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**Finance Committee**

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

**Tuesday, January 7, 2020**

**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 Monday, December 2, 2019.*



**FINANCE AND CORPORATE SERVICES DIVISION**

1. **FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2019**  
(File Ref. No. 03-0970-09-01) (REDMS No. 6350741 v. 5)

**FIN-19**

**See Page FIN-19 for full report**

*Designated Speaker: Cindy Gilfillan*

**STAFF RECOMMENDATION**

*That the staff report titled, “Financial Information – 3rd Quarter September 30, 2019,” dated December 5, 2019 from the Director, Finance be received for information.*



## Finance Committee Agenda – Tuesday, January 7, 2020

Pg. #      ITEM

2.      **ACTIVE CAPITAL PROJECTS INFORMATION - 3RD QUARTER  
SEPTEMBER 30, 2019**

(File Ref. No. 03-1200-05) (REDMS No. 6323698 v. 7)

**FIN-46**

**See Page FIN-46 for full report**

*Designated Speaker: Melissa Shiau*

**STAFF RECOMMENDATION**

*That the staff report titled, “Active Capital Projects Information - 3rd Quarter September 30, 2019,” dated December 5, 2019 from the Director, Finance be received for information.*



### LULU ISLAND ENGERGY COMPANY

3.      **LULU ISLAND ENERGY COMPANY – 3RD QUARTER FINANCIAL  
INFORMATION**

(File Ref. No. 10-6600-10-01) (REDMS No. 6338208)

**FIN-67**

**See Page FIN-67 for full report**

*Designated Speaker: Jerry Chong*

**STAFF RECOMMENDATION**

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 3rd Quarter Financial Information,” dated November 5, 2019 from the Chief Financial Officer, Lulu Island Energy Company be received for information.*



### RICHMOND OLYMPIC OVAL CORPORATION

4.      **RICHMOND OLYMPIC OVAL CORPORATION – 3RD QUARTER  
2019 FINANCIAL INFORMATION**

(File Ref. No.) (REDMS No. 6363528)

**FIN-76**

**See Page FIN-76 for full report**

*Designated Speaker: Rick Dusanj*

## Finance Committee Agenda – Tuesday, January 7, 2020

Pg. #      ITEM

### STAFF RECOMMENDATION

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2019 from the Controller of the Richmond Olympic Oval Corporation be received for information.*

☐

5.    **RICHMOND OLYMPIC OVAL CORPORATION – 2020 ANNUAL OPERATING AND CAPITAL BUDGETS**

(File Ref. No.) (REDMS No. 6363525)

FIN-82

See Page FIN-82 for full report

*Designated Speaker: Rick Dusanj*

### STAFF RECOMMENDATION

*That the report titled “Richmond Olympic Oval Corporation – 2020 Annual Operating and Capital Budgets” from the Controller of the Richmond Olympic Oval Corporation be received for information.*

☐

### ADJOURNMENT

☐



## Finance Committee

Date: Monday, December 2, 2019

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au (entered at 5:39 p.m.)  
Councillor Carol Day  
Councillor Kelly Greene  
Councillor Alexa Loo  
Councillor Bill McNulty  
Councillor Linda McPhail  
Councillor Harold Steves  
Councillor Michael Wolfe

Call to Order: The Chair called the meeting to order at 5:38 p.m.

## MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on November 4, 2019, be adopted as circulated.*

**CARRIED**

## RICHMOND PUBLIC LIBRARY

### 1. **2020 OPERATING AND CAPITAL BUDGETS FOR RICHMOND PUBLIC LIBRARY**

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

Susan Walters, Chief Librarian, Richmond Public Library, spoke on the Richmond Public Library's proposed 2020 Operating and Capital Budget, noting that two additional library staff positions and an automated materials handling system to expand services and programs are proposed.

*Cllr. Au entered the meeting (5:39 p.m.).*

**Finance Committee**  
**Monday, December 2, 2019**

---

Discussion ensued with regard to pursuing Provincial and grant funding opportunities, and streamlining labour costs.

In reply to queries from Committee, Ms. Walters noted that there are opportunities to place library practicum students in temporary positions; however permanent staff would be required to provide consistent service. Also, Ms. Walters commented on the Inspire Curiosity Campaign with Richmond School District No. 38, noting that the program would only utilize Library staff time and is not anticipated to incur any additional costs.

It was moved and seconded

***That the 2020 Richmond Public Library budget of \$9,862,500 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.***

**CARRIED**

## FINANCE AND CORPORATE SERVICES DIVISION

**2. 2020 CAPITAL BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 6243131 v. 2)

Staff spoke on the proposed 2020 Capital Budget highlighting that the funding for the new Capstan Station was received from developers and will be released to TransLink. Staff added funding for the Minoru Centre for Active Living pool reconstruction was included in the proposed Capital Budget in order to expedite the work; however it is anticipated that those costs will be recovered at a future date.

Discussion ensued with regard to:

- the proposed improvements to the Richmond Ice Centre;
- the proposed infrastructure upgrades for the Minoru Park Lake;
- future development of the Steveston Community Centre;
- the feasibility of replacing current fleet vehicles with electric models;
- source funding for parks and land acquisition;
- the optimization of funds dedicated to affordable housing and the process to transfer funds between different reserve accounts;
- expansion of the City's cycling network;
- the proposed accessibility improvements including power-assist doors in the Library Cultural Centre;

*Cllr. Greene left the meeting (6:09 p.m.) and returned (6:11 p.m.).*

**Finance Committee**  
**Monday, December 2, 2019**

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- contribution of developers to the Public Art Program and allocation of those funds to specific projects;
- deferring funding for the proposed Integration of Emergency Notification System to MyRichmond to a future budget cycle;
- communicating proposed improvements to Burkeville drainage utilities to Burkeville residents;
- the cost of an electric vehicle autonomous renewable charging station, including maintenance costs;
- the feasibility to develop multiple bicycle parks simultaneously;
- the proposed utilization of driving simulators to train and evaluate Richmond Fire-Rescue members;
- reviewing acquisition options for a joint Richmond Fire-Rescue and Richmond RCMP Command Vehicle;
- cost recovery options for various intersection improvements;
- the installation of new LED street lights and options to reduce light pollution;

*Cllr. Greene left the meeting (6:24 p.m.) and returned (6:27 p.m.).*

- current enhancement projects underway to improve the ecological drainage network and costs allocated towards invasive species management;
- reviewing alternative streetscape recycling containers;
- the development of pickle-ball courts in South Arm Park and options to install noise mitigation features in pickle-ball courts;

*Cllr. Steves left the meeting (6:37 p.m.).*

- cost comparisons between concrete medians and delineators in cycling lanes;
- utilizing RCMP funding to construct a Community Safety Building Inventory Room;
- options to utilize permanent City staff instead of consulting services for certain projects;

*Cllr. Steves returned to the meeting (6:37 p.m.).*

- the contributions of the Steveston Community Association towards playground improvements in Steveston Community Park; and
- proposed installation of intersection cameras and options to install signage alongside those cameras.

## Finance Committee

### Monday, December 2, 2019

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As a result of the discussion, staff were directed to provide Council with additional information on the following:

- the potential usage of the Industrial Use Fund for affordable housing;
- Strategic Real Estate Acquisition Plan in a confidential memorandum;
- the cost of an electric vehicle autonomous renewable charging station and the cost to power the station;
- feasibility of a Command Vehicle for Richmond Fire-Rescue and Richmond RCMP;
- the relative costs of the different types of medians for cycling lanes; and
- a map of the current cycling lane network and future network expansion.

It was moved and seconded

- (1) *That the 2020 Capital Budget as presented in Appendix 3 totalling \$155,651,559 be approved and staff be authorized to commence the 2020 Capital Projects; and*
- (2) *That the 2020 Capital Budget totalling \$155,651,559 and the 2021-2024 Capital Projects be included in the Consolidated 5 Year Financial Plan (2020-2024).*

The question on the motion was not called as discussion ensued with regard to expanding the City's cycling lane network. In reply to queries from Committee, staff noted that the design and installation of a cycling lane typically takes approximately two years and that design costs typically account for approximately 10% of the project's total cost. Staff added that in some cases, street parking along arterial roads may be modified or removed to accommodate for a new cycling lane.

*Cllr. Wolfe left the meeting (6:53 p.m.) and returned (6:55p.m.).*

Information on the proposed cycling and pedestrian multi-use pathway on the south side of Steveston Highway from Mortfield Gate to No. 2 Road was distributed (attached to and forming part of these minutes as Schedule 1).

A **referral motion** to refer the cycling and pedestrian multi-use pathway on the south side of Steveston Highway from Mortfield Gate to No. 2 Road back to staff to explore alternatives was introduced, but failed to receive a seconder.

Discussion then took place on expanding the City's cycling network and including the design portion costs of such an expansion to the proposed 2020 Capital Budget.

As a result of the discussion, the following **amendment motions** were introduced:

**Finance Committee**  
**Monday, December 2, 2019**

---

It was moved and seconded

*That funding for the design component of the potential extension of the cycling network at No. 2 Road (Steveston Highway to Williams Road), in the amount of \$240,000, as presented in Appendix 9 of the 2020 Capital Budget, be included in the 2020 Capital Budget.*

**CARRIED**

It was moved and seconded

*That funding for the design component of the potential extensions of the cycling network at Cook Road (No. 3 Road to Garden City Road) and at Capstan Way (River Road to Sexsmith Road), in the amount of \$270,000, as presented in Appendix 9 of the 2020 Capital Budget, be included in the 2020 Capital Budget.*

**DEFEATED**

Opposed: Mayor Brodie  
Cllrs. Day  
Greene  
Steves  
Wolfe

It was moved and seconded

*That funding for the design component of the potential extension of the cycling network at Steveston Highway (No. 2 Road to Railway Avenue), in the amount of \$163,000, as presented in Appendix 9 of the 2020 Capital Budget, be included in the 2020 Capital Budget.*

**CARRIED**

It was moved and seconded

*That funding for the design component of the potential extensions of the cycling network at Shell Road (Highway 99 to River Road), River Road (McCallan Road to No. 2 Road), and Gilbert Road (Granville Avenue to Elmbridge Way) in the amount of \$947,000, as presented in Appendix 9 of the 2020 Capital Budget, be included in the 2020 Capital Budget.*

**CARRIED**

Opposed: Mayor Brodie  
Cllrs. Day  
Greene  
McNulty



**Finance Committee**  
**Monday, December 2, 2019**

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*That funding for the design component of the potential extensions of the cycling network at No. 6 Rd (Commerce Parkway to Cambie Road), Bridgeport Road (No. 6 Road to Knight Street Bridge), Garden City Road (Francis Road to Granville Avenue), and Browngate Road (No. 3 Road to Hazelbridge Way) in the amount of \$620,000, as presented in Appendix 9 of the 2020 Capital Budget, be included in the 2020 Capital Budget.*

**DEFEATED**

Opposed: Mayor Brodie  
Cllrs. Au  
Day  
Greene  
McNulty  
McPhail  
Steves

The question on the main motion, as amended, was then called and it was **CARRIED**.

**3. 2020 PROPOSED OPERATING BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 6243776 v. 9)

*Cllr. McNulty left the meeting (7:07 p.m.) and returned (7:10 p.m.).*

Staff commented on the proposed funding ongoing expenditures for the Emerging Organization Additional Levels, as noted in Attachment 10 of the staff report, noting that Council may incorporate additional priorities itemized in the staff report.

Discussion ensued with regard to the 2020 Corporate Reset as noted in Budget Option 3, and staff advised that the proposed option would reduce the same level of service budget through a review of staffing vacancies and would result in a permanent tax decrease of 1.50%.

In reply to queries from Committee, staff noted that the 2020 Corporate Reset is not intended to delay filling staff vacancies or reduce staffing levels. Savings incurred from the 2020 Corporate Reset will stem from the process to fill vacant positions. Staff added that the proposal would reduce the proposed tax increase to 4.82% and reduce potential surpluses. It was further noted that staff are recommending that the proposed 1% Investment in Infrastructure Replacement (Transfer to Reserves) be retained to fund future replacement of City facilities.

Discussion then ensued with regard to (i) the City's hiring process, (ii) allocation of funds to reserves, and (iii) replacement of ageing City facilities.

**Finance Committee**  
**Monday, December 2, 2019**

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As a result of the discussion, staff was directed to provide a memorandum to Council outlining the status of the reserve account.

*Cllr. Day left the meeting (7:36 p.m.) and returned (7:38 p.m.).*

Discussion ensued with regard to funding sources for the HUB Annual Cycling Education Program in Richmond Elementary Schools, and staff noted that potential grant opportunities can be examined.

It was moved and seconded

***That:***

- (1) The 2020 Operating Budget as presented in Budget Option 3 be approved as outlined below:***
  - (a) A same level of service budget increase, after tax growth, of \$3,875,707 with a tax increase of 1.69% (less a corporate reset of 1.5%) and non-discretionary external senior government increases of \$300,000 with a tax increase of 0.13%, resulting in a combined increase of 0.32% be approved; and***
  - (b) Ongoing funding for expenditures previously approved by Council totaling \$984,045 for the following items: Minoru Centre for Active Living operating budget impact phase-in (Year 7 of 7), and the operating budget impact from developer contributed assets, with a tax increase of 0.43% be approved; and***
  - (c) Ongoing funding for expenditures previously approved by Council totaling \$527,500 for the operating budget phase-in impact of City Centre Community Centre North (Year 2 of 4), with a tax increase of 0.23% be approved; and***
  - (d) Ongoing funding for expenditures previously approved pursuant to Council's Safe Community Priority program (Year 2 of 3) in the amount of \$7,433,489 with a tax increase of 3.23% including:***
    - (i) Amounts which were funded by the rate stabilization account in the 2019 budget totaling \$4,325,868, with a tax increase of 1.88%; and***
    - (ii) 51 additional RCMP officers and 20 additional municipal employees to support the RCMP Detachment with a three-year phase-in plan (Year 2 of 3), totaling \$1,591,821 with a tax increase of 0.69% be approved; and***

**Finance Committee**  
**Monday, December 2, 2019**

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- (iii) 36 additional firefighters with a three-year phase-in plan (Year 2 of 3) in the amount of \$1,515,800 with a tax increase of 0.66% be approved; and*
- (e) Operating budget impact from the 2020 Capital Budget totaling \$644,794 with a three-year phase-in plan for an annual amount of \$214,931, resulting in a tax increase of 0.09% per year be approved; and*
- (f) Two new positions, specifically a Regular Full-Time Affordable Housing Planner 1 and Regular Part-Time Child Care Program Planner 1 be approved with 0.00% tax increase as summarized in Attachment 9 and position complement control numbers be assigned; and*
- (g) Ongoing expenditures for Emerging Organizational Additional Levels with an allowance of \$500,000 resulting in a tax increase of 0.22% be approved (refer to the recommended items from staff in Attachment 10); and*
- (h) Transfer to reserves for infrastructure replacement needs as per Council's Long Term Financial Management Strategy in the amount of \$2,299,025 with a tax increase of 1.00% be approved; and*
- (i) The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$1,609,318 resulting in a tax decrease of 0.70% be approved; and*
- (2) The 2020 Operating Budget, as approved in item 1 above (4.98%), be included in the Consolidated 5 Year Financial Plan (2020-2024).*

The question on the motion was not called as the following **amendment motions** were introduced:

It was moved and seconded

*That funding for the Two Librarian Positions - Specializing in Youth, in the amount of \$167,150, as presented in Attachment 11 in the 2020 Proposed Operating Budget, be added to the 2020 Proposed Operating Budget – Ongoing expenditures for Emerging Organizational Additional Levels.*

**CARRIED**

Opposed: Cllrs. Day  
Greene  
Steves

**Finance Committee**  
**Monday, December 2, 2019**

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It was moved and seconded

*That funding for Environmental Management and Mitigation, in the amount of \$178,776, as presented in Attachment 11 in the 2020 Proposed Operating Budget, be added to the 2020 Proposed Operating Budget – Ongoing expenditures for Emerging Organizational Additional Levels.*

**CARRIED**

Opposed: Mayor Brodie  
Cllrs. Greene  
Loo  
McPhail

It was moved and seconded

*That funding for the HUB Annual Cycling Education Program in Elementary Schools in Richmond, in the amount of \$75,000, as presented in Attachment 11 in the 2020 Proposed Operating Budget, be added to the 2020 Proposed Operating Budget – Ongoing expenditures for Emerging Organizational Additional Levels.*

The question on the amendment motion was not called as discussion ensued with regard to sourcing funding for the HUB Annual Cycling Education Program through the City's 2020 Council Community Initiatives One-Time Expenditures. It was also expressed that the City seek feedback from Richmond School District No. 38 on funding options for the Cycling Education Program.

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

It was moved and seconded

*That HUB Annual Cycling Education Program in Elementary Schools in Richmond, as presented in Attachment 11 in the 2020 Proposed Operating Budget, be added to the 2020 Council Community Initiatives One-Time Expenditures.*

**DEFEATED**

Opposed: Cllrs. Day  
Loo  
McNulty  
Steves  
Wolfe

**Finance Committee**  
**Monday, December 2, 2019**

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In reply to queries from Committee, staff noted that the total tax impact after addition of the amendment motions resulted in a total tax increase of 4.98%.

The question on the main amendment motion was then called and it was **CARRIED** with Cllr. Au opposed.

It was moved and seconded

*That the proposed 1% Investment in Infrastructure Replacement (Transfer to Reserves) be reduced to 0.5%.*

**DEFEATED**

Opposed: Mayor Brodie

Cllrs. Greene

Loo

McNulty

McPhail

Steves

Wolfe

The question on the main motion, as amended, was then called and it was **CARRIED** with Cllr. Au opposed.

