



Finance Committee

**Anderson Room, City Hall
6911 No. 3 Road**

Tuesday, January 3, 2017

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

- FIN-4** *Motion to adopt the **minutes** of the meeting of the Finance Committee held on December 5, 2016.*



RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 3RD QUARTER
2016 FINANCIAL INFORMATION**
(File Ref. No.) (REDMS No.)

FIN-13

See Page FIN-13 for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2016 from the Controller of the Richmond Olympic Oval Corporation be received for information.



2. **RICHMOND OLYMPIC OVAL – 2017 ANNUAL OPERATING AND CAPITAL BUDGETS**

(File Ref. No.) (REDMS No. 5257684)

FIN-19

[See Page FIN-19 for full report](#)

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on the 2017 Annual Operating and Capital budgets for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.



FINANCE AND CORPORATE SERVICES DIVISION

3. **FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2016**

(File Ref. No. 03-0905-01) (REDMS No. 5206270 v. 3)

FIN-24

[See Page FIN-24 for full report](#)

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 3rd Quarter September 30, 2016,” dated November 10, 2016 from the Director, Finance be received for information.



4. **PROVINCIAL TAX DEFERMENT PROGRAM**

(File Ref. No.) (REDMS No. 5261230)

FIN-56

[See Page FIN-56 for full report](#)

Designated Speaker: Ivy Wong

STAFF RECOMMENDATION

That staff be directed to actively promote the Provincial Tax Deferment Program as a means of reducing the financial burden for seniors and families with children.



5. **CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021) BYLAW
NO. 9663**

(File Ref. No. 03-0985-01) (REDMS No. 5252435)

FIN-61

See Page FIN-61 for full report

Designated Speaker: Jerry Chong

STAFF RECOMMENDATION

- (1) *That the Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663 be introduced and given first, second, and third readings; and*
- (2) *That staff undertake a process of public consultation as required in Section 166 of the Community Charter.*

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, December 5, 2016

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Derek Dang
Councillor Carol Day
Councillor Ken Johnston
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:24 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on November 7, 2016, be adopted as circulated.

CARRIED

LULU ISLAND ENERGY COMPANY

1. **2017 OPERATING BUDGET FOR THE LULU ISLAND ENERGY COMPANY**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 5224654 v. 6)

In response to questions, Alen Postolka, Manager, District Energy, confirmed that the service fee represents the funding for existing staff salary expenses.

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In reply to a follow up question, Jerry Chong, Director, Finance, noted that the service fee was not included in the base budget because Lulu Island Energy Company is still functioning as a start-up, requiring time to build financial strength. The City is funding the company from the City surplus in order to avoid a burden on the taxpayers. It was noted that the funding strategy will be evaluated on an annual basis.

John Irving, Director, Engineering, Mr. Postolka, and Mr. Chong, in reply to queries, stated that (i) district energy costs are covered through the user fees, (ii) the project needs to be evaluated every year but will be sustainable through the recovery of capital and operating costs, and (iii) the performance in terms of expenditure, revenue and return has come back higher than expected.

It was moved and seconded

That the report titled "2017 Operating Budget for the Lulu Island Energy Company" dated November 17, 2016 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

CARRIED

RICHMOND PUBLIC LIBRARY BOARD

2. 2017 OPERATING BUDGETS FOR RICHMOND PUBLIC LIBRARY

(File Ref. No. 03-0970-25) (REDMS No. 5244286 v. 2)

Greg Buss, Chief Librarian, Richmond Public Library, in reply to questions, confirmed that the additional funding is required to restore branch hours. Discussion ensued regarding funding options, such as funding the library on a per capita basis.

In response to a query, Mr. Chong stated that the municipal contribution for the same level of service is 2.86% for the library, compared to the City's operating budget increase of 1.19%. Staff noted that an increase in library funding of \$400,000 to cover the additional level requests would result in a tax impact of roughly 0.2%.

It was moved and seconded

(1) That the 2017 Richmond Public Library budget of \$8,994,000 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.

(2) That the Richmond Public Library branch hours be restored to 2015 levels by utilizing savings within the library budget and augmented by City contingency accounts, with no additional tax impact.

CARRIED

2.

FINANCE AND CORPORATE SERVICES DIVISION

3. 2017 COUNCIL COMMUNITY INITIATIVES ONE-TIME EXPENDITURES

(File Ref. No. 03-0985-01) (REDMS No. 5204469 v. 1)

Melissa Shiau, Manager, Financial Planning and Analysis, responded to questions on the Gateway Theatre Society's request for an English and Chinese speaking community dialogue mechanism. Staff noted the proposal will aim to improve relationships and communication with the customer base, and respond to the changing demographic in Richmond and the community as a whole.

In response to queries, Cathryn Volkering Carlile, General Manager, Community Services, stated that the City does not have the expertise in-house to undertake the proposed project.

In reply to questions, Mr. Chong explained that funds for the one-time expenditures are taken from the Council Community Initiatives Account in order to take advantage of federal funding opportunities.

It was moved and seconded

That the one-time expenditure requests as outlined in Attachment 1 of the 2017 Council Community Initiatives One-Time Expenditures staff report, be received for information and staff be directed if any amounts should be included in the 5 Year Financial Plan (2017-2021).

CARRIED

4. 2017 CAPITAL BUDGET

(File Ref. No. 03-0985-01) (REDMS No. 5207753 v. 2)

Andrew Nazareth, General Manager, Finance and Corporate Services, and Jerry Chong, Director, Finance, spoke on the Capital Budget process and noted the specific steps taken by staff and management throughout the year. In response to questions, Mr. Nazareth and Mr. Chong explained that:

- the interest rates are determined internally and take into account the comparative borrowing, cost of funding, and the income generated from investments;
- approval of the recommendation enables staff to take action on the projects described in the report,
- most programs have dedicated reserve funds and the funding cannot therefore be borrowed and allocated towards other programs;
- projected revenues for the Minoru Chapel part of the operating budget and cannot be used to offset capital budget restoration work;

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- funds set aside for parkland acquisition enable the City to respond to opportunities to purchase land, with all specific land acquisitions requiring Council approval;
- the City's Procurement Policy allows the purchasing professionals to assess and act accordingly to ensure the best value is obtained for Richmond taxpayers; and
- due to the funding constraints and higher priority projects, the items which did not score as high are included on the 'not recommended' list for funding.

Robert Gonzalez, Deputy CAO and General Manager, Engineering and Public Works, responded to a question on the 2017 Unfunded Infrastructure Program projects, noting that projects can be brought back to Council for consideration, should the need arise due to public feedback.

Ms. Shiau confirmed that, following public feedback, the decision was made to begin the London Steveston Park Phase 1 of 3 next year.

Kim Somerville, Manager, Community Social Development confirmed that the Child Care Support item would be used for staffing and an analysis on the requirements of additional staff would be undertaken.

Mr. Gonzalez, in response to a query, informed Council that a report regarding ageing infrastructure of Richmond facilities would be brought forward in 2017.

Mike Redpath, Senior Manager, Parks, replied to statements on the trees in the area of the Britannia Landscaping Improvements and Wayfinding project and the Garden City Lands project, and confirmed that he would take the requests for planting native species under advisement.

Mr. Gonzalez discussed the Dike Upgrades project and advised that the level of funding varies each year. Council noted that it is important to emphasize to the public regarding the City's significant funding for dikes and flood protection initiatives.

In reply to questions on the Sanitary Facility Land Acquisition for Grease Management project, Mr. Gonzalez listed the actions being taken by the City to replace sanitary pump stations and mitigate the damage caused by grease.

Mr. Gonzalez further confirmed that work on minor capital projects can be undertaken throughout the year at Council's discretion.

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Mr. Redpath, in response to questions on various projects confirmed that:

- the City Tree Planting Program is funded through development and each year a withdrawal is made. The strategy is to purchase as many trees as possible and to grow the trees in the City nursery to ensure availability when needed;
- the Rideau Neighbourhood Park Playground project is a priority and inspections of playgrounds are regularly conducted; and
- due to increased usage of the new Minoru Park fields the Minoru Latrace Backstop Upgrades project's primary goal is to reduce safety hazards to passing pedestrians and park users.

Victor Wei, Director, Transportation, responded to a question on the Accessible Pedestrian Signal Program and noted that the enhancements were to existing signalized intersections.

Grant Fengstad, Director, Information Technology, in speaking to the Program Registration and Facility Booking Solution project, stated that the current provider has notified the City that the software would be discontinued and support ceased at the end of 2017. As a result, the project will be dedicated to finding a replacement to the existing software.

Cllr. Steves left the meeting (5:38 p.m.).

Ms. Carlile noted that, contrary to the implied statements on FIN-192, the decision had not yet been made to demolish the Minoru Park Aquatic Centre and that a report would be coming forward shortly.

As part of 2018 to 2021 Capital Program, Mr. Redpath noted that the Garden City Lands Phase 3 to 6 to highlight the development of the Community Hub area, as it relates to Phase 2 of the project for 2017.

It was moved and seconded

- (1) ***That the 2017 Capital Budget totalling \$102,925,549 be approved and staff authorized to commence the 2017 Capital Projects; and***
- (2) ***That the 2017 Capital Budget totalling \$102,925,549 and the 2018-2021 Capital Projects be included in the 5 Year Financial Plan (2017-2021).***

CARRIED

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5. 2017 PROPOSED OPERATING BUDGET

(File Ref. No. 03-0985-01) (REDMS No. 5243400)

Andrew Nazareth, General Manager, Finance and Corporate Services, and Jerry Chong, Director, Finance, introduced the 2017 Proposed Operating Budget and briefly commented on the main components the budget, which include a tax increase of 1.19% for maintenance of same level of services, a 0.7% increase for the growth in operations, and a 0.56% increase for Richmond RCMP, for a total proposed tax increase of 2.45%. The staff recommendation also includes a further 1% to reserves in accordance with the City's Long Term Financial Management Strategy.

Cllr. Steves returned to the meeting (5:42 p.m.).

In reply to questions, Renny Nessel, OIC, explained that the Richmond RCMP Detachment has one year to fill the positions following the approval from the Federal Minister. The OIC noted that all of the requested positions from last year are anticipated to be filled within the allotted year. The OIC provided an overview of the recruitment and hiring of officers.

Superintendent Nessel confirmed that the City is invoiced for 189 police officers. Council requested that updates be provided throughout the year regarding the recruitment of officers.

Council discussed the possibilities of mitigating the impacts of the tax increase on Richmond taxpayers.

Council proposed an additional recommendation to include \$1,000,000 from the Rate Stabilization Account towards general taxes. There was agreement to deal with Parts (1) through (6) separately.

It was moved and seconded

- (1) *That the 2017 Operating Budget presented in the staff report titled 2017 Proposed Operating Budget dated November 30, 2016 from the Director, Finance with a total tax increase of 1.89% before additional levels of service, be approved;***

CARRIED

Opposed: Cllr. Day

- (2) *That ongoing additional levels in the amount of \$162,682 with a tax impact of 0.08% as presented in Attachment 9 of the staff report titled 2017 Proposed Operating Budget from the Director, Finance be approved;***

CARRIED

Opposed: Cllr. Day

6.

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- (3) *That ongoing additional levels for policing in the amount of \$2,285,685 for 11 additional police officers and 3 municipal employees to support the RCMP detachment with a tax impact of 0.48% in 2017 and 0.51% in 2018 as presented in Budget Option 3 of the staff report titled 2017 Proposed Operating Budget from the Director, Finance be approved;*

CARRIED

Opposed: Cllr. Au

- (4) *That the Rate Stabilization Account be used to pay for the capital and other one time costs associated with the additional 11 police officers and 3 municipal employees to support the RCMP detachment for a total of \$272,000; and*

CARRIED

Opposed: Cllrs. Au

Loo

McNulty

- (5) *That \$1,000,000 from the Rate Stabilization Account be used towards general taxes to reduce the base level of taxation.*

CARRIED

Opposed: Cllrs. Loo

McNulty

- (6) *That a tax increase of 1.00% for community facilities infrastructure replacement needs as per Council's Long Term Financial Management Strategy, be approved; and*

CARRIED

Opposed: Cllrs. Au

Day

McNulty

- (7) *That the 2017 Proposed Operating Budget as described above and the 2018-2021 same level of service base budget be included in the 5 Year Financial Plan (2017-2021).*

CARRIED

Opposed: Cllr. Day

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6. 2017 ONE-TIME EXPENDITURES

(File Ref. No. 03-0985-01) (REDMS No. 5204512)

With regards to the Museum and Artefact storage request that is presently not recommended, staff were requested to track this item and bring it forth in the future as part of an overall strategy for a new museum.

Tim Wilkinson, Fire Chief, noted that the intent of the Emergency Programs Plan and the Richmond Fire Rescue Plan Updates would be to have a consultant analyze the plans while having internal staff work with the consultant as a professional development opportunity.

In response to queries, Jane Fernyhough, Director, Arts, Culture and Heritage Services, commented that the Major Event Funding for 2018 needs to be requested a year in advance as an initial allocation and that staff will bring forward detailed reports on the event programs for Council approval. In response to a follow up question, Mr. Nazareth noted that the funds received from sponsorship funding for major events is usually calculated into the budget and projects can be scaled back if anticipated funding is not received.

In response to questions, Ivy Wong, Manager, Revenue, confirmed that the interest rate for the Auto Property Tax Deferral Renewal is 0.7% and the deferral program is currently being used by 5000 tax payers. The system is expected to arrive in 2018 allowing residents to complete the process online from their homes.

In reply to a question, Kim Somerville, Manager, Community Social Development, advised that the aim of the Connected Richmond – Community Harmony Research Project is to improve public engagement, cultural communication, and interaction with different stakeholders and agencies in the City.

In reply to questions, Ms. Fernyhough explained that the Gateway Theatre Main Stage Lighting Replacement cannot be undertaken in phases as the project requires the replacement of the entire lighting system.

Mike Redpath, Senior Manager, Parks, in response to a question, communicated that the Partners for Beautification Program was established in 1997. The program has generated invaluable sponsorships and many volunteer hours, and a refresh of the program will be a worthy investment.

In reply to various questions, Ms. Fernyhough commented that:

- the new Museum and City Hall Display Cases would reduce staff costs due to improved efficiencies;
- the rental fees from weddings and picnics contribute to the London Heritage Farm operations, however, the income from those events alone are not enough to fund the upgrades to the building; and

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- the funding for the Update of the Richmond Arts Strategy is towards an update to the blueprint which was created by staff years ago including a needs assessment of art events which are needed within the community.

Comments were made on the Minoru Arenas Infrastructure Replacements and staff were requested to recirculate a previous report regarding infrastructure replacements.

It was moved and seconded

That the recommended one-time expenditures in the amount of \$7,789,167 as outlined in Attachment 1 of the 2017 One-Time Expenditures staff report, be approved for funding from the Rate Stabilization Account.

CARRIED

Opposed: Cllr. Day

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (6:45 p.m.).

CARRIED

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, December 5, 2016.

Mayor Malcolm D. Brodie
Chair

Shaun Divecha
Legislative Services Coordinator



City of Richmond

Report to Committee

To: Finance Committee

Date: December 1, 2016

From: George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

File:

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer, Richmond Olympic Oval

Re: Richmond Olympic Oval Corporation - 3rd Quarter 2016 Financial Information

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2016 from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer,
Richmond Olympic Oval

DATE: December 1, 2016

TO: George Duncan
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
Chief Operating Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 3rd Quarter 2016 Financial information**

Origin

This staff report summarizes the third quarter financial results for the 3 months ended September 30, 2016 ("Q3") which was approved by the Corporation's Board of Directors.

Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q3.

Community Use

Several groups used the Oval facility in Q3, including, but not limited to: Richmond Minor Hockey Association, Richmond Ringette, Connaught Figure Skating, Richmond Ravens, Seafair Islanders, Richmond Rockets, DRIVE Basketball, Aura Rhythmic Gymnastics, NCHL, GVC, Steveston Selects, Doug Low Hockey, Dynamo Fencing, Brazilian Soccer School, the John M Lecky Boathouse, Panther Cheer, Vancouver Pacific Wave, Minoru Seniors Society, Minoru Aquatics Centre, Aura Rhythmic Gymnastics, Klemen Mali -Outdoor Rock Climbing, and Yoga it Up!

Membership numbers have plateaued. Construction around the Oval may be discouraging some members, but it does bring the positive prospect of new residents within walking distance of the Oval. At the end of Q3 2016, 81% of Oval members were Richmond residents.

Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q3 included the North East Chinese Association of Canada's Summer Vancouver, Dharma Talks, WFTDA Roller Derby International, World Youth Field Painting, BCRA Summer Show, NTCC Volleyball Competition, Noah Yalazaroff Memorial Hockey Tournament, and the West Coast Classic Basketball tournament.

