -	\$ 77,783

25. Comparative information:

Certain comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

26. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This situation presents uncertainty over the City's future cash flows, and may have a significant impact on the City's future operations. In response to the outbreak, the City has temporarily closed some of its facilities. Potential impacts on the City's business could include future decreases in revenue and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the City is not practicable at this time.

2019 | City of Richmond

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Prepared by Management

To be read in conjunction with the 2019
Financial Statements

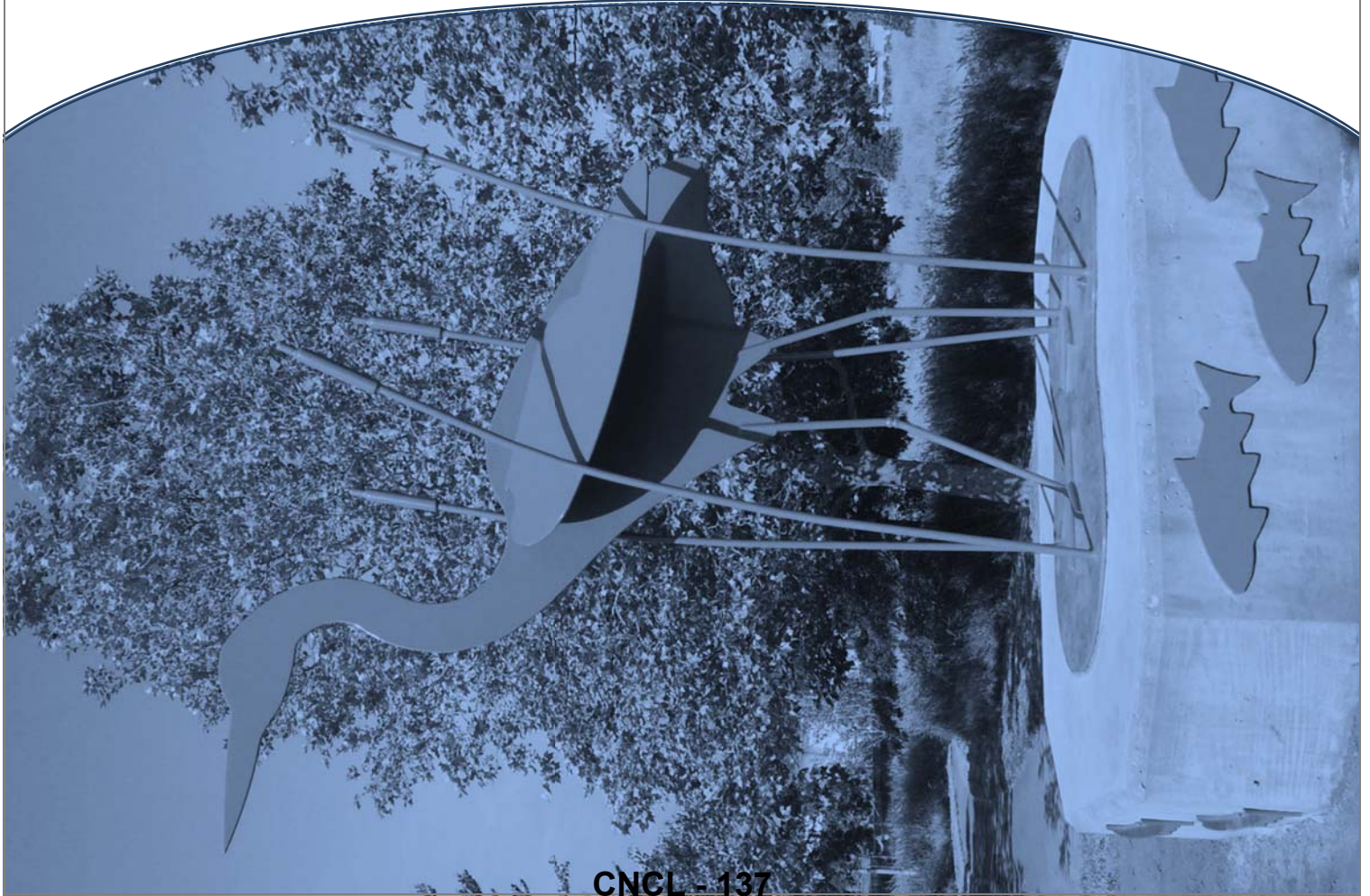




Table of Contents

Contents

INTRODUCTION	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
FINANCIAL ASSETS.....	3
LIABILITIES	5
NON-FINANCIAL ASSETS.....	7
ACCUMULATED SURPLUS	9
CONSOLIDATED STATEMENT OF OPERATIONS.....	11
REVENUES	12
EXPENSES	16
ANNUAL SURPLUS	19
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS.....	20
CONSOLIDATED STATEMENT OF CASH FLOWS.....	21
RATIO ANALYSIS	22
ENVIRONMENTAL ANALYSIS.....	25
STRATEGIC PLANS.....	26
ENVIRONMENT	28
SERVICES	30
CONCLUSION	31

Introduction

The Community Charter requires that annual audited financial statements be prepared and presented to Council. The City's audited consolidated financial statements for the year ended December 31st, 2019 have been prepared in accordance with Canadian public sector accounting standards.

The Financial Statement Discussion and Analysis (FSD&A) provides a detailed analysis of the Consolidated Financial Statements. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. This analysis has been prepared by management and is intended to be read in conjunction with the 2019 audited consolidated financial statements.

The consolidated financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval (Oval), and Richmond Public Library (Library). All future references to the "City" reflect the financial results for all entities.

Lulu Island Energy Company (LIEC) is classified as a government business entity (GBE). The City's investment in LIEC as a GBE is accounted for using the modified equity method.

Further information about the basis of consolidation is listed in Note 2 to the Consolidated Financial Statements.

The consolidated financial statements include the following statements:

- **Consolidated Statement of Financial Position** summarizes the assets (financial and non-financial), liabilities, net debt, and accumulated surplus as at December 31st, 2019 and 2018.
- **Consolidated Statement of Operations** outlines revenues, expenses, surplus for the year and accumulated surplus at year end. This statement reflects the combined operations of the general, utility, capital, and reserve funds for the City and its consolidated entities.
- **Consolidated Statement of Changes in Net Financial Assets** outlines the changes in net financial assets as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
- **Consolidated Statement of Cash Flows** summarizes the City's cash position and changes during the year by outlining the City's sources and uses of cash.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the City's assets (financial and non-financial), liabilities and accumulated surplus. The difference between the financial assets and liabilities is the City's net financial assets, which represents the amount available for a later date.

The City maintained its strong financial position in 2019 allowing for flexibility and financial sustainability into the future.

- Financial Assets increased by \$89.7M to \$1.3B
- Liabilities increased by \$46.9M to \$514.9M
- Net financial assets increased by \$42.7M to \$805.9M
- Non-financial assets increased by \$55.5M to \$2.4B
- Accumulated surplus increased by \$98.3M to \$3.2B

The accumulated surplus includes investment in tangible capital assets, reserves, appropriated surplus, surplus, investment in LIEC and other equity. The change in accumulated surplus is referred to as annual surplus and is included on the Consolidated Statement of Operations.

Financial Assets

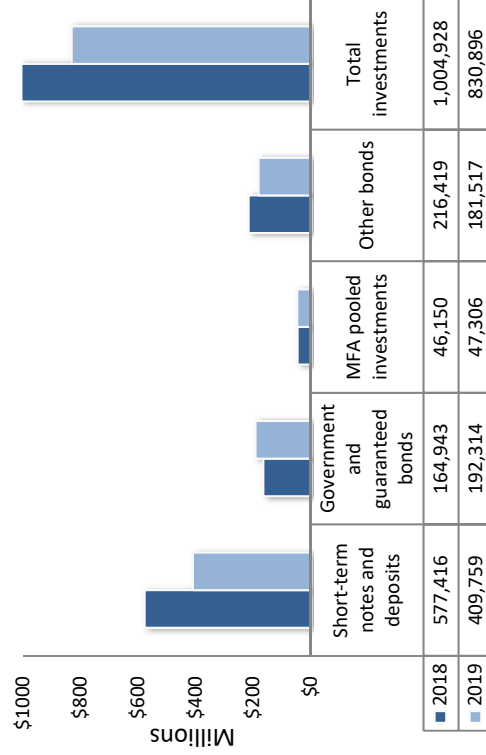
Cash

Cash increased by \$267.7M to \$389.6M to optimize overall interest yields due to the inversion of the yield curve which results in higher yields over the short term.