4. **2020 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01) (REDMS No. 6243689 v. 3)

Discussion ensued with regard to the proposed 2020 Major Events funding, noting that Council approval of the funding is pending consideration of the 2020 Major Events staff report at the upcoming December 16, 2019 General Purposes Committee meeting. It was noted that the proposed funding amount of \$1,040,000 can be considered now as a placeholder in the Budget and further adjustments can be made following consideration of the 2020 Major Events staff report.

It was moved and seconded

*That the recommended one-time expenditures totaling \$930,869 as outlined in Attachment 1 of the 2020 One-Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2020-2024), together with the amount of \$1,040,000, as presented in Attachment 2 of the 2020 One-Time Expenditures staff report, on the condition that the Major Events funding will not be used until Council provides specific approval.*

**CARRIED**

**Finance Committee**  
**Monday, December 2, 2019**

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5. **2020 COUNCIL COMMUNITY INITIATIVES ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01) (REDMS No. 6243557 v. 7)

It was moved and seconded

- (1) *That the one-time expenditure request as outlined in Attachment 1 of the 2020 Council Community Initiatives One-Time Expenditures staff report, be received for information and be funded from the Council Community Initiatives Account and included in the Consolidated 5 Year Financial Plan (2020-2024); and*
- (2) *That funding for the Automated Materials Handling System and Redesigned Book Return Wall for the Brighthouse Branch of the Richmond Public Library in the amount of \$108,000, as presented in Attachment 3 of the 2020 One-Time Expenditures staff report, be added to the 2020 Council Community Initiatives One-Time Expenditures and included in the Consolidated 5 Year Financial Plan (2020-2024).*

The question on the motion was not called as discussion ensued with regard to alternative sources of funding for the proposed Automated Materials Handling System and Redesigned Book Return Wall.

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

**LULU ISLAND ENERGY COMPANY**

6. **LULU ISLAND ENERGY COMPANY – 2020 OPERATING AND CAPITAL BUDGETS**

(File Ref. No. 10-6600-10-01) (REDMS No. 6337657 v. 2)

Discussion ensued with regard to the staffing expenses and estimated staffing time.

It was moved and seconded

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company- 2020 Operating and Capital Budgets”, dated November 5, from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.*

**CARRIED**

**Finance Committee**  
**Monday, December 2, 2019**

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**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (8:08 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 2,  
2019.

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Mayor Malcolm D. Brodie  
Chair

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Evangel Biason  
Legislative Services Coordinator

Referral to staff regarding submission ID 6639 :New East West Cycling- pedestrian Multi use pathway

**Alternative to** proposed plan of using the south side of Steveston Hwy from Mortfield gate to No. 2 Road

Direct staff to consider an alternative to the proposed East West Cycling- pedestrian Multi use pathway to be located on the side of Steveston Hwy from Mortfield gate to No. 2 Road to an alternative of creating a farm road from Monteith and No. Two road to McKensie road. The farm road would be available to Pedestrians, cyclists and farmers. This alternative could also be expanded to continue to No. Three road and Beyond in the future.

Rational: The current proposed project on Steveston Hwy would cost 6 million dollars and require relocation of street lights poles, hydrants, power poles, bus stops, residential driveways, curbs and gutters and changes to the roadway. Realigning the multi use pathway to the Monteith corridor would achieve access for Cyclists, pedestrians and farmers and would cost far less. The Multiuse pathway could be achieved without relocation of city services and construction could be a simple gravel pathway or farm road that would be approved by the ALC.

The Steveston corridor would be a unappealing option due to the extreme amount of traffic and excessive noise. The Montieth pathway would allow for an enjoyable experience for cyclists and pedestrians and connect the people of Richmond to the farming community.





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FIN 147

Number Two Road

Richmond, CA  
Current weather

36°F

Light rain, mist

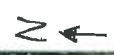
Wind 3.36 mph

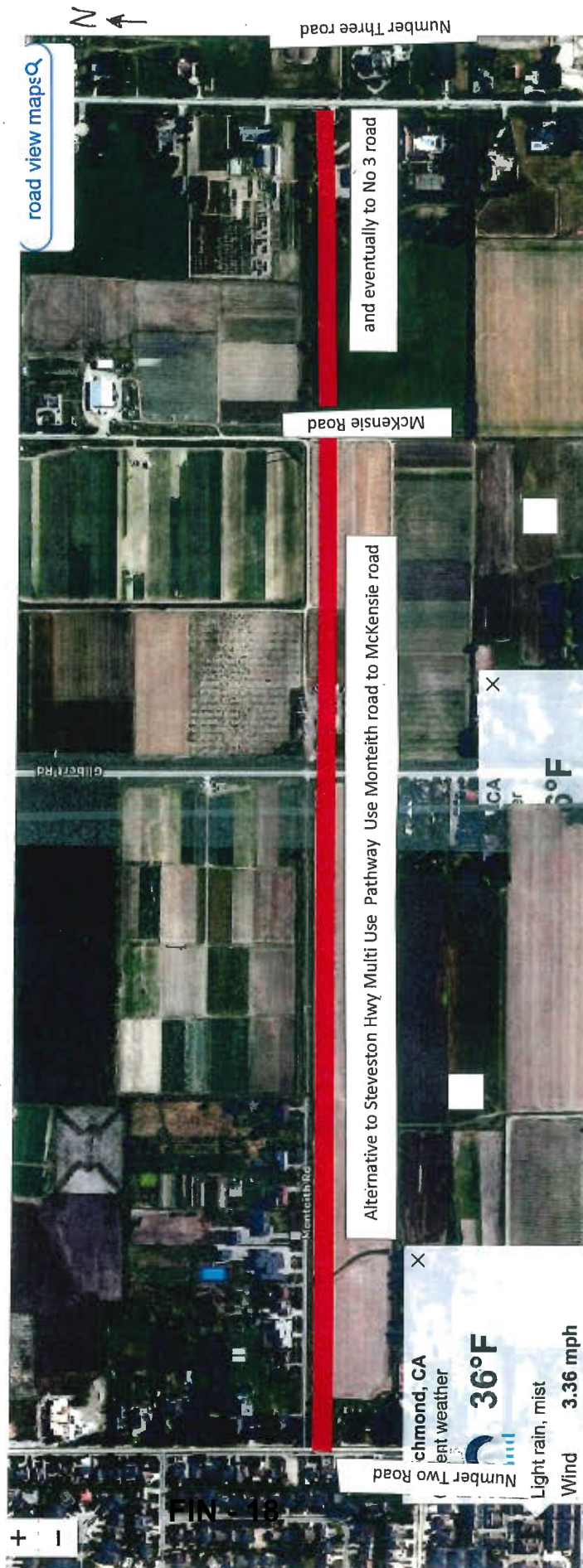
road view maps

McKensie Road

Alternative to Steveston Hwy Multi Use Pathway Use Monteith road to McKensie road and eventually to No 3 road

Number Three road







# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** December 5, 2019

**From:** Jerry Chong  
Director, Finance

**File:** 03-0970-09-01/2019-  
Vol 01

**Re:** Financial Information – 3<sup>rd</sup> Quarter September 30, 2019

### Staff Recommendation

That the staff report titled, “Financial Information – 3<sup>rd</sup> Quarter September 30, 2019”, dated December 5, 2019 from the Director, Finance be received for information.

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

Att: 5

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
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"/>	
Facility Services	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
Recreation Services	<input type="checkbox"/>	
Transportation	<input type="checkbox"/>	
Library Services	<input checked="" type="checkbox"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b>  CJ	<b>APPROVED BY CAO</b> 

## Origin

Pre-audited financial information for the 3<sup>rd</sup> quarter ended September 30, 2019 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City's financial results throughout the year and before the annual audited financial statements are presented.

This report supports Council's Strategic Plan 2018-2022 Strategic Focus Area #5 Sound Financial Management and #8 An Engaged and Informed Community:

*5.1 Maintain a strong and robust financial position.*

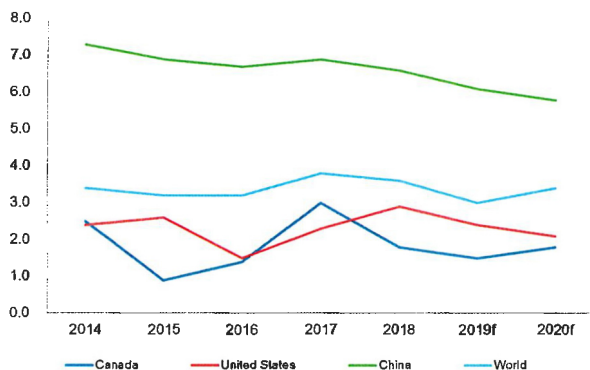
*5.2 Clear accountability through transparent budgeting practices and effective public communication.*

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

## Analysis

### Macroeconomic Indicators & Forecast

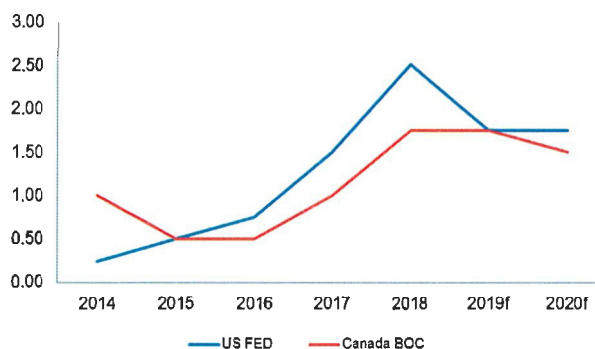
#### 1) Global Growth – Real Gross Domestic Product (GDP) % Change<sup>1</sup>



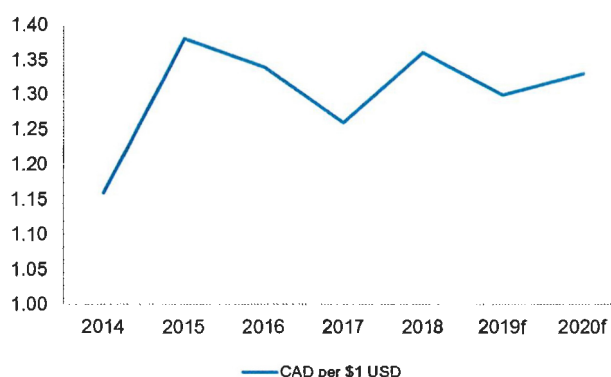
- The International Monetary Fund (IMF) projects the global GDP growth for 2019 to be 3.0%, its slowest pace since the global financial crisis in 2008 and down from 3.8% in 2017.
- In Canada, the GDP growth forecast is 1.5% for 2019 and 1.8% for 2020. The U.S. economy is forecast to grow by 2.4% in 2019 and 2.1% in 2020.
- GDP growth for China is forecast at 6.1% and 5.8% in 2019 and 2020, respectively.

<sup>1</sup> International Monetary Fund, World Economic Outlook (October 2019)



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

- After experiencing three upward adjustments totaling 0.75 percentage points in 2018, the Bank of Canada's (BoC) overnight rate remained at 1.75% in Q3 2019. It is forecast to decline to 1.5% by the end of 2020.
- The U.S. Federal Reserve (US FED) lowered its interest rates to 2.00% in Q3 2019. On Oct 30, 2019, the US FED announced an interest rate cut of 0.25% to 1.75%. It is forecast to remain at 1.75% by the end of the year and through to 2020.

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

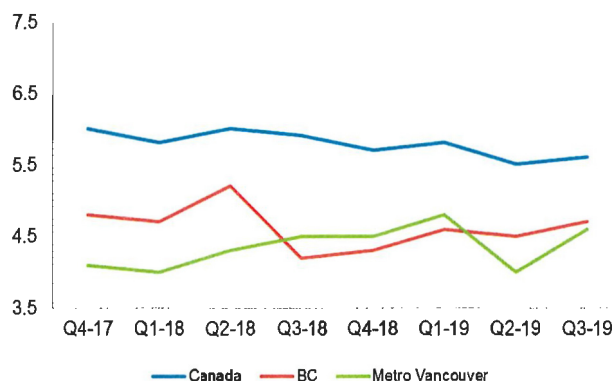
- The Canadian dollar ended Q3 2019 at \$1.32 CAD per \$1 USD.
- The forecast USD/CAD exchange rates for 2019 and 2020 are \$1.30 CAD per \$1 USD and \$1.33 CAD per \$1 USD, respectively.

<sup>2</sup> US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (September 2019)

<sup>3</sup> Royal Bank Economic Research Forecast (September 2019)

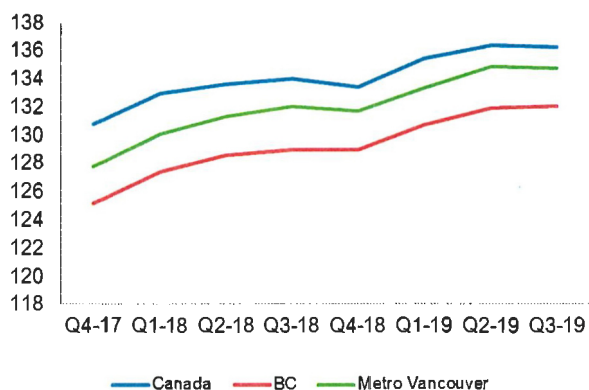
## Regional & Local Economic Activity Indicators

### 4) Unemployment<sup>4</sup>



- Canada and British Columbia (BC) continue to experience very tight labour markets with near full employment. Despite modest increases in unemployment rates compared to the last quarter, unemployment rates remain low at 5.6%, and 4.7% for Canada and BC, respectively.
- Metro Vancouver experienced a 15% increase in unemployment rate since the Q2, ending Q3 2019 at 4.6%.
- British Columbia continues to have the lowest unemployment rate of all Canadian provinces, despite a 12% increase compared to the same quarter last year.

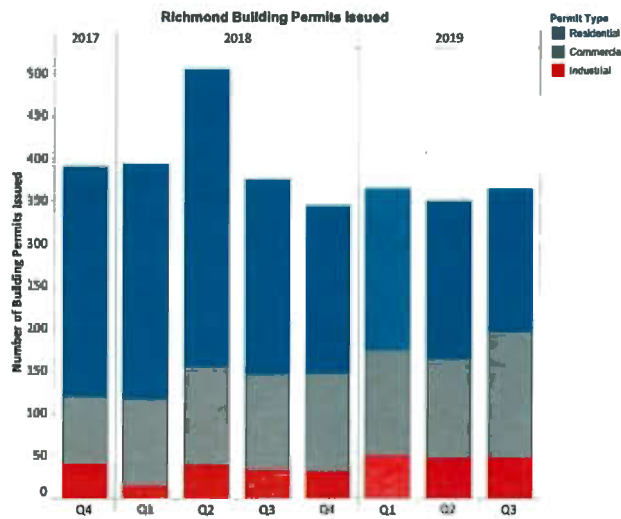
### 5) Consumer Price Index (CPI – 2002=100)<sup>5</sup>



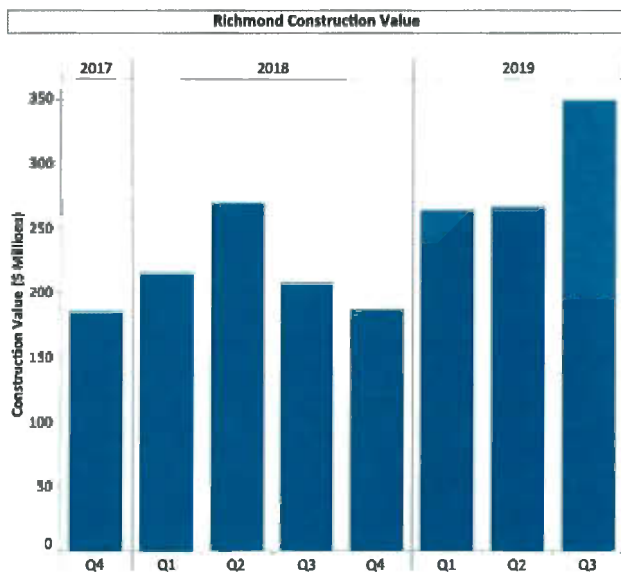
- At the end of Q3 2019, the CPI climbed by 1.9% in Canada, 2.4% in British Columbia and 2.3% in Metro Vancouver, compared to the same period last year.
- The increase in CPI compared to last year is attributed to higher mortgage and transportation costs, slightly offset by lower gasoline prices.
- The BoC continues to monitor inflation closely. Changes to its policy interest rate are intended to maintain the CPI rate of increase at the midpoint between 1 and 3 percent.

<sup>4</sup> Statistics Canada

<sup>5</sup> Statistics Canada

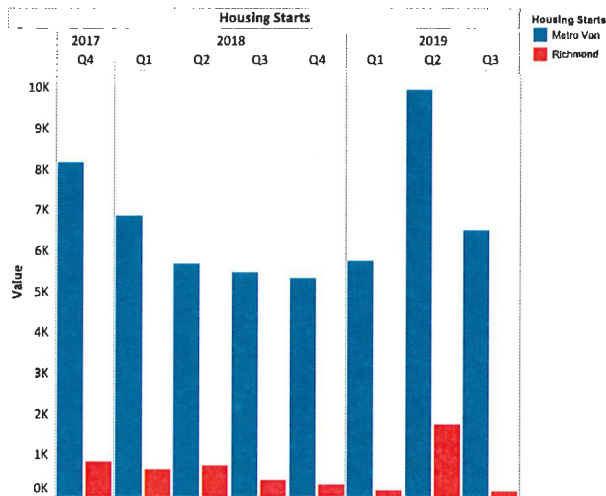
6) Building Permits – Richmond<sup>6</sup>

- In Q3 2019, there were 170 residential, 147 commercial, and 48 industrial building permits issued in Richmond.
- Of the 170 residential building permits issued, 42 permits were for new construction and 128 were for alterations.
- While the total number of residential building permits issued throughout the first nine months of 2019 decreased by 36% compared to the same period in 2018, the total number of units increased by 71% which indicates a larger proportion of multi-family developments.
- During the first nine months of 2019, building permits were issued to construct 2,255 residential units compared to 1,320 units in the same period of 2018.
- Year-to-date commercial building permits increased by 18% and industrial permits increased by 66% over the same period last year.