Some of the events secured by Events/Sport Hosting in Q3 included: Petro-Canada FACE Summit, Own the Podium's 2017 SPIN Summit, 2018 Rhythmic Gymnastics National Championship, Canadian Wheelchair Basketball League tournament, 2017 Men's Roller Derby Association Division 1 Playoffs, Wayland Cup 2018, Apex Jiu Jitsu Tournament, Fencing World Cup, Fencing Canada Cup, and the IKGA Karate Championship.

Q3 was a busy quarter for High Performance events at the Oval and included: Volleyball BC- U14 Baden Cup (July 2-5), BC Hockey Strength Camp (July 7), Elite Hockey Player Camp (July 11-15), Volleyball Canada National Team Challenge Cup (July 14-17), BC Rugby Testing (July 24), and the Sister City Table Tennis Tournament (July 29-31). Additionally, Elite Goalies held 6 camps at the Oval this year with a total of 109 goalies.

Additional Oval athlete achievements included:

- National Sitting Volleyball Team Athletes, Tessa Popoff and Felicia Voss qualified for the Rio Olympics.
- Table Tennis Canada athletes Mo Zhang and Stephanie Chan participated in the Olympic games in Rio.
- Stefanie Dickinson was selected for the Synchro Canada 2016 Junior National Team.
- Swimming Canada athlete Jonathan Dieleman qualified for Rio and broke the Canadian record in the S3 classification 50-M breaststroke.
- Field Hockey Canada Men's National Team announced 16 athletes going to Rio, all of whom train at the Oval. The team finished the 2016 Games by bumping their world ranking from 15th to 12th.
- The Canadian Wheelchair Rugby Team finished 4th at the 2016 Games.

Governance

Meetings of the Corporation's Audit & Finance Committee, Business Planning and Budget Committee and the Board of Directors took place during Q3.

Financial

The Q3 results were budgeted at an income before amortization and transfers to reserves/provisions of \$348,000 and the actual results show income of \$408,000, indicating a favorable variance of \$60,000. Year to date there is a favorable variance of \$153,000 with respect to income before amortization and transfers (please see page 4 for the Corporation's balance sheet as of September 30,

2016, and page 5 for the statement of operations). In Q3, \$296,000 was allocated to the reserves/provisions.

Comments on the Financial Results for Q3

Revenues

The Q3 portion of the 2016 Games Operating Trust Fund ("GOT") distribution of \$700,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,945,000 in Q3 and other revenue of \$515,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

Expenses

Expenses before amortization for Q3 were \$3,579,000 and were within 4% of budget. Expenses included memberships, admissions and program services costs of \$1,511,000, facility operations expenses of \$1,066,000, marketing expenses of \$409,000 and administration and finance expenses of \$594,000. Overall, YTD, there is a favorable variance of \$329,000 with respect to expenses.



Rick Dusanj, CPA, CA
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner
Director, Finance and Corporate Services, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at September 30, 2016

Unaudited, prepared by management

		Sept 30, 2016
ASSETS		
Financial Assets		
Cash	\$	603,476
Investments		10,166,149
Inventory		136,848
Accounts receivable		478,910
		<u>11,385,384</u>
Financial Liabilities		
Accounts payable and accrued liabilities		1,472,065
Deferred revenue		7,432,264
Rental deposits		9,263
		<u>8,913,592</u>
Net financial assets		2,471,792
Non-Financial Assets		
Tangible capital assets		11,690,015
Deferred lease costs		108,475
Prepaid expenses and other deposits		626,396
		<u>12,424,886</u>
Accumulated Surplus (Note 1)	\$	14,896,678
Note 1 - Breakdown of accumulated surplus account is as follows:		
Investment in capital assets		8,956,779
Reserves/Provisions		4,534,734
Common Shares		1
Surplus		<u>1,405,164</u>
		14,896,678

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended September 30, 2016

Unaudited, prepared by management

	QTR 3 2016		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)	QTR 3 2015 ACTUAL	YTD ended Sept 30, 2016		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)	YTD ended Sept 30, 2015 ACTUAL	2016 BUDGET
	BUDGET	ACTUAL					BUDGET	ACTUAL					
REVENUES													
2010 Games Operating Trust Fund	700,000	700,000	-		0%	657,014	2,100,000	2,100,000	-		0%	1,807,015	2,800,000
Contribution from City of Richmond	827,732	827,732	-		0%	809,925	2,483,196	2,483,196	-		0%	2,429,775	3,310,927
Memberships, admissions and programs	2,071,427	1,944,780	(126,647)		-6%	1,904,322	5,991,529	5,858,295	(133,234)		-2%	5,711,497	8,432,194
Other	473,491	514,662	41,171		9%	431,859	1,532,973	1,490,493	(42,480)		-3%	1,474,659	1,638,960
	4,072,650	3,987,174	(85,475)		-2%	3,803,121	12,107,698	11,931,984	(175,714)		-1%	11,422,945	16,182,081
EXPENSES													
Memberships, admissions, and program services	1,495,056	1,510,978	(15,922)		-1%	1,337,715	4,182,780	4,174,147	8,633		0%	3,624,398	5,509,331
Facility Operations	1,064,176	1,065,518	(1,342)		0%	985,445	3,192,528	3,073,439	119,089		4%	2,953,965	4,256,704
Marketing (Note 3)	328,779	408,572	(79,793)		-24%	181,057	715,494	874,796	(159,302)		-22%	439,672	989,947
Contribution to capital	-	-	-		-	277,971	-	-	-		-	360,048	-
Admin/Finance	836,597	594,139	242,457		29%	671,053	2,463,398	2,102,704	360,693		15%	2,035,047	3,283,509
	3,724,608	3,579,207	145,400		4%	3,453,240	10,554,200	10,225,087	329,113		3%	9,413,129	14,039,491
Income before amortization and transfers	348,042	407,967	59,925		17%	349,881	1,553,498	1,706,898	153,399		10%	2,009,816	2,142,590
Amortization (Note 2)	212,539	352,487	(139,948)		-66%	128,265	637,610	1,023,869	(386,259)		-61%	353,815	850,144
Income after amortization and before transfers	135,503	55,480	(80,024)		-59%	221,616	915,888	683,028	(232,860)		-25%	1,656,001	1,292,446
Transfers to reserves/provisions (Note 1)	300,000	296,231	(3,769)		-1%	1,068,788	900,000	1,056,641	156,641		17%	1,606,365	1,200,000
Net after amortization and transfers	(164,497)	(240,751)	(76,254)			(847,172)	15,888	(373,612)	(389,501)			49,636	92,446

Note 1 - In Q3, \$296,000 was transferred into reserves/provisions. The total transfers to capital reserves vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement and are based on the income before amortization.

Note 2 - Amortization expenses were under budgeted for 2016 due to a longer useful life for the ROX being used for budgeting purposes. The review of the useful life of the ROX components and project was completed after the budget was approved and after the majority of the ROX costs were accounted for. The end result is that the ROX project is being amortized at a faster rate than budgeted. The amortization variance is an accounting estimate and does not represent any overspending. In addition, amortization is a non-cash item and does not impact the overall cash balance.

Note 3 - With respect to the YTD unfavorable variance for marketing, there are approximately \$76k of expenditures that pertain to 2015 for invoices that were received subsequent to the completion of the 2015 year end audit. As such, these amounts have been booked into 2016. With respect to the overall ROX marketing expenditures for 2016, the majority of the expenses have been incurred as of Sept 30, 2016 as the peak tourist season has concluded. There will be minimal spending on marketing for Q4 and we anticipate that the overall marketing expenditures will be within budget.

Numbers may be off due to rounding.



City of Richmond

Report to Committee

To: Finance Committee

Date: December 14, 2016

From: George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

File:

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer, Richmond Olympic Oval

Re: Richmond Olympic Oval – 2017 Annual Operating and Capital Budgets

Staff Recommendation

That the report on the 2017 Annual Operating and Capital budgets for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer,
Richmond Olympic Oval

DATE: December 12, 2016

TO: George Duncan
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
Chief Operating Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 2017 Annual Operating and Capital Budgets**

Origin

This staff report deals with the Richmond Olympic Oval Corporation's (the "Corporation") 2017 annual operating and capital budgets which were unanimously approved by the Corporation's Board of Directors ("BOD") and as stipulated in the Oval/City Operating Agreement are to be presented to Council as information items.

Analysis

2017 Budget Mandate

In preparing the 2017 operating budget, staff were given a mandate from the CEO that aside from allowing for the operating budget impacts of the new lines of business which have just recently commenced operations, non-discretionary items such as costs associated with contractual commitments, significant maintenance related expenses pertaining to maintaining the existing capital assets and infrastructure, and except where there was a favorable gross margin impact, there were to be no increases to the operating budget. Based on this, staff prepared, and the BOD unanimously approved, the 2017 operating budget as shown on page 3.

2017 Outlook

Following the Oval's first full year of operations for the Olympic Experience, the ROX SHOP and YYoga Richmond Oval, 2017 will be a year of enhancement and refinement for each of these areas.

Growth in the Oval Village area is expected in 2017, with several new mixed residential and commercial towers opening near the Oval. Each of these towers will also bring increased competition, with in-house fitness centres and a new Steve Nash Fitness world expected to open in the latter half of the year.

To enhance guest satisfaction amongst all of the Oval's programs and services, an enriched Oval-branded customer service curriculum will be implemented with all staff focusing on new sales, retention and recovery.

High Performance will continue to integrate with local, provincial and national team programs to prepare their athletes for competition through the provision of integrated services (strength and conditioning, sport psychology, nutrition). Welcoming a new tenant and user of our HP services, the Oval will be the new practice, training and competition home of the Women's National Volleyball team beginning in January.

Corporate Event Hosting will also receive a boost in 2017, with the Legacy Suite premier event hosting space back in service. This space will be used for a wide range of events, from meetings and receptions to team building activities and VIP events.

The above initiatives and the Oval's continued popularity will challenge staff to make the most efficient use of the Oval's increased competition for programming space, maximizing revenue from space that is in regular use and enhancing focus on program/service options during non-prime time.

The Oval looks forward to another busy year in event and sport hosting, with these teams having already secured over 40 events for the upcoming year, including: Western Elite Speed Skating Circuit, Fencing Canada Cup, Harry Jerome Indoor Track Meet, Fencing World Cup, BC High School Boys' Lower Mainland Championships, Panther Cheer Mardi Party, Judo Pacific Championships, Chamber of Commerce Skate-a-thon, Rhythmic Gymnastics Provincials, Volleyball Provincials, BC Martial Arts Championships, Delta Gymnastics Championships, Karate Canada Open, Corporate Champions Tournament, Olympic Day, National Team Canada Cup (Volleyball), Men's Roller Derby Championship, World Field Painting Contest, SPAC Antique Car Show, IKGA World Karate Championships, PGA BC Tradeshow, Western Marine Tradeshow, Richmond Ravens Open Hockey Tournament, Western Canadian Martial Arts Championships, Taekwon-do Provincials, Handball BC Championship, Karate Provincials, Panther Cheer Pink, Wheelchair Rugby Canada Cup, Baden Cup (Volleyball), Pacific Coast Female Hockey Classic, and the Commonwealth Powerlifting Championships.

2017 Operating and Capital Budget

The Corporation's BOD approved 2017 operating and capital budgets are below.

2017 Operating Budget

RICHMOND OLYMPIC OVAL CORPORATION					
Operating Budget					
	2016 BUDGET	2017 BUDGET	\$ Change	% Change	2016 PROJECTIONS
REVENUES					
2010 Games Operating Trust	\$ 2,800,000	\$ 2,856,000	\$ 56,000	2%	\$ 2,800,000
Contribution from City of Richmond	3,310,927	3,377,146	\$ 66,219	2%	3,310,926
Memberships, admissions and programs	8,262,190	8,383,203	\$ 121,013	2%	8,031,941
Other	1,808,964	1,776,192	\$ (32,772)	-2%	1,838,652
	16,182,081	16,392,540	210,459	1%	15,981,520
EXPENSES					
Memberships, admissions, and program services	5,509,331	5,900,841	\$ 391,510	7%	5,597,815
Facility Operations	4,256,704	4,374,914	\$ 118,210	3%	4,137,615
Marketing	989,947	703,533	\$ (286,414)	-29%	988,132
Admin/Finance	3,283,509	3,173,011	\$ (110,498)	-4%	3,008,376
	14,039,491	14,152,300	112,809	1%	13,731,937
Net income before amortization and transfers	\$ 2,142,590	\$ 2,240,240	\$ 97,650	4%	\$ 2,249,583
Amortization	850,144	1,500,000	\$ 649,856	47%	1,386,228
Net after amortization and before transfers	\$ 1,292,447	\$ 740,240	\$ (552,207)	-64%	\$ 863,354
Transfers to reserves/provisions (Note 1)	1,200,000	TBA			TBA
Net after amortization and transfers	\$ 92,447	TBA			TBA
Note 1 - This budgeted transfer to reserves/provisions is an estimate and the final amount will be determined by the Capital Works Committee.					

2017 Capital Budget

The 2017 capital budget is a total of \$2.67M which includes a minor capital budget of \$1.27M and a major capital budget of \$1.4M. The minor capital budget is for capital projects that are required to maintain the existing capital assets and infrastructure, those projects required to support Oval programming and those projects required to support the new lines of business. The minor capital budget includes program related improvements and equipment (e.g. strength and conditioning equipment) of \$0.67M, building operations requirements of \$0.26M (e.g. electrical related improvements), computer software & equipment of \$0.14M (e.g. server upgrades), and a \$0.20M contingency for any safety, security, or other related issues. The major capital budget of \$1.4M is related to the Richmond Olympic Experience Phase 2 Expansion Project which is intended to improve the overall visitor experience in the ROX by reconfiguring the exhibit areas, enhancing

and/or adding exhibits and improving the overall visitor flow. This major project is externally funded from the hotel tax to be received from Tourism Richmond. The Oval's minor capital budget is entirely self funded by the Corporation through its contributions to its capital reserves.

A handwritten signature in black ink, appearing to read 'R. Dusanj'.

Rick Dusanj, CPA, CA
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner
Director, Finance & Corporate Services, Richmond Olympic Oval Corporation



City of Richmond

Report to Council

To: Finance Committee

Date: November 10, 2016

From: Jerry Chong
Director, Finance

File: 03-0905-01/2016-Vol
01

Re: Financial Information – 3rd Quarter September 30, 2016

Staff Recommendation

That the staff report titled, “Financial Information – 3rd Quarter September 30, 2016”, dated November 10, 2016 from the Director, Finance be received for information.

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

Att: 6

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	
Building Approvals	<input checked="" type="checkbox"/>	
Community Bylaws	<input checked="" type="checkbox"/>	
Community Social Development	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Economic Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Fire Rescue	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Project Development	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
Recreation Services	<input checked="" type="checkbox"/>	
Library Services	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

Pre-audited financial information for the 3rd quarter ended September 30, 2016 is being provided to the Finance Committee for review. This report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with a gauge of the City's financial results throughout the year and before the annual audited financial statements are presented.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

7.2. *Well-informed and sustainable financial decision making.*

7.3. *Transparent financial decisions that are appropriately communicated to the public.*

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

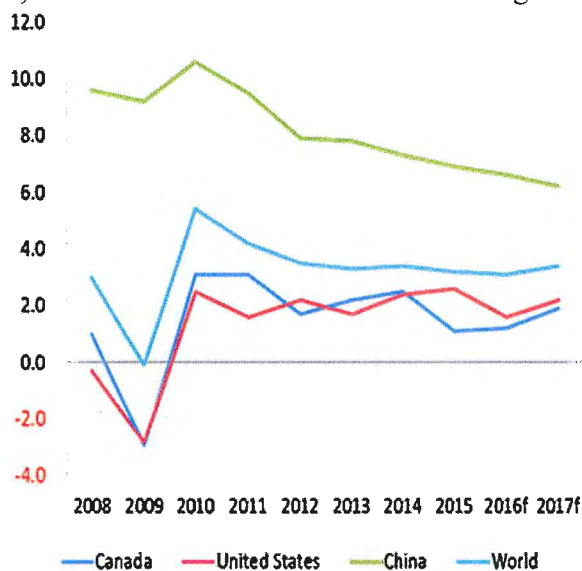
Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.