Investments

Investments decreased by \$174.0M to \$830.9M primarily due to the City's yield enhancement strategy by repositioning investment balances to cash.

Investment Portfolio by Type (\$000's)



Investment in LIEC

Effective January 1, 2017, LIEC was classified as a GBE. The City uses the modified equity method to account for this investment of \$31.4M (2018 – \$29.8M).

Accrued interest receivable

Accrued interest receivable increased by \$0.3M to \$7.8M due to the increase in the City's cash and investment balances.

Accounts receivable

Accounts receivable decreased by \$0.7M to \$28.4M primarily due to collections of capital grants receivables and casino revenues. The decrease was partially offset by increases in water and sewer utilities receivable and trade receivables.

Accounts Receivable (\$000's)	2019	2018	Change
Water and sewer utilities	\$ 13,671	\$ 11,999	\$ 1,672
Casino revenues	3,903	4,010	(107)
Capital grants	1,291	5,003	(3,712)
Other trade receivables	9,542	8,139	1,403
Total	\$ 28,407	\$ 29,151	\$ (744)

Taxes receivable

Taxes receivable decreased by \$0.8M to \$11.0M due to the timing of collections.

Financial Assets

Development fees receivable

Development fees receivable decreased by \$4.4M to \$21.1M due to timing of collection during the year.

Developers have the option to pay DCCs upfront, or in installments over a 2 year period. When paying in installments, 1/3 of the total DCC is paid upfront, the next 1/3 installment is paid one year after the originating date, and the final 1/3 installment is paid at the 2 year anniversary date. The second and third payment amounts are secured by a letter of credit.

The net DCC contributions received by the City in 2019 was \$5.9M more than 2018 at \$48.7M. The increase was a result of large multi-family developments.

Debt reserve fund - deposits

The debt reserve fund balance of \$0.5M did not change from 2018 as the City did not receive payments from the Municipal Finance Authority (MFA) during 2019.



Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$12.4M to \$107.6M. The increase is mainly attributable to the timing of the payment for the RCMP contract and accrual for post-employment benefits.

Development cost charges

The DCC balance of \$197.7M (2018 - \$158.9M) is restricted by Section 559 of the *Local Government Act* and may only be used on authorized capital expenditures.

Net contributions of \$48.7M and interest earned of \$3.9M were received in 2019. The balance was offset by \$13.8M for capital project expenses funded by DCC during the year.

Development Cost Charges (\$000's)	2019	2018	Change
Balance, beginning of year	\$ 158,882	\$ 130,684	\$ 28,198
Contributions	48,740	42,792	5,948
Interest	3,851	2,838	1,013
Revenue recognized	(13,802)	(17,432)	3,630
Balance, end of year	\$ 197,671	\$ 158,882	\$ 38,789

The \$197.7M balance includes amounts that have been allocated to active capital projects but that remain unspent. At December 31st, 2019 there is \$55.4M (2018 - \$48.9M) committed to active capital projects. Additional DCC funding of \$29.1M was approved as part of the 2020 Capital Budget included in the Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10119.

Deposits and holdbacks

Deposits and holdbacks increased by \$3.7M to \$117.4M mainly due to an increase in security deposits for development related servicing agreements of \$4.6M, offset by a decrease in contract holdbacks of \$1.2M.

Deposits and Holdbacks (\$000's)	2019	2018	Change
Security deposits	\$ 94,164	\$ 89,557	\$ 4,607
Developer contribution	7,535	7,313	222
Contract holdbacks	5,417	6,650	(1,233)
Other	10,248	10,100	148
Total deposits and holdbacks	\$ 117,364	\$ 113,620	\$ 3,744

Deferred revenue

Deferred revenues are funds that are set aside for specific purposes by legislation, regulation or agreement, and may only be used for the specified work. These amounts are recognized as liabilities in the year the funds are deposited and recognized into revenue in the year the related expenditures are incurred.

Deferred Revenue (\$000's)	2019	2018	Change
Taxes and utilities	\$ 22,836	\$ 20,450	\$ 2,386
Building permits / development	19,845	15,598	4,247
Oval	1,434	1,876	(442)
Capital grants	10,852	19,558	(8,706)
Other	9,395	9,882	(487)
Total deferred revenue	\$ 64,362	\$ 67,364	\$ (3,002)

Liabilities

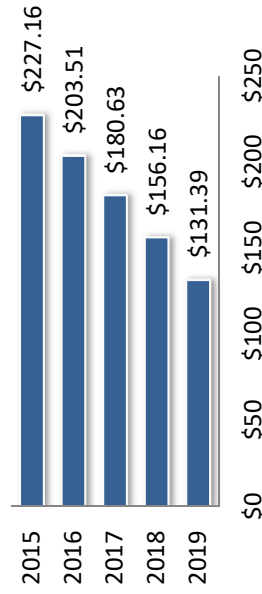
Deferred revenues decreased due to capital grants, Oval's deferred revenue and other revenues. The decreases were offset by increases in taxes and utilities and building permits/developments, resulting in an overall \$3.0M decrease compared to 2018.

Debt, net of MFA sinking fund deposits

Debt decreased by \$5.0M to \$27.9M as a result of the annual repayment made in 2019 towards the borrowing for the construction of the Minoru Center for Active Living facility. The debt has a 10 year term and was obtained in 2014 at a rate of 3.30% for the duration of the term.

The debt per capita decreased to \$131.39 per person in 2019 from \$156.16 as of December 31, 2018. The decrease in debt per capita is the combined result of principal payments reducing the outstanding balance along with an increase in population.

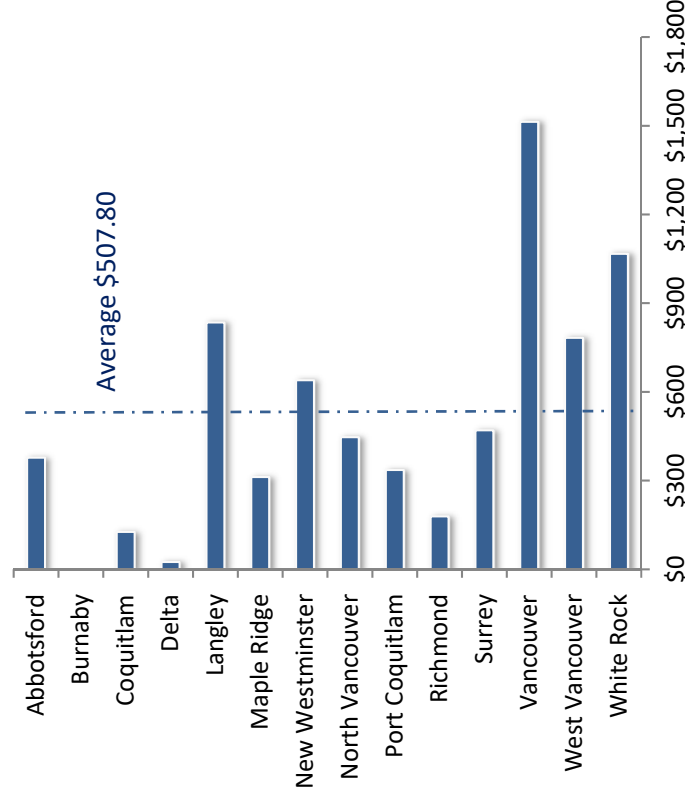
City of Richmond Debt Per Capita 2015-2019



Graph has been updated with population estimates from BC Stats, Demographic Analysis Section, Jan 2020.

The 2018 values for the other municipalities are the most current figures available from the Local Government Statistics. For comparative purposes, Richmond's 2018 debt per capita of \$156.16 is included below and is well below the 2018 regional average of \$507.80.

Debt Per Capita by City (2018)



Long-Term debt data obtained from the Ministry of Municipal Affairs and Housing - 2018 Local Government Statistics. Population estimates for 2018 obtained from BC Stats, Demographic Section, Jan 2020.

Non-Financial Assets

Tangible Capital Assets

Tangible capital assets (TCA) are recorded at original cost and are amortized over their useful life. The net book value (original cost less accumulated amortization) is presented below. Additional information can be obtained in Note 12 of the consolidated financial statements.