- The total value of construction activity in Richmond for the first nine months of 2019 totaled \$878 million.
- This is expected to surpass the annual construction values of \$709 million realized in 2017 and \$880 million in 2018.
- During the first nine months of 2019, the value of construction activity in Richmond increased by 27% over the same period last year. Though fewer permits were issued, the average value of the permits was higher relative to prior years. This is mainly attributed to the development of multi-family units in the City Center Area. Increased labour and construction costs also contributed to the higher construction value in 2019.

<sup>6</sup> City of Richmond Building Permits

7) Housing Starts<sup>7</sup>

- In Q3 2019, there were 110 housing starts in Richmond and 6,506 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on their verification that construction work has commenced<sup>8</sup>.
- New home construction in Richmond has steadily declined since 2016 with a spike experienced in Q2 2019 from projects pre-sold in previous years. This added to the year to date housing starts, resulting in a 12% increase compared to the same period last year.
- The number of housing starts increased by 23% in Metro Vancouver during the first nine months of 2019 over the same period last year.
- The change from Q2 2019 in CHMC's housing start data for Richmond in Q3 2019 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

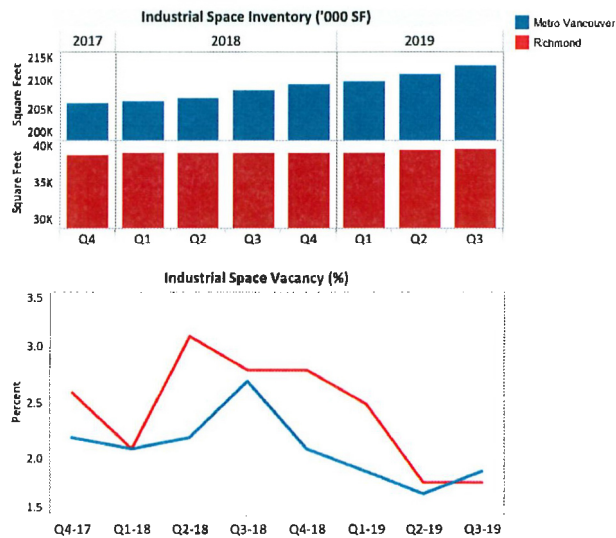
<sup>7</sup> Canada Mortgage and Housing Corporation

<sup>8</sup> Housing Start is defined as the beginning of construction work on a building, generally when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure.



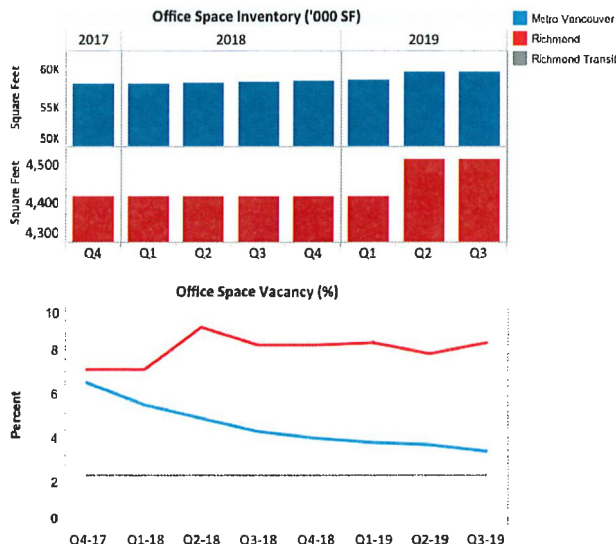
8) Commercial Space<sup>9</sup>

## a) Industrial Space



- Despite a net addition of 381,000 square feet of industrial space in Richmond over the same period last year, high demand and absorption has kept the industrial vacancy rate low. It ended Q3 2019 at 1.8%, down from 2.8% in Q3 2018.
- The industrial vacancy rate in Richmond and Metro Vancouver declined year over year by 36% and 30%, respectively.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- At 39 million square feet, Richmond has the largest inventory of industrial space in the region followed by Surrey (37 million), Burnaby (31 million), Delta (26 million), and Vancouver (24 million).

## b) Office Space

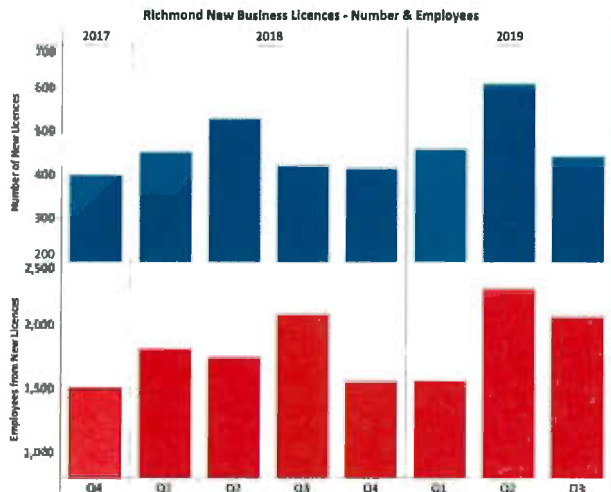


- The office vacancy rate for Richmond increased by 6.4% in Q3 2019 over the previous quarter as nearly 100,000 square feet was added since the beginning of the year and is in the process of being absorbed.
- At the end of Q3 2019 the office vacancy rate was 8.3% in Richmond compared to 3.5% throughout Metro Vancouver.
- Demand for high quality office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.

<sup>9</sup> Cushman & Wakefield Office and Industrial Market Beat Reports

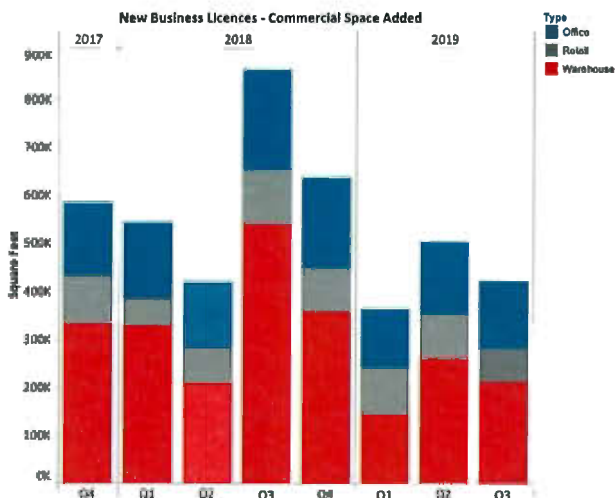
## 9) Business Growth – Richmond

## a) New Business Licences



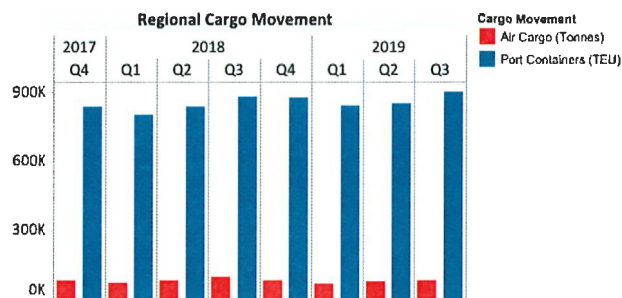
- There were 1,513 new business licences issued in Richmond during the first nine months of 2019, an increase of 7.8% over the same period in 2018.
- The addition of 5,906 jobs was attributed to these new businesses.
- As of Q3 2019, there were 14,802 active business licences, an increase of 3.6% compared to Q3 2018.

## b) New Business Licences – Commercial Space

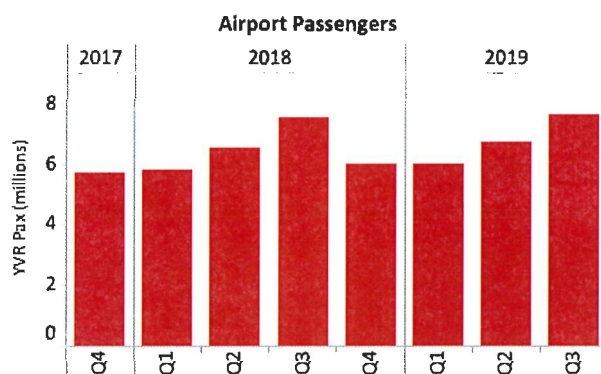


- 1.3 million square feet of commercial space absorption was tied to the new business licences issued throughout the first three quarters of 2019.
- As industrial users typically require more space, almost half of total commercial space absorption was warehouse-type industrial space.
- 32% of commercial absorption in the first nine months of 2019 was related to office-based businesses, while 20% of commercial space absorption throughout this period was from retail businesses.

## 10) Goods and People Movement

a) Regional Cargo Movement<sup>10</sup>

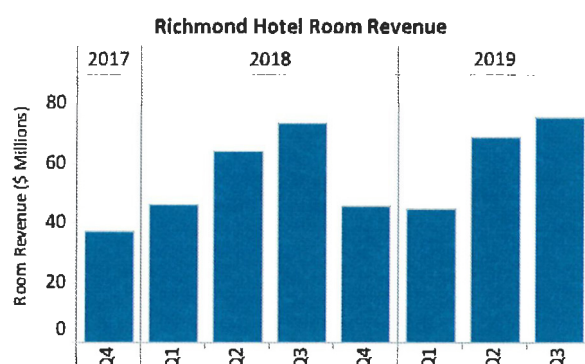
- While there was an increase in container movements at the Port of Vancouver in the first three quarters of 2019, the Vancouver International Airport (YVR) experienced a decline in the volume of air cargo.
- For the first nine months of 2019, there were 2.6 million Twenty Foot Equivalent Units (TEUs) of container movements at the Port of Vancouver, an increase of 3.0% over the same period in 2018.
- At YVR, 228,000 tonnes of air cargo was handled throughout the first nine months of 2019, a decrease of 11% over the same period last year.

b) Airport Passengers<sup>11</sup>

- YVR continued to experience passenger growth as 7.6 million passengers travelled through the airport in Q3 2019, an increase of 1.3% over Q3 2018. The year-to-date passenger traffic also increased by 2.5%.

<sup>10</sup> Port of Vancouver Monthly Cargo Statistics

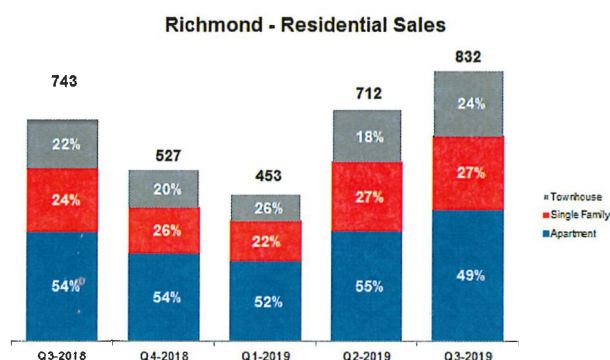
<sup>11</sup> YVR Monthly Statistics

c) Richmond Hotel Room Revenue<sup>12</sup>

- \$188.8 million was collected in hotel room revenue throughout the first nine months of 2019 in Richmond, an increase of 2.8% over the same period last year.

Residential Real Estate<sup>13</sup>

For the first six months of the year, residential sales have been lower in 2019 when compared to 2018. The third quarter of 2019 is the first quarter where residential sales have exceeded 2018 sales for the same quarter. Lower mortgage rates, reduced home prices and rising demand have created an upward sales momentum in the housing market during the third quarter of 2019.

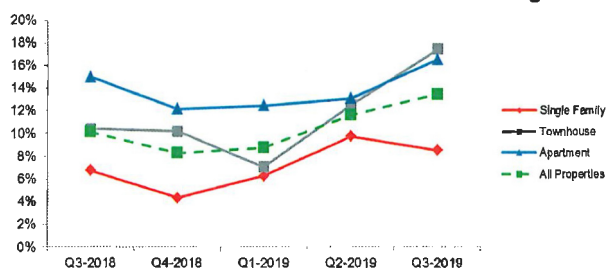


- Single family detached (SFD) home sales increased by 16% compared to Q3 2018. Home sales in the first nine months of 2019 showed a decline of 11% over the same period last year.
- Apartment and townhouse sales in Q3 2019 increased by 2.3% and 33%, respectively, compared to the same period in 2018. The year-to-date apartment and townhouse home sales declined by 27% and 22%, respectively, over the same period last year.
- Apartment sales represented almost half of the residential home sales in Richmond. SFD and townhouse sales account for 27% and 24%, respectively, of home sales in Richmond.
- There were 1,997 residential home sales in Richmond by the end of Q3 2019, a 22% decrease compared to the same period last year.

<sup>12</sup> City of Richmond Additional Hotel Room Tax Ledger; Destination BC

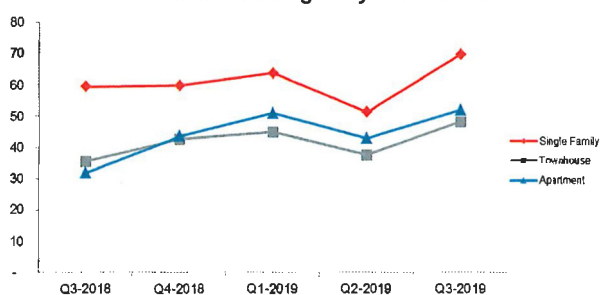
<sup>13</sup> Real Estate Board of Greater Vancouver

Richmond - Residential Sales-to-Active Listings



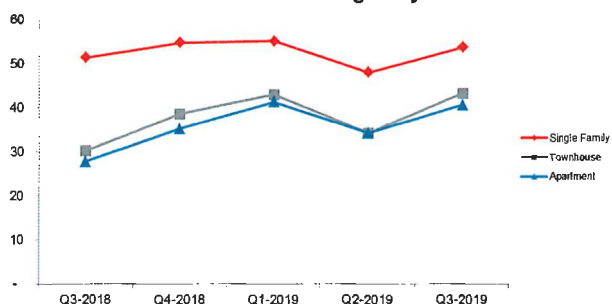
- Richmond residential properties had a sales-to-active listing ratios of 14% as at September 30, 2019. This represents a buyer's market, particularly for SFD.

Richmond - Average Days on Market



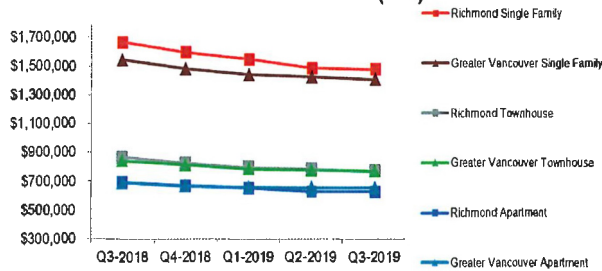
- At Q3 2019, SFD properties in Richmond had an average of 70 days on the market, a 19% increase compared to Q3 2018.
- Townhouses and apartments had an average of 48 and 52 days on the market, respectively, representing a 33% and 63% increase compared to the same period last year.

Greater Vancouver - Average Days on Market



- At Q3 2019, SFD properties in GVRD had an average of 54 days on the market, which increased by 5.9% compared to Q3 2018.
- Townhouses and apartments had an average of 43 and 41 days on the market, respectively, which represents an increase of 43% and 46% over the same period in 2018.

**Richmond vs. Greater Vancouver Residential Home Price Index (HPI)**

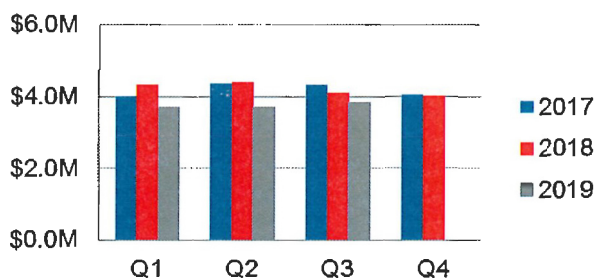


- The Home Price Index (HPI)<sup>14</sup> for SFD properties in Richmond at Q3 2019 was \$1,476,800, a decrease of 11% compared to Q3 2018. The GVRD housing market has also slowed down with SFD properties priced at \$1,406,200, an 8.8% decrease compared to the same quarter last year.
- At Q3 2019, the HPI for townhouse properties in Richmond was \$767,300, a decrease of 11% compared to Q3 2018. The HPI for townhome properties in GVRD was \$767,500, which represented an 8.4% decrease compared to the same quarter last year.
- The HPI for apartments was \$627,100, a decrease of 9.3% compared to Q3 2018. GVRD's apartment prices decreased to \$651,500, which was a 5.1% decrease from Q3 2018.

## 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. Net gaming revenue is calculated as net win from casino games less (i) fees payable by BC Lottery Corporation (BCLC) to the service provider and (ii) BCLC's administrative and operating costs. Distributions are subject to volatility due to fluctuations in net winnings from casino games, operating costs and accounting adjustments.

**Gaming Revenue by Quarter**



- Gaming revenue for Q3 2019 decreased by 6.4% to \$3.84M compared to \$4.10M in Q3 2018.
- Q3 2019 increased by 3.6% compared to the previous quarter.
- At the end of Q3 2019, the City received \$11.2M or 68% of the 2019 annual budgeted of \$16.5M for gaming revenue.