9.1. *Understandable, timely, easily accessible public communication.*

Analysis

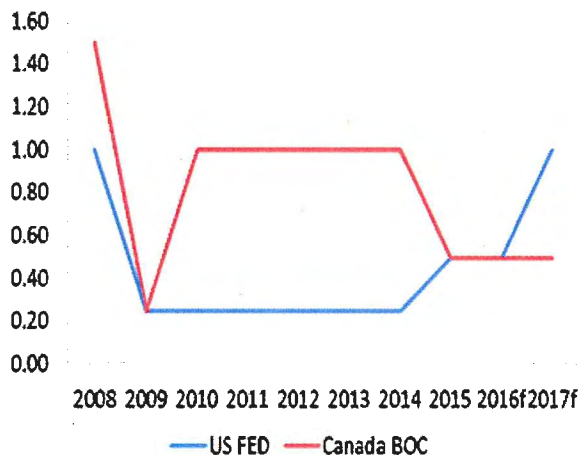
Macroeconomic Indicators and Forecast

1) Global Growth – Real GDP % Change ¹

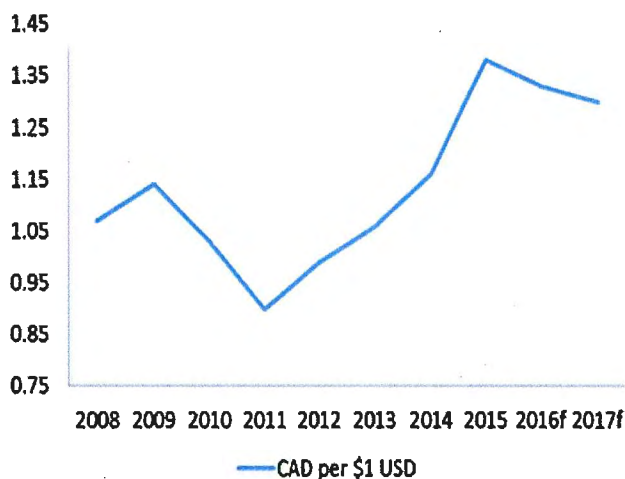


- Canada's economic growth is projected at 1.2% for 2016 and 1.9% for 2017. Low business investment, especially in the energy sector, caused a downgraded forecast over last period. Weak export growth is also behind the figures.
- U.S. Gross Domestic Product (GDP) growth projections were also downgraded, by 0.6 and 0.3 of a percentage point for 2016 and 2017, due to lower than predicted growth in the first half of 2016.
- The U.S. economy is expected to grow by 1.6% and 2.2% in 2016 and 2017, aided by rising consumer spending and post-recession labour market recovery.
- No changes were made to China and world growth forecasts.

¹ International Monetary Fund, World Economic Outlook 5206270

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End²

- Continued below target performance in the Canadian and U.S. economies have resulted in the Bank of Canada and U.S. Federal Reserve (FED) holding overnight lending rates steady, each at 0.5%, waiting on more evidence of continued economic recovery before any upward adjustments are made.
- The Bank of Canada has opted not to further reduce its lending rate to avoid undoing some of the desired cooling in housing market activity.
- There have been no changes in the forecasted overnight lending rates through 2017. The Bank of Canada is expected to maintain a rate of 0.5% in both 2016 and 2017 while the FED rate is anticipated to remain at 0.5% in 2016 with a gradual increase to 1% in 2017.

3) Exchange Rates – CAD/USD at Year-End³

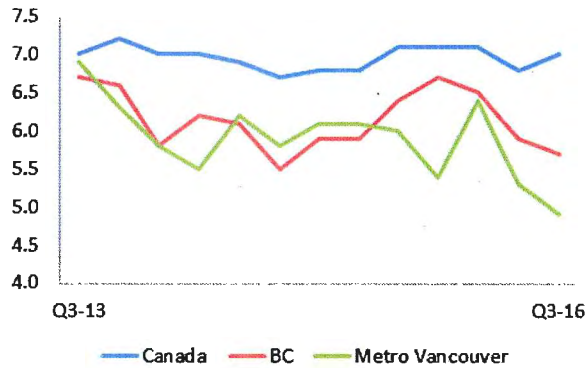
- Reflecting both the Bank of Canada and FED's current 'lower for longer' monetary policies, there have been no changes to the forecasted exchange rate.
- The exchange rate is expected to remain stable over the coming quarters and to close at 1.33 Canadian (CAD) per \$1 US Dollar (USD) in 2016 and 1.30 CAD per \$1 USD in 2017.
- A relatively weaker Canadian dollar will continue to benefit domestic exporters of goods and services, as well as sectors closely associated with exchange rate fluctuations, such as film and tourism.

² US Federal Reserve, Bank of Canada and Royal Bank Research

³ Bank of Canada

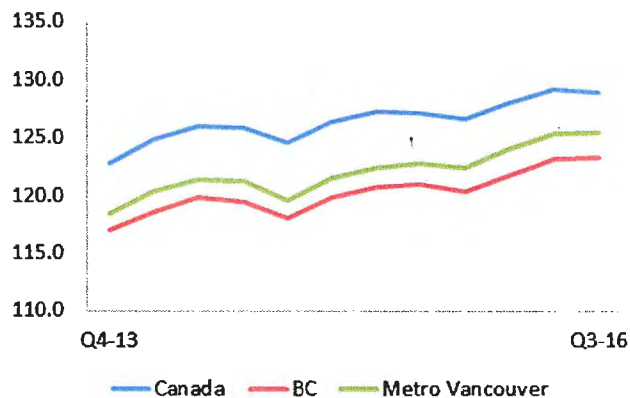
Regional and Local Economic Activity Indicators

4) Unemployment ⁴



- Employment gains were realized throughout Metro Vancouver and BC in Q3. The unemployment rate was 4.9% and 5.7%, respectively, at quarter's end.
- Metro Vancouver saw a larger drop in unemployment than provincial and national averages; the rate was 7.5% lower than at the end of Q2 2016 and 18.3% lower than the same period last year.
- BC continues to have the strongest job creation among Canadian provinces, and at 5.7% is currently considered to be at full employment.
- Although Canada's unemployment rate, at 7%, increased by 2.9% over Q2 2016, it remained 1.4% lower than at the same time last year.

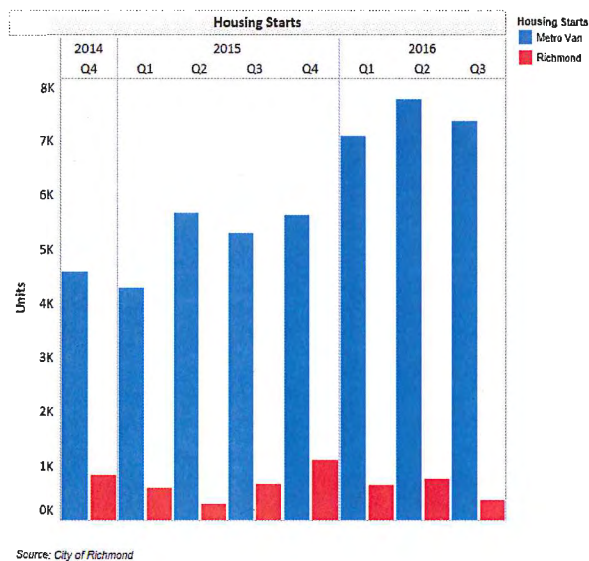
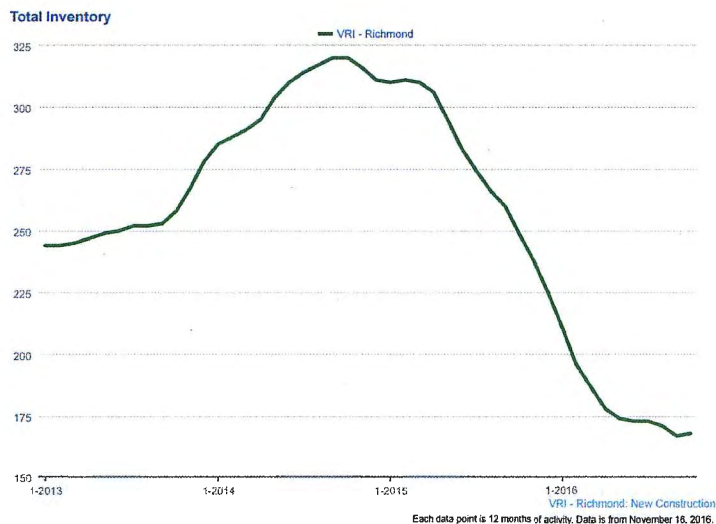
5) Consumer Price Index (CPI – 2002=100) ⁴



- Bank of Canada monetary policy over the next 5 year period will aim to keep inflation low, stable and predictable at 2%, the midpoint of the control range of 1% to 3%, until the end of 2021.
- At the end of Q3 2016 the consumer price index had increased by 1.3% in Canada over the same period last year. It increased by 1.8% in BC and 2.2% in Metro Vancouver.
- Metro Vancouver continues to see a rate of inflation above that of BC and Canada.

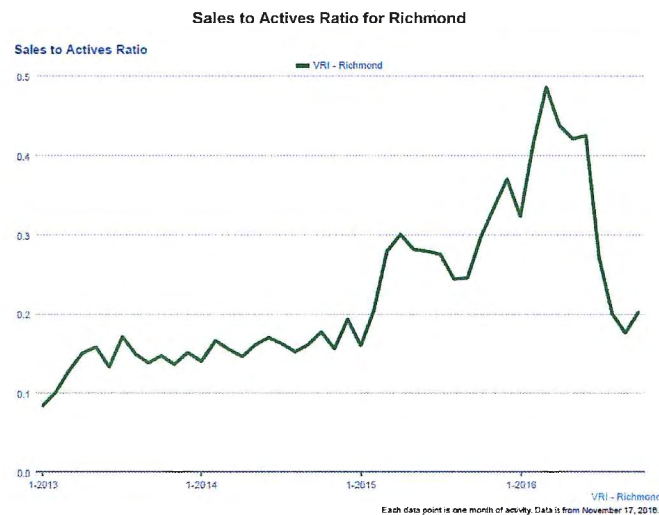
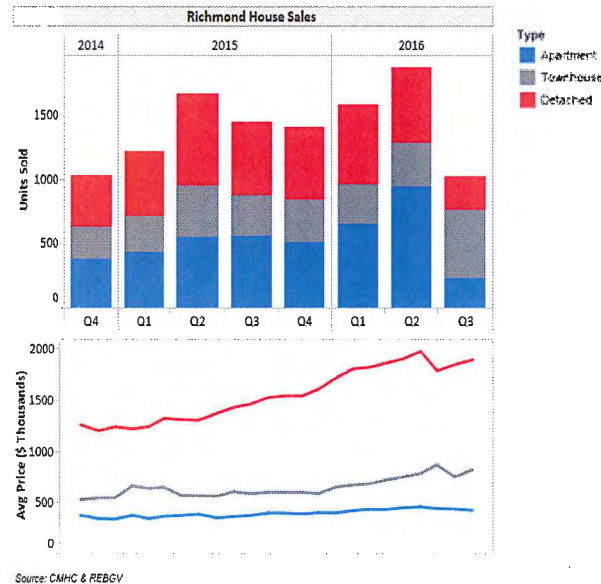
⁴ Statistics Canada

6) Housing Starts and New Construction

a) Housing Starts⁵b) New Construction Inventory⁶

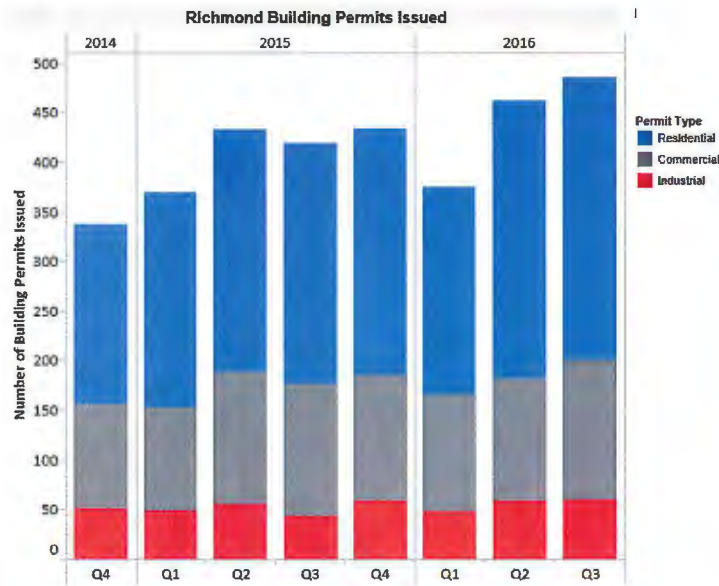
- Metro Vancouver housing starts decreased in Q3 2016 by 5.2% over Q2 2016 but increased 38.9% over the same period last year, despite an easing in real estate sales.
- Richmond housing starts slowed down in Q3 after a historically high surge of new home construction during the spring. There were 364 housing starts recorded, representing a 44.7% decrease over the same period last year and a 51.7% decrease over the previous quarter.
- Year to date figures, however, remain 13.8% higher than over the same period last year. This signals what could be a temporary dip as new building permits are on the uptick.
- The inventory of new construction units is quite low at 167 units at Q3 2016 compared to 260 units at Q3 2015. This signals that the market is not over saturated with available units.

⁵ Canadian Mortgage and Housing Corporation⁶ Real Estate Board of Greater Vancouver

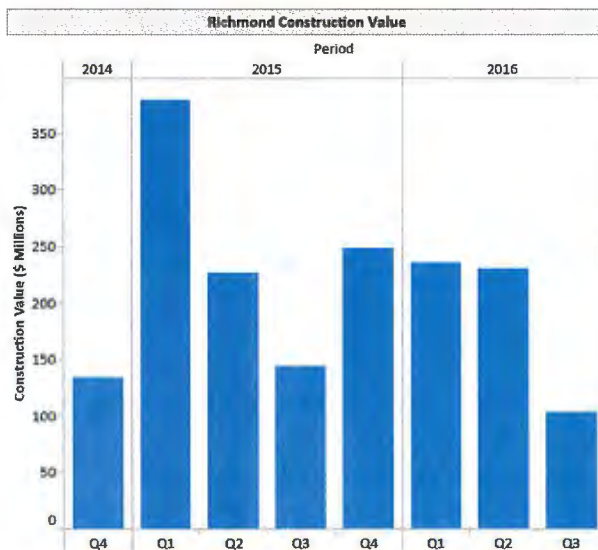
7) House Sales and Prices – Richmond ⁷

- A 15% foreign home buyer tax introduced in BC at the beginning of August is one of several factors that have contributed to a steep decline in home sales in Richmond and throughout the region. Richmond house sales decreased by 29.1% in Q3 2016 over Q3 2015 and by 45.3% over Q2 2016.
- Other government regulatory interventions, such as stress tests for all insured mortgages, have been introduced to further mitigate potential long-term housing market vulnerabilities.
- Year over year, the sales of detached homes fell by 54.3% while townhouse sales decreased by 26.1%.
- Apartment sales were minimally affected over the mid-term, seeing only a 5% drop in sales over the same period last year. In the short term, however, the decline in sales – at 44% over Q2 2016 – was on par with the other housing categories.
- Though sales figures have decreased significantly over 2015, the current sales to actives ratio has returned to a standard range and represents a balanced market.
- After seeing several consecutive quarters of record growth, the average price of detached homes and apartments in Richmond have tapered over Q2 2016 by 4% and 7%, respectively, to \$1.89 million (M) and \$428,000.
- Townhomes deviate from the trend, increasing in average price over Q2 2016 by 4.6% to \$821,000, as demand for this type of housing stock outpaces supply.
- Despite the recent price stabilization, average prices over the mid- and longer-term have continued to increase year over year. The average price of a Richmond detached home remains 24% above Q3 2015 while apartments are up by 6.7% and townhomes by 36.2%

⁷ Real Estate Board of Greater Vancouver

8) Building Permits – Richmond ⁸

Source: City of Richmond



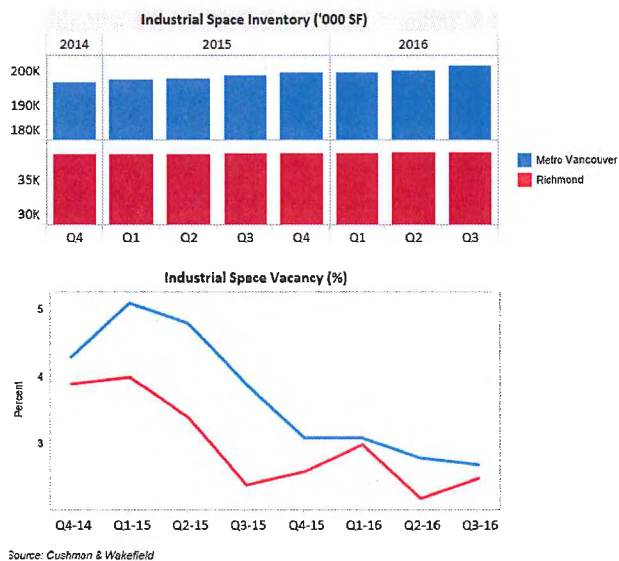
Source: City of Richmond

- The number of building permits issued in Richmond during Q3 2016 increased by 16% over the same period last year, and the year to date figures were also up by 8.3%.
- Commercial building permits increased by 6% over Q3 2015. Year to date figures are also up by 3.2%. This shows an increase over last quarter when year over year figures showed a 7.5% decline.
- The most significant change in building permit activity occurred in the industrial category, where permits issued in Q3 2016 increased by 36.4% over the same period last year.
- Despite declining housing starts in Richmond, an increase in residential building permit activity of 17.8% in Q3 2016 over Q3 2015 signals that builders believe the weakened demand to be temporary.
- The year to date construction value of building permits issued remains down by 24.1% from a record breaking 2015 as the ratio of non-residential projects increases, however, the construction value of building permits at Q3 2016 of \$569.1M is in line with 2013 figures and surpasses the total value for 2014.