TCA increased by \$56.1M to \$2.4B. The change is a result of \$122.0M of asset additions, less net disposal of \$1.7M, and current year amortization expense of \$64.2M.

Tangible Capital Assets (\$000's)	2019	2018	Change
Land	\$1,017,563	\$ 984,001	\$ 33,562
Buildings and building improvements	284,932	255,902	29,030
Infrastructure	950,899	921,293	29,606
Vehicles, machinery and equipment	55,797	55,967	(170)
Library's collections, furniture and equipment	3,175	3,235	(60)
Assets under construction	115,432	151,296	(35,864)
Total	\$2,427,798	\$2,371,694	\$ 56,104

Land increased by \$33.6M mainly due to \$34.5M of additions including \$16.8M from the acquisition of Richmond Ice Center and \$14.7M of contributed land assets received through development.

Buildings increased by \$29.0M mainly due to a \$45.4M increase in additions offset by \$16.3M of amortization expense. The additions in 2019 included \$27.2M for Minoru Centre for Active Living and \$15.3 for the Richmond Ice Center.

Infrastructure increased by \$29.6M mainly due to \$66.6M increase in additions offset by \$36.5M of amortization expense. The additions in 2019 included \$14.2M of contributed assets received through development, \$7.0M of watermain replacements and \$3.8M of road widening at No. 2 Road between Steveston and Dyke Road.

Vehicles, machinery and equipment decreased by \$0.2M mainly due to \$10.3M increase in additions including \$3.4M of traffic signals offset by \$10.2M of amortization expense.

Library's collections, furniture and equipment decreased by \$60K mainly due to \$1.1M additions offset by \$1.1M of amortization expense.

Assets under construction decreased by \$35.9M mainly due to partial opening of Minoru Centre for Active Living in 2019.

Non-Financial Assets

Inventory of materials and supplies

Inventory decreased by \$0.6M to \$3.0M based on timing of materials issued.

Prepaid expenses

Prepaid expenses increased by \$41K to \$2.7M due to timing of expense utilization and increases to insurance premium costs.



Accumulated Surplus

The accumulated surplus increased by \$98.3M to \$3.2B. The annual increase is presented on the Consolidated Statement of Operations.

Accumulated Surplus (\$000's)	2019	2018	Change
Investment in TCA	\$ 2,397,476	\$ 2,336,489	\$ 60,987
Reserves	557,576	540,153	17,423
Appropriated surplus	224,052	207,173	16,879
Investment in LIEC	31,414	29,780	1,634
Surplus	25,994	24,029	1,965
Other equity	2,830	3,466	(636)
Total	\$ 3,239,342	\$ 3,141,090	\$ 98,252

Investment in TCA

Investment in TCA represents the equity held in assets. This balance is equal to the net book value of tangible capital assets less any outstanding debt relating to capital and restricted capital deferred revenue (for Oval).

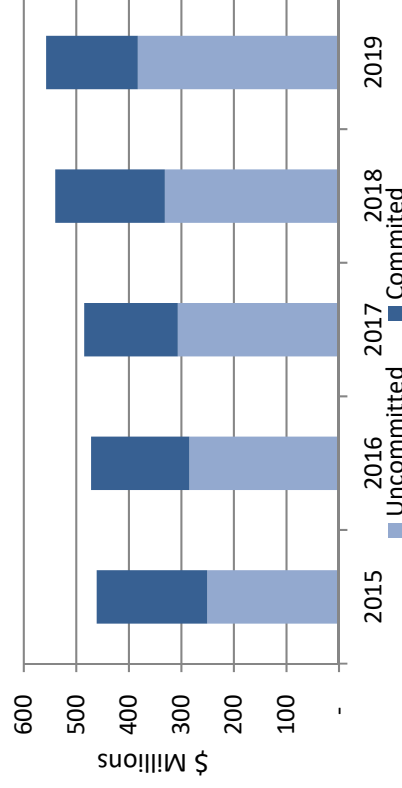
In accordance with accounting standards, this balance is accounted for using the cost method, net of accumulated amortization. It does not reflect market value or replacement value of the assets.

The investment in TCA balance increased by \$61.0M. This is the net activity of asset additions, amortization, disposals and debt reduction.

Reserves

Reserves are established by Bylaw for specific purposes, mainly capital expenditures. The balance of \$557.6M includes amounts that have been approved for expenditure but remain unspent as at December 31st. The uncommitted reserve balance is \$382.9M (2018 - \$331.5M).

Reserve Balance 2015-2019



The increase in the reserve balance is mainly attributable to the timing of capital expenditures. There are several facility construction projects approved including the Animal Shelter and the Phoenix Net Loft that have reserve funds allocated towards the project but have not been spent as of the reporting date December 31st, 2019.

From the available \$382.9M at December 31st, 2019, \$100.7M has been approved for the City's 2020 Capital Budget included in the Consolidated 5 Year Financial Plan (2020-2024) Bylaw

Accumulated Surplus

No. 10119. An additional \$381.7M is estimated for the remaining 4 years (2021-2024) of the 5 Year Capital Plan.

Appropriated Surplus

Appropriated surplus is internally restricted for future commitments and potential liabilities. The balance increased by \$16.9M to \$224.1M mainly as a result of \$9.8M for the Emergency Response Fuel Facility and the \$5.5M contribution for the Steveston Community Amenity.

Investment in LIEC

The City's investment in LIEC is recorded under the modified equity method. The balance reflects the City's share equity in LIEC on December 31st, 2019 at \$31.4M, an increase of \$1.6M from the 2018 balance of \$29.8M.

Surplus

The consolidated surplus increased by \$2.0M to \$26.0M in 2019. The increase is mainly attributed to:

- (\$6.7M) transfer of the City's 2018 operating surplus to the Rate Stabilization Account
- \$6.9M City's 2019 operating surplus
- \$2.1M internal repayments

Other Equity

Other equity relates to the City's inventory. The balance decreased by \$0.6M to \$2.8M in 2019.



Consolidated Statement of Operations

The Consolidated Statement of Operations provides a summary of the revenues, expenses, and surplus throughout the reporting period and outlines the change in accumulated surplus.

The 2019 budget amounts presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified 'cash requirement' basis and amounts recorded in these financial statements on a 'full accrual' basis.

Note 24 outlines the adjustments to the approved budget, particularly the exclusion of transfers to reserves and other funds, and tangible capital asset acquisitions. These adjustments to budgeted values are required to provide comparative budget values based on the full accrual basis of accounting. As the accrual based budget does not include transfers to reserves, investment in assets and other items, the budget presented on the financial statements can show a surplus or deficit while the budget as approved by Council is a balanced budget.

Revenues

2019 Budget to Actual Comparison

Total consolidated revenues are \$581.9M compared to the budgeted revenues of \$541.1M. Certain revenues will always be difficult to accurately budget due to the unpredictability of the source, development timing and use of funds for capital. Budget to actual variance explanations are below.

Revenues (\$000's)	2019 Budget	2019 Actual	Variance
Taxation and levies	\$ 229,903	\$ 230,198	\$ 295
Utility fees	105,805	111,472	5,667
Sales of services	41,977	42,747	770
Payments-in-lieu of taxes	14,200	16,277	2,077
Provincial and federal grants	8,362	10,687	2,325
Development cost charges	22,764	13,802	(8,962)
Other capital funding sources	63,197	39,028	(24,169)
Investment income	16,062	25,142	9,080
Gaming revenue	16,500	15,140	(1,360)
Licences and permits	11,107	13,030	1,923
Other	11,244	62,785	51,541
Equity income	-	1,634	1,634
Total	\$ 541,121	\$ 581,942	\$ 40,821

Taxation and levies had a favourable variance of \$0.3M due to higher than expected new growth offset by supplemental adjustments.

Utility fees had a favourable variance of \$5.7M mainly due to construction flat rate utility prepayments which were not budgeted for, increase in meter accounts and debt levy for Greater Vancouver Sewerage & Drainage District (GVSD).

Sales of services includes a favourable variance of \$0.8M due to increased lease revenue and filming revenue, offset by Minor Centre for Active Living revenues which were not realized due to the partial opening in 2019.

Payments-in-lieu of taxes had a favourable variance of \$2.1M mainly due to higher than expected payments from various other authorities.

Provincial and federal grants were favourable by \$2.3M mainly due to increased grants received for the Major Road Network and one-time unbudgeted Community Works Fund payment from the Union of BC Municipalities.