<sup>14</sup> Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.



River Rock continues to refer to the Table Drop<sup>15</sup> revenue as the main driver behind changes in overall gaming revenue levels. The impact of BCLC source of funds procedures<sup>16</sup> was seen beginning from Q2 2018 with slight recovery in this quarter.

Year over year comparison of gaming revenue received for the first nine months of the year shows a 12% decrease compared to the same nine months in 2018.

At the February 11, 2019 Council meeting, the 2019 Budget was approved which included the gaming revenue allocation for 2019. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be adjusted from the Capital Building and Infrastructure Reserve. The distribution is consistent with the 2018 gaming revenue allocation.

Table 1: *Distribution of the 2019 gaming revenue allocation*

	Distribution	2019 Budget
Capital Reserves	30%	\$5.0M
Grants	15%	2.5M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	5.0M
Operating (RCMP)	Four Officers	0.7M
Capital Building and Infrastructure Reserve	Remainder	3.0M
<b>Total</b>		<b>\$16.5M</b>

<sup>15</sup> Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

<sup>16</sup> Source of funds procedures requires all BC casinos to obtain a bank receipt for any buy-ins of \$10,000 or more over a 24-hour period. The original receipt must be from the same day of the transaction and it must display the financial institution, branch and account number.

### Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2019. 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, 2019 to September 30, 2019 (in \$000's)*

Net Operational activity <sup>1</sup>	For the period January 1 – September 30, 2019			Projected 2019 results		
Division/Department <sup>2</sup>	Q3 YTD Net Budget	Q3 YTD Actuals	Q3 YTD Variance (\$)	Q4 Projected Net Results <sup>3</sup>	2019 Appropriations	2019 Projected Surplus
Community Safety <sup>4</sup>	(\$1,298)	(\$2,219)	\$921	\$1,027	(\$40)	\$987
Community Services	33,499	33,177	322	497	(175)	322
Corporate Administration	8,110	7,058	1,052	1,504	(1,235)	269
Engineering and Public Works	31,492	29,065	2,427	3,766	(3,627)	139
Finance and Corporate Services	18,697	17,406	1,291	1,461	(807)	654
Fire Rescue	29,798	28,282	1,516	1,062	(200)	862
Library	7,356	7,314	42	46	(46)	-
Planning and Development	3,536	856	2,680	2,779	(250)	2,529
Policing	41,228	38,126	3,102	3,461	(1,000)	2,461
Fiscal	(152,117)	(152,317)	200	205	-	205
<b>Total Operating</b>	<b>\$20,301</b>	<b>\$6,748</b>	<b>\$13,553</b>	<b>\$15,808</b>	<b>(\$7,380)</b>	<b>\$8,428</b>
Water Utility	2,972	1,306	1,666	1,997	(1,997)	-
Sanitary Utility	1,093	(370)	1,463	1,324	(1,324)	-
Sanitation and Recycling Utility	2	(1,554)	1,556	1,228	(1,228)	-
<b>Total Utilities</b>	<b>\$4,067</b>	<b>(\$618)</b>	<b>\$4,685</b>	<b>\$4,549</b>	<b>(\$4,549)</b>	<b>\$-</b>

<sup>1</sup>Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc.

<sup>2</sup>Based on organizational structure in place as of September 30, 2019

<sup>3</sup>Includes budgeted equity transactions such as transfer to reserves, transfer to provision etc.

<sup>4</sup>Includes Community Safety Administration, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2019 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by business licences revenue, community bylaw revenue, timing required to fill staff vacancies and timing of operating expenses.
- Community Services' favourable variance is driven by Parks' timing of material, contract and utility expenses. An appropriation of \$175K is projected to fund ongoing major initiatives.



- Corporate Administration's favourable variance is due to vacant positions. An appropriation of \$1.235M is projected to support continuation of corporate initiatives and training programs in 2020.
- Engineering and Public Works' favourable net operating variance is mainly due to underpinning and permit fee revenue, and timing of contract expenses.

Appropriations at year end include the following: The fleet surplus estimated to be \$690K will be transferred to the Equipment Reserve in accordance with Policy 2020; \$981K for service fees related to Lulu Island Energy Company in accordance with the asset transfer agreement; \$923K for project development projects expected to be completed in 2020; \$364K for facility services repairs expected to be completed in 2020; \$340K for continued work on dike maintenance; \$174K for roadwork expected to be completed in 2020; and \$155K for wet ditching materials for Sidaway projects.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions within Corporate Business Services Solutions, Information Technology and Finance. An appropriation of \$807K is projected to fund various upgrades for the Financial System and PerfectMind post-implementation costs.
- Fire Rescue's favourable variance is mainly due to timing required to fill the additional 12 firefighter positions, which were approved on March 11, 2019 in the 2019 Operating Budget. The recruitment process is completed and all of the positions were filled in October 2019. An appropriation of \$200K is projected to fund equipment replacement.
- The Library is on budget. The projected surplus will be appropriated for future use within library operations.
- Planning and Development's favourable variance is primarily due to building permit revenue related to multi-residential buildings and vacant positions. An appropriation of \$250K is projected to fund traffic projects that are expected to complete in 2020.
- Policing's favourable variance is mainly due to timing required to fill the additional 19 officer positions, which were approved on March 11, 2019 in the 2019 Operating Budget. As of the third quarter, 13 of the 19 additional officer positions have been deployed and the remaining six are anticipated to be filled by March 2020. An appropriation of \$1.0M is projected to fund the future one-time expenditures.
- Fiscal is on budget incorporating adjustments for future and potential liabilities.
- Water Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year end will be transferred to the Water Levy Stabilization Provision.

- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments. Any surplus at year end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted revenue from Recycle BC, Garbage Utility revenue, and lower garbage and recycling processing fees. Any surplus at year end 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 from the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Nine Month Period Ended September 30, 2019, with comparative figures for 2018 is included in Attachment 3.

### Cash and Investment Portfolio

As of September 30, 2019, the City's total cash and investment balance totalled \$1.27 billion with a weighted average yield of 2.43%.

The overall cash and investment balance is comprised of \$828.7 million in investments (Attachment 4) and \$438.3 million in high interest cash savings accounts. The high cash balance is mainly due to the more favorable yield being realized on shorter term saving accounts.

*Table 3: Market Interest Rates (for analytical purposes only)*

	September 30, 2019	June 30, 2019
2 Year Government of Canada Bonds	1.58%	1.46%
5 Year Government of Canada Bonds	1.42%	1.40%
10 Year Government of Canada Bonds	1.39%	1.50%

Source: Bank of Canada

Ongoing trade conflicts and global economic uncertainty continued to restrain business investment, trade and global growth. The concerns over the economic outlook resulted in the U.S. Federal Reserve cutting its interest rate three times this year. Despite the interest rate cuts south of the border, the Bank of Canada has held its overnight target interest rate at 1.75% during the latest interest rate announcement on December 4, 2019. This was the ninth-straight policy meeting where the Bank of Canada kept its overnight interest rate at the same level since the last interest rate increase in October 2018.

The Bank of Canada is mindful that the resilience of Canada's economy will be increasingly tested as trade conflicts and uncertainty persists. In considering the appropriate path for monetary policy, the Bank of Canada will be paying close attention to indicators of consumer spending and housing activity for signs that show weakness is spreading to the broader economy.

With incoming data releases, the Bank of Canada would be ready to lower interest rates in the coming months should the need arise.

The City continues to comply with its Investment Policy (3703) by carrying a cash and 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

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the third quarter, 30 contracts greater than \$75,000 were awarded totalling over \$22.9 million (Attachment 5).

#### **Financial Impact**

None.

#### **Conclusion**

The City of Richmond has maintained its strong financial position through the third quarter of 2019. 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 \$8.4M 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

- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Unaudited Statement of Operations
- Att. 4: Cash and Investment Portfolio
- Att. 5: Contract Awards greater than \$75,000

**Economic Indicators****September 30, 2019****Macroeconomic Indicators & Forecast**

	<b>2017</b>	<b>2018</b>	<b>Change</b>	<b>2019f</b>	<b>2020f</b>
<b>1) Real GDP (% at YE)</b>					
Canada	3.0	1.9*	(36.7%)	1.5	1.8
United States	2.4*	2.9	20.8%	2.4	2.1
China	6.8*	6.6	(2.9%)	6.1	5.8
World	3.8	3.6	(5.3%)	3.0	3.4
<b>2) Interest Rates (at YE)</b>					
Bank of Canada	1.00	1.75	75.0%	1.75	1.50
US FED	1.50	2.50	66.7%	1.75	1.75
<b>3) Exchange Rate (at YE)</b>					
CAD per \$1 USD	1.26	1.36	7.9%	1.30	1.33

**Regional and Local Market Indicators**

4)	Unemployment (% at QE)	Q3-2019	Q2-2019	Change	Q3-2018	Change	
	Canada	5.6	5.5	1.8%	5.9	(5.1%)	
	BC	4.7	4.5	4.4%	4.2	11.9%	
	Metro Vancouver	4.6	4.0	15.0%	4.5	2.2%	
5)	CPI (2002=100) (at QE)	Q3-2019	Q2-2019	Change	Q3-2018	Change	
	Canada	136.2	136.3	(0.1%)	133.7	1.9%	
	BC	132.0	131.9	0.1%	128.9	2.4%	
	Metro Vancouver	134.7	134.8	(0.1%)	131.7	2.3%	
6)	Richmond Building Permits	Q3-2019	Q3-2018	Change	YTD-2019	YTD-2018	Change
	Residential – New Construction^	42	79	(46.8%)	164	383	(57.2%)
	Residential – Alterations	128	150	(14.7%)	383	474	(19.2%)
	Residential Total	170	229	(25.8%)	547	857	(36.2%)
	^ Number of units from new residential construction	797	431	84.9%	2,255	1,320	70.8%
	Residential	170	229	(25.8%)	547	857	(36.2%)
	Commercial	147	112	31.3%	387	329	17.6%
	Industrial	48	34	41.2%	146	88	65.9%
	Building Permits Total	365	375	(2.7%)	1,080	1,274	(15.2%)
	Construction Value (\$ million)	348.5	208.0	67.5%	877.9	692.7	26.7%
7)	Housing Starts (Units)	Q3-2019	Q3-2018	Change	YTD-2019	YTD-2018	Change
	Starts - Metro Vancouver	6,506	5,493	18.4%	22,229	18,055	23.1%
	Starts - Richmond	110	388	(71.6%)	2,012	1,801	11.7%
8)	Richmond Residential Sales Activity	Q3-2019	Q3-2018	Change	YTD-2019	YTD-2018	Change
	Sales - Detached	224	194	15.5%	557	623	(10.6%)
	Sales - Townhouse	200	150	33.3%	443	566	(21.7%)
	Sales - Apartment	408	399	2.3%	997	1,364	(26.9%)
	Sales - Total	832	743	12.0%	1,997	2,553	(21.8%)

**Economic Indicators****September 30, 2019****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (% at QE)**

	<b>Q3-2019</b>	<b>Q3-2018**</b>	<b>Change</b>
Single Family Detached	8.5	6.8	25.0%
Townhouse	17.5	10.4	68.3%
Apartment	16.5	15.0	10.0%
Total	13.5	10.2	32.4%

**10) Average Days on Market**

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q3-2019</b>	<b>Q3-2018**</b>	<b>Change</b>	<b>Q3-2019</b>	<b>Q3-2018**</b>	<b>Change</b>
Single Family Detached	70	59	18.6%	54	51	5.9%
Townhouse	48	36	33.3%	43	30	43.3%
Apartment	52	32	62.5%	41	28	46.4%

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

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>
Single Family Detached	1,477	1,663	(11.2%)	1,406	1,541	(8.8%)
Townhouse	767	862	(11.0%)	768	838	(8.4%)
Apartment	627	691	(9.3%)	652	687	(5.1%)

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

	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>
Office Vacancy (%)	8.3	8.2	1.2%	3.5	4.3	(18.6%)
Transit Oriented Office Vacancy (%)	2.3	2.3	0.0%	13.6	13.6	0.0%
Office Inventory (000 sf)	4,517	4,419	2.2%	59,678	58,466	2.1%
Industrial Vacancy (%)	1.8	2.8	(35.7%)	1.9	2.7	(29.6%)
Industrial Inventory (000 sf)	38,950	38,569	1.0%	212,719	208,486	2.0%

**13) Richmond Business Growth**

	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Total Valid Business Licences (at QE)	n/a	n/a	n/a	14,802	14,285	3.6%
New Licences - Number Issued	443	422	5.0%	1,513	1,404	7.8%
New Licences - Employees	2,060	2,081	(1.0%)	5,906	5,637	4.8%
New Licences - Office Added (sf)	142,363	210,163	(32.3%)	416,074	506,819	(17.9%)
New Licences - Retail Added (sf)	69,353	112,918	(38.6%)	259,035*	242,583	6.8%
New Licences - Industrial Added (sf)	210,612	541,338	(61.1%)	615,913	1,080,081	(43.0%)
Total Space Added (sf)/Avg. Change	422,328	864,419	(51.1%)	1,291,022*	1,829,483	(29.4%)

**Economic Indicators****September 30, 2019****Regional and Local Market Indicators (continued)**

<b>14) Goods &amp; People Movement</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
YVR Air Cargo (tonnes)	80,486	97,088*	(17.1%)	227,616*	254,208*	(10.5%)
PMV Container Movement (TEUs)	900,774	882,713*	2.0%	2,596,149*	2,520,154*	3.0%
YVR Passengers (million)	7.6	7.5	1.3%	20.3	19.8	2.5%
Richmond Hotel Revenue (\$ million)	75.3	73.5**	2.4%	188.8	183.6**	2.8%

**Notes:**

- a) QE indicates quarter end; YE indicates year end  
b) f - forecast to year-end  
c) \* - Figures have been updated to reflect changes in source data.  
d) \*\* - Figures have been updated for comparability.

**List of Sources:**

- 1) International Monetary Fund, *World Economic Outlook* (October 2019)  
2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (September 2019)  
4) & 5) Statistics Canada  
6) City of Richmond Building Permits  
7) Canada Mortgage and Housing Corporation  
8), 9) 10) & 11) Real Estate Board of Greater Vancouver  
12) Cushman & Wakefield Office and Industrial Market Beat Reports  
13) City of Richmond Business Licences  
14) Port of Vancouver Monthly Cargo Statistics  
YVR monthly statistics  
City of Richmond Additional Hotel Room Tax Ledger, Destination BC



**Financial and Key Indicators****September 30, 2019**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges Contributions</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Roads, Water, Sewer DCC's Received	\$4,362	\$3,346	30.4%	\$21,710	\$14,683	47.9%
Parks DCC's Received	\$1,184	\$586	102.0%	\$11,181	\$13,218	(15.4%)
Total DCC Fees Received	\$5,546	\$3,932	41.0%	\$32,891	\$27,901	17.9%
DCC Reserves – Uncommitted balance at QE	\$122,264	\$91,354	33.8%	n/a	n/a	n/a
<b>2) Uncommitted Reserves (at QE)</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>			
Capital Funding Reserves	\$153,089	\$115,331	32.7%			
Utility Reserves	\$104,117	\$94,449	10.2%			
Affordable Housing Reserves	\$3,726	\$2,026	83.9%			
Other Reserves	\$87,013	\$73,575	18.3%			
Total Uncommitted Reserves	\$347,945	\$285,381	21.9%			
<b>3) Taxes to date</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Taxes Collected	\$172,718	\$166,956	3.5%	\$459,923	\$430,473	6.8%
City Portion of Taxes Collected	\$84,632	\$81,809	3.5%	\$225,363	\$210,932	6.8%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$3,133	\$1,986	57.8%	n/a	n/a	n/a
No. of Participants on Pre-authorized withdrawal (at QE)	6,521	6,353	2.6%	n/a	n/a	n/a
Pre-authorized withdrawals payments	\$6,636	\$5,934	11.8%	\$21,462	\$20,476	4.8%
Interest rate % paid	1.95%	1.45%	34.5%	1.95%	1.45%	34.5%
Sources: All data is from City of Richmond records						
<b>4) Cash and Investments</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>			
Investments	\$828,650	\$959,220	(13.6%)			
Cash (includes high interest savings accounts)	\$438,343	\$155,867	181.2%			
Total Cash and Investments	\$1,266,993	\$1,115,087	13.6%			
Average City Rate of Return on Investments %	2.43%	2.34%	3.8%			



**Financial and Key Indicators****September 30, 2019**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>5) Planning and Development</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Building Permit Fees Collected	\$4,879	\$2,508	94.5%	\$9,611	\$7,677	25.2%
Development Applications Received	37	51	(27.5%)	119	162	(26.5%)
Development Applications Fees	\$330	\$376	(12.2%)	\$674	\$944	(28.6%)
<b>6) Business Licences</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Revenue Received for Current Year Licences	\$736	\$731	0.7%	\$3,864	\$3,740	3.3%
Revenue Received for Next Year (Deferred)	\$430	\$446	(3.6%)	\$797	\$798	(0.1%)
Total Licence Revenue	\$1,165	\$1,177	(1.0%)	\$4,661	\$4,538	2.7%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
<b>7) Other Revenues</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Parking Program Revenue	\$556	\$540	3.0%	\$1,632	\$1,514	7.8%
Gaming Revenue	\$3,836	\$4,097	(6.4%)	\$11,238	\$12,827	(12.4%)
Traffic Fine Revenue	\$0	\$0	0.0%	\$1,926	\$1,985	(3.0%)
<b>8) Employees</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>			
Full Time Equivalent (FTE) Employees (at QE)	1,585	1,563	1.4%			
<i>(City and Library)</i>						
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
<b>9) Operating Indicators</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Fire Rescue Responses	2,468	2,348	5.1%	7,080	7,441	(4.9%)
RCMP - Calls for Service Handled	19,328	19,630	(1.5%)	57,360	51,821	10.7%
Public Works calls for Service	3,865	3,835	0.8%	11,046	10,889	1.4%

**Financial and Key Indicators****September 30, 2019**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>10) Housing Units Secured Since 2007 (at QE)</b>	<b>Q3-2019</b>	<b>Q3-2018</b>	<b>Change</b>
<u>Affordable Housing</u>			
Non-Market Rental (units)	529	449*	17.8%
Affordable Rental (LEMR**) (units)	798	540*	47.8%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25*	0.0%
<u>Market Housing</u>			
Market Rental (units)	726	411	76.6%
Secondary Suite / Coach House (units)	289	270*	7.0%
<b>Total Housing Units</b>	<b>2,404</b>	<b>1,732*</b>	<b>38.8%</b>

\* Figures have been updated to reflect changes in source data and methodology.