⁸ City of Richmond Building Permits

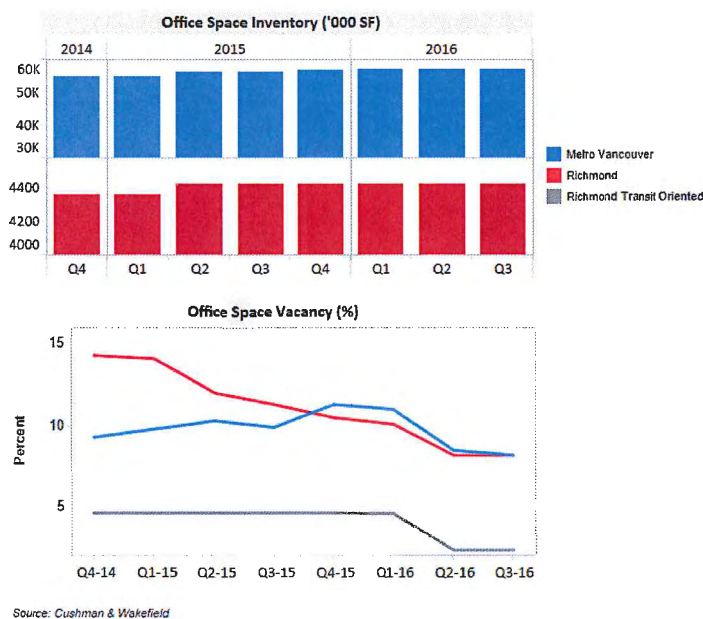
Commercial Space⁹

a) Industrial Space



- 113,000 square feet of new industrial space was added to Richmond's inventory since Q2 2016, driving the vacancy rate up from 2.2% to what is still extremely low at 2.5%.
- With a region-wide vacancy rate of just 2.7%, Metro Vancouver faces an acute shortage of industrial space and a difficulty in accommodating large users.
- Film productions benefiting from a low Canadian dollar and government incentives, as well as other non-industrial uses (such as recreation) are absorbing a fair amount of space throughout Metro Vancouver.

b) Office Space

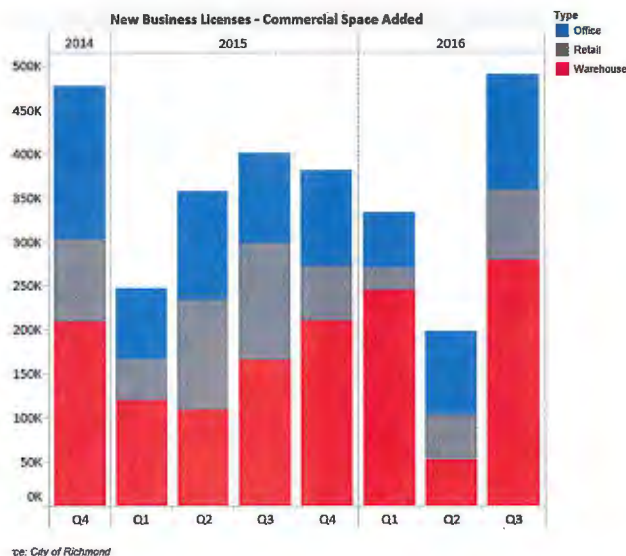
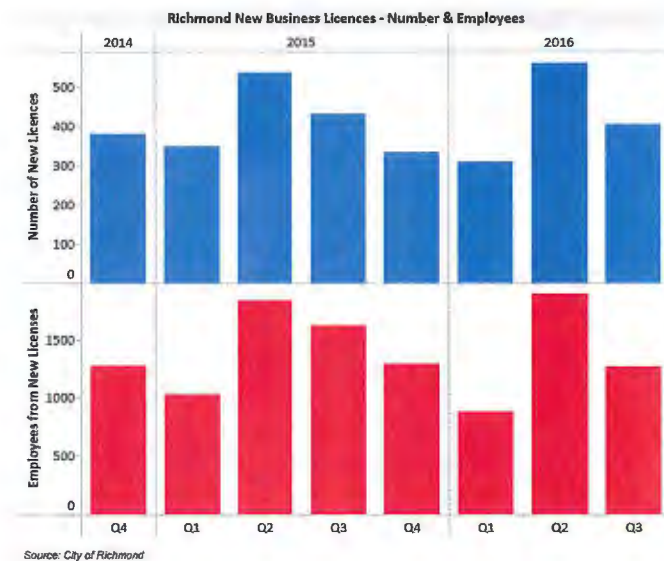


- Location decisions for other industrial users include flexible zoning to allow non-traditional activities such as e-commerce and multi-storey warehousing, as well as efficient access to major transportation routes.
- Even with new office space being added throughout Metro Vancouver, the overall vacancy rate has dropped a further 0.3 percentage points to 8.2%.
- Richmond's office vacancy rate is holding steady at its multi-year low of 8.2%, with no new inventory added in the last quarter.
- Demand around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts. At 2.3%, Richmond's transit-oriented vacancy rate is well below the overall Metro Vancouver rate of 13.6%.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

9) Business Growth – Richmond¹⁰

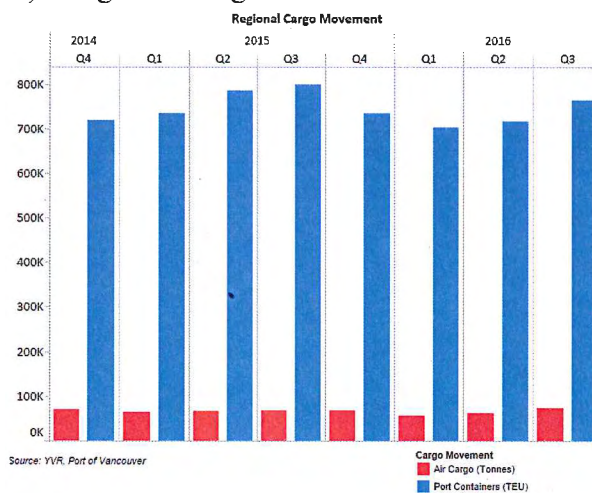
Total Valid Business Licences and New Business Licences Issued



- The total number of valid business licences to date at the end of the third quarter of 2016 was 13,402.
- Because of continuous business start-ups and closures throughout the year, total annual figures are re-calculated in December of each year. The total number of valid business licences recorded at the end of 2015 was 14,235.
- 403 new City of Richmond business licences were issued in the Q3 2016, down by 6.3% over the same period last year.
- These new businesses attributed the addition of 1,265 local jobs and over 490,554 square feet of commercial space absorption.
- 131,300 square feet of office space was tied to new business licence activity in the Q3 2016 while 80,841 square feet of retail and 278,413 square feet of industrial space were absorbed.
- Year to date commercial space absorption saw a moderate 1.7% increase over the same period in 2015.
- Large warehouse and distribution space continues to be in high demand as Richmond expands its role as a logistics center for regional and export markets.

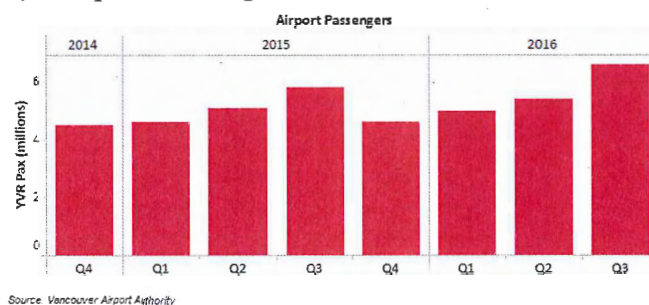
¹⁰ City of Richmond Business Licence, 2016 represents year-to-date and all other figures represent year-end figures

10) Goods and People Movement

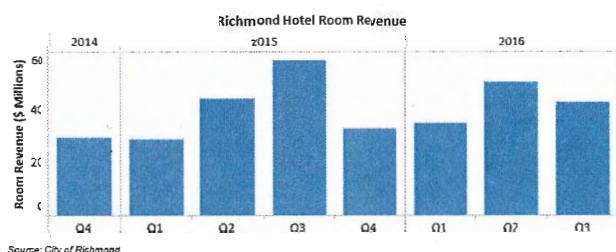
a) Regional Cargo Movement¹¹

- Air cargo handled at the Vancouver International Airport increased by 8.6% in Q3 2016 over the same period last year, helping close the gap in year-to-date figures, which are now down 3% compared to the 9% drop recorded at the end of the last quarter.
- Container movement at the Port of Vancouver dropped by 4.3% over the same period last year. This is the third consecutive period that saw a decline in port activity.
- A softened global economy, and a shifting back of some containerized cargo to U.S. ports following an extended labour disruption are contributing factors.
- Local cargo activity reflects a slowing down of global trade overall that is due to increasing political uncertainty and a tightening of trade liberalization policy.

¹¹ YVR & PMV Monthly Cargo Statistics

b) Airport Passengers¹²

- Vancouver International Airport (YVR) experienced a record breaking year in 2015, surpassing 20 million annual passengers for the first time, with an overall volume growth of 3.6% year over year.
- This growth trajectory continues in 2016, as Q3 registered a 13.8% growth in passengers over Q3 2015. Year to date passenger numbers are up by nearly 10%.
- New international airlines and routes are leading this growth. Recent service has been added to Brisbane (Australia), Dublin (Ireland), Xiamen (China) and New Delhi (India).

c) Richmond Hotel Room Revenue¹³

**September 2016 hotel room revenue figures are not yet available; Q3 data for 2016 includes July and August only.*

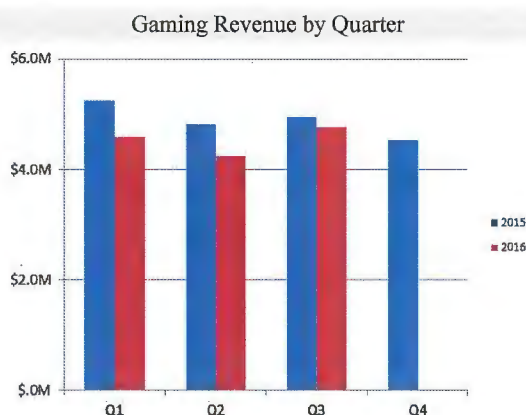
- The tourism industry continues to benefit from a weaker Canadian dollar and has so far climbed by 11.3% year-to-date over 2015, as measured by total room revenue for Richmond hotels.
- \$43.1 million dollars of hotel room revenue was earned in Richmond during the first two months of Q3 2016.
- At 82%, hotel occupancy rates in Richmond are the highest in B.C. and continue to be among the highest in Canada. The YTD occupancy rate for Richmond accommodation providers grew by 2.2% over the same period last year

¹² YVR Monthly Statistics

¹³ City of Richmond Additional Hotel Room Tax Ledger; revenue reverse calculated based on AHRT receipts representing 2% of total hotel room revenue; AHRT remittances and payments to Richmond presented up to a 2 month lag, Q3 2016 includes amounts up to August only.

Gaming Revenue

In accordance with the Host Financial Assistance Agreement with the Province of BC, the Province pays 10% of net gaming income to the City. Gaming revenue is calculated as net win from casino games less fees payable by BC Lottery Corporation (BCLC) to the service provider and BCLC's administrative and operating costs.



- The City's gaming revenue for Q3 2016 was down 3.6% at \$4.77M compared to \$4.95M in Q3 2015.
- However, the City's gaming revenue for Q3 2016 increased by 12.5% compared to the previous quarter Q2 2016 from \$4.24M to \$4.77M.

River Rock's gaming revenues decreased by 5% in Q3 2016 compared to Q3 2015 mainly due to a decrease in high limit play volume.¹⁴

In the third quarter 2015, BCLC introduced conditions for certain VIP players that include a requirement to demonstrate the source of funds used to purchase gaming chips. It is believed that this has led to a reduction in size of buy-ins by some high value players.

At the March 23, 2015 Council meeting, a revised gaming allocation model was approved effective January 1, 2016. The distribution of these funds is detailed in Table 1, with any surplus revenue transferred towards the major capital community facility program (Capital Building and Infrastructure Reserve).

Table 1: Distribution of the 2016 gaming revenue allocation

	Distribution	2016 Budget
General capital reserves	30%	\$5.4M
Financing costs (Minoru complex)	Fixed	5.0M
Major capital community facility replacement	Remainder	3.9M
Allocation for all grants	15%	2.7M
RCMP four officers	Four Officers	0.7M
Council Community Initiatives account	2%	0.4M
Total		\$18.1M

At the end of September 30, 2016, the City is on target and has received \$13.6M or 75% of the annual budget. At the end of the year, any surplus or shortfall compared to budget will be added or reduced from the \$3.9M allocation to the major capital community facility replacement program.

¹⁴ Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month and Six Month Periods Ended September 30, 2016

Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2016 and projected results for December 31, 2016. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: *Net Operational Activity for the period January 1, 2016 to September 30, 2016 (in \$000's)*

NET Operational activity*	For the period January 1 – September 30, 2016			Projected 2016 results			
Division/Department	Q3 YTD Net Budget	Q3 YTD Actuals	Q3 YTD Variance (\$)	Q4 Projected Net Results	Equity Transactions	2016 Appropriations	2016 Project Surplus (Deficit)
Community services	\$31,588	\$28,308	\$3,280	3,437	(\$1,842)	(\$721)	\$874
Corporate administration	7,072	6,623	449	722	(21)	-	701
Engineering, public works and project development	14,961	9,927	5,034	5,796	(1,910)	(3,506)	380
Finance and corporate services	13,883	11,205	2,678	3,286	(1,039)	(1,761)	486
Fire-rescue	24,865	24,693	172	332	93	-	425
Law and community safety	3,072	1,976	1,096	1,231	(312)	-	919
Library	5,451	5,280	171	194	(194)	-	-
Planning and development	4,161	623	3,538	2,528	(249)	-	2,279
Policing	33,947	30,525	3,422	2,153	(1,402)	-	751
Fiscal	(102,194)	(112,302)	10,108	3,528	(3,243)	-	285
Total Operating	\$36,806	\$6,858	\$29,948	\$23,207	(10,119)	(\$5,988)	\$7,100
Water utility	(6,342)	(6,107)	(235)	777	(777)	-	-
Sanitary utility	(3,614)	(3,691)	77	182	(182)	-	-
Sanitation and recycling utility	(233)	(719)	486	659	(659)	-	-
Total Utilities	(\$10,189)	(\$10,517)	\$328	\$1,618	(\$1,618)	\$ -	\$ -

*Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc.

The Q4 projected net results represent the net revenue and expense by Division/Department before any capital related transactions, equity transactions or 2016 appropriations.

Equity transactions include items transferred to or from equity as part of the approved budget, one-time expenditures or previous year carry forward amounts. These amounts are not classified as expenses under accounting standards as they represent changes to accumulated surplus, however, this presentation is consistent with the balanced budget presentation of the operating budget and is used to calculate overall operating surplus or deficit.

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2016 Budget:

- Community Services' favourable variance is due to higher than expected facility revenues, vacancy gapping and unspent one-time project funding which will be carried forward into 2017. The favourable revenue and operational savings in recreation will be used towards the funding of the major facilities Operational Budget Impact phase-in.
- Corporate Administration's favourable variance is due to unfilled vacant positions.
- The Engineering and Public Works Q3 variance can be attributed to the timing of preventative maintenance and programs that were initiated in the earlier part of the year and will continue into Q4 and 2017.

Anticipated appropriations at year end include: \$1.13M for project development for ongoing projects expected to be completed in 2017. \$420,000 is appropriated relating to Major Roads Network and \$227,000 for snow and ice control. \$705,000 of Fleet surplus will be transferred to the Equipment Reserve consistent with Council policy. \$109,000 is appropriated for Alexandra District Energy Utility. \$915,000 is appropriated from Engineering and Public Works for service fees relating to Lulu Island Energy Company.