Development cost charges (DCC) had an unfavourable variance of \$9.0M due to the timing of capital expenditures. DCC revenue is recognized when the amounts are spent, while the budget represents the 2019 allocation of DCC's towards capital projects generally spent over multiple years.

The other capital funding unfavourable variance of \$24.2M is mainly due to lower than budgeted amounts related to contributed assets received through development of \$21.5M. The revenue recognition relating to these contributed assets is

Revenues

based on the timing of the development and when the ownership of assets are transferred to the City.

Investment income had a favourable variance of \$9.1M due to higher returns on cash and investments which corresponds to increases in the interest rate as prescribed by the Bank of Canada throughout the year. The timing of capital expenditures also resulted in a higher than expected investment balance throughout the year.

Gaming revenue had an unfavourable variance of \$1.4M due to decreased revenue at the River Rock Casino.

Licences and permits had a favourable variance of \$1.9M mainly due to building permits, underpinning fees, and business licences.

Other revenue had a favourable variance of \$51.5M mainly due to unbudgeted external developer cash contributions of \$27.4M, Emergency Response Fuel Facility contribution of \$9.8M and gain on land disposal of \$18.2M.

Equity income relates to the City's investment in LIEC and represents LIEC's net income for the year. LIEC's net income for 2019 is \$1.6M (2018 – \$1.5M).



Revenues

2019 to 2018 Actual Comparison

Total 2019 consolidated revenues were \$581.9M compared to \$599.4M in 2018.

Revenues (\$000's)	2019 Actual	2018 Actual	Change
Taxation and levies	\$230,198	\$216,908	\$ 13,290
Utility fees	111,472	102,915	8,557
Sales of services	42,747	39,111	3,636
Payments-in-lieu of taxes	16,277	15,489	788
Provincial and federal grants	10,687	10,355	332
Development cost charges	13,802	17,432	(3,630)
Other capital funding sources	39,028	95,859	(56,831)
Investment income	25,142	20,705	4,437
Gaming revenue	15,140	16,837	(1,697)
Licences and permits	13,030	13,637	(607)
Other	62,785	48,678	14,107
Equity income	1,634	1,491	143
Total	\$581,942	\$599,417	\$(17,475)

Taxation and levies increased by \$13.3M due to the 4.82% tax rate increase for 2019 and new growth.

Utility fees increased by \$8.6M due to Council approved rate increases, increase in meter accounts, and increased debt levy from the GVSDD.

Sales of services increased by \$3.6M due to higher volume of receivable projects in 2019, increase in Oval revenue, tree compensation revenue and lease revenue.

Payments-in-lieu of taxes increased by \$0.8M mainly due to increases in assessment value for BC Hydro and Port Metro Vancouver properties, which resulted in additional \$0.6M and \$0.2M, respectively.

Provincial and federal grants increased by \$0.3M due to additional Community Works Fund grant received from the UBCM.

Development cost charges decreased by \$3.6M mainly due to the timing of capital expenditures as DCC revenue is recognized when the amounts are spent.

Other capital funding sources decreased by \$56.8M due to the timing of developer contributed assets, which includes a \$55.0M decrease in donated assets by developers related to land relative to 2018.

Investment income increased by \$4.4M due to increases in interest rates and higher average investment balance throughout the year.

Revenues

Gaming revenue decreased by \$1.7M mainly due to drop in table revenues as a result of stricter source of income declaration requirements enacted by the British Columbia Lottery Corporation.

Licences and permits decreased by \$0.6M mainly due to decrease in building permit revenue, offset by increase in underpinning revenue.

Other revenue increased by \$14.1M mainly due to \$18.2M gain on sale of land, \$9.8M contribution related to Emergency Response Fuel Facility and \$5.5M for Steveston Community Amenity, offset by \$11.6M less in developer amenity contribution for Capstan Station and no contribution for City Center facilities (\$11.4M was received in 2018).

Equity income relates to the City's investment in LIEC and represents LIEC's net income for the year. LIEC's net income increased by \$0.1M due to additional energy sales as a result of two new building connections.

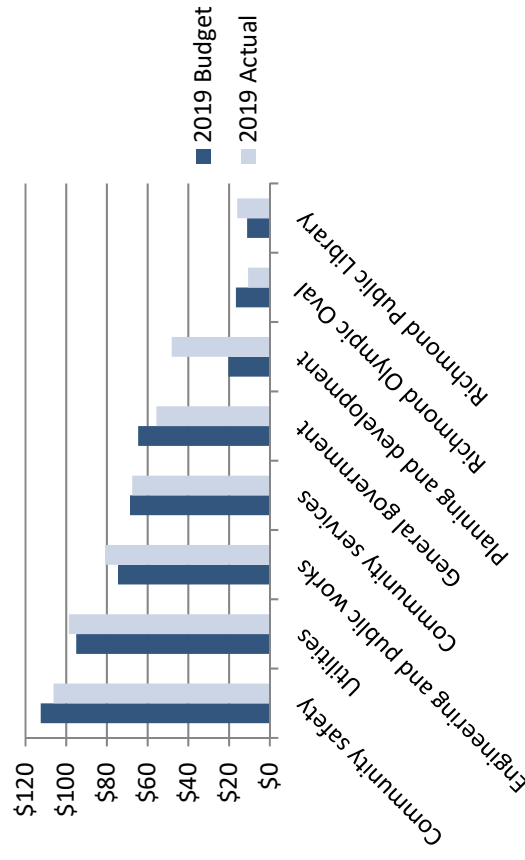


Expenses

2019 Budget to Actual Comparison

Total consolidated expenses are \$483.7M compared to the budget of \$463.3M.

2019 Expenses by Function



The following comparisons are before transfers to provisions and/or reserves:

Community safety had a favourable variance of \$6.3M mainly due to RCMP contract savings from lower than budgeted complement, salary savings due to municipal employee vacancies and time required to fill new positions approved in 2019.

Utilities had an unfavourable variance of \$3.6M mainly due to transfers from capital relating to feasibility studies and investigations, timing of expenditures and increased debt levy from the GVSDD.

Engineering and public works had an unfavourable variance of \$6.4M mainly due to \$3.1M in box culverts repair for the Major Road Network and \$1.8M in pool damage in the Minoru Centre for Active Living.

Community services had a favourable variance of \$1.1M mainly due to the delay of the Minoru Centre for Active Living pool and fitness center opening, timing of one-time expenditures and reduced lease expense for Richmond Ice Center acquired in 2019.

General government had a favourable variance of \$8.9M mainly due to timing of one-time expenditures and contract expenses.

Planning and development had an unfavourable variance of \$27.8M mainly due to payment to Translink for the construction of the Canada Line Capstan Station of \$28.1M.

Richmond Olympic Oval had a favourable variance of \$0.6M due to lower than budgeted general and administration and amortization costs.

Richmond Public Library had a favourable variance of \$0.5M due to less than budgeted amortization expense.

Expenses

2019 to 2018 Actual Comparison

Total 2019 consolidated expenses were \$483.7M compared to \$414.5M in 2018.

Expenses (\$000's)	2019 Actual	2018 Actual	Change
Community safety	\$ 106,209	\$ 98,500	\$ 7,709
Utilities: water, sewer and sanitation	98,653	89,959	8,694
Engineering, public works and project development	80,940	68,793	12,147
Community services	67,522	61,174	6,348
General government	55,689	52,549	3,140
Planning and development	48,104	18,076	30,028
Richmond Olympic Oval	15,972	15,424	548
Richmond Public Library	10,601	9,981	620
Total	\$ 483,690	\$ 414,456	\$ 69,234

Community safety expenses increased by \$7.7M mainly due to a \$4.2M increase in the RCMP contract expense as a result of additional officers and collective agreement salary increases.

Utilities expenses increased by \$8.7M mainly due to increased costs for receivable projects, increased debt levy from the Greater Vancouver Sewerage & Drainage District and greater water consumption relative to 2018, as well as water and sewer rate increases from Metro Vancouver.

Engineering, public works and project development expenses increased by \$12.1M mainly due to Major Road Network's box culverts repairs and pool restoration at the Minoru Centre for Active Living.

Community services increased by \$6.3M due to partial opening of the Minoru Centre for Active Living and advanced design expenditures related to Parks, offset by a decrease in lease expense for the Richmond Ice Center which was acquired in 2019.

General government expenses increased by \$3.1M mainly due to higher salary and benefits including the new employer health tax.