\*\* LEMR units refer to Low End Market Rental units.

\*\*\* The floor space secured refers to square footage negotiated through phased developments. The number remains unchanged, as the development applications for subsequent phases have not come forward at this time with the unit breakdown and mix. LEMR units are still consistently secured through standard rezoning and development applications.

<b>11) Richmond Population Estimate Year End</b>	<b>2019f</b>	<b>2018</b>
	227,407	222,945

Population figures provided by City of Richmond – Policy Planning

**Notes:**

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

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

For the Nine Month Period Ended September 30, 2019, with comparative figures for 2018.

(Expressed in thousands of dollars)

	Budget September 30 2019	Actuals September 30 2019	Actuals <sup>4</sup> September 30 2018
<b>Revenue:</b>			
Taxes and levies	\$172,427	\$172,885	\$162,216
Utility fees	77,304	82,850	78,884
Sales of services	25,383	24,738	24,300
Payments-in-lieu of taxes	12,650	13,321	10,986
Provincial and federal grants	4,723	6,258	5,261
Development cost charges	17,610	11,909	14,116
Other capital funding sources	47,398	17,221	24,364
Other revenue:			
Investment income	12,047	16,271	15,257
Gaming revenue	12,375	11,238	12,828
Licences and permits	9,334	12,255	10,556
Other	7,308	44,804	31,019
Equity income	-	955	677
	<b>398,559</b>	<b>414,705</b>	<b>390,464</b>
<b>Expenses:</b>			
Community safety	84,327	76,135	72,475
Utilities: water, sewer and sanitation	71,302	71,204	70,344
Engineering, public works and project development	56,719	49,261	42,878
Community services	53,547	47,536	43,921
General government	47,206	42,441	38,900
Planning and development	12,781	11,444	10,170
Library services	8,472	7,864	7,281
	<b>334,354</b>	<b>305,885</b>	<b>285,969</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	64,205	108,820	104,495
Accumulated surplus, beginning of year	3,119,119	3,119,119	2,935,988
Accumulated surplus, end of September 30 <sup>3</sup>	<b>\$3,183,324</b>	<b>\$3,227,939</b>	<b>\$3,040,483</b>

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

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

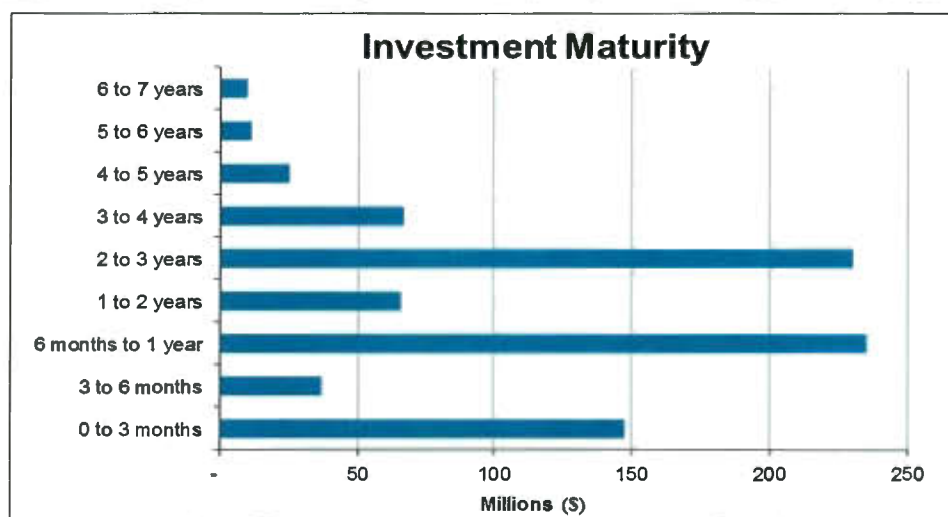
<sup>3</sup> Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

<sup>4</sup> Statement of Operation figures for 2018 were adjusted for comparative purposes.

## Cash and Investment Portfolio

September 30, 2019 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
<b>Provincial</b>						
	AA (high)	Alberta	2019-2022	\$ 77,997	9.41%	
	A (high)	Manitoba	2020-2021	22,379	2.70%	
	A (high)	Quebec	2022-2023	22,140	2.67%	
	A (high)	Nova Scotia	2021	20,998	2.54%	
	A (high)	New Brunswick	2021	15,520	1.87%	
	AA (high)	British Columbia	2021	14,988	1.81%	
	AA (low)	Ontario	2024	11,199	1.35%	
	A (high)	Saskatchewan	2020	10,177	1.23%	
		<b>Total</b>		<b>\$ 195,398</b>	<b>23.58%</b>	<b>50%</b>
<b>Chartered Banks</b>						
	AA	Bank of Nova Scotia	2019-2022	\$ 114,900	13.87%	
	AA	Royal Bank	2019-2023	69,915	8.44%	
	AA	Bank of Montreal	2020-2025	49,959	6.03%	
	AA (low)	National Bank of Canada	2019-2021	43,506	5.25%	
	AA	TD Bank	2019-2023	41,193	4.97%	
	A (high)	HSBC Bank of Canada	2021-2023	32,109	3.87%	
	A (low)	Canadian Western Bank	2020	24,143	2.91%	
	AA	CIBC	2020-2022	19,914	2.40%	
		<b>Total</b>		<b>\$ 395,639</b>	<b>47.74%</b>	<b>50%</b>
<b>BC Credit Unions</b>						
	BC Credit Unions	Vancity	2019-2020	\$ 73,096	8.82%	
	BC Credit Unions	Gulf and Fraser	2019-2020	42,262	5.10%	
	Federal Credit Union	Coast Capital Savings	2020-2021	24,547	2.96%	
	BC Credit Unions	Coast Capital Savings	2019	21,380	2.58%	
	BC Credit Unions	Westminster Savings	2019-2020	18,396	2.22%	
	BC Credit Unions	Blue Shore Financial	2020	10,898	1.32%	
		<b>Total</b>		<b>\$ 190,579</b>	<b>23.00%</b>	<b>30%</b>
<b>Pooled Investments</b>						
		MFA Pooled Investment Fund		\$ 47,034	5.68%	20%
<b>Total Investment Portfolio Balance</b>				<b>\$ 828,650</b>	<b>100.00%</b>	
<b>Cash Balance</b> (includes high interest saving products with terms less than 90 days)				<b>\$ 438,343</b>		
<b>Total Cash and Investment Balance</b>				<b>\$ 1,266,993</b>		



**Contract Awards greater than \$75,000**July 1<sup>st</sup> to September 30<sup>th</sup>, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Supply and Delivery of Auto Extrication Rescue Tools	Rescue Tools Canada	151,091	Community Safety
2	Motor Control Center for No. 2 Road South Drainage Pump Station Upgrade	Wesco Distribution Canada LP	80,713	Engineering & Public Works
3	Paving, Drainage and Asphalt Upgrades - Afton Drive North and Herbert East Laneway	BA Blacktop Ltd.	224,558	Engineering & Public Works
4	Supply and Delivery of Turnout Gear	Associated Fire Safety Group Inc.	165,600	Community Safety
5	Watermania Heat Recovery Piping Replacement	Ashton Mechanical Ltd.	98,939	Engineering & Public Works
6	Thompson Community Centre Fitness Area Re-Roofing	Atlas-Apex Roofing (BC) Inc.	78,417	Engineering & Public Works
7	Supply and Delivery of 1440 LED Luminaires for LED Replacement Program	Westburne West Rexcel Group	343,705	Engineering & Public Works
8	Library Cultural Centre Conveyance Systems Upgrade	Boston Construction Corp.	367,422	Engineering & Public Works
9	VFA Software Licence Renewal 2019-2022	VFA Canada Corporation	212,900	Engineering & Public Works
10	2019 Oracle PeopleSoft Financials licence Expansion	Oracle Canada ULC	75,015	Finance & Corporate Services
11	East Richmond Community Hall Mechanical and Roofing Replacement	Boston Construction Corp.	348,678	Engineering & Public Works
12	Minoru Center for Active Living - Consulting Services	Omicron Canada Inc.	80,000	Engineering & Public Works
13	City Hall Annex Level 2 Renovations	Ashton Mechanical Ltd.	1,627,259	Engineering & Public Works
14	Thompson Community Centre HVAC Upgrades	Entity Mechanical Ltd.	762,000	Engineering & Public Works
15	London/Steveston Park Playground Design-Build Services	Habitat Systems Inc.	173,357	Community Services
16	Supply and Delivery of Self-Contained Breathing Apparatus (SCBA) Equipment	Guillevin International Inc.	120,456	Community Safety
17	Supply and Delivery of Three (3) Hybrid SUVs for Richmond Fire Rescue	West Coast Import Vehicles Ltd.	118,125	Community Safety



**Contract Awards greater than \$75,000 (continued)**July 1<sup>st</sup> to September 30<sup>th</sup>, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Supply and Delivery of Uniform Stationwear Shirts and Pants for Richmond Fire Rescue	Guillevin International Inc.	108,462	Community Safety
19	Annual and Quarterly Billing, Property Tax Notice and General Information Mail Outs	IDRS	122,784	Finance & Corporate Services
20	Reflective Sheeting, Vinyls and Overlaminates	3M Canada Company	401,250	Engineering & Public Works
21	No. 7 Road South Drainage Pump Station Upgrade	GCL Contracting & Engineering Inc.	8,416,000	Engineering & Public Works
22	7000 Block No. 4 Rd Reconstruction / Box Culvert Repair	R.F. Binnie and Associates Ltd.	425,490	Engineering & Public Works
23	Supply & Delivery of One (1) Tier Four (4) Compliant Backhoe	Finning (Canada)	187,059	Engineering & Public Works
24	LED Traffic Signal Displays	Interprovincial Traffic Service Ltd.	128,425	Engineering & Public Works
25	Westminster Highway Culvert Replacement	JJM Construction Ltd.	2,325,600	Engineering & Public Works
26	On-Call Plumbing Contractor	Ashton Service Group PJB Mechanical Entity Mechanical	900,000	Engineering & Public Works
27	Design and Contract Administration Services for the Replacement of Minoru Lawn Bowling Clubhouse	O4 Architecture Ltd.	275,400	Engineering & Public Works
28	Professional Services to Supply, Implement and Maintain Customer Relationship Management (CRM) System	Oracle Canada ULC Amberleaf Partners Inc.	498,782	Finance & Corporate Services
29	Asbestos Surveying and Testing Services of Various City Properties	Pinchin Ltd.	99,150	Engineering & Public Works
30	Shell Road North Drainage Pump Station Upgrade	Merletti Construction Ltd.	3,939,815	Engineering & Public Works
<b>Total contracts awarded greater than \$75,000</b>			<b>\$22,856,452</b>	



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** December 5, 2019

**From:** Jerry Chong, CPA, CA  
Director, Finance

**File:** 03-1200-05/2019-Vol  
01




**Re:** Active Capital Projects Information - 3rd Quarter September 30, 2019

### Staff Recommendation

That the staff report titled, "Active Capital Projects Information - 3rd Quarter September 30, 2019", dated December 5, 2019 from the Director, Finance be received for information.

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

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts Culture and Heritage	<input checked="" type="checkbox"/>	
Community Social Development	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Facilities and Project Development	<input checked="" type="checkbox"/>	
Real Estate	<input checked="" type="checkbox"/>	
Recreation	<input checked="" type="checkbox"/>	
Roads and Construction	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO 



## **Staff Report**

### **Origin**

Active Capital Project Information for the 3rd Quarter (ended September 30, 2019) is being provided to the Finance Committee for information. This report includes the approved 2019 Capital Budget and other previously approved capital projects.

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

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

*5.2 Clear accountability through transparent budgeting practices and effective public communication.*

### **Analysis**

#### Active Capital Projects Summary

Active Capital projects represent capital projects previously approved by Council. Projects include construction, non-construction and acquisition (e.g. equipment and land) projects that are in various stages of completion:

*Planning and Design* – includes projects that were approved in the 2019 budget and other previously approved projects that are undergoing design specifications, design approvals, or public consultation.

*Contract Award* – this includes preparing to issue a request for proposal, evaluating the proposals received, and finalizing contract award agreements.

*Construction* – includes build out of the approved design either by City forces or under the executed agreements.

*Functional Completion* – certain projects are completed in phases that allow for portions of the project to be functionally complete while the next phase is initiated.

*Project Completion* – may include fully functional assets that are in their final inspection and acceptance stage, which may still require minor deficiencies to be addressed, as-built drawings to be received, collection of grant funding and fulfillment of audit requirements, where applicable.

*Final Completion* – All aspects of the project are complete including the one year deficiency period which leads to the project removal from the active capital project list and return of any unspent funds to its original funding sources.

A Capital Project is considered active for the purposes of this report if the project is in any of the above stages (except Final Completion). Generally, projects are completed within three years; however due to complexities at each stage it is not unusual for a project to take longer than three years to see through to Final Completion.

Projects also include amounts set aside for Land acquisition, Public Art, Child Care and Affordable Housing which are dependent upon external factors such as market conditions, availability and external partners. Therefore, these projects are presented to Council prior to final project approval.

The approved 2019 Capital Budget of \$102.9M (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 \$317.6M.

The Building Program projects approved in or prior to 2015 includes \$12.3M in committed active capital projects mainly for the Minoru Centre for Active Living, Fire Hall No. 1 and the Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency.

The tables in this report are presented on a cash-basis, that is, actual progress payments that have been made up to September 30, 2019.

Table 1: Active Capital Projects by Program (in \$'000s)

Program	Plan Year	Adjusted Budget	Actuals as at September 30, 2019	Expected Commitments / Work In Progress
Infrastructure Program	2019	\$37,849	\$6,933	\$30,916
	2018	74,872	29,361	45,511
	2017	38,112	26,035	12,077
	2016	50,198	26,221	23,977
	2015 & older	1,243	662	581
<b>Infrastructure Program Total</b>		<b>\$202,274</b>	<b>\$89,212</b>	<b>\$113,062</b>
Building Program	2019	17,684	361	17,323
	2018	51,367	8,493	42,874
	2017	7,013	3,896	3,117
	2016	1,003	382	621
	2015 & older	114,995	102,678	12,317
<b>Building Program Total</b>		<b>\$192,062</b>	<b>\$115,810</b>	<b>\$76,252</b>
Parks Program	2019	11,620	891	10,729
	2018	10,760	1,802	8,958
	2017	8,380	2,571	5,809
	2016	12,908	9,061	3,847
	2015 & older	13,331	10,187	3,144
<b>Parks Program Total</b>		<b>\$56,999</b>	<b>\$24,512</b>	<b>\$32,487</b>
<b>Construction Related Programs</b>		<b>\$451,335</b>	<b>\$229,534</b>	<b>\$221,801</b>
Affordable Housing Program	2019	775	-	775
	2018	902	-	902
	2017	11,285	6,362	4,923
	2016	585	160	425
<b>Affordable Housing Program Total</b>		<b>\$13,547</b>	<b>\$6,522</b>	<b>\$7,025</b>
Child Care Program	2019	100	-	100
	2018	100	5	95
	2015 & older	209	139	70
<b>Child Care Program Total</b>		<b>\$409</b>	<b>\$144</b>	<b>\$265</b>
Equipment Program	2019	14,278	229	14,049
	2018	10,599	4,544	6,055
	2017	9,228	5,332	3,896
	2016	3,614	1,136	2,478
	2015 & older	2,850	1,995	855
<b>Equipment Program Total</b>		<b>\$40,569</b>	<b>\$13,236</b>	<b>\$27,333</b>
Land Program	2019	10,000	-	10,000
	2018	10,000	-	10,000
	2017	16,020	5,094	10,926
	2016	26,024	7,247	18,777
<b>Land Program Total</b>		<b>\$62,044</b>	<b>\$12,341</b>	<b>\$49,703</b>
Public Art Program	2019	563	118	445
	2018	1,125	255	870
	2017	931	691	240
	2016	1,071	488	583
	2015 & older	3,638	3,287	351
<b>Public Art Program Total</b>		<b>\$7,328</b>	<b>\$4,839</b>	<b>\$2,489</b>
Contingent External Contribution	2019	8,934	-	8,934
<b>Contingent External Contribution Total</b>		<b>\$8,934</b>	<b>\$-</b>	<b>\$8,934</b>
<b>Non-construction Related Programs</b>		<b>\$132,831</b>	<b>\$37,082</b>	<b>\$95,749</b>
<b>Grand Total</b>		<b>\$584,166</b>	<b>\$266,616</b>	<b>\$317,550</b>

Included in the 2019 Capital Plan (2019-2023 Financial Plan Bylaw) was 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 the approved applicable projects. As of September 30, 2019, \$1,065,818 has been received and the budget for Contingent External Contribution has been adjusted to \$8,934,182.

### Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocations were recorded in the third quarter ended September 30, 2019:

**Table 2: Budget Reallocations (in \$'000s)**

Program	Transfer From	Transfer To	Amount
Contingent External Contribution & Equipment	Contingent External Contribution (2019)	Electric Vehicle DC Fast Charging Network Development (2017)	\$360
Contingent External Contribution & Roads	Contingent External Contribution (2019)	Annual Asphalt Re-Paving Program - Non-MRN (2019)	108
Contingent External Contribution & Roads	Contingent External Contribution (2019)	LED Street Name Sign Program (2018)	66
Contingent External Contribution & Roads	Contingent External Contribution (2019)	Special Crosswalk Program (2019)	41
Contingent External Contribution & Parks	Contingent External Contribution (2019)	King George Park Masterplan - Phase 1 (2013)	28
Contingent External Contribution & Traffic	Contingent External Contribution (2019)	Traffic Signal Program (2018)	27
Land	Strategic Land Acquisition (2015)	Strategic Land Acquisition (2016)	20
Equipment	Annual Computer Hardware Refresh (2017)	Microsoft Exchange 2016 Upgrade (2017)	5
Contingent External Contribution & Roads	Contingent External Contribution (2019)	Neighbourhood Walkway Program (2018)	5
Contingent External Contribution & Traffic	Contingent External Contribution (2019)	Traffic Calming Program (2018)	5
Contingent External Contribution & Public Art	Contingent External Contribution (2019)	Public Art Program (2016)	3
Contingent External Contribution & Drainage	Contingent External Contribution (2019)	Drainage System and Irrigation Upgrades - South Sidaway Area - Phase 2 (2016)	1
<b>Total Budget Reallocations</b>			<b>\$669</b>

### Highlights of Key Construction Related Capital Projects

Information on key capital projects includes the project budget, inclusive of transfers from other projects and budget amendments, actuals on a cash-basis, and the remaining commitments as at September 30, 2019.

### **INFRASTRUCTURE**

The City's Infrastructure program includes construction for roads, lanes, street systems, public walkways and paths, street lighting, water distribution networks, sanitary sewer systems, and drainage and flood protection systems. Many of the active infrastructure projects are in the design and permitting stage. With the current Provincial and Federal regulatory framework, the design and approval process for many drainage projects (including pump stations and dike upgrades) can take one to two years.

There is a continued upgrade for pump stations, dikes and roads city wide along with infrastructure improvements in Burkeville Area, laneway drainage upgrades and various areas.

**Table 3: Key Infrastructure Capital Projects (in \$'000s)**

Program	Project Name	Adjusted Budget	Actuals as at September 30, 2019	Expected Commitments / Work In Progress
Drainage	Drainage Pump Station & Diking Upgrades incl. Provincial Grant (2016)*	\$28,185	\$7,072	\$21,113
Drainage & Sanitary	Burkeville Area Drainage and Utility Improvements - Phase 1 (2018, 2019)	3,133	473	2,660
Drainage	Laneway Drainage Upgrade - Afton Drive North and Herbert East Lane (2019)	1,915	1,043	872
Drainage	Gilley and Westminster Hwy Culvert Replacement (2016)	1,250	3	1,247
Road	Annual Asphalt Re-Paving Program - MRN and Non MRN (2019)	4,390	1,377	3,013
Road & Water	River Parkway Extension (2017, 2018)**	15,045	2,571	12,474
Water	Watermain Replacement Program (2019)	5,395	2,274	3,121
<b>Total Key Infrastructure Capital Projects</b>		<b>\$59,313</b>	<b>\$14,813</b>	<b>\$44,500</b>

\*Adjusted budget for Drainage Pump Station & Diking Upgrades includes: i) \$16.6M from the Provincial Government under the Flood Protection Program and ii) a budget transfer of \$ 0.18M from Public Works Infrastructure Advanced Design (2013 and 2016) for the completed works relating to the Flood Protection Program.

\*\*Adjusted budget includes: 1) \$800K of design phase approved by Council in 2017 and \$14,245K of construction phase approved by Council in 2018.



Please see Attachment 1 for the Q3 2019 Construction Update. This attachment includes the project budget and the scheduled construction completion.

## BUILDING

The Building Program includes major building construction and renovation projects as well as minor facility upgrades.

The City has been focused on completing the Major Facilities Phase 1 capital projects:

- Minoru Centre for Active Living remains on budget, and the Seniors Centre and Event Centre were opened to the public on March 11, 2019. The Minoru Centre for Active Living Pools will be opened at a later date due to the lap pool #1 reconstruction.
- Richmond Fire Rescue commenced operations out of Fire Hall No.1 on July 16, 2018 and design/tendering of solar photovoltaic roof panels to offset power needs is in progress.

The City has also moved forward with the advanced design of Major Facilities Capital Plan Phase 2 which includes:

- Animal Shelter – on July 22, 2019, Council approved moving forward with the renovation of the existing 4,580 square foot building and the addition of an approximately 1,600 square foot structure. Procurement of an architect has been completed and design has commenced.
- Minoru Lawn Bowling Clubhouse – on May 27, 2019, Council approved moving forward with the 4,900 square foot single storey facility and associated budget amendment. An Architect was hired in September 2019 and the project is currently progressing through concept design, including the form and character for the building.
- Steveston Community Centre and Branch Library – this project is included as a 2021 capital project in the Consolidated 5 Year Financial Plan (2020-2024).

**Table 4: Key Building Capital Projects (in \$'000s)**

Project Name	Adjusted Budget	Actuals as at September 30, 2019	Expected Commitments / Work In Progress
Minoru Centre for Active Living (2014)	\$83,138	\$79,144	\$3,994
Phoenix Net Loft (2018)	11,500	450	11,050
Gateway Infrastructure Replacement (2017, 2018, 2019)*	8,095	533	7,562
Enhanced City Centre Police Office (2018)**	6,500	1,779	4,721
Canada Line Capstan Station (2018)	3,500	1,098	2,402
Minoru Place Activity Centre (2019)	2,511	11	2,500
Minoru Arenas Infrastructure Replacements (2017)	1,859	1,740	119
Solar Energy Systems for Fire Hall 1 (2017)	455	17	438
<b>Total Key Building Capital Projects</b>	<b>\$117,558</b>	<b>\$84,772</b>	<b>\$32,786</b>

\*Adjusted budget for Gateway Infrastructure Replacement combines the following budgets: Gateway Theatre Main Stage Lighting Replacement approved as a 2017 One-Time Expenditure (\$385K); Gateway Theatre Infrastructure Replacements – First Stage (\$3,337K) and Gateway Theatre Lighting Infrastructure and System Renewal (\$673K) approved in 2018; Gateway Theatre Infrastructure Replacement Phase 2 (\$3,700K) approved in 2019.

\*\*Adjusted budget includes \$1.4M reallocated from Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency (2014) for the Enhanced City Centre Police Office as approved by Council.

Please see Attachment 1 for the Q3 2019 Construction Update. This attachment includes the project budget and the scheduled construction completion.

## PARKS

The Parks Program includes parkland acquisition program, high quality parks, trails and recreation facilities.

The key parks capital projects are summarized below and the project highlights are included in Attachment 2. Note that the percentage of completion in Attachment 2 takes into account the status of contract awards and may not be reflective of actual spending to date.

**Table 5: Key Parks Capital Projects (in \$'000s)**

Project Name	Adjusted Budget	Actuals as at September 30, 2019	Expected Commitments / Work In Progress
Garden City Lands Phase 2 and 3 (2016-2018)	\$5,995	\$2,768	\$3,227
Aberdeen Park Phase 2 and 3 (2018, 2019)	2,050	94	1,956
The Gardens Agricultural Park (2012, 2014, 2015)	2,267	1,283	984
Hollybridge Pier/Middle Arm (2010, 2012, 2015)*	2,350	1,568	782
Hugh Boyd Fields – Artificial Turf Replacement (2019)	1,800	1	1,799
Alexandra Park (formerly West Cambie Park (2010, 2013, 2016 & 2019)	1,720	153	1,567
Parks Aging Infrastructure (2018)	900	487	413
London/Steveston Park Enhancements (2017, 2019)	550	204	346
Parks Aging Infrastructure (2019)	550	294	256
Playground Improvement & Replacement (2018)	500	93	407
Playground Improvement & Replacement (2016-2017)	481	466	15
Minoru Park - Replacement of the Lawn Bowling Green Synthetic Surfaces (2019)	350	268	82
Parks Identity Signage Program (2018)	200	198	2
<b>Total Key Land &amp; Parks Capital Projects</b>	<b>\$19,713</b>	<b>\$7,877</b>	<b>\$11,836</b>

\*Adjusted budget for Hollybridge Pier/Middle Arm includes \$100K allocated from Middlearm Gateway Park (2010-2011) and \$1,250K from Oval West Waterfront Park - Phase 1 2012 approved budget.



### Capital Projects Completed in the Quarter

The following active capital projects were closed in the third quarter. Any unspent funding will be returned to the original source (i.e. Reserve Fund) for distribution toward future projects.

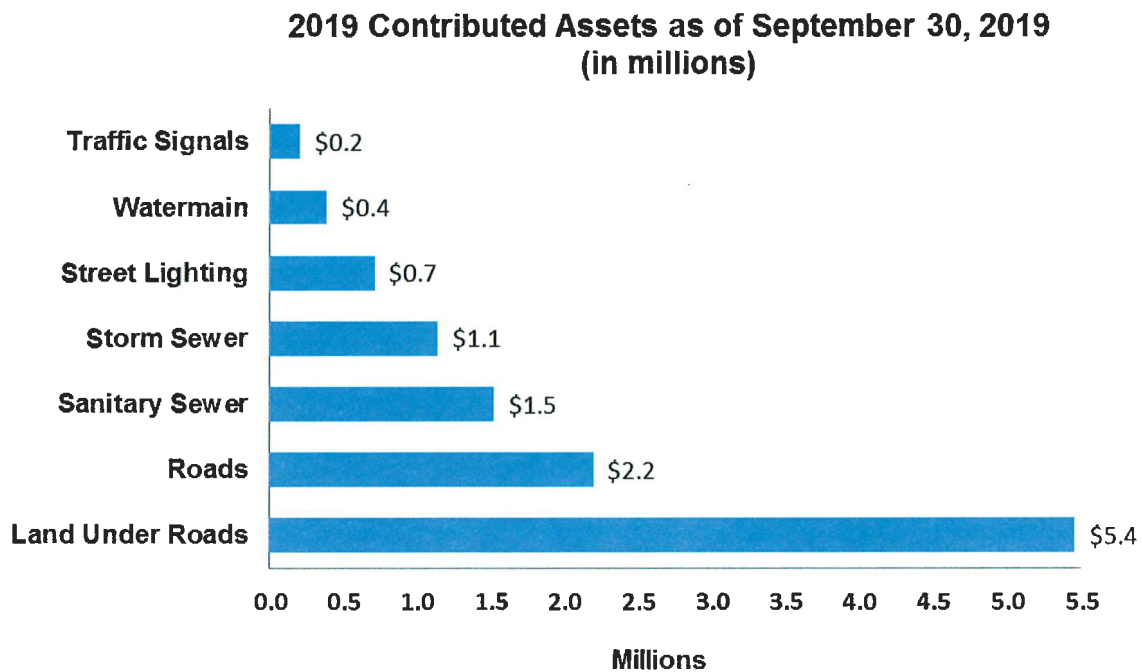
**Table 6: Projects Closed in the Quarter Ended September 30, 2019 (in \$'000s)**

Project Name	Adjusted Budget	Actuals as at September 30, 2019	Remaining Budget*
Traffic Signal Program (2016)	\$640	\$640	\$-
Minoru Chapel Restoration and Rehabilitation (2014)	625	576	49
London/Steveston Phase 2 (2018)	480	480	-
City Hall Boiler Replacement Upgrade (2017)	408	254	154
City Hall Consolidation (2012)	300	234	66
Public Works Minor Capital - Roads (2018)	300	299	1
Minoru Chapel Restoration (2017)	281	236	45
Public Works Minor Capital - Drainage (2018)	246	246	-
Parks General Development (2017)	244	243	1
ePlans for Residential and Commercial Building (2018)	146	146	-
Traffic Calming Program (2017)	100	94	6
Traffic Signal Power Backup System (UPS) (2019)	100	98	2
Child Care - Research, Studies and City Personnel/Consultant Expenses (2018)	60	60	-
Child Care Projects - City-wide (Capital Grants) (2019)	50	50	-
<b>Total</b>	<b>\$3,980</b>	<b>\$3,656</b>	<b>\$324</b>

\* Unspent funds are returned to the original source of funding.

### Contributed Assets

Included in the 2019-2023 Financial Plan Bylaw is an estimate of \$50.4M for assets that are transferred to the City by developers. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. The following assets totalling \$11.6M have been recorded as of September 30, 2019:



Developer community contributions of child care amenities with a combined total of 77,000 sq. ft. are underway. Please see Attachment 1 for the Q3 2019 Construction Update.

#### **Financial Impact**

None.

#### **Conclusion**

This report provides information on active capital projects that were previously approved by Council. All previously approved active capital projects are currently within budget.

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Manager, Financial Planning and Analysis  
(604-276-4231)

MS:sx

Att 1: Q3 2019 Construction Update  
2: Capital Highlights

## **Q3 2019 Construction Update**

### **Flood Protection**

#### **Drainage Pump Station and Diking Upgrades – Provincial Grant**

The City secured \$16.6 million from the Provincial Government under the Flood Protection Program. This project includes the upgrades of four drainage pump stations and diking upgrades. Construction for the Horseshoe Slough drainage pump station and the South Dike upgrade (Gilbert Road to No. 3 Road) is underway. Detailed designs are ongoing for the South Dike (east of No. 3 Road) upgrades and the drainage pump station at No. 2 Road South. Construction contracts for the No. 7 Road South and Shell Road North drainage pump station upgrades have been awarded with construction scheduled to commence in fall this year.

#### **Culvert Replacement at Westminster Highway and Gilley Road**

This project consists of installing new storm pipes to replace the existing box culvert at the intersection of Westminster Highway and Gilley Road, connecting Queens canal to the north and south. Construction is underway.

#### **Burkeville Area Drainage, Watermain and Sanitary Sewer Upgrades – Phase 1**

This project consists of upgrades to the City's storm sewer capacity. Ageing watermains and sanitary sewers will also be upgraded at the same time to minimize ongoing disruption to residents and overall construction costs. This project will be performed in phases over 5 to 10 years with Phase 1 construction well underway.

### **Roads**

#### **River Parkway Extension**

This project is eligible to receive up to \$2.55 million from Translink. The scope of this project includes the construction of an interim two-lane road along the former railway corridor, from 200m northeast of Gilbert Road to Cambie Road including protected bike lanes. The new road will connect to the existing Leslie Road, Gilbert Road, Cambie Road and future Minoru Boulevard as well as access to the future Middle Arm Waterfront Park. When completed this new road would replace the existing River Road between Gilbert Road and Cambie Road and provide a continuous alternate route to No. 3 Road and existing River Road. The construction work is ongoing.

#### **2019 Paving Program – Various Locations – City-Wide**

The 2019 Paving Contract is underway. Completed locations include: 8,000 Block of Alderbridge Way, 10,000 Block of Alderbridge Way, 9,000 Block of Alderbridge Way, Russ Baker Way (No. 2 Road to Inglis Drive), and Mond's Subdivision. Upcoming locations include: Bridgeport Road (Viking Way to No. 6 Road), 7,000 Block of No. 5 Road, 11,000 Block of No. 5 Road, 12,000 Block of No. 5 Road; and various vibration complaint locations.

**Sanitary Sewers****Hamilton Sanitary Pump Station**

This project includes the construction of the new Hamilton Sanitary Pump Station located at the southeast corner of Hamilton VLA Park and installation of new sanitary utility in the area. The purpose of the project is to provide sanitary service for the Willet sanitary catchment in order to support population densities projected by the Hamilton Official Community Plan Update. This area does not have an existing City sanitary system and is currently serviced by septic systems.

**Water****2019 Watermain Replacement Project**

This project replaces and upsizes ageing watermains at the end of their service life with PVC pipe, in line with the City's Ageing Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. The McDonald Road area is completed and construction of the Colbeck area is nearing completion. The Palmberg area is scheduled to commence later this year and Gilhurst/Bates area in early 2020.

**Buildings****Minoru Centre for Active Living**

The Minoru Centre for Active Living project remains on budget. Lap Pool 1 leak investigation is complete and insurance coverage has been confirmed. A full opening is currently estimated for the fall of 2020 while the new 790 square metre (8,500 square feet) Fitness Centre will open to the public in January 2020. The Seniors Centre and Event Centre opened to the public on March 11, 2019.

**Childcare Centres**

A combined total of approximately 77,000 sq. ft. has been designed to accommodate about 262 children in various licensed child care programs. Funding was collected through both the Development Cost Charges and community amenities charges. Design and construction are underway for the following:

- River Green Child Care - Aspac Development Ltd.
- Seedlings Early Childhood Development Hub
- Sprouts Early Childhood Development Hub
- River Run Early Care and Learning Centre - Western-Citimark

**Gateway Theatre**

The theatre improvements include envelope rehabilitation, modernization of fire safety, mechanical and electrical systems replacements, with minor structural and finishes upgrades. Construction continues and is estimated to be completed by Q4 2020.