- Finance and Corporate Services' variance in Q3 is mainly due to salary savings due to vacancies, favourable business licence revenue and IT contract savings. \$300,000 is appropriated for workforce management planning, \$194,000 for temporary full-time hiring in Administration and Compliance, \$120,000 for the Tempest Upgrade and Web Services Integration, \$500,000 for rental building repair and maintenance, \$80,000 for financial system contract works, \$217,000 for PeopleSoft payroll HCM and licence fees and \$350,000 for future post employment liabilities.
- Richmond Fire-Rescue projects a favourable variance of \$425,000 at year end mainly due to higher than anticipated revenues.
- Law and Community Safety's expected surplus is mainly due higher revenues in Bylaws and unfilled vacant positions.
- The Library's favourable variance at Q3 is due to savings from salaries as in anticipation of a revenue shortfall and to provide for unforeseen Launchpad project expenses. A surplus of \$194,000 is anticipated at year end, however, this amount is not included in the City's surplus.
- Planning and Development's favourable variance is from building permit revenue. Although there is a decrease in the construction value of building activity compared to 2015 which was an exceptionally high year, 2016 building activity has remained strong. Building permit revenue is recognized as earned and therefore the projected surplus includes an estimate of the amount that is earned in 2016 from amounts collected from previous years, offset by an estimate for the building permits received in 2016 that will be earned in future years.

The Development Applications Department has realized slightly higher than budgeted development application revenue as of Q3 of 2016. The total number of development applications submitted to the City year to date is in keeping with anticipated application volumes. It is anticipated the development activity and revenues will continue to be stable through the 4th quarter. Based on prior year trends and current conditions in processing development applications, it is projected that the department will end the year with a modest revenue surplus.

- Policing is projected to have an annual surplus due to the time required to recruit and staff the 12 additional officers. These officers have been approved by the federal and provincial governments and the detachment has received a portion of the officers.
- Fiscal is projected to have a surplus of \$285,000 at the end of the year.
- Water utility's Q3 deficit is due to water purchases being slightly higher than the allocated budget, however as historic trends show, this will stabilize by year end and any surplus will be transferred to the Water Levy Stabilization Provision.
- Sanitary sewer utility's variance is mainly due to reduced maintenance costs, any surplus at year end will be transferred to the sewer levy stabilization provision.
- Sanitation and recycling utility's surplus is mainly due to Multi Material BC revenues and lower waste management and processing fees. The surplus will be transferred to the general solid waste and recycling provision.

The presentation of the figures for the financial statement, Statement of Operations is different than the net budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the nine month period ended September 30, 2016, with comparative figures for 2015 is included in Attachment 3.

Active Capital Project Summary

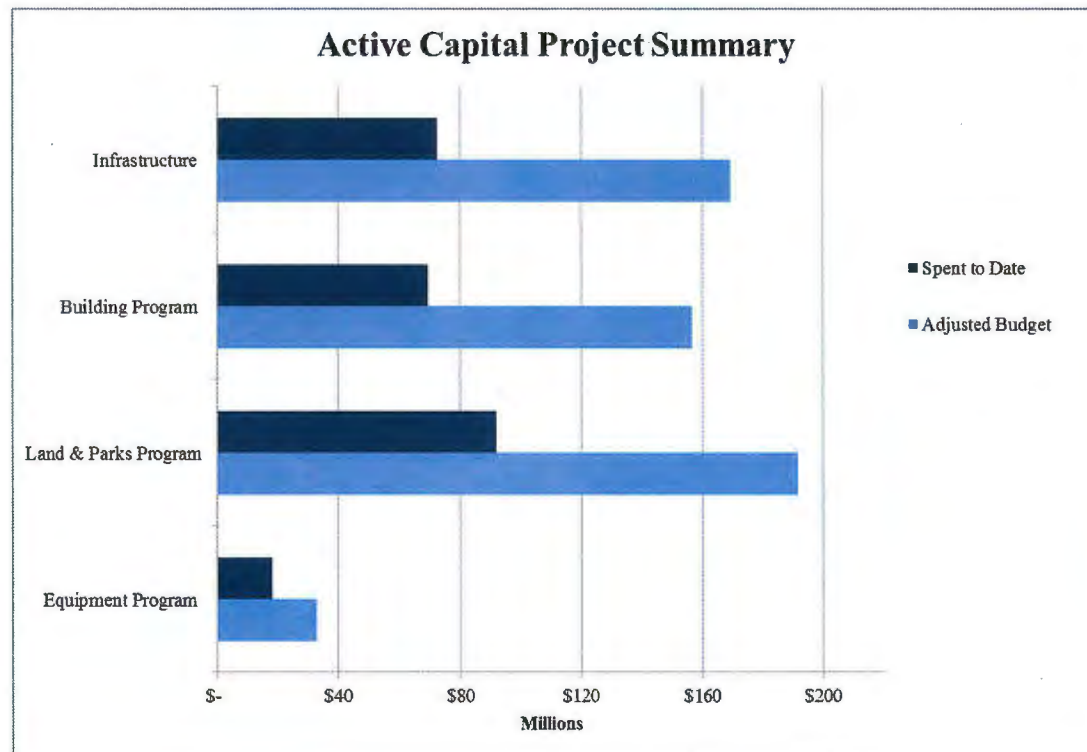
Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2016 Capital Budget of \$102.8M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$298.4M as at September 30, 2016.

Table 3: *Statement of Active Capital Project Expenditures - to September 30, 2016 (in \$000's)*

Program	Budget	Spent to date	Committed
Infrastructure	\$169,392	\$72,336	\$97,056
Land & Parks Program	191,614	92,051	99,563
Building Program	156,426	69,312	87,114
Equipment Program	32,915	18,206	14,709
Grand Total	\$550,347	\$251,905	\$298,442

The active capital projects figures include all projects that were active as of September 30, 2016.

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4.

Active Capital Projects by Sub-Type

The following table summarizes the value of projects by project type.

Table 4: *Active Capital Projects by Sub-Type (in \$000's)*

Project Sub-Type	Amended/ adjusted budget	Actuals as at: 2016- 09-30	Committed	% Spent
Affordable housing	\$35,436	\$14,110	\$21,326	40%
Art	6,775	4,246	2,529	63%
Building	156,426	69,312	87,114	44%
Childcare	3,767	2,322	1,445	62%
District Energy	20,400	17,529	2,871	86%
Drainage	31,207	9,571	21,636	31%
Equipment	7,944	4,956	2,988	62%
Information technology	9,866	4,286	5,580	43%
Land	99,587	45,305	54,282	45%
Parks	46,049	26,068	19,981	57%
Public works minor capital	7,249	3,028	4,221	42%
Roads	51,331	23,252	28,079	45%
Sanitary sewer	19,242	2,738	16,504	14%
Transportation	4,522	2,886	1,636	64%
Vehicles	15,105	8,964	6,141	59%
Water	25,603	13,332	12,271	52%
Contingency (grants, etc.)	9,838	-	9,838	0%
Grand Total	\$550,347	\$251,905	\$298,442	46%

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to approved projects. Refer to Table 5 for transfer details of the contingency estimate change.

The above information represents several projects in each sub-type, details for which can be provided as requested.

Capital Budget Reallocations

Council Policy 3001 requires that changes to the Capital Budget be reported to the Finance Committee.

All of the reallocations were within the limits set out in Policy 3001. The following reallocations from within existing approved projects occurred during the third quarter:

- \$6,000 transfer from the operating budget for the Anderson Room Improvements project.
- \$1.0M transfer from the Horseshoe Slough Pump Station Rebuild project to the Dike Upgrades project.

- \$850,000 from the No. 7 Road South Pump Station project to the No. 2 Road South Pump Station Upgrade project in the amount of \$437,000 and \$413,000 towards the Shell Road North Pump Station Upgrade project.
- \$100,000 from the Contingent Capital Grants project to the Project Development Advanced Design to recognize external contributions.

Contributed Assets

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$55M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following transferred assets were recorded to the end of the quarter September 30, 2016:

Table 5: *Contributed Assets (in \$000's)*

Contributed assets	2016 YTD
Land Under Roads	\$6,167
Roads	4,187
Storm Sewer	2,240
Street Lighting	1,022
Traffic Signals	758
Sanitary Sewer	752
Watermain	645
Total	\$15,771

Investment Portfolio

The City's investment portfolio at September 30, 2016 was \$989.8M, with an average yield on investment of 2.01%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

The balance of the City's investment portfolio is comprised of funds from uncommitted reserves, unspent capital funds relating to the timing of project implementation, deposits, development cost charges and other sources.

Table 6: *Market Interest Rates (for analytical purposes only)*

	September 30, 2016
2 Year Government of Canada Bonds	0.51%
5 Year Government of Canada Bonds	0.59%
10 Year Government of Canada Bonds	0.98%

Source: Bank of Canada

The latest GDP data suggests that Canadian growth resumed to normal in Q3 2016 after the pullback in the economic activity due to the Fort McMurray wildfire in May 2016.

Exports are improving but have not recovered the ground lost during the first half of 2016 despite the effects of the depreciated Canadian dollar. Growth in exports over the next two years are projected to be slower than previously forecast due to lower estimates of global demand, a composition of US growth that appears less favourable to Canadian exports and ongoing challenges for Canadian companies.

A speech delivered by Bank of Canada Governor Stephen Poloz highlighted that the lower pace economic growth in Canada is the key driver in the current low interest rate environment. The slow productivity growth indicates that the Canadian economy will continue on at a moderate space in the coming years. The Bank of Canada is not expected to change its monetary policy on interest rates until early 2019. The Bank of Canada maintained the overnight rate at 0.50% during its recent interest rate announcement on October 19, 2016.

The City continues to comply with its Investment Policy 3703 by carrying a diversified investment portfolio with strong credit quality, meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

Contract Awards

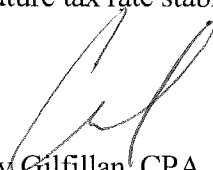
This report provides information on the formal contracts awarded by the City during Q3 2016. In accordance with Policy 3104, contracts greater than \$75,000 are being reported to the Finance Committee. During the period of July 1, 2016 to September 30, 2016, 23 contracts greater than \$75,000 were awarded totalling over \$39.1M (Attachment 6).

Financial Impact

None.

Conclusion

The City of Richmond has maintained its strong financial position through the third quarter of 2016. Building construction and development activity is exceeding budget and revenue collection and business activity remains steady. It is expected that these positive trends will continue through the last three months of the year. The forecast surplus at the end of the third quarter is \$7.1M and following the year-end audit, the finalized surplus will be placed in the Rate Stabilization Account for future tax rate stabilization or one time expenditures as authorised by Council.



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Manager, Financial Reporting
(604) 276-4077

- Attachment 1: Economic Indicators
- Attachment 2: Financial and Key Indicators
- Attachment 3: Statement of Operations
- Attachment 4: Capital Project Highlights
- Attachment 5: Investment Portfolio
- Attachment 6: Contract Awards greater than \$75,000

Economic Indicators

September 30, 2016

Macroeconomic Indicators & Forecast

1)	Real GDP - % Change	2014	2015	2016f	2015/2016f Change	2017f
	Canada	2.5	1.1	1.2	8.3%	1.9
	United States	2.4	2.6	1.6	(62.5%)	2.2
	China	7.3	6.9	6.6	(4.5%)	6.2
	World	3.4	3.2	3.1	(3.2%)	3.4
2)	Interest Rates	2014	2015	2016f	2015/2016f Change	2017f
	Bank of Canada	1.00	0.50	0.50	-	0.50
	US FED	0.25	0.50	0.50	-	1.00
3)	Exchange Rate	2014	2015	2016f	2015/2016f Change	2017f
	CAD per \$1 USD	1.16	1.38	1.33	(4.3%)	1.30
	f-forecast					

Regional and Local Market Indicators

4)	Unemployment (%)	Q3-2016	Q2-2016	Change	Q3-2015	Change	
	Canada	7.0	6.8	2.9%	7.1	(1.4%)	
	BC	5.7	5.9	(3.4%)	6.4	(10.9%)	
	Metro Vancouver	4.9	5.3	(7.5%)	6.0	(18.3%)	
5)	CPI (2002=100)	Q3-2016	Q2-2016	Change	Q3-2015	Change	
	Canada	128.8	129.9	(0.2%)	127.1	1.3%	
	BC	123.2	123.1	0.1%	121.0	1.8%	
	Metro Vancouver	125.4	125.3	0.1%	122.7	2.2%	
6)	Housing Starts (Units)	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
	Starts - Metro Vancouver	7,358	5,298	38.9%	22,198	15,236	45.7%
	Starts - Richmond	364	658	(44.7%)	1,765	1,551	13.8%
7)	Richmond Residential Activity	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
	Sales - Detached	263	575	(54.3%)	1,475	1,804	(18.2%)
	Sales - Townhouse	229	310	(26.1%)	873	984	(11.3%)
	Sales - Apartment	532	560	(5.0%)	2,129	1,546	37.7%
	Sales Total/Average Change	1,024	1,445	(29.1%)	4,477	4,334	3.3%
		Q3-2016	Q2-2016	Change	Q3-2015	Change	
	Average Price - Detached (\$ at QE)	1,894,000	1,977,000	(4.2%)	1,527,000	24.0%	
	Average Price - Townhouse (\$ at QE)	821,000	785,000	4.6%	603,000	36.2%	
	Average Price - Apartment (\$ at QE)	428,000	460,000	(7.0%)	401,000	6.7%	

Economic Indicators**September 30, 2016****Regional and Local Market Indicators (continued)**

8)	Richmond Building Permits	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
	Building Permits - Residential	285	242	17.8%	774	703	10.1%
	Building Permits - Commercial	141	133	6.0%	382	370	3.2%
	Building Permits - Industrial	60	44	36.4%	167	167	12.1%
	Building Permits Total	486	419	16.0%	1,323	1,222	8.3%
	Construction Value (\$ million)	103.5	143.8	(28.0%)	569.1	749.5	(24.1%)
9)	Commercial Space (at QE)	Richmond			Metro Vancouver		
		Q3-2016	Q3-2015	Change	Q3-2016	Q3-2015	Change
	Office Vacancy (%)	8.2	11.3	(27.4%)	8.2	9.9	(17.2%)
	Transit Oriented Office Vacancy (%)	2.3	4.6	(50.0%)	13.6	11.2	21.4%
	Office Inventory (000 sf)	4,419	4,418	0.0%	57,003	56,104	1.6%
	Industrial Vacancy (%)	2.5	2.4	4.2%	2.7	3.9	(30.8%)
	Industrial Inventory (000 sf)	38,107	37,913	0.5%	201,413	198,608	1.4%
10)	Richmond Business Growth	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
	Total Valid Business Licences (YTD)	n/a	n/a	n/a	13,402	13,509	(0.8%)
	New Licences - Number Issued	403	430	(6.3%)	1,272	1,313	(3.1%)
	New Licences - Employees	1,265	1,625	(22.2%)	4,038	4,484	(9.9%)
	New Licences - Office Added (sf)	131,300	102,411	(28.2%)	290,187	306,615	(5.4%)
	New Licences - Retail Added (sf)	80,841	132,862	(39.2%)	156,779	303,840	(48.4%)
	New Licences - Industrial Added (sf)	278,413	165,631	68.1%	575,367	394,998	45.7%
	Total Space Added (sf)/Avg. Change	490,554	400,904	(22.4%)	1,022,333	1,005,453	1.7%
11)	Goods & People Movement	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
	YVR Air Cargo (tonnes)	74,367	68,504	8.6%	193,484	199,453	(3.0%)
	PMV Container Movement (TEUs)	764,113	798,473	(4.3%)	2,185,957	2,318,767	(5.7%)
	YVR Passengers (million)	6.6	5.8	13.8%	17.0	15.5	9.7%
	Richmond Hotel Revenue (\$ million)*	n/a	n/a	n/a	129.0	115.9	11.3%

* - Hotel Revenue available to August 2016

Notes: QE indicates quarter end, YTD indicated year to date**List of Sources:**

- 1) International Monetary Fund, World Economic Outlook
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada
- 4)&5) Statistics Canada
- 6) CMHC
- 7) Real Estate Board of Greater Vancouver
- 8) City of Richmond Building Permits
- 9) Cushman & Wakefield Office and Industrial Market Beat Reports
- 10) City of Richmond Business Licences
- 11) YVR & PMV Monthly Cargo Statistics
YVR monthly statistics; City of Richmond Additional Hotel Room Tax Ledger
City of Richmond Additional Hotel Room Tax Ledger