Planning and development costs increased by \$30.0M due to the \$28.1M payment to Translink for the construction of the Canada Line Capstan Station.

Richmond Olympic Oval costs increased by \$0.5M mainly due to increase in salary and benefits, offset by corresponding increase in program revenue.

Richmond Public Library services expenses increased by \$0.6M mainly due to salary increases and vacant positions being filled.

Expenses

Expenses by Object

Expenses (\$000's)	2019 Actual	2018 Actual	Change
Wages and salaries	\$ 177,363	\$ 162,331	\$ 15,032
Public works maintenance	15,299	13,405	1,894
Contract services	79,098	73,479	5,619
Supplies and materials	68,801	67,919	882
Interest and finance	26,089	23,149	2,940
Transfer from (to) capital for tangible capital assets	52,244	13,307	38,937
Amortization of tangible capital assets	64,228	60,542	3,686
Loss on disposal of tangible capital assets	568	324	244
Total	\$ 483,690	\$ 414,456	\$ 69,234

Wages and salaries increased by \$15.0M mainly due to collective agreement salary increases, timing of vacancies being filled and increased benefits including the new employer health tax.

Public works maintenance increased by \$1.9M mainly due to increased general and receivable public work activities including water and sanitary sewer utilities.

Contract services increased by \$5.6M mainly due to increased policing costs and building maintenance.

Supplies and materials increased by \$0.9M mainly due to

increase in Metro Vancouver water rates, offset by a decrease in water consumption and organic waste processing costs.

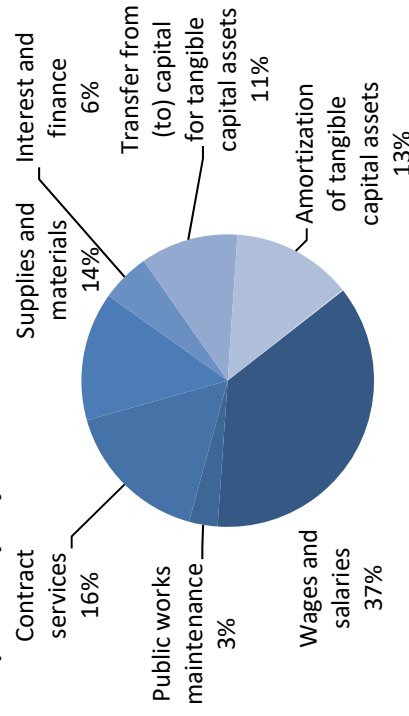
Interest and finance increased by \$2.9M due to increased debt payment to Greater Vancouver Sewerage & Drainage District.

Transfer from (to) capital for tangible capital assets increased by \$38.9M mainly due to the \$28.1M payment to Translink for the construction of the Canada Line Capstan Station, pool restoration of the Minoru Centre for Active Living and Major Road Network repairs.

Amortization of tangible capital assets increased by \$3.7M due to new asset additions.

Loss on the disposal of tangible capital assets increased by \$0.2M due to more infrastructure disposals in 2019.

2019 Expenses by Object



Annual Surplus

The 2019 consolidated annual surplus of \$98.3M is calculated as the difference between revenues and expenses and is reflected in the change in the accumulated surplus.

The City's 2019 operating surplus of \$6.9M is one component of the 2019 annual surplus of \$98.3M.

Annual Surplus Distribution

The largest driver of the \$98.3M annual surplus is the change in investment in capital assets of \$61.0M. This is the net activity of asset additions \$122.0M offset by amortization expense of \$64.2M, disposals and debt reduction.

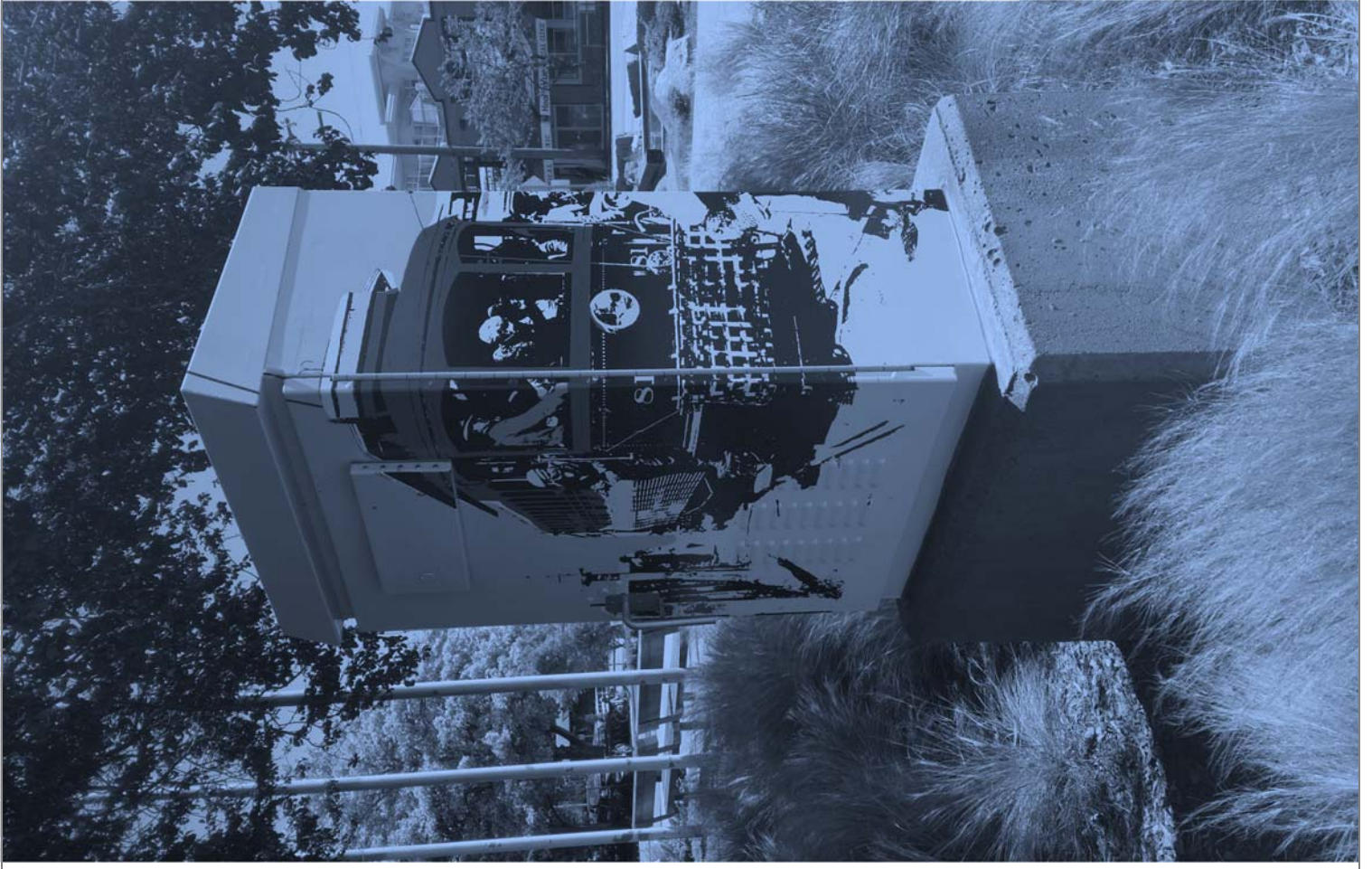
Investment in LIEC increased by \$1.6M.

Appropriated surplus increased by \$16.9M relating to future commitments and potential liabilities.

Reserves increased by \$17.4M due to the timing of capital expenditures. Included in the total reserve balance is \$174.7M committed towards active capital projects.

Surplus increased by \$2.0M due to the net impact of operating surplus transactions and repayments for internal borrowing.

Other surplus decreased by \$0.6M.



Consolidated Statement of Changes in Net Financial Assets

The Consolidated Statement of Changes in Net Financial Assets focuses on the net assets of the City, adjusting the annual surplus for the impact of tangible capital assets: mainly deducting the costs to acquire assets, and adding back amortization charged during the year.

An important measure of any government’s financial condition is its net financial assets: calculated as financial assets (e.g. cash, receivables, and investments) less liabilities (e.g. trade and employment payables, deposits and debt).

The City’s net financial assets as at December 31st, 2019 increased by \$42.7M to \$805.9M (2018 - \$763.1M).