**Minoru Arena Refrigeration Plant Upgrade**

Multiple components in the Minoru Arenas (Stadium and Silver Rinks) refrigeration systems reached the end of their serviceable life expectancy and required replacement to prolong the life of the building and ensure the health and safety of its users. Construction has been completed as planned, and the arenas are in operation.

Minoru Place Activity Centre

The Minoru Place Activity Centre will be repurposed to a Community Arts Program and Education space. Stakeholder engagement and schematic design is currently underway. Enabling works began in August 2019 and detailed design is estimated to be completed in Q1 2020.

### 2019 Capital Construction Program Update

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
<b>INFRASTRUCTURE - ENGINEERING</b>				
<b>ROADS</b>				
1	Railway Crossings and Environmental Works (2018)	Westminster and Nelson rail crossings and environmental works at Woodward's Slough	\$3,384	Q2 2020
2	Annual Asphalt Re-Paving Program – MRN (2019)	Annual asphalt re-paving	\$1,151	Q4 2019
3	Annual Asphalt Re-Paving Program - Non-MRN (2019)	Annual asphalt re-paving	\$3,131	Q4 2019
4	Streetlight LED Upgrade Program (2019)	Year 3 - Continuation of LED replacement program	\$430	Q4 2019
5	Neighbourhood Walkway Program (2019)	No. 6 Road Multi-Use Pathway Cambie Road to Bridgeport Road	\$500	Q4 2019
6	Transit-Related Roadway Improvement Program (2019)	Bus Stops at various locations Citywide including Westminster Highway and Steveston Highway	\$400	Q4 2019
7	Westminster Highway Pedestrian and Cyclist Enhancements, Smith Crescent to Fraserside Gate (2019)	Smith Crescent to Fraserside Gate	\$1,100	Q2 2020
8	Arterial Roadway Improvement Program (2019)	Railway Greenway intersections at Blundell Road, Francis Road and Williams Road	\$450	Q4 2020
9	Active Transportation Improvement Program (2019)	i. Charles Street Multi-Use Pathway - Sexsmith to Bridgeport Canada Line Station ii. Crosstown Neighbourhood Bike Route – complete along Bowcock Road – Garden City Road – Dayton Avenue to connect to the Parkside Neighbourhood Bike Route iii. Midtown Neighbourhood Bike Route – Steveston Highway to Granville Avenue iv. Neighbourhood Bike Route – Saunders - Woodward's	\$1,000	Q4 2020
10	Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018)	Alderbridge Way Multi-Use Pathway - Shell Road to No. 4 Road	\$1,200	Q2 2020

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
11	River Parkway Road Extension - Gilbert Road to Cambie Road (2017, 2018)  Cambie Road Improvement, River Road to No. 3 Road (2018)  Leslie Road Improvement, River Parkway to approximately 150m to the east (2018)  Watermain Replacement River Parkway (2018)	River Parkway Road Extension - Gilbert Road to Cambie Road	\$15,045	Q3 2020
12	Garden City Road Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road (2019)	Garden City Pedestrian and Cyclist Enhancements - Westminster Highway to Lansdowne Road	\$1,000	Q4 2020
13	Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (2019)	Steveston Highway Multi-Use Pathway - Shell Road to Mortfield Gate	\$2,000	Q4 2020
14	Streetlight LED Upgrade Program (2019)	Year 3 – Continuation of LED replacement program	\$430	Q1 2020
<b>DRAINAGE</b>				
15	Drainage System and Irrigation Upgrades – South Sidaway Area Phase 2 (2016)	Watercourse and culvert realignment; automatic irrigation gate installation	\$450	Q4 2019
16	Gilley and Westminster Highway Culvert Replacement (2016)	Replacement of existing culvert at intersection	\$1,250	Q4 2019
17	East Richmond Drainage & Irrigation Upgrades - (2017)	Various locations Citywide including Steveston Hwy, Sidaway Rd, Palmberg Rd, Westminster Hwy, and Gilley Rd	\$1,285	Q2 2020
18	Burkeville Drainage Improvements (2018)	Burkeville Drainage Upgrades (phase 1 of construction)	\$2,000	Q1 2020
19	Laneway Drainage Upgrade - Afton Drive (North) (2019)	Laneway Drainage Upgrade - Afton Drive (North)	\$1,373	Q2 2020
20	Laneway Drainage Upgrade - Herbert East Lane (2019)	Laneway Drainage Upgrade - Herbert East Lane	\$542	Q4 2019
21	Box Culvert Repair (2018)	Box Culvert Repair – No. 4 Rd and Citywide	\$1,500	Q3 2020
22	Headwall Replacement and Ditch Infills (2018)	Steveston area, No. 9 Road and Dyke Road, and No. 7 Road and Cambie Road	\$500	Q4 2020



	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
23	Canal Stabilization (2017)	Canal stabilization and assessments and geotechnical investigations for various sections of canal Citywide	\$300	Q4 2020
24	Dike Upgrades (2018)	Dike Upgrades - Various location including No. 9 Rd, No. 3 Rd, and Garden City Rd	\$5,850	Q4 2020
25	Box Culvert Repair (2017)	Citywide and at No. 2 Rd south Drainage Pump Station	\$1,500	Q1 2021
26	2016 Flood Protection Program (2016)	South dike - No. 3 Road to Gilbert Road, Horseshoe Slough Pump Station, No. 7 Road South Drainage Pump Station, Shell North Drainage Pump Station, No. 2 Road South Drainage Pump Station	\$28,185	Q3 2021
27	East Richmond Drainage & Irrigation Upgrades (2018)	Irrigation gates, ditch re-grading and culvert upgrades various locations Citywide, including Blundell, Burrows, Woodward's Slough, Sidaway Road, Westminster Highway and Granville Avenue	\$466	Q4 2021
<b>SANITARY</b>				
28	City Centre Sanitary Sewer Rehabilitation (2016)	Point repairs of existing sanitary sewer/ Minoru Park sanitary-storm reconnection	\$1,160	Q4 2019
29	Sanitary Sewer Tie-in and Restoration (2018)	Sanitary Sewer Tie-in and Restoration	\$500	Q4 2019
30	Gravity Sewer Assessment Program (2018)	Citywide Closed Circuit Television inspections	\$450	Q3 2020
31	Burkeville Utility Upgrades (2019)	Burkeville Utility Upgrades - Sanitary (phase 1 of construction)	\$1,133	Q2 2020
32	Eckersley B Sanitary Pump Station (2018)	Eckersley B Sanitary Pump Station	\$2,650	Q4 2019
33	Hamilton Area Sanitary Sewer and Pump Station (2017)	Sanitary Pump station located in Hamilton VLA Park	\$1,700	Q2 2020
34	Steveston Gravity Sewer Replacement and Rehabilitation (2018)	Steveston Gravity Sewer Assessment, Replacement and Rehabilitation	\$1,839	Q4 2020
<b>WATER</b>				
35	Water Metering Program (2017)	Fixed base network implementation	\$2,120	Q4 2019

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
36	Watermain Tie-in and Restoration (2018)	Watermain Tie-in and Restoration	\$250	Q4 2019
37	Water Replacement Program (2019)	Watermain Replacement Program - McDonald Road area, Colbeck Area, Palmberg Area and Gilhurst/Bates Area.	\$5,395	Q2 2020
38	Thompson Gate Pressure Reducing Valve station (2017)	Water Pressure Reducing Valve in development property	\$600	Q3 2020
39	Water Metering Program (2018)	Upgrade touch pad meters to radio meters; volunteer multi-family dwelling meters	\$6,506	Q4 2020
<b>BUILDINGS - PROJECT DEVELOPMENT</b>				
40	Watermania System Ageing Mechanical and Building Envelope Infrastructure Replacement (2018)	Infrastructure replacements	\$1,000	Complete
41	Minoru Arena Infrastructure Replacements (2017)	Infrastructure Replacement	\$1,859	Complete
42	City Hall Annex Transformer Replacement (2019)	Transformer Replacement	\$500	Q1 2020
43	East Richmond Community Hall Envelope and Mechanical System Renewals (2019)	Renewal of HVAC Systems, Roof Replacement, Interior Upgrades	\$402	Q1 2020
44	Minoru Centre for Active Living (2014)	New Construction of an Aquatics Centre and Older Adults Centre	* \$83,100	Q2 2020
45	Thompson Community Centre Heat Pump Replacements (2018)	Infrastructure replacements	\$520	Q1 2020
46	Enhanced City Centre Police Office (2018)	Construction of tenant improvement for support relocation of Community Police Office to City Hall West	\$6,500	Q1 2020
47	Fire Hall No. 1(2014)	Solar Photovoltaic Panels - Energy Systems	\$455	Q2 2020
48	Gateway Theatre (2016, 2018, 2019)	Main Stage Lighting Replacement, Infrastructure Replacements – Phase 1 and Phase 2, Lighting Infrastructure and System Renewal	\$8,095	Q4 2020
49	Japanese Canadian Cultural Centre – Front Entry Accessibility Upgrade (2019)	Entrance Upgrade	\$258	Q2 2020
50	Minoru Place Activity Centre Program - Implementation (2019)	Repurposing	\$2,511	Q4 2020

\*Includes multi-project contingency

	<b>Project Name</b>	<b>Scope of Work</b>	<b>Capital Funding (x1000)</b>	<b>Scheduled Construction Completion</b>
51	Works Yard Mechanical Replacements (2019)	Mechanical Systems Replacement	\$1,707	Q4 2020
52	Works Yard Salt Shed Repairs (2019)	Salt Shed Repair	\$266	Q4 2020
53	Works Yard Ageing Mechanical and Building Envelope Infrastructure Replacement (2018)	Design of site wide infrastructure replacements	\$2,515	Q4 2020
54	City Hall Upgrades and Repairs (2019)	Mechanical Upgrades and repairs	\$980	Q2 2020
55	Library Cultural Centre Conveyance Replacements (2019)	Conveyance Replacement	\$709	Q2 2020
56	Energy Management Projects (2017)	Library Cultural Centre (includes \$750K Grant). Mechanical System Renewals	\$1,660	Q4 2020
57	Minoru Arena System Renewals (2019)	Systems Renewal	\$3,300	Q3 2020
58	Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (2019)	Mechanical and Envelope Replacement	\$1,341	Q4 2021
59	Lawn Bowling Club Replacement (2018)	Replacement of Clubhouse	\$5,300	Q3 2021
60	Minor Capital Buildings Project Development (2018)	64 projects (roof replacement, flooring, mechanical equipment, etc.)	\$3,964	Q4 2019

**Capital Highlights****Community Services/Parks***Garden City Lands Phase 2 and 3:*

Approved Budget: \$5,995,000 (2016, 2017, 2018 ) 50% Complete

- The Garden City Lands - Legacy Landscape Plan was endorsed by Council in June 2014.
- Preparation of the farm area licensed to Kwantlen Polytechnic University has been completed and farming began in June 2018.
- Staff are preparing a Non-Farm Use Application for Council's review prior to filing with the Agricultural Land Commission (ALC) in Q4, 2019 or Q1, 2020. The purpose of the application is to gain the ALC's approval to construct a wide range of park infrastructure and site elements.

*Aberdeen Park Phase 2 and 3:*

Approved Budget: \$2,050,000 (2018 &amp; 2019) 15% Complete

- Council approved the naming of this new park at Cambie Road and Hazelbridge Way in July 2017 from Cambie City Centre to Aberdeen Park.
- Phase 2 detailed design will be completed in Fall 2019.
- Construction is anticipated to begin in Spring 2020 and be completed that year.

*The Gardens Agricultural Park:*

Approved Budget: \$2,267,000 (2012, 2014, 2015) 55% Complete

- Rehabilitation of the existing park features is ongoing including pathways, a bridge, planting and site furnishings.
- The southern part of the park is open to the public with a northern section anticipated to be open by the end of 2019.
- Redevelopment of the existing ponds for storm water retention was completed in 2016.
- Full implementation of the approved park concept is currently on hold due to the potential impacts of the George Massey Tunnel project.

*Parks Aging Infrastructure 2018:*

Approved Budget: \$900,000 (2018) 72% Complete

- King George Spray Park Resurfacing was completed on June 22, 2018.
- No. 2 Road Pier – Structural Conditional Assessment was completed in August 2018. Planning and preparation for the construction repairs scheduled for 2020.
- Nature Park Boardwalk Replacement - Planning & Design has been completed Feb 2019. Construction of the 300 metre long x 8 feet wide accessible boardwalk along the Nature Park pond trail was completed in June 2019. Enhancement to the facility entrance area to be completed by Spring 2020.

*Parks Identity Signage Program:*

Approved Budget: \$200,000 (2018) 95% Complete

- City Centre urban ID signage was installed at Lang Park, Aberdeen and Richmond Oval fabricated and installed.
- Comprehensive signage plan for Terra Nova Rural Park (TNRP) and Natural Area (TNNA) precincts (including wayfinding and identification signage) fabrication is

**Capital Highlights****Community Services/Parks**

complete. TNRP + TNNA wayfinding installation was complete (Summer 2018) and identification signage installation was completed in Spring 2019.

- Identification signage for Capstan area including Ketcheson and Capstan Neighbourhood Parks was completed and signing was installed in July 2019.
- Alexandra Greenway sign design complete. Fabrication and installation delayed due to site works.

*Playground Improvement & Replacement:*

Approved Budget: \$481,000 (2016 & 2017)

100% Complete

*Palmer Garden City Neighbourhood School Park Playground:*

- Playground construction was completed in early September 2019 and the playground is open to the public.

*Richmond Nature Park Playground Expansion*

- The playground expansion was completed in July 2018 and is open to the public.

*Playground Improvement & Replacement:*

Approved Budget: \$500,000 (2018)

40% Complete

*Terra Nova Adventure Playground Improvement*

- The 'treehouse' tower is being upgraded to address wear and tear associated with the high degree of use it receives.
- The improvements completed in September 2019.

*South Arm Community Park Playground*

- Public engagement process to take place from September – October, 2019.
- Concept plan development to take place in Fall/Winter 2019.
- Request For Proposal and contract award process for design-build services to take place in Winter 2020.
- Construction expected to start in Spring 2020.

*London/Steveston Park Enhancements:*

Approved Budget: \$1,030,000 (2017, 2018 & 2019)

80% Complete

- Construction of new landforms and pathways were completed in Summer 2019.
- Tree planting and grass establishment to take place in Fall 2019.
- The contract for design-build services for the children's playground was awarded in August 2019. Design will take place in Fall 2019. Construction expected to start in late Fall 2019 or Spring 2020, depending on weather and manufacturing lead times.

*Hollybridge Pier/Middle Arm:*

Approved Budget: \$2,350,000 (2012 & 2015)

30% Complete

- Continuation of the Oval West waterfront development as part of the Middle Arm

**Capital Highlights****Community Services/Parks**

waterfront with a new public pier at the end of Hollybridge Way.

- Contract for design services for the pier has been awarded to Amec Foster Wheeler.
- Contract for construction services for the pier has been awarded to Fraser River Pile & Dredge.
- **Project delayed.** Awaiting permitting/construction approvals from the Ministry of Forest, Lands and Resources Operations and First Nations consultation. The Musqueam Band is opposing the project and has requested further consultation with the City of Richmond.

*Parks Aging Infrastructure 2019:*

Approved Budget: \$550,000 (2019) 70% Complete

- McNair Sandfield Renewal – Upgrades to the soccer and rugby sized (70x120 m) sand field included new irrigation heads and replacement of the existing sand base and grass sod began in late-May 2019 and was completed in mid-June 2019.
- Minoru Tennis Courts – perimeter fence replacement on the Richmond Tennis Club facility was completed in July.
- Minoru Tennis Court Repairs and Resurfacing were completed in August.
- King George Tennis Court Repairs and Resurfacing were completed in August.
- King George Waterpark – UV System upgrades - the design build of a secondary UV filtration system as per the new standards/requirements from Vancouver Coastal Health Authorities. Anticipated installation in the Fall/Winter 2019.

*Hugh Boyd Fields – Artificial Turf Replacement 2019:*

Approved Budget: \$1,800,000 (2019) 65% Complete

- Tender was completed in April and award of contract was issued in May.
- Removal of the existing surfacing system completed.
- Grading and levelling the field is underway.
- Installation of a new surfacing system started in September and was substantially completed on November 15, 2019.

*Minoru Park – Replacement of the Lawn Bowling Green Synthetic Surfaces 2019:*

Approved Budget: \$350,000 (2019) 95% Complete

- Tender was completed in April and award of contract was issued in June 2019.
- Testing of existing conditions such as percolation rate was completed in June 2019.
- Work started in August with substantial completion on September 4, 2019. Pending final testing of the bowling greens for facility certification.

*Alexandra Park (formerly West Cambie Park):*

Approved Budget: \$1,720,000 (2010, 2013, 2016 & 2019) 55% Complete

- Council approved the re-naming of this park in March of 2019 from West Cambie to Alexandra Park.
- Issue for Tender drawings and specifications, RFP are being finalized with the consultant team.
- Site prep work is underway. Phase 1 park construction is anticipated to begin spring 2020.



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** November 5, 2019

**From:** Jerry Chong, CPA, CA  
Director, Finance and Chief Financial Officer,  
Lulu Island Energy Company

**File:** 10-6600-10-01/2019-Vol 01

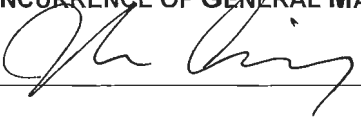


**Re:** Lulu Island Energy Company – 3<sup>rd</sup> Quarter Financial Information

### Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 3<sup>rd</sup> Quarter Financial Information” dated November 5, 2019 from the Chief Financial Officer, Lulu Island Energy Company be received for information.