Financial Indicators**September 30, 2016**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
Roads, Water, Sewer DCC's Received	\$2,866	\$4,039	(29.0%)	\$9,716	\$16,326	(40.5%)
Parks DCC's Received	\$1,489	\$4,338	(65.7%)	\$6,043	\$20,105	(69.9%)
Total DCC Fees Received	\$4,355	\$8,377	(48.0%)	\$15,759	\$36,431	(56.7%)
DCC Reserves to date – Uncommitted	\$72,533	\$70,630	2.7%	\$72,533	\$70,630	2.7%
2) Uncommitted Reserves	Q3-2016	Q3-2015	Change			
Capital Funding Reserves	\$111,610	\$99,069	12.7%			
Utility Reserves	\$92,041	\$81,509	12.9%			
Affordable Housing Reserves	\$4,652	\$1,947	138.9%			
Other Reserves	\$53,563	\$61,353	(12.7%)			
Total Uncommitted Reserves	\$261,867	\$243,877	7.4%			
3) Taxes to date	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
Taxes Collected	\$142,026	\$156,819	(9.4%)	\$382,388	\$378,552	1.0%
City Portion of Taxes Collected	\$69,593	\$76,841	(9.4%)	\$187,370	\$185,476	1.0%
Unpaid Taxes - Delinquent & Arrears	\$2,060	\$2,297	(10.3%)	\$2,060	\$2,297	(10.3%)
No. of Participants on Pre-authorized withdrawal	6,384	6,505	(1.9%)	6,384	6,505	(1.9%)
Pre-authorized withdrawals payments	\$5,518	\$5,549	(0.6%)	\$19,151	\$18,818	1.8%
Interest rate % paid	0.70%	0.85%	(0.18)	0.70%	0.85%	(0.18)
<i>Sources: All data is from City of Richmond records</i>						
4) Investments	Q3-2016	Q3-2015	Change			
Total Investments	\$989,822	\$929,214	6.5%			
Average City Rate of Return on Investments %	2.01%	1.99%	1.0%			
5) Planning and Development	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
Building Permit Fees Collected	\$1,531	\$1,888	(11.1%)	\$6,775	\$8,391	(17.5%)
Development Applications Received	68	67	1.5%	191	196	(2.6%)
Development Applications Fees	\$390	\$309	29.3%	\$1,033	\$894	16.5%
6) Business Licences	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
Revenue Received for Current Year Licences	\$714	\$693	3.0%	\$3,359	\$3,318	1.2%
Revenue Received for Next Year (Deferred)	\$395	\$369	7.1%	\$691	\$645	7.2%
Total Licence Revenue	\$1,110	\$1,062	4.4%	\$4,050	\$3,962	2.2%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q3-2016	Q3-2015	Change	YTD-2016	YTD-2015	Change
Parking Program Revenue	\$559	\$580	(3.5%)	\$1,672	\$1,583	5.6%
Gaming Revenue	\$4,770	\$4,951	(3.6%)	\$13,608	\$15,023	(9.4%)
Traffic Fine Revenue to date	\$0	\$0	0%	\$2,182	\$2,227	(2.0%)

Notes:*All figures presented above are unaudited*

Key Indicators**September 30, 2016**

8) Employees	Q3-2016	Q3-2015	Change			
Full Time Equivalent (FTE) Employees (City and Library)	1,468	1,499	(2.0%)			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
9) Operating Indicators	Q3-2016	Q3-2015	Change	YTD 2016	YTD 2015	Change
Fire Rescue Responses	2,763	2,742	0.8%	8,049	7,680	4.8%
RCMP - Calls for Service Handled	18,820	17,922	5.0%	53,242	50,972	4.5%
Public Works calls for Service	3,924	3,806	3.1%	11,260	10,361	8.7%
10) Affordable Housing	2016	2015	Change			
Subsidized Rental (units)	477	477	0.0%			
Affordable Rental (LEMR) (units)	350	311	12.5%			
Market Rental (units)	411	411	0.0%			
Entry Level Home ownership (units)	19	19	0.0%			
Secondary Suite / Coach House (units)	186	159	17.0%			
Total Affordable Housing	1,443	1,377	4.6%			
	Q3-2016	Q3-2015	Change			
Floor Space secured, unit mix & other (sq feet)	119,069	119,069	0.0%			
11) Richmond Population Estimate Year End *	2016F	2015				
	218,307	213,891				

**Estimated population figures provided by City of Richmond – Policy Planning*

Statement of Operations¹

For the Nine Month Period Ended September 30, 2016, with comparative figures for 2015
(Expressed in thousands of dollars)

	Budget Sept 30 2016	Actuals Sept 30 2016	Actuals Sept 30 2015
Revenues:			
Taxes and levies	\$148,474	\$149,171	\$142,209
User fees	80,276	72,316	70,420
Sales of services	19,073	21,630	29,297
Payments-in-lieu of taxes	10,105	10,089	11,445
Provincial and federal grants	5,532	4,749	7,919
Development cost charges	20,156	14,770	7,320
Other capital funding sources	51,836	15,167	11,814
Other revenues:			
Investment income	11,021	13,968	12,423
Gaming revenue	13,566	13,608	15,023
Licences and permits	6,888	10,038	11,922
Other	7,173	16,605	33,648
	374,100	342,111	353,440
Expenses:			
Law and community safety	70,019	65,537	60,781
Engineering, public works and project development	49,223	41,249	40,156
General government	40,249	33,302	25,910
Parks, recreation and community services	44,264	39,148	43,615
Utilities:			
Water supply and distribution	30,352	30,774	30,449
Sewerage collection and disposal	22,310	20,788	21,331
Sanitation and recycling services	11,208	10,788	9,767
Planning and development	10,743	9,771	9,688
Library services	7,316	7,027	9,465
	285,684	258,384	251,162
YTD Surplus (Annual Surplus) ²	88,416	83,727	102,278
Accumulated surplus, beginning of year	2,716,613	2,716,613	2,565,899
Accumulated surplus, end of Sept 30 ³	\$2,805,029	\$2,800,340	\$2,668,177

¹ Statement of Operations for City and Library only, does not include Oval and LIEC figures

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

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

Capital Highlights	Infrastructure
---------------------------	-----------------------

No 2. Road North Drainage Pump Station Upgrade:

Approved Budget: \$4.4 million (M) (2014)

25% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. Construction has commenced and completion is scheduled for spring 2017.

No 2 Road Widening – Steveston Highway to Dyke Road

Approved Budget: \$7.3M (2016)

5% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5M from the Federal Government. The design of the required works is under way and construction works are anticipated to be completed for fall 2017.

Alexandra District Energy Utility Expansion - Phase 4:

Approved Budget: \$7.6M (2015)

90% Complete

- This project consists of the design and construction of a satellite energy plant to service the heating and cooling demands of the new SmartREIT (previously Smart Centres) commercial development, as well as provide additional energy capabilities for the Alexandra District Energy Utility (ADEU). Also included in this expansion is the connection of the Townline Oxford Lane residential development and the City's new Fire Hall No. 3 to the ADEU. The project scheduled for completion by the end of 2016.

Watermain Replacement - Lulu Island West Area:

Approved Budget: \$4.04M (2016)

70% Complete

- This project consists of replacing ageing watermains that are at the end of their service life in the Richmond Gardens area. Construction by City forces is ongoing.

Lockhart, Beecham and Marrington Roads Watermain, Drainage and Neighbourhood Improvement Project:

Approved Budget: \$3.13M (2014/2015)

95% Complete

- This project includes watermain replacement, drainage upgrades and road widening of Lockhart, Beecham and Marrington Roads. The watermain addresses upsizing of ageing asbestos cement watermains. Construction is nearing completion.

Capital Highlights**Buildings***Minoru Major Facility (Integrated Minoru Aquatic Centre/Older Adults Centre):*

Approved Budget: \$79.6M (2014)	45% Complete
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- On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. Preload and ground densification of the site is now complete. The second level floor slabs are complete, with main floor slab, pool deck slab and interior wall construction underway. Project completion is anticipated at the end of 2017. The public engagement process is continuing through to project completion.

Fire Hall No. 1:

Approved Budget: \$22.3M (2014)	30% Complete
---------------------------------	--------------

- On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. Design and development is completed and construction is underway on the apparatus bay walls. Project completion is anticipated by the end of summer 2017.

Fire Hall No. 3:

Approved Budget: \$20.7M (2005-2009)	75% Complete
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- On July 23, 2012, Council approved construction of a new Fire Hall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Fire Hall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Fire Hall No. 3 through the 2005 - 2009 Capital Programs. The design and development of Fire Hall No. 3 is completed and construction is underway. Project completion is anticipated by end of 2016 or early 2017.

<i>Capital Highlights</i>	<i>Community Services/Parks</i>
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Railway Greenway:

Approved Budget: \$2.9M (2013)	97% Complete
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- Greenway path construction is complete
- Installation of benches and receptacles is complete
- Additional trees will be planted in November of 2016 as to avoid the dry summer months, reduce the need to hand watering, and to increase the chance for healthy tree establishment
- A picnic area with tables, benches, and a public art piece is being planned. It will be located south of the Branscombe House and is expected to be completed in 2017
- Additional wayfinding signage will be installed in 2017

Garden City Lands Phase 1 and 2:

Approved Budget: \$5.2M (2015 and 2016)	20% Complete
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- The Garden City Lands - Legacy Landscape Plan was completed and endorsed by Council in June 2014. The Legacy Plan provides a vision statement, guiding principles, a land use framework, a concept plan and outlines objectives and actions to guide the development of the Lands. The in-depth study of the site's hydrological and ecological conditions has been completed, which has provided guidance for the refinement of the Legacy Landscape Plan. Further detailed design of water management infrastructure and perimeter trails has been completed and construction of these initial elements began in October of 2016 and will continue through 2017.

Lang Park Development:

Approved Budget: \$800,000 (2015)	60% Complete
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- UCC Contractors were appointed in August 2016 following a successful competitive tender bid in February 2016. ISL is the lead consultant appointed to administer the work.
- Construction commenced in September 2016 and is due to be completed by January 2017 pending weather conditions. Work will involve the installation of a new concrete plaza, seatwalls, waterfeature/fountains, playarea, and artwork. Site furniture, receptacles, lighting, and seatwalls will also be upgraded. To date, the contractor has mobilized, installed the majority of the seatwall foundations, prepared the base, and commenced on the play area.

Middle Arm/ Hollybridge Pier:

Approved Budget: \$1.5M (2015)	30% Complete
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Included in Middle Arm Waterfront Park System Projects

- The design process is underway. Amec Foster Wheeler Engineering and PFS has been hired to refine the design of the pier and prepare construction drawings. Design set is 50% completed to date. Tender expected to be issued in January 2017. Construction is expected to commence in the summer of 2017, in association with ASPAC's Lot 9 construction.

Capital Highlights	Community Services/Parks
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The Gardens Agricultural Park:

Approved Budget: \$316,000 (2012) & \$1.95M (2014/15)	50% Complete
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- City construction for Phase 1 has been partially completed along with Servicing Agreement works completed by Townline Homes in fall 2014. Staff are reviewing any impacts to the park as a result of the Massey Tunnel project.
- Project currently on hold due to the impacts of the George Massey Tunnel project

Parks Ageing Infrastructure

Approved Budget: \$140,000 (2016)	80% Complete
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Included in Minoru Major Facility Integrated Project

- Thompson's lacrosse and tennis courts resurfacing is complete.
- Resurfacing of 6 tennis courts at Southarm Park completed; remaining 2 courts to be resurfaced next summer under the 2017 capital program.
- Annual chainlink fencing program currently underway and anticipated to be completed by year end. Hugh Boyd, King George, and Richmond High sports fields all require repairs and replacement to its perimeter fencing.

Britannia Shipyards Slipways:

Approved Budget: \$513,000 (2014)	90% Complete
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- Condition assessment complete.
- Demolition of the old slipways complete.
- Detail design completed July 2015.
- Tender of materials secured, construction in progress.
- Replacement of 12" x 12" timber runners and cross head beams in progress.
- Remaining construction operations requires and limited to low tide conditions with regular daytime working hours.
- All timber and rail construction is now completed.
- Staff to review options for restoring & repairing the winch mechanical system.
- Staff to discuss next steps required for an operating boat slipways and the carriages required to accommodate vessels

Cambie City Centre Park (Cambie Mueller):

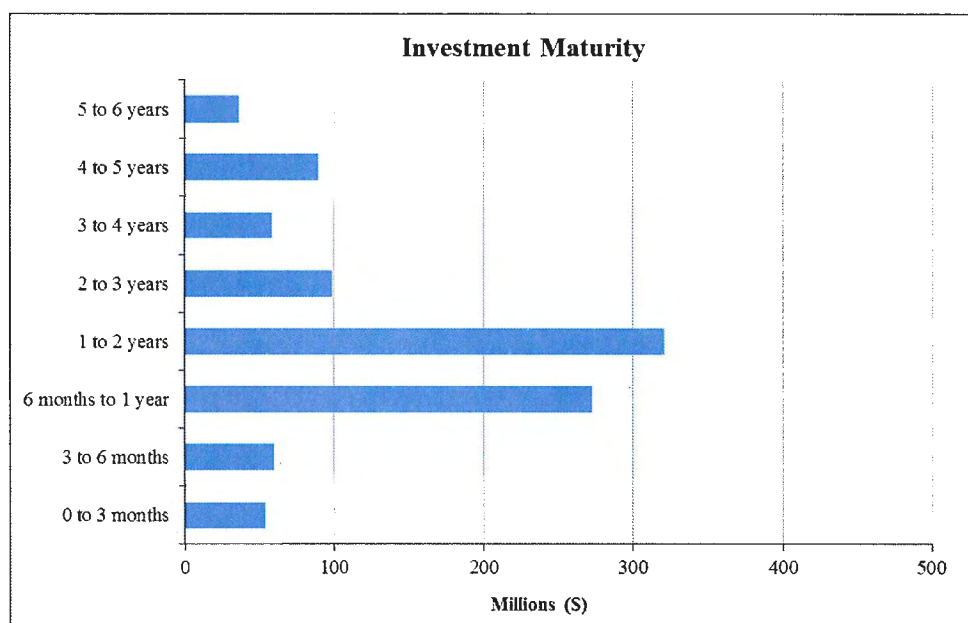
Approved Budget: \$1.2 M (2016)	30% Complete
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- Installation of the infrastructure utilities and services started (storm, water, electrical, and sanitary) Application for water service permits submitted.
- Awaiting design construction drawings from consultants to prepare for tender process
- Anticipated construction for park development to start during Spring 2017

Investment Portfolio

September 30, 2016 (in 000's)

DBRS					Investment	
Long Term					% of Total	Limit (% of
Asset Class	Rating	Issuer	Term	Net Book Value	Portfolio	Portfolio)
Provincial (Fixed Income)						
	AA (high)	British Columbia	2019	\$ 65,424	6.61%	
	AA (low)	Ontario	2017	62,049	6.27%	
	AA (high)	Alberta	2019	40,062	4.05%	
	A (high)	Quebec	2017	35,612	3.60%	
	A (high)	Manitoba	2018	12,000	1.21%	
			Total	\$ 215,147	21.74%	50%
Chartered Banks (Fixed Income and Deposits)						
	AA	Bank of Nova Scotia	2017-2021	\$ 148,278	14.98%	
	AA	Bank of Montreal	2016-2017	48,501	4.90%	
	AA (low)	National Bank of Canada	2018-2021	55,704	5.63%	
	AA	TD Bank	2016-2021	41,852	4.23%	
	AA	CIBC	2018	43,476	4.39%	
	AA	Royal Bank	2018	28,282	2.86%	
	AA	Wells Fargo Canada	2017	24,294	2.45%	
	A (low)	HSBC Bank of Canada	2017	22,577	2.28%	
	A (high)	Canadian Western Bank	2018	24,000	2.42%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	2.02%	
			Total	\$ 456,964	46.17%	50%
BC Credit Unions (Deposits)						
		Coast Capital Savings	2016-2018	\$ 88,845	8.98%	
		Vancity	2017	72,348	7.31%	
		Gulf and Fraser	2017-2018	49,657	5.02%	
		Blue Shore Financial	2017	35,000	3.54%	
		Westminster Savings	2017	28,000	2.83%	
			Total	\$ 273,849	27.67%	30%
Pooled Investments (MFA Bond Fund)						
		MFA Pooled Investment Fund		\$ 43,862	4.43%	20%
Total Investment Portfolio Balance				\$ 989,822	100.00%	



Contract Awards greater than \$75,000July 1st to September 30th 2016

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5851J	Gateway Theatre - Carpet Replacement	Ventana Construction Corporation	\$77,030	Engineering & Public Works
2	5850F	Materials for emergency repair to drainage box culvert in the 6000 block No. 2 Road	Langley Concrete Limited Partnership	\$181,500	Engineering & Public Works
3	5830CM	Construction Services for Beckwith and Gage Road Watermain Upgrades	Stuart Olson Construction subcontracted to Hexcel Construction Ltd	\$466,026	Engineering & Public Works
4	5819J	Minoru East Arena Re-Roofing Phase 1	ICE Development Ltd	\$89,033	Engineering & Public Works
5	5809CM	MAC/OAC - Tender Package No. 2B - Envelope Works, Mechanical, Electrical and On-site Services	Stuart Olson Construction subcontracted to Matakana, Sun Valley Masonry, Libra, Flynn (Cladding, roofing, curtain wall & glazing) Schindler, PML, Canem and Hexcel	\$25,421,848	Engineering & Public Works
6	5804F	Business Process Management and Enhancements Project	Infor Canada Ltd	\$123,840	Finance & Corporate Services
7	5799CM	No. 2 Road North Drainage Pump Station Upgrade	Stuart Olson Construction (subcontracted to Structural Wesbridge Steelworks Ltd., Stuart Olson-redesign, Flynn Canada Ltd., Rutland Glass, Spectrum Painting Ltd., Division 15, Canem, Fraser River Pile and Dredge, North by Northwest, Performance/Westform)	\$ 4,242,913	Engineering & Public Works
8	5796CM	Cambie Road Utility Services	Stuart Olson Construction subcontracted to Hexcel Construction	\$361,884	Engineering & Public Works
9	5787S	Restoration services for Interurban Tram Car Trucks	Carr's Machining Ltd.	\$95,000	Community Services
10	T.5786	4 Road and Tuttle Avenue Storm Culvert Replacement	King Hoe Excavating Ltd.	\$403,293	Engineering & Public Works