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is a summary of how the City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire capital assets.

The City's cash increased by \$267.7M to \$389.6M and investments decreased by \$174.0M to \$830.9M.

In 2019, cash provided by operating activities was \$172.5M, compared to \$203.5M in 2018.

Cash used in capital activities was \$73.8M, compared to \$92.6M in 2018.

Cash used in financing activities was \$5.0M compared to \$4.8M in 2018, and was used to pay down MFA debentures.

Cash provided from investing activities was \$174.0M, compared to \$32.1M of cash spent on investing activities in 2018.

Ratio Analysis

The Public Sector Accounting Board (PSAB) encourages the Government sector to conduct ratio analysis as per the Statement of Recommended Practice (SORP) 4: Indicators of Financial Condition. The analysis enables the readers of financial reports to use the indicators to assess the City's ability to respond to changes in the economic climate. It also allows readers to interpret the financial reports and assess the quality of financial management.

The analysis addresses the following three key areas:

- **Assessment of sustainability** measures and demonstrates the ability of a government entity to carry out its service commitments, settles financial commitments to creditors, employees and others without increasing the debt or tax burden in the economy that it operates.
- **Assessment of flexibility** measures and demonstrates the degree to which a government entity can change the level of debt and tax burden in order to meet its service commitments or settle financial commitments.
- **Assessment of vulnerability** measures and demonstrates the degree by which a government entity is dependent on sources of funding outside its control or influence or is exposed to risk that could impair its ability to meet its service and financial commitments.

The following table presents the ratio analysis for the three-year period 2017-2019:

Assessment of sustainability

Sustainability ratios:	2019	2018	2017
Assets to liabilities (times)	7.3	7.7	8.1
Financial assets to liabilities (times)	2.6	2.6	2.7
Net debt to total revenues	4.8%	5.5%	7.2%
Net debt to the total assessment	0.03%	0.03%	0.04%
Expenses to the total assessment	0.5%	0.4%	0.5%
Flexibility ratios:	2019	2018	2017
Debt charges to revenues	0.3%	0.3%	0.3%
Net book value of capital assets to cost	67.8%	68.3%	68.3%
Net book value of capital assets (excluding land) to cost	55.0%	55.8%	56.3%
Own source revenue to the assessment	0.5%	0.5%	0.5%
Vulnerability ratios:	2019	2018	2017
Government transfers to total revenues	4.4%	4.5%	5.0%
Government transfers (excluding gaming revenue) to total revenues	1.8%	1.7%	1.8%

An explanation of each of the ratios is provided below.

- Assets to liabilities, indicates sustainability by the extent to which the government entity finances its operations by issuing debt. A ratio higher than one indicates that a government has accumulated surplus and has assets greater than liabilities. Included in the City's liabilities are DCCs and deferred revenue which represent an obligation to perform future works.
- Financial assets to liabilities, indicates sustainability by the degree that future revenues are required to pay for past transactions and events. A higher ratio indicates a greater ability to cover liabilities.
- Net debt to total revenue, indicates the financial burden over the earning capacity and also indicates how future revenues will be needed for financing of past transactions and events. A lower percentage indicates a lesser reliance on future revenues to finance existing debt.
- Net debt to total assessment, indicates the relationship between the level of debt and the state of the local economy. A lower percentage indicates a lesser reliance on the current assessment base to finance existing debt.

- Expenses to total assessment, indicates the trend of the government spending in connection to the state of the local economy. A lower percentage indicates a lesser reliance on the current assessment base to finance existing expenses.

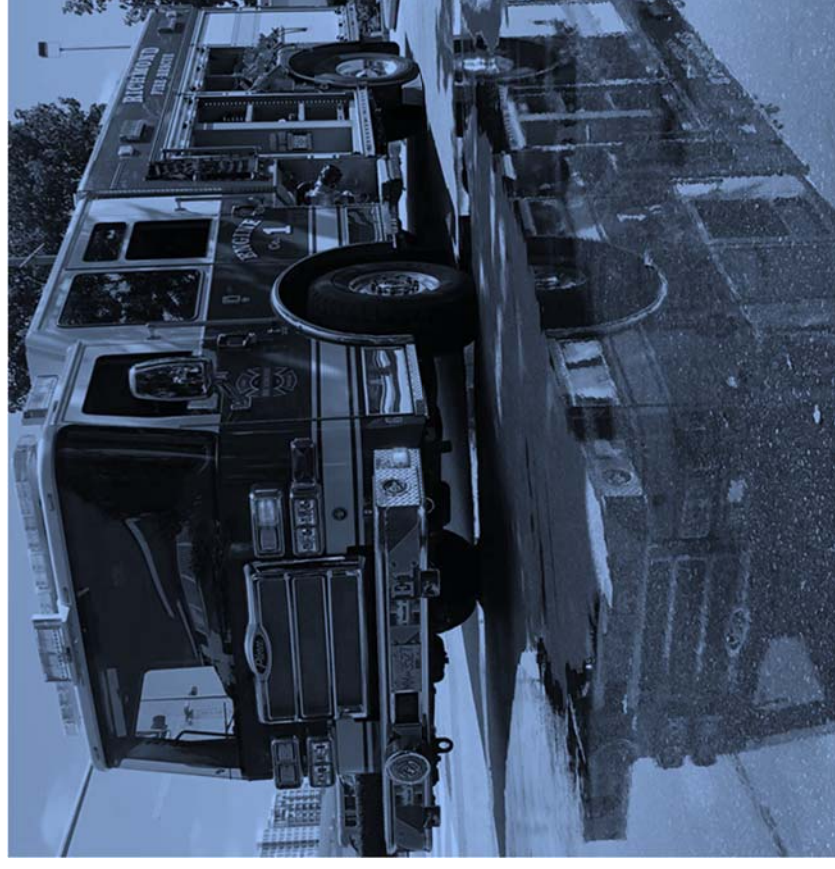
Assessment of flexibility

- Debt charges to revenues, indicates the extent to which past borrowing decisions present a constraint on a government's ability to meet its financial commitments. A lower ratio indicates a lesser reliance on existing revenues to finance debt charges.
- Net book value of capital assets to cost, indicates the estimated useful life of the capital assets to provide services. A higher ratio indicates a newer asset inventory.
- Net book value of capital assets (excluding land) to cost, indicates the estimated useful life remaining of depreciable capital assets. Land is not a depreciable asset and its inclusion can distort the net book value to cost ratio. A higher ratio indicates a newer asset inventory.
- Own source revenue to assessment, indicates the degree to which represents the percentage of taxes taken from its own tax base. A lower ratio indicates a

lesser proportion of existing revenues from own sources on the current assessment base.

Assessment of vulnerability

- Government transfers to total revenue, indicates the degree to which the local government is dependent on provincial or federal grants. A higher ratio indicates a higher proportion of grants.



Environmental Analysis

The City provides a wide array of services to residents, businesses and visitors. The Council Strategic Plan help guide the development and implementation of the City's work programs and operations.

The following section highlights:

- Council Strategic Plan 2018-2022
- Environment
 - Business Licences
 - Housing Activity
 - Population
- City Services

Strategic Focus

Council decisions guide and influence the City's social and physical development, the quality of life and lifestyle choices available to residents, the relative safety and protection of residents and businesses, and the role the City plays within the region. To help Council manage this important agenda, the "Council Strategic Plan" process is undertaken at the start of each new term of office to determine Council's desired focus and priorities in order to ensure City work programs are appropriately aligned. This process forms an integral part of City operations, and helps to ensure a focused and productive workforce that makes the most effective use of public resources. In alphabetical order, the eight strategic focus areas for the Council Strategic Plan 2018-2022 include:

- 1. A Safe and Resilient City**
Continue enhancing and protecting the safety and well-being of Richmond.
- 2. A Supported Economic Sector**
Continue facilitation of diversified economic growth through innovative and sustainable policies, practices, and partnership.
- 3. A Sustainable and Environmentally Conscious City**
Adapt environmentally conscious decision-making that demonstrates leadership in implementing innovative, sustainable practices and supports the City's unique biodiversity and island ecology.
- 4. An Active and Thriving Richmond**
Support an active and thriving community characterized by diverse social and wellness programs, services and spaces that foster health and well-being for all.
- 5. An Engaged and Informed Community**
Ensure that the citizenry of Richmond is well-informed and engaged about City business and decision-making.



Strategic Focus

6. One Community Together

Continue support on vibrant and diverse arts and cultural activities and opportunities for community engagement and connection.

7. Sound Financial Management

Maintain the City's strong financial position with clear accountability through transparent budgeting practices and effective public communication that supports the needs of the community into the future.

8. Strategic and Well-Planned Growth

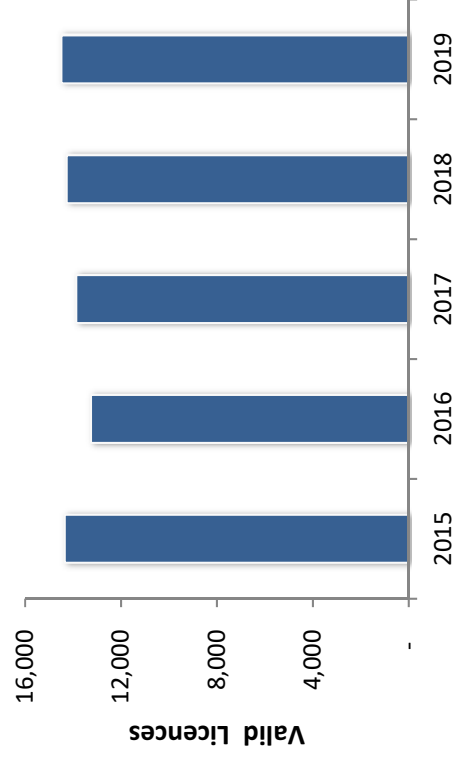
Continue leadership in effective and sustainable growth that supports the City's physical and social needs.



Business Licences

The total number of business licences issued increased to 14,487 in 2019 compared to 14,267 licences issued in 2018.

Business Licences 2015-2019



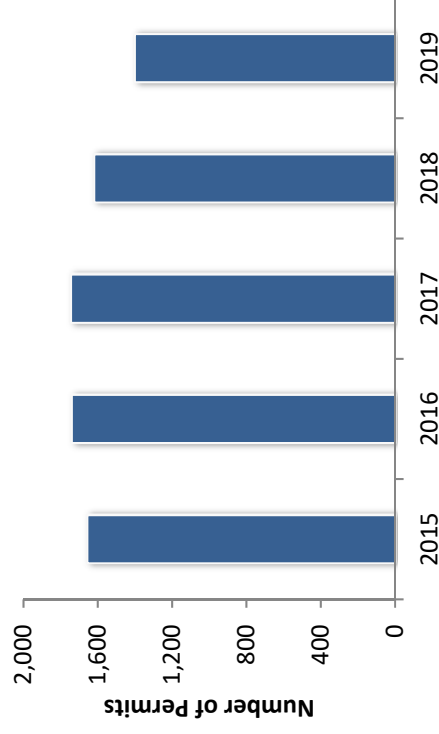
Housing Activity

Richmond house prices decreased by 0.1%, with a 2019 detached median house price of \$1,690,000. The total number of sales decreased year-over-year by 6.1% to 2,893.

In 2019, the total number of building permits issued was 1,400 which was a 13.5% decrease from 2018. The year over year decline is a result of decrease in permits issued for single

family dwellings, offset by increase in multi-family developments. Although the number of building permits has decreased, the total area permitted for new construction has increased due to multi-family developments. The actual permit fees collected for 2019 was \$11.6M.

Building Permits 2015-2019



The construction value of building permits issued in 2019 was \$981.1M, which increased by approximately 11.6% from 2018 of \$879.3M.

The number of development applications received in 2019 decreased by 22.4% to 159 applications from 205 applications in 2018. Total fees collected in 2019 decreased by 27.4%.

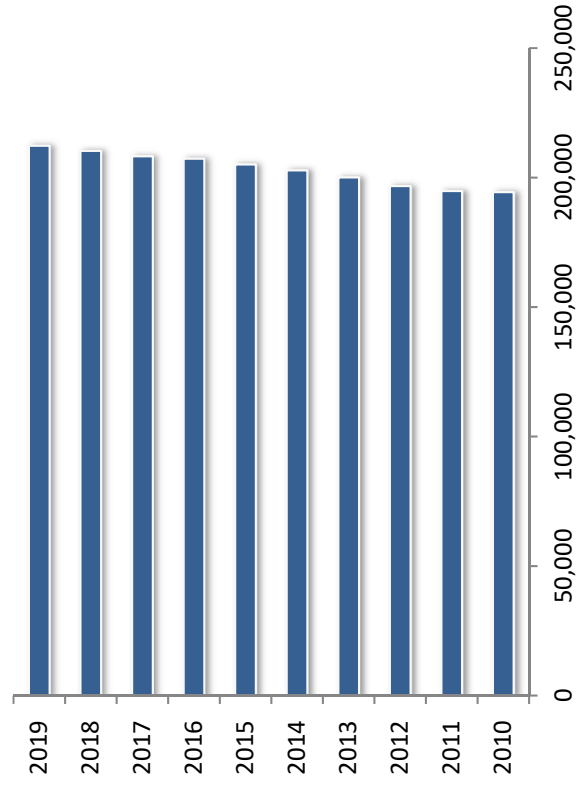


CNCL - 168

Population

Richmond's current population is estimated at 212,276 which is a 0.93% increase from 2018. According to the 2016 Census, Richmond is the fourth most populous municipality in the Greater Vancouver region.

Richmond Population 2010-2019



Graph has been updated with population figures from BC Stats, Demographic Analysis Section, updated Jan 2020.

Services

- The City of Richmond provides a wide array of services to residents, businesses and visitors. The City is responsible for delivering the following services in Richmond:
- Performing land use and transportation planning, building approvals, property use and zoning.
 - Providing and maintaining roads, dikes, water and sewerage systems, drainage and irrigation systems.
 - Providing sanitation and recycling services.
 - Providing for the safety and protection of citizens by maintaining policing, fire-rescue services, bylaw enforcement, emergency and environmental programs.
 - Providing for the recreational and cultural needs of citizens by: funding library services; building and maintaining recreational and cultural facilities, including pools, arenas, community centres, art centres, theatre and numerous heritage sites.
 - Designing, constructing, and maintaining a recreational trail system and a system of parks with playing fields, playgrounds, and various amenities including tennis courts and basketball courts.
 - Developing a sustainable community through: affordable housing, child care programs, wellness and outreach programs, tree protection, pesticide use restrictions, waste reduction programs, pollution prevention, district energy utility, energy management programs, purchasing policies and high performance building programs.

- Providing business licences and economic development initiatives.
- Administering property taxes and utility bills.
- Working to safeguard the financial well-being of the City through the provision of effective and reliable financial services and information to Council, staff and the public.
- Working to safeguard and enhance the livability and social, financial, and environmental sustainability of our community and surrounding environment.
- Representing the interests of our citizens on various regional bodies responsible for providing services such as transit, drinking water, waste disposal, and air quality monitoring and reporting.

These services are provided through the use of funds as approved by Council in the 2019 operating, capital and utility budgets.

	2017	2018	2019
Population growth (per annum) ¹	2.12%	1.02%	0.93%
Capital construction costs (\$mil) ²	\$94.7	\$156.6	\$97.59
City Grants Program (\$mil)	\$0.80	\$0.82	\$0.84
Other grants (\$mil) ³	\$1.94	\$1.65	\$1.64
Registration in recreation programs	146,428	145,841	145,435
RCMP calls for services	66,866	69,312	75,573
Fire Rescue responses	11,216	9,805	9,491

¹ Annual growth based on updated population figures from BC Stats, Demographic Analysis Section, Jan 2020.

² This is the amended capital budget excluding internal transfers, debt repayment and contributions.

³ Other grants include contributions towards Gateway Theatre, Richmond Center for Disability, Richmond Therapeutic Equestrian Society, various youth grants and Provision Transfer.

Conclusion

The City's financial management has positioned Richmond well to continue to carry out and meet Council's Strategic Plan and service commitments to provide a safe and desirable community to live, work and play in, while providing value for taxpayers.

The FSD&A provides a detailed analysis of the Consolidated Financial Statements and explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results.

The Consolidated Financial Statements and FSD&A provide details about past activity and the balances at December 31st of the fiscal year. This information, in conjunction with planning documents, provides a comprehensive depiction of the future financial viability of the City.