Item	#	Description	Awarded Vendor	Awarded Amount	Department
11	5784Q	Supply and Delivery of Access Points and Licences	X10 Networks	\$121,715	Finance & Corporate Services
12	5783J	Jones Road Multi-Family Water Meter	Ashton Service Group	\$159,743	Engineering & Public Works
13	T.5766	Donald Road Local Area Service Program	Eurovia British Columbia Inc.	\$769,913	Engineering & Public Works
14	5722Q	Supply and Delivery of Desktop Computers	Island Key Computers	\$367,199	Finance & Corporate Services
15	T.5704	Lansdowne Road Extension – Alderbridge Way to Minoru Boulevard	Lafarge Canada Inc.	\$1,048,444	Engineering & Public Works
16	5699P	Consulting Design Services for Hollybridge Pier	AMEC Foster Wheeler Environment & Infrastructure	\$184,373	Community Services
17	5659EOI	Supply and Installation of Conduits & Water Service Pipes Using Trenchless Technology and Other Related Civil Works	Ulmer Contracting Ltd.	\$1,900,000	Planning & Development
18	5658P	Traffic Signal System Maintenance	Crown Contracting Ltd.	\$1,601,249	Planning & Development
19	5610P	Provision of Aggregate Crushing Services	Regehr Contracting Ltd.	\$148,000	Engineering & Public Works
20	5443P	Firewall and Network Security Upgrade	Long View Systems Corporation	\$275,882	Finance and Corporate Services
21	5570Q	On Call Roofing Contractor	Cambie Roofing	\$250,000	Engineering and Public Works
22	5540P	Garden City Lands - Design Consulting Services	PWL Partnership Landscape Architects	\$520,000	Parks Services
23	5539Q	Supply and Delivery of 1 (One) Tandem Axle Cab and Chassis C/W Dump Box and Front Plough	Peterbilt Pacific Inc	\$271,594	Engineering and Public Works



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
General Manager
Finance & Corporate Services
Re: Provincial Tax Deferment Program

Date: December 16, 2016

File:

Staff Recommendation

That staff be directed to actively promote the Provincial Tax Deferment Program as a means of reducing the financial burden for seniors and families with children.

Andrew Nazareth
General Manager, Finance & Corporate Services
(604-276-4095)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW
APPROVED BY CAO 	

Staff Report

Origin

Significant increases in assessment values for single family detached homes in the Lower Mainland have resulted in higher property taxes for many property owners. Hardest hit are usually seniors on a fixed income who have watched their home assessment values increase exponentially to the point where they are finding it difficult to pay their property taxes. To help reduce the financial burden for seniors and young families, the Province of BC offers a Tax Deferment Program (“TDP”) to help qualifying seniors or families with children defer their property taxes until they decide to sell their homes.

The purpose of this report is to explain the application requirements of the program and to promote it as an affordable financing tool for the property owner.

Analysis

The City was recently advised by BC Assessment that early notification letters were sent to property owners where the 2017 assessment increase significantly exceeds the average range. Specifically for the City of Richmond, the 2017 median increase for a single-family detached home is 43% while the median increase for a residential strata unit is 17%. A total of 4,501 letters were sent out to owners of single family detached homes where their 2017 assessment increase is greater than 50%.

By law, the City is required to set a single tax rate for each assessment class. Property owners whose properties outperformed the average will see much higher tax increases while those with property value changes less than the average will see tax decreases. A video explaining this concept may be found on the City’s website at:

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

The TDP was designed to help those qualifying property owners where their cashflows cannot keep up with their land appreciation. Without physically selling their homes, land appreciation is merely a paper gain that cannot help the owner meet their daily expenses. Instead of struggling to save for current property tax payments, the TDP allows a property owner to utilize the gains and to defer taxes until they sell their home.

General TDP Overview

The TDP is a provincially administered program where the Province determines whether an applicant qualifies to defer their property taxes. All applications for tax deferment must be submitted to the City’s tax section after the property tax bill is received and before the tax due date to be forwarded to the Tax Deferment Office for their processing. Application forms submitted after the tax due date will be subject to penalty charges.

Application forms are available at the City's tax counter or online at http://www.sbr.gov.bc.ca/documents_library/forms/0051FILL.pdf.

There are two deferment programs currently available for:

- Regular Program
 - A person aged 55 years or older during the current year or
 - a surviving spouse of any age or
 - a person with disabilities
- Families with Children Program
 - a parent, stepparent or anyone financially supporting a child

Basic qualification requirements for both programs are the same in that the applicant must be:

- a Canadian citizen or permanent resident
- have been living in BC for at least one year
- a registered owner of the property
- have paid all previous years' property taxes, utility fees, penalties and interest
- have current fire insurance for the improvements on the property

Other distinct requirements for each program are:

- Regular Program
 - have and maintain a minimum equity of 25% of the property's assessed value
- Families with Children Program
 - have and maintain a minimum equity of 15% of the property's assessed value

Tax deferment is only available for class 1-residential or class 9-farm properties that are used as principal residences. If the application is approved, the Province pays to the City, the current year unpaid property taxes on behalf of the applicant. The amount deferred will incur simple interest at the current rate of 0.7% for the regular program and 2.7% for the families with children program. Interest is set every 6 months by the Minister of Finance.

Once an application is approved, the Province will register a restrictive lien against the property so that the owner cannot change title of the property except to add the name of a spouse. The property owner must repay the outstanding deferment balance before they can:

- sell the property
- change property owners other than adding the name of the spouse
- refinance with some financial institutions (property owners are advised to check with their financial institution)

Rationale for Tax Deferment

It is not always clear that the tax deferment program will allow seniors to utilize their property appreciation without selling their home.

The following is a table of the average assessment value for a single family detached (“SFD”) home in Richmond from 2007 – 2016 to illustrate the financial rationale behind tax deferment:

<u>Year</u>	<u>Average SFD Home Value</u>	<u>YOY Appreciation in Assessed Value</u>	<u>Average Property Tax on a SFD Home</u>
2007	591,488		2,905
2008	662,738	71,250	2,999
2009	663,933	1,195	3,128
2010	684,769	20,836	3,269
2011	832,719	147,949	3,590
2012	993,118	160,398	3,985
2013	971,675	(21,442)	4,049
2014	939,311	(32,364)	4,062
2015	1,008,269	68,958	4,220
2016	1,160,068	151,798	4,503
Cumulative Totals		568,580	36,711

In the years leading up to 2016, single family detached home values in Richmond appreciated by 96.13% or approximately \$568,580. Property taxes for the same period totalled \$36,711 or 3.16% of the current value of the property. In this scenario, if the property owner deferred taxes each year, the deferred amount is only 6.72% of the total 10-year property appreciation.

Adding to the fear of being in debt, some seniors are afraid of escalating interest charges on the taxes deferred. To alleviate the tax burden on seniors, the Province charges prime minus 2% simple interest on only the principal amount borrowed. Interest is never compounded like other conventional loans from a financial institution.

In the past 10 years, tax deferment interest rates came down from a high of 4% in 2007 to as low as 0.25% in late 2009 and early 2010. Current interest is set at 0.70%. In the above example, if the property owner had deferred property taxes starting in 2007, the total interest charged would be approximately \$1,635 for the 10-year period. Adding this to the outstanding principal, the home owner would owe \$38,226 or 3.30% of the current property value.

If the property owner had locked in the same amount of tax payments into a term deposit, the property owner could earn more in net interest revenue given that some banks are currently offering 1.5% interest on term deposits while the Province is charging 0.70% interest for tax deferment. However, because interest rates fluctuate over time, this is provided as an example of potential interest revenue and not a guaranteed revenue stream.

For some property owners, deferring taxes would allow them the flexibility of making costly repairs or upgrades to their homes so that they can live more comfortably and afford to stay in the community.

Current Deferment

Prior to 2016, the City received approximately 270 new tax deferment applications annually. With significant assessment increases for single family detached homes in 2016, the City received over 500 new applications this year. The City currently has over 1600 active deferment files and has closed over 3000 deferment files since 2000. Closed files are usually due to property sales or property refinancing.

Given that the City has almost 70,000 residential units and over 14,000 seniors in the community, the number of active deferments is low in comparison. Promoting the TDP will give property owners a better understanding of the financing option available to them while their land value continues to increase.

Financial Impact

There is no financial impact to the City as the Province pays the current outstanding taxes on behalf of the taxpayer.

Conclusion

That staff be directed to actively promote the Provincial Tax Deferment Program as a means of reducing financial burden for seniors and families with children through multimedia, newspaper advertisements, and the City's website.



Ivy Wong
Manager, Revenue
(604-276-4046)

IW:iw



City of Richmond

Report to Committee

To: Finance Committee **Date:** December 19, 2016
From: Andrew Nazareth
General Manager, Finance and Corporate Services **File:** 03-0985-01/2016-Vol 01
Re: Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

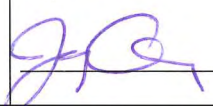
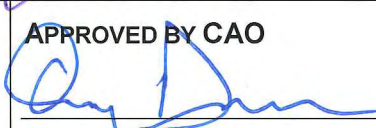
Staff Recommendation

That:

1. The Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663 be introduced and given first, second, and third readings.
2. Staff undertake a process of public consultation as required in Section 166 of the Community Charter.

Andrew Nazareth
General Manager, Finance and Corporate Services
(604-276-4095)

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law	<input checked="" type="checkbox"/>	 For A. NAZARETH
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO 

Staff Report

Origin

In subsection 165(l) of the *Community Charter*, it requires the City to adopt a 5 Year Financial Plan (5YFP) Bylaw. The 5YFP Bylaw provides the City with the authority to proceed with spending to the limits as outlined in the bylaw. The City is required under section 166 of the *Community Charter* to undertake a process of public consultation prior to adoption of the 5YFP.

The 5YFP Bylaw No. 9663 presented in Attachment 1 consolidates the budget decisions previously approved by Council including the Utility, Operating, Capital budgets and One-Time Expenditures funded by previous years' surplus. The key components were approved by Council as follows:

Table 1 – Summary of Council Approval of the 2017 Budgets

Budget Input	Council Approval Date
2017 Utility Budget	November 28, 2016
2017 One-Time Expenditures	December 12, 2016
2017 Council Community Initiatives One-Time Expenditures	December 12, 2016
2017 Richmond Public Library Budget	December 12, 2016
2017 Capital Budget	December 12, 2016
2017 Operating Budget	December 12, 2016

The 2017 Utility rates were approved by Council on November 28, 2016 and the following bylaws were adopted on as follows:

- Drainage, Dike and Sanitary Sewer System Bylaw No. 7551, Amendment Bylaw No. 9634 adopted on December 12, 2016.
- Solid Waste and Recycling Regulation Bylaw No. 6803, Amendment Bylaw No. 9640 adopted on December 12, 2016.
- Waterworks and Water Rates Bylaw No. 5637, Amendment Bylaw No. 9633 adopted on December 21, 2016.

The Consolidated Financial Plan includes 2017 budgets for Lulu Island Energy Company and Richmond Olympic Oval Corporation which have been approved by their respective Board of Directors and are included in a separate report to Council for information.

The 5YFP bylaw includes estimates for 2018-2021 based on information currently available to staff and will be revised with the financial plan for each respective year. Inclusion in the financial plan for 2018 and beyond does not represent final approval for spending.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

- 7.1. Relevant and effective budget processes and policies.*
- 7.2. Well-informed and sustainable financial decision making.*
- 7.3. Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. Strategic financial opportunities are optimized.*

Analysis

This report summarizes the 2017 budgets that have been previously approved by Council into a consolidated financial plan to provide expenditure authorization, allowing the municipality to formally proceed with delivering services to the community. The Consolidated Financial Plan is prepared in alignment with accounting standards for financial statement presentation for ease of comparability.

Adjustments with No Impact on Rates

Prior Year Capital Carryforwards

The Capital Budget as presented in the 5YFP includes a carryforward amount for previously approved and funded projects that are still in progress. There is no tax impact of including this amount, which was previously approved by Council.

Prior Year Operating Carryforwards

The 2017 Carryforwards estimate is comprised of 2016 operating budget surpluses and previously approved one-time expenditures that are required for programs and projects that were not completed in 2016 and hence carried into 2017. There is no tax impact of including these amounts in the budget, but is required to ensure spending authorization remains in place.

Developer Contributed Assets

The Capital Budget also includes an estimate for the value of developer contributed assets that the City will take ownership of as a result of rezoning approvals. This includes land under new road dedications and infrastructure contributed by developers. There is no cost to the City for building the initial infrastructure; however it becomes part of the City's inventory of assets to maintain and eventually replace, and therefore it may result in an additional operating budget impact.

2017 OBI for Utility Projects

The approved Capital Budget includes Utility projects with Operating Budget Impacts (OBI) for water and sanitary sewer infrastructure. Since the approval of these Capital projects occurred subsequent to the setting of the utility rates, these additional operating costs are not factored into the 2017 utility rates. These additional costs will be incorporated into the 2018 rates, and for 2017 the OBI will be funded as needed by utility rate stabilization accounts.

2017 One-Time Expenditures*Rate Stabilization Account*

On December 12, 2016, Council approved \$7.829M in One-Time expenditures funded by rate stabilization. At the Council Meeting held on December 21, 2016, Council approved \$56,500 from the Rate Stabilization Account for the 2017-2018 Sister City Program Activity Budget. These expenditures totaling \$7.886M are added to the Financial Plan as summarized in Table 2.

Table 2 – 2017 One-Time Expenditures Summary (Rate Stabilization)

One-Time Expenditures	Amount (in \$ 000's)
2017 Capital Budget	\$2,849
2017 Operating Budget	970
Transfer to Fire Reserve	2,500
Future Year Operating Budgets (Major Events Provision)	1,510
Sister City Program Activity Budget (2017-2018)	57
2017 One-Time Expenditures	\$7,886

Funding of \$1,510k was approved to be transferred to the Major Events Provision for events to be held in 2018. Specific amounts and budgets will be approved by Council.

Council Community Initiatives Account

On December 12, 2016, Council approved \$562k funded by Council Community Initiatives. These expenditures are included in the Capital and Operating budgets as summarized in Table 3.

Table 3 – 2017 One-Time Expenditures Summary (Council Community Initiatives)

One-Time Expenditures	Amount (in \$ 000's)
2017 Capital Budget (included in 2017 Capital Budget)	\$500
2017 Operating Budget	62
2017 One-Time Expenditures	\$562

Capital Budget

On December 12, 2016, Council approved the 2017 Capital Budget of \$102.9M.

Additional Capital projects were approved to be funded as one-time expenditures from the Rate Stabilization Account. At the Closed Council meeting held on December 21, 2016, Council approved a transfer of \$7.0M from the Capital Reserve – Industrial Use Reserve subfund to the Affordable Housing Reserve – City Wide subfund. This \$7.0M is included in the Capital Plan for a total of \$8.3M in the Affordable Housing Projects – City Wide and \$1.3M in Affordable Housing – West Cambie. The revised Capital Budget of \$112.8M is presented in Table 4 and Attachments 1 and 2.

Table 4 – Total 2017 Capital Budget

2017 Capital Budget	Amount (in \$ 000's)
Capital Budget	\$102,926
One-Time Expenditures – Capital	2,849
Affordable Housing – addition from Closed Council Dec. 21, 2016	7,000
Total 2017 Capital Budget - City	\$112,775

The 2017-2021 Capital Plan does not include estimates for the next phase of Major Facilities Replacement Plan, except for the \$2.0M of Advanced Planning and Design. Council approved the following priority list of Major Facility projects on December 12, 2016:

- City Centre Community Centre North (Developer Funded)
- Steveston Community Centre and Branch Library
- Lawn Bowling Clubhouse
- Britannia Shipyards National Historic Site and Phoenix Net Loft, and
- Richmond Animal Shelter.

Operating Budget

The base Operating Budget was approved by Council on December 12, 2016. This includes the addition of Operating Budget Impacts from Capital, Additional Expenditures and additional transfer to reserves to form the new Ongoing Base Budget. The revised 2017 Municipal Tax Dollar Breakdown is presented in Attachment 3.

Table 5 presents a reconciliation of the Property Tax amount disclosed in the same level of service budget to the amount in the Financial Plan.