In 2003, Council adopted the Long Term Financial Management Strategy (LTFMS) to ensure prudent fiscal practices while maintaining the City's high service standards and balancing current and long term financial needs. The effects of this policy can be seen in the current financial health of the organization.

The LTFMS policy forms the foundation for the City's financial planning, including the preparation of the Five Year Financial Plan Bylaws.

The 2020 – 2024 Five Year Financial Plan combines the Operating, Utility and Capital Budgets. It provides details on the services provided, anticipated revenues and expenses, and planned capital projects.

Additional information about the current financial plan can be found at:

<http://www.richmond.ca/cityhall/finance/reporting/fiveyear.htm>





**Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No.
10183**

The Council of the City of Richmond enacts as follows:

1. Schedule "A", Schedule "B" and Schedule "C" which are attached and form part of this bylaw, are adopted as the Revised Consolidated 5 Year Financial Plan (2020-2024).
2. Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10119 is hereby repealed.
3. This Bylaw is cited as "**Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183**".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

APR 20 2020

APR 20 2020

APR 20 2020

CITY OF RICHMOND
APPROVED for content by originating dept. <i>MS</i>
APPROVED for legality by Solicitor <i>B.R.B.</i>

MAYOR

CORPORATE OFFICER

SCHEDULE A:

CITY OF RICHMOND
REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
REVENUE AND EXPENSES
(In \$000's)

	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Revenue:					
Taxation and Levies	239,357	250,992	264,144	278,025	291,175
User Fees	115,210	121,447	128,203	135,460	143,422
Sales of Services	43,876	44,165	44,701	45,247	45,803
Investment Income	18,562	19,190	19,754	20,256	20,695
Payments In Lieu Of Taxes	14,841	14,989	15,139	15,290	15,443
Gaming Revenue	14,500	14,500	14,500	14,500	14,500
Other Revenue	14,075	14,122	16,263	18,409	18,902
Licenses And Permits	11,435	11,657	11,884	12,116	12,352
Provincial and Federal Grants	9,988	9,368	9,439	9,511	9,584
Developer Contributed Assets	50,000	50,000	50,000	50,000	50,000
Development Cost Charges	29,111	20,493	17,984	15,802	16,910
Other Capital Funding Sources	16,274	15,028	15,191	14,005	13,150
	577,229	585,951	607,202	628,621	651,936
Expenses:					
Community Safety	118,205	122,450	127,353	131,159	135,038
Engineering and Public Works	78,618	77,180	78,804	80,034	81,423
Community Services	71,936	68,225	69,622	73,184	74,820
Finance and Corporate Services	25,625	23,990	24,525	25,131	25,747
Planning and Development Services	24,342	23,904	24,386	24,934	25,538
Fiscal	22,507	21,016	21,959	24,810	27,847
Corporate Administration	13,977	13,817	14,135	14,521	14,917
Debt Interest	1,677	1,677	1,677	1,677	838
Utility Budget					
Water Utility	46,397	49,427	53,234	57,435	62,101
Sanitary Sewer Utility	37,540	40,135	42,614	45,310	48,240
Sanitation and Recycling	20,826	20,170	20,576	20,999	21,432
Richmond Public Library	11,095	11,052	11,269	11,533	11,805
Richmond Olympic Oval Corporation	17,120	17,409	17,736	18,104	18,481
	489,865	490,452	507,890	528,831	548,227
Annual Surplus	87,364	95,499	99,312	99,790	103,709

SCHEDULE A (CONT'D):

CITY OF RICHMOND
REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
TRANSFERS
(In \$000's)

	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Transfers:					
Debt Principal	5,149	5,355	5,570	5,792	6,024
Transfer To (From) Reserves	74,424	79,925	79,534	82,213	85,020
Transfer To (From) Surplus	(20,410)	(7,711)	2,563	3,699	3,256
Capital Expenditures - Current Year	166,492	213,275	118,370	103,758	109,631
Capital Expenditures - Prior Years	308,609	114,470	75,154	41,819	41,819
Capital Expenditures - Developer					
Contributed Assets	50,000	50,000	50,000	50,000	50,000
Capital Expenditures - Richmond Public Library	892	892	892	892	892
Capital Expenditures - Richmond Olympic Oval Corporation	1,721	1,970	2,215	2,236	2,548
Capital Funding	(499,513)	(359,677)	(234,986)	(190,619)	(195,481)
Transfers/Amortization offset:	87,364	95,499	99,312	99,790	103,709
Balanced Budget	\$-	\$-	\$-	\$-	\$-
Tax Increase	2.97%	4.03%	4.44%	4.50%	4.01%

SCHEDULE B:

CITY OF RICHMOND
REVISED 5 YEAR FINANCIAL PLAN
CAPITAL FUNDING SOURCES (2020-2024)
(In \$000's)

	2020	2021	2022	2023	2024
DCC Reserves					
Drainage DCC	-	1,510	-	-	2,144
Park Development DCC	6,330	3,907	1,647	1,787	1,740
Park Land Acquisition DCC	5,964	5,964	5,964	5,964	5,964
Roads DCC	13,152	8,478	8,047	8,051	5,731
Sanitary DCC	3,527	-	1,428	-	658
Water DCC	138	634	898	-	673
Total DCC	\$29,111	\$20,493	\$17,984	\$15,802	\$16,910
Statutory Reserves					
Affordable Housing	925	725	725	725	725
Capital Building and Infrastructure	24,228	64,587	6,800	13,700	10,550
Capital Reserve	16,050	53,631	28,979	8,575	14,010
Capstan Station	28,000	-	-	-	-
Child Care	170	172	174	177	179
Drainage Improvement	12,415	13,552	14,577	15,603	23,286
Equipment Replacement	3,655	3,392	3,310	4,833	4,066
Leisure Facilities	-	4,934	-	-	-
Public Art Program	745	150	150	150	150
Sanitary Sewer	13,386	12,850	14,641	14,620	11,542
Watermain Replacement	10,590	8,820	8,466	8,407	8,480
Total Statutory Reserves	\$110,164	\$162,813	\$77,822	\$66,790	\$72,988
Other Sources					
Enterprise Fund	125	550	550	550	-
Grant and Developer Contribution	16,274	15,028	15,191	14,005	13,150
Other Sources	9,368	12,221	6,248	5,862	5,883
Rate Stabilization	-	1,320	-	-	-
Sewer Levy	350	100	-	50	50
Solid Waste and Recycling	450	300	300	300	300
Water Levy	650	450	275	400	350
Total Other Sources	\$27,217	\$29,969	\$22,564	\$21,167	\$19,733
Total Capital Program	\$166,492	\$213,275	\$118,370	\$103,759	\$109,631

SCHEDULE C:

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
STATEMENT OF POLICIES AND OBJECTIVES**

Revenue Proportions By Funding Source

Property taxes are the largest portion of revenue for any municipality. Taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as community safety, general government, libraries and park maintenance.

Objective:

- Maintain revenue proportion from property taxes at current level or lower

Policies:

- Tax increases will be at CPI + 1% for transfers to reserves
- Annually, review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2020.

Table 1:

Funding Source	% of Total Revenue
Property Taxes	49.7%
User Fees	23.9%
Sales of Services	9.1%
Investment Income	3.8%
Payments in Lieu of Taxes	3.1%
Gaming Revenue	3.0%
Licenses and Permits	2.4%
Provincial and Federal Grants	2.1%
Other	2.9%
Total Operating and Utility Funding Sources	100.0%

SCHEDULE C (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024)
STATEMENT OF POLICIES AND OBJECTIVES**

Distribution of Property Taxes

Table 2 provides the estimated 2020 distribution of property tax revenue among the property classes.

Objective:

- Maintain the City's business to residential tax ratio in the middle in comparison to other municipalities. This will ensure that the City will remain competitive with other municipalities in attracting and retaining businesses.

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.

Table 2: (Based on the 2020 Revised Roll figures)

Property Class	% of Tax Burden
Residential (1)	56.53%
Business (6)	34.64%
Light Industry (5)	6.80%
Others (2,3,4,8 & 9)	2.03%
Total	100.00%

Permissive Tax Exemptions**Objective:**

- Council passes the annual permissive exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Policy and the Community Charter. There is no legal obligation to grant exemptions.
- Permissive exemptions are evaluated with consideration to minimizing the tax burden to be shifted to the general taxpayer.

Policy:

- Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Policy 3561 and Sections 220 and 224 of the *Community Charter*.