Table 5 – Total 2017 Property Tax

2017 Property Tax	Amount (in \$ 000's)	
Same Level of Service		\$203,002
OBI and Additional Levels :		
Previously approved Capital OBI	654	
Developer Contributed OBI	110	
2017 Capital OBI (Year 1 of 2)	275	
City Centre Community Centre North (Year 1 of 4)	355	
Additional 1% Transfer to Reserves	1,980	
Additional Levels – City wide	162	
Additional Levels – 11 RCMP Officers and 3 Municipal Employees to support the RCMP Detachment	1,224	
Rate Stabilization:		
Rate Stabilization of one-time costs associated with RCMP Officers and Municipal Employees	(272)	
Rate Stabilization	(1,000)	
Subtotal:		3,489
Total 2017 Property Tax		\$206,490

Public Consultation

Section 166 of the *Community Charter* requires a process of public consultation prior to adoption of the 5YFP. In order to comply with this requirement, staff are working on a number of communication initiatives, which include:

- preparing a news release on the City website scheduled for Tuesday, January 10, 2017 with a link to the 5YFP.
- engaging a public forum on Let's Talk Richmond scheduled to launch on Tuesday, January 10, 2017.
- utilizing social media to raise awareness of the public consultation period through Facebook and Twitter accounts.
- having copies of the 2017-2021 Consolidated Financial Plan and the budget reports approved by Council available for pick-up by the public.
- advertising in the Richmond News as reminder of the ongoing public consultation.

The public consultation period will end on Sunday, February 5, 2017 and staff will report the results to Council in advance of the meeting scheduled to give final reading to the 5YFP bylaw.

Financial Impact

Table 6 summarizes the Council approved 2017 tax increase of 2.95% and the proposed estimates for 2018 through 2021.

Table 6 – 5YFP 2017-2021 Summary

Year	Tax Increase	Transfer to Reserves	Total Increase
2017 Approved Increase	1.95%	1.00%	2.95%
2018 Proposed Increase	1.98%	1.00%	2.98%
2019 Proposed Increase	1.99%	1.00%	2.99%
2020 Proposed Increase	1.99%	1.00%	2.99%
2021 Proposed Increase	1.98%	1.00%	2.98%

Conclusion

The 5YFP 2017-2021 has been prepared utilizing the 2017-2021 budgets approved by Council to form the base of the financial plan. Staff recommend that the bylaw be given first through third readings and undertake the public consultation process.



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

JC:ms

- Att. 1: 5 Year Capital Plan by Program (2017-2021)
 2: 5 Year Capital Plan by Funding Sources (2017-2021)
 3: 2017 Municipal Tax Dollar
 4: Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

CITY OF RICHMOND
5 YEAR CAPITAL PLAN BY PROGRAM (2017-2021)
(In \$000's)

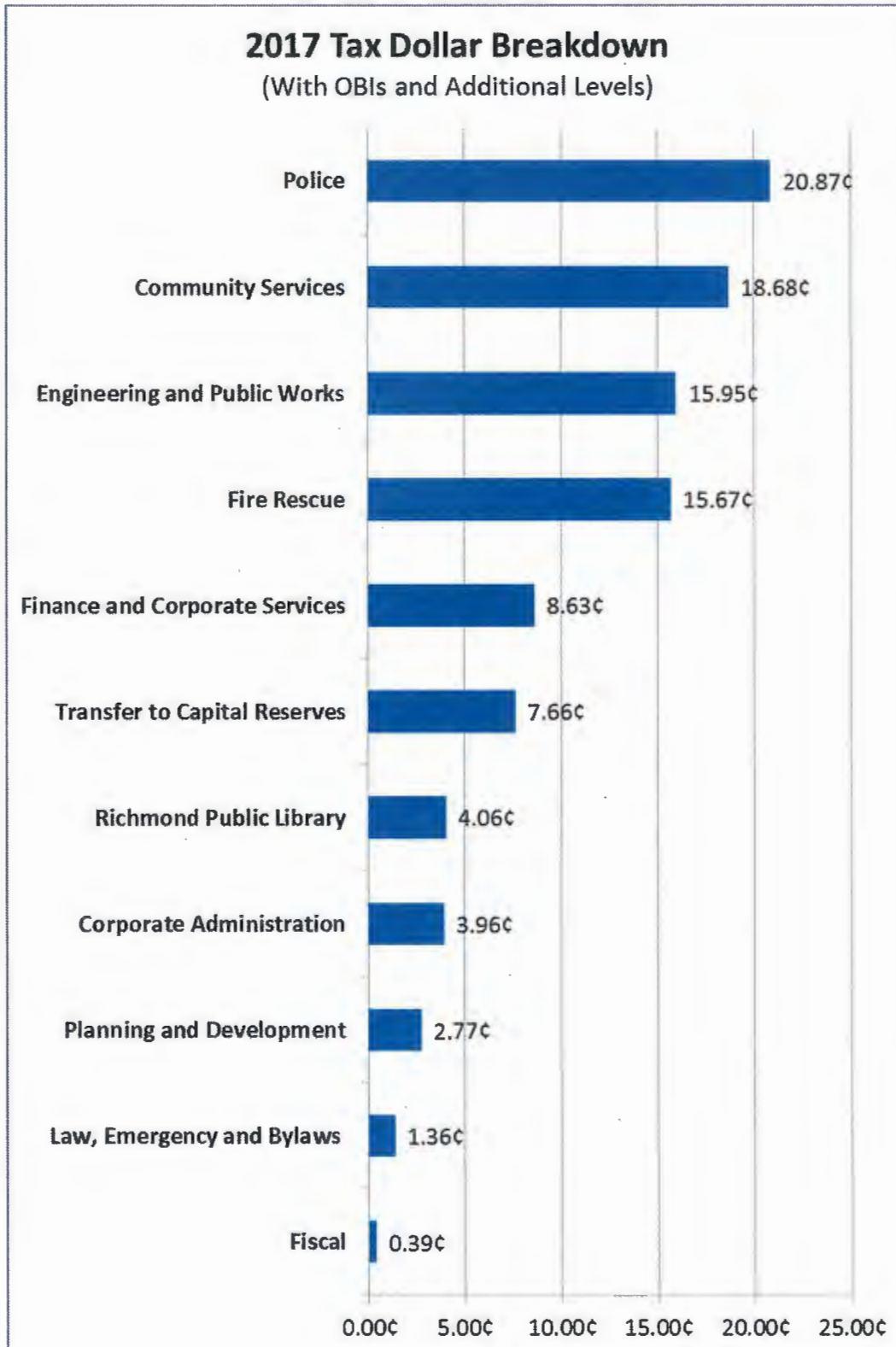
	2017	2018	2019	2020	2021
Infrastructure Program					
Roads	11,238	14,666	13,589	7,419	7,169
Drainage	12,574	11,095	10,055	10,190	10,060
Watermain Replacement	7,285	9,557	9,651	6,920	6,587
Sanitary Sewer	6,200	4,675	7,230	5,110	4,350
Minor Public Works	3,762	3,612	4,904	3,581	3,581
Total Infrastructure Program	41,059	43,605	45,429	33,220	31,747
Building Program	8,730	11,777	8,875	0	7,099
Parks Program					
Parks	5,143	10,225	12,650	2,750	2,900
Parkland Acquisition	4,000	4,000	4,000	4,000	4,000
Total Parks Program	9,143	14,225	16,650	6,750	6,900
Public Art Program	611	600	378	100	100
Land Program					
Land Acquisition	16,000	30,000	20,000	10,000	10,000
Total Land Program	16,000	30,000	20,000	10,000	10,000
Affordable Housing Project	10,735	625	625	625	625
Equipment Program					
Annual Fleet Replacement	3,152	1,944	1,825	1,650	1,981
Equipment	1,275	550	550	550	929
Fire Dept Vehicles	1,903	1,122	1,940	1,238	0
Technology	5,158	3,606	529	562	520
Total Equipment Program	11,488	7,222	4,844	4,000	3,430
Child Care Program	120	50	50	50	50
Internal Transfers/Debt Payment	4,889	8,089	5,889	4,062	4,061
Contingent External Contributions	10,000	10,000	10,000	10,000	10,000
Total Capital Program	112,775	126,193	112,740	68,807	74,012

*The 2017-2021 Capital Plan does not include estimates for Major Facilities Phase 2, these estimates will be available later in 2017 once preliminary design work is complete.

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN
CAPITAL FUNDING SOURCES (2017-2021)
(In \$000's)**

	2017	2018	2019	2020	2021
DCC Reserves					
Drainage DCC	-	1,344	-	97	97
Parks DCC	10,097	10,362	10,801	7,757	8,091
Roads DCC	7,008	9,744	8,747	3,005	2,770
Sanitary DCC	1,425	12	1,337	23	-
Water DCC	403	1,484	282	802	-
Total DCC	\$18,933	\$22,946	\$21,167	\$11,684	\$10,958
Statutory Reserves					
Affordable Housing	3,735	625	625	625	625
Arts Culture Heritage	893	-	-	-	-
Capital Building and Infrastructure	2,000	-	2,311	-	-
Capital Reserve	28,438	50,400	38,985	13,517	20,416
Child Care	120	50	50	50	50
Drainage Improvement	12,321	11,050	11,354	11,393	11,263
Equipment Replacement	4,350	2,596	3,486	2,662	2,110
Neighbourhood Improvement	8	-	-	-	-
Public Art Program	611	100	100	100	100
Sanitary Sewer	6,540	5,383	6,614	5,807	5,070
Waterfront Improvement	-	1,000	-	-	-
Watermain Replacement	6,992	7,483	10,099	6,848	7,317
Total Statutory Reserves	\$66,008	\$78,687	\$73,624	\$41,002	\$46,951
Other Sources					
Enterprise Fund	545	550	550	550	550
Grant and Developer Contribution	13,419	10,525	10,490	10,463	10,463
Other Sources	11,345	11,395	6,329	4,582	4,540
Sewer Levy	205	-	-	50	-
Solid Waste and Recycling	300	300	300	300	300
Water Levy	2,020	1,790	280	176	250
Total Other Sources	\$27,834	\$24,560	\$17,949	\$16,121	\$16,103
Total Capital Program	\$112,775	\$126,193	\$112,740	\$68,807	\$74,012

2017 MUNICIPAL TAX DOLLAR





Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663

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 Consolidated 5 Year Financial Plan (2017-2021).
2. 5 Year Consolidated Financial Plan (2016-2020) Bylaw 9521 and all associated amendments are repealed.
3. This Bylaw is cited as "**Consolidated 5 Year Financial Plan (2017-2021) Bylaw No. 9663**".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
<i>IC</i>
APPROVED for legality by Solicitor
<i>DL</i>

SCHEDULE A:

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)
REVENUE AND EXPENSES
(In \$000's)**

	2017 Budget *	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Revenue:					
Property Taxes	206,490	215,335	223,934	232,430	241,226
User Fees	100,718	104,627	108,251	111,910	115,792
Sales of Services	36,491	36,914	37,437	37,915	38,402
Gaming Revenue	18,088	18,088	18,088	18,088	18,088
Investment Income	14,694	14,694	14,694	14,694	14,694
Payments In Lieu Of Taxes	13,860	14,276	14,704	15,146	15,600
Other Revenue	9,985	10,254	10,545	10,847	11,159
Licenses And Permits	9,578	9,773	10,012	10,216	10,426
Grant Revenue	7,592	7,704	7,824	7,911	8,000
Developer Contributed Assets	31,219	30,610	30,610	30,610	30,610
Development Cost Charges	18,933	22,946	21,167	11,683	10,958
Other Capital Funding Sources	14,819	10,525	10,490	10,463	10,463
	482,467	495,746	507,756	511,913	525,418
Expenses:					
Law and Community Safety	96,637	98,918	101,402	103,719	106,046
Engineering and Public Works	68,170	63,645	64,612	65,508	66,455
Community Services	63,361	58,777	61,063	63,224	64,685
Finance and Corporate Services	25,586	23,666	24,241	24,739	25,221
Fiscal	21,536	17,891	17,838	17,766	17,689
Debt Interest	1,677	1,677	1,677	1,677	1,677
Corporate Administration	9,762	9,702	9,916	10,100	10,288
Planning and Development Services	14,275	13,891	14,249	14,592	14,966
Utility Budget					
Water Utility	41,258	42,458	43,977	45,543	47,179
Sanitary Sewer Utility	30,774	32,117	33,879	35,675	37,611
Sanitation and Recycling	15,066	15,223	15,597	15,917	16,252
Richmond Public Library	9,983	10,177	10,413	10,611	10,812
Richmond Olympic Oval Corporation	15,652	15,949	16,253	16,562	16,877
Lulu Island Energy Company	4,473	3,576	3,637	3,691	3,746
	418,210	407,667	418,754	429,324	439,504
Annual Surplus	64,257	88,079	89,002	82,589	85,914

SCHEDULE A (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)
TRANSFERS
(In \$000's)**

	2017 Budget *	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Transfers:					
Debt Principal	4,578	4,761	4,951	5,149	5,355
Transfer To Reserves	66,824	68,906	71,059	73,298	75,622
Transfer To (From) Surplus	(30,065)	(9,469)	(2,498)	(158)	1,382
Capital Expenditures - Current Year	112,775	126,193	112,740	68,807	74,012
Capital Expenditures - Prior Years	258,261	207,063	178,693	170,137	135,109
Capital Expenditures - Developer Contributed Assets	30,610	30,610	30,610	30,610	30,610
Capital Expenditures - Richmond Public Library	1,274	1,274	1,274	1,274	1,274
Capital Expenditures - Lulu Island Energy Company	609	-	-	-	-
Capital Expenditures - Richmond Olympic Oval Corporation	2,670	-	-	-	-
Capital Funding	(383,279)	(341,259)	(307,827)	(266,528)	(237,450)
Transfers/Amortization offset:	64,257	88,079	89,002	82,589	85,914
Balanced Budget	\$-	\$-	\$-	\$-	\$-
Tax Increase	2.95%	2.98%	2.99%	2.99%	2.98%

* 2017 Budget includes approved one-time expenditures and carryforwards funded by rate stabilization accounts. The projections for 2018 through 2021 are base budgets to deliver the same level of service and do not include estimates of carryforwards or one-time expenditures that may be approved in future years.

SCHEDULE B:

CITY OF RICHMOND
5 YEAR FINANCIAL PLAN
CAPITAL FUNDING SOURCES (2017-2021)
(In \$000's)

	2017	2018	2019	2020	2021
DCC Reserves					
Drainage DCC	-	1,344	-	97	97
Parks DCC	10,097	10,362	10,801	7,757	8,091
Roads DCC	7,008	9,744	8,747	3,005	2,770
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Water DCC	403	1,484	282	802	-
Total DCC	\$18,933	\$22,946	\$21,167	\$11,684	\$10,958
Statutory Reserves					
Affordable Housing	3,735	625	625	625	625
Arts Culture Heritage	893	-	-	-	-
Capital Building and Infrastructure	2,000	-	2,311	-	-
Capital Reserve	28,438	50,400	38,985	13,517	20,416
Child Care	120	50	50	50	50
Drainage Improvement	12,321	11,050	11,354	11,393	11,263
Equipment Replacement	4,350	2,596	3,486	2,662	2,110
Neighbourhood Improvement	8	-	-	-	-
Public Art Program	611	100	100	100	100
Sanitary Sewer	6,540	5,383	6,614	5,807	5,070
Waterfront Improvement	-	1,000	-	-	-
Watermain Replacement	6,992	7,483	10,099	6,848	7,317
Total Statutory Reserves	\$66,008	\$78,687	\$73,624	\$41,002	\$46,951
Other Sources					
Enterprise Fund	545	550	550	550	550
Grant and Developer Contribution	13,419	10,525	10,490	10,463	10,463
Other Sources	11,345	11,395	6,329	4,582	4,540
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Water Levy	2,020	1,790	280	176	250
Total Other Sources	\$27,834	\$24,560	\$17,949	\$16,121	\$16,103
Total Capital Program	\$112,775	\$126,193	\$112,740	\$68,807	\$74,012

SCHEDULE C:

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)
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 2017.

Table 1:

Funding Source	% of Total Revenue
Property Taxes	49.5%
User Fees	24.1%
Sales of Services	8.7%
Gaming Revenue	4.3%
Investment Income	3.5%
Payments in Lieu of Taxes	3.3%
Licenses and Permits	2.3%
Grants	1.8%
Other	2.5%
Total Operating and Utility Funding Sources	100.0%

SCHEDULE C (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2017-2021)
STATEMENT OF POLICIES AND OBJECTIVES**

Distribution of Property Taxes

Table 2 provides the 2016 distribution of property tax revenue among the property classes. 2017 estimated roll figures will be received in January 2017.

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 2016 Revised Roll figures)

Property Class	% of Tax Burden
Residential (1)	54.9%
Business (6)	35.6%
Light Industry (5)	7.8%
Others (2,4,8 & 9)	1.7%
Total	100.0%

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*.