Jerry Chong, CPA, CA  
Director, Finance and  
Chief Financial Officer,  
Lulu Island Energy Company  
(604-276-4064)

Att. 1

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY SMT	INITIALS: 
APPROVED BY CAO 	







6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** October 30, 2019

**TO:** Board of Directors

**FROM:** Jerry Chong, CPA, CA, Chief Financial Officer

**Re:** Lulu Island Energy Company – 2019 3<sup>rd</sup> Quarter Financial Information

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### Staff Recommendation

That the 3<sup>rd</sup> Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2019 3<sup>rd</sup> Quarter Financial Information” dated October 30, 2019 be approved.

### Background

Lulu Island Energy Company (LIEC), a corporation wholly-owned by the City of Richmond, was established to provide district energy services on behalf of the City. This report was prepared with the objective to provide pre-audited financial information to the Board and LIEC’s shareholder, represented by Richmond City Council.

### Analysis

Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The LIEC’s pre-audited Q3 financial information consists of the interim statement of financial position as at September 30, 2019 and the interim income statement for the period ended September 30, 2019.

### Financial Position

The interim statement of financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) \$11,653,519 and non-current assets (plant and equipment) \$33,104,212. The total assets are \$44,757,732. The total liabilities of \$14,022,940 include outstanding invoices, deferred contributions and concession liabilities. The shareholder’s equity represents the net worth of the company. It is equal to the total assets minus its total liabilities and measures the company’s financial health. As of September 30, 2019, LIEC’s shareholder equity is \$30,734,792, showing good financial health of the company.

### Revenues

The metered billing revenue is the total energy sales of both ADEU and OVDEU service areas. The interim metered billings revenue is \$1,424,355 from the Alexandra District Energy Utility (ADEU) and \$1,318,106 from the Oval Village District Energy Utility (OVDEU). Overall, the first nine months metered billing revenue of \$2,742,461 increased by 8% over 2018. This reflects 2019 rates, the addition of one new building connection in the ADEU service area, and increased energy use from customers due to full occupancy. The year-to-date metered billings revenue is in line with the budget.

### Cost of Sales

The cost of sales is the accumulated total of expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense slightly increased due to more buildings being serviced. For the first nine months, there have been a minimum amount of repairs and maintenance. The utility expense increased by 14% due to more energy sales and utility rates increase. Additional energy consumption is a result of increased use of distribution pumps, geo-field pumps, cooling towers, and natural gas boilers which are used to deliver the energy to the customer buildings. The amortization expense increased due to capital asset additions. Although the year over year cost of sales has increased by 4%, the gross margin percentage has increased from 44% to 46%.

### General and Administration Expenses

The general and administration (G&A) expenses are expenditures that LIEC incurs to engage in operating activities which include salaries and benefits, administration expenses, professional fees, etc. The increase of salaries and benefits is due to adjustments to existing salaries and fringe benefits as a result of the new Employer Health Tax. The administration expense includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. The insurance expense increased by 8% due to additional DEU assets being insured. Overall, G&A expenses as a percentage of revenues are in line at 19% versus 20% for the nine months ended September 30, 2019.

### Contributions and Financing

The contributions and financing expense section represent other sources of revenue and financing expense for the business. The current energy modeling review fee is higher than 2018 due to more building permits being reviewed. The net finance cost is the result of year-to-date finance costs on concession liabilities, offset by interest income. The advanced payment received from developers for future building connections has resulted in a higher cash balance. Therefore, interest income is higher than expected and the net finance cost is lower than 2018.

LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure LIEC's financial performance, increased by 12% compared to the nine months ended in 2018. EBITA as a percentage of revenue is 57% for 2019 compared to 55% in 2018.

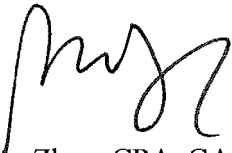
Overall, the net income as a percentage of revenue is 28% for 2019 compared to 21% in 2018. The year to date net income of \$955,026 has exceeded the budget by 49%. Consistent with the corporation's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital replacements.

**Financial Impact**

None.

**Conclusion**

The pre-audited financial information shows that LIEC's financial position is positive.



Helen Zhao, CPA, CA  
Controller

- Attachment 1: Interim Statement of Financial Position as at September 30, 2019 (unaudited)
- Attachment 2: Interim Income Statement for the period ended September 30, 2019 (unaudited)
- Attachment 3: Year To Date Budget vs. Actual Comparison (unaudited)
- Attachment 4: LIEC Third Quarterly Income Statement (unaudited)

## Interim Statement of Financial Position

	As at September 30 2019	As at December 31 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,176,671	\$ 1,640,019
Accounts receivable	1,922,184	2,242,644
Other investments	5,554,665	6,955,532
	11,653,520	10,838,195
Non-current assets:		
Plant and equipment	33,104,212	32,360,749
	\$ 44,757,732	\$43,198,944
<b>Liabilities and Shareholder's Equity</b>		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 606,611	\$ 414,437
Deferred developer contributions	5,482,518	5,374,637
Concession liability	7,933,811	7,630,104
	14,022,940	13,419,178
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	3,337,677	2,382,651
	30,734,792	29,779,766
	\$ 44,757,732	\$43,198,944

## Interim Income Statement for the Nine Months Ended

	September 30 2019	September 30 2018	\$ Changes	% Change
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 2,742,461	\$ 2,540,722	201,739	8%
Service fee	721,681	700,661	21,020	3%
	3,464,142	3,241,383	222,759	7%
<b>Cost of Sales</b>				
Contracts	507,415	499,404	8,011	2%
Utilities	502,748	442,779	59,969	14%
Amortization	857,770	856,190	1,580	0%
	1,867,933	1,798,373	69,560	4%
<b>Gross margin</b>	<b>1,596,209</b>	<b>1,443,010</b>	<b>153,199</b>	<b>11%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	478,094	453,448	24,646	5%
Administration expenses	77,251	82,091	(4,840)	(6%)
Insurance	70,639	65,761	4,878	8%
Professional Fees	20,244	31,128	(10,884)	(35%)
	646,228	632,428	13,800	2%
<b>Net income before other items</b>	<b>949,981</b>	<b>810,582</b>	<b>139,399</b>	<b>17%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	84,952	80,070	4,882	6%
Energy modeling review fee	88,199	21,540	66,659	309%
Net financing cost	(168,106)	(235,329)	67,223	(29%)
	5,045	(133,719)	138,764	(104%)
<b>Net Income</b>	<b>\$955,026</b>	<b>\$676,863</b>	<b>\$278,163</b>	<b>41%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	955,026	676,863	278,163	41%
Net Financing cost	168,106	235,329	(67,223)	(29%)
Amortization expense	857,770	856,190	1,580	0%
<b>EBITA</b>	<b>1,980,902</b>	<b>1,768,382</b>	<b>212,520</b>	<b>12%</b>

Notes:

	As at September 30 2019	As at September 30 2018
Percentage of Revenue		
Gross margin percentage	46%	44%
General and administration percentage	19%	20%
Net income percentage	28%	21%
EBITA percentage	57%	55%

## Year-To-Date Budget vs. Actual Comparison

	2019 Q3 Budget	2019 Q3 Actual	\$ Variance	%Variance
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 2,729,920	\$ 2,742,461	12,541	0%
Service fee	721,681	721,681	-	0%
	3,451,601	3,464,142	12,541	0%
<b>Cost of Sales</b>				
Contracts	562,488	507,415	(55,073)	(10%)
Utilities	645,001	502,748	(142,253)	(22%)
Amortization	859,255	857,770	(1,485)	0%
	2,066,744	1,867,933	(198,811)	(10%)
<b>Gross margin</b>	<b>1,384,857</b>	<b>1,596,209</b>	<b>211,352</b>	<b>15%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	501,790	478,094	(23,696)	(5%)
Administration expenses	99,591	77,251	(22,340)	(22%)
Insurance	70,000	70,639	639	1%
Professional Fees	43,000	20,244	(22,756)	(53%)
	714,381	646,228	(68,153)	(10%)
<b>Net income before other items</b>	<b>670,476</b>	<b>949,981</b>	<b>279,505</b>	<b>42%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	80,070	84,952	4,882	6%
Energy modeling review fee	16,000	88,199	72,199	451%
Net financing cost	(257,087)	(168,106)	(88,981)	(35%)
	(161,017)	5,045	166,062	(363%)
<b>Net Income</b>	<b>\$509,459</b>	<b>\$955,026</b>	<b>\$445,567</b>	<b>49%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	509,459	955,026	445,567	87%
Net Financing cost	257,087	168,106	(88,981)	(35%)
Amortization expense	859,255	857,770	(1,485)	0%
<b>EBITA</b>	<b>1,625,801</b>	<b>1,980,902</b>	<b>355,101</b>	<b>22%</b>



## LIEC Third Quarter Income Statement

	2019 Q3 Actual	2018 Q3 Actual	\$ Variance	%Variance
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 874,352	\$ 802,132	72,220	9%
Service fee	240,561	233,553	7,008	3%
	1,114,913	1,035,685	79,228	8%
<b>Cost of Sales</b>				
Contracts	165,598	164,501	1,097	1%
Utilities	127,588	107,079	20,509	19%
Amortization	300,463	300,000	463	0%
	593,649	571,580	22,069	4%
<b>Gross margin</b>	<b>521,264</b>	<b>464,105</b>	<b>57,159</b>	<b>12%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	158,604	151,130	7,474	5%
Administration expenses	17,375	20,692	(3,317)	(16%)
Insurance	35,639	32,761	639	9%
Professional Fees	1,137	1,329	(192)	(14%)
	212,755	205,915	6,843	3%
<b>Net income before other items</b>	<b>308,509</b>	<b>258,193</b>	<b>50,316</b>	<b>19%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	31,571	26,689	4,882	18%
Energy modeling review fee	-	9,324	(9,324)	(100%)
Net financing cost	(67,111)	(61,574)	(5,537)	9%
	(35,540)	(25,561)	(9,979)	39%
<b>Net Income</b>	<b>\$272,969</b>	<b>\$232,632</b>	<b>\$40,337</b>	<b>17%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	272,969	232,632	40,337	17%
Net Financing cost	67,111	61,574	5,537	9%
Amortization expense	300,463	300,000	463	0%
<b>EBITA</b>	<b>640,543</b>	<b>594,206</b>	<b>46,337</b>	<b>8%</b>



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** December 12, 2019

**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 – 3<sup>rd</sup> Quarter 2019 Financial Information

---

### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2019 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, 2019

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

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

**Re:** **Richmond Olympic Oval Corporation – 3<sup>rd</sup> Quarter 2019 Financial information**

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### **Origin**

This staff report addresses the third quarter financial results for the 3 months ended September 30, 2019 (“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

The Oval’s Learn to Skate program saw record registrations this summer, along with Oval Summer Camps which had over 2,700 registrants. Community groups from Richmond or those with strong Richmond based participation that utilized the Oval in Q3 2019 included: Richmond Minor Hockey, Shoseikan Karate, Richmond Ravens, Richmond Rockets Speedskating, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Greater Vancouver Canadians, Urban Rec, Aura Rhythmic Gymnastics, and the Non-Contact Hockey League.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere. As in previous quarters, community group use continued to constitute the majority of Oval usage in Q3. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q3, Richmond-based organizations or programs/organizations with significant Richmond representation used approximately 95% of prime time space. At the end of Q3, 77% of Oval members were Richmond residents. The remaining 23% is a key indicator that the Oval has

regional appeal, and while satisfying community demand, it can also attract a client base outside of Richmond that positively contributes to the Oval's brand awareness and financial performance.

### Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q3 included: Danny Green Basketball Camp, Richmond Community Day, BC Sport Rep Association Summer Buymart (trade show), Taiwanese Canadian Cultural Festival, Volleyball Canada women's national team red and white match, Richmond Mad Motto (triathlon BC event), a Verizon commercial shoot, world cup field painting competition, Copa Katana Jiu Jitsu tournament, Hockey Community 3x3 hockey tournament, the John Dumont Memorial 3x3 basketball tournament, Hooplaw basketball tournament, Forever Young 8K run, Rehab Equipment Expo, and the Fencing Canada Cup.

Additionally, some of the future events secured in Q3 by Events and Sport Hosting include: Mid Autumn festival, City Shred (fitness / workout challenge), Prosperous Badminton Tournament, Canadian Tire Jump Start Day (kids activity day), Canadian Women's Para Hockey Series (vs. USA), Indo Pacific Trampoline and Tumbling Championships, BCSSA BC Cup (speed skating competition), 2020 Battle of the Badges, 2020 Short Track Canada Cup Junior Final (speed skating competition), and the 2020 Western Elite Circuit (speed skating event).

Events and training camps that occurred during Q3 for High Performance included: Bobsleigh-Skeleton Canada recruitment camp and the Vancouver Football Club training camp.

Notable Oval athlete successes during Q3 include:

- Pan American Games Results:
  - Field Hockey Canada Men's National Team won a Silver medal
  - Softball Canada Women's National Team won a Silver medal
  - Mo Zhang won a Bronze medal in table tennis doubles and Gold in mixed doubles
  - Maggie Coles-Lyster won a Bronze medal in Track Cycling
  - Race Walker Evan Dunfee placed 5<sup>th</sup>
  - Edison Huang competing in the International Table Tennis Federation El Salvador Jr and Cadet Open won a Gold medal in the team event and Bronze in the junior doubles event
- Softball Canada National Women's Team won the Olympic qualifier in Surrey, BC, qualifying the team for the Tokyo 2020 Olympic Games.
- 6 Female Volleyball Regional Excellence Program (REP) athletes will be competing at the Canada Cup for Team BC in Halifax. Athletes include Lucy Borowski, Jaeya Brach, Elizabeth Lee, Chloe Ng, Rio Pesochin, and Tamara Jurosevic.

### Governance

The Corporation's Audit & Finance Committee meeting took place during Q3.

### Financial

The first 9 months of 2019 have been successful for the Corporation. The YTD results for the 9 months ended September 30, 2019 were budgeted at an income before transfers to reserves/equity of \$387,000 and the actual results show income of \$1,486,000 indicating a favorable variance of \$1,099,000 (please see page 4 for the Corporation's balance sheet as of September 30, 2019 and page 5 for the statement of operations). Year to date, \$2,374,000 was allocated to the reserves/equity.

### **Comments on the Financial Results for Q3**

#### Revenues

The Q3 portion of the estimated 2019 Games Operating Trust Fund ("GOT") distribution of \$716,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,552,000 in Q3 and other revenue of \$587,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue. Overall, revenue was \$308,000 favorable to budget.

#### Expenses

Memberships, admissions and program services costs for Q3 2019 were \$1,665,000, facility operations costs were \$1,152,000, marketing expenses were \$201,000, and administration and finance expenses were \$794,000. Overall, expenditures were \$83,000 favorable to budget.



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

**RICHMOND OLYMPIC OVAL CORPORATION****Balance sheet****As at September 30, 2019****Unaudited, prepared by management****Sept 30, 2019****ASSETS****Financial Assets**

Cash	\$	1,007,465
Investments		14,843,586
Inventory		162,831
GOT receivable		-
Accounts receivable		883,104
		<u>16,896,986</u>

**Financial Liabilities**

Accounts payable and accrued liabilities	1,666,100
Deferred revenue	7,335,334
Rental deposits	9,263
	<u>9,010,697</u>

Net financial assets	7,886,289
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**Non-Financial Assets**

Tangible capital assets	10,955,866
Deferred lease costs	32,420
Prepaid expenses and other deposits	140,341
	<u>11,128,627</u>

Accumulated Surplus (Note 1)	\$	19,014,916
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**Note 1 - Breakdown of accumulated surplus account is as follows:**

Investment in capital assets	8,726,696
Reserves/Provisions	9,349,870
Common Shares	1
Surplus	938,350
	<u>19,014,916</u>

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to fund the Oval's future capital program, which has averaged \$2.80M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

# **RICHMOND OLYMPIC OVAL CORPORATION**

## Statement of Operations

For the quarter ended September 30, 2019

Unaudited, prepared by management

	QTR 3 2019			YTD ended September 30, 2019			2019		
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET
<b>REVENUES</b>									
2010 Games Operating Trust Fund	725,000	716,359	(8,641)	-1%	2,175,000	2,166,360	(8,641)	0%	2,900,000
Contribution from City of Richmond	881,845	881,845	-	0%	2,645,534	2,645,533	-	0%	3,527,378
Memberships, admissions and programs	2,312,390	2,551,572	239,182	10%	6,552,694	6,882,736	330,042	5%	8,667,697
Other	509,836	586,980	77,144	15%	1,529,508	1,751,217	221,709	14%	2,039,345
	4,429,071	4,736,758	307,686	7%	12,902,736	13,445,846	543,110	4%	17,134,420
<b>EXPENSES</b>									
Memberships, admissions and program services	1,664,776	1,664,978	(202)	0%	4,655,314	4,700,721	(45,407)	-1%	6,124,619
Facility Operations	1,143,136	1,152,240	(9,104)	-1%	3,431,716	3,328,057	103,659	3%	4,574,850
Marketing	183,971	200,629	(16,658)	-9%	537,541	481,651	55,891	10%	708,575
Admin/Finance	824,026	793,797	30,229	4%	2,465,853	2,215,871	249,982	10%	3,287,067
Amortization	475,000	396,469	78,531	17%	1,425,000	1,233,401	191,599	13%	1,900,000
	4,290,909	4,208,113	82,796	2%	12,515,424	11,959,701	555,723	4%	16,595,111
<b>Net Income (Note 1)</b>	138,162	528,645	390,483	283%	387,312	1,486,145	1,098,833	284%	539,309

Note 1 - In Q3, \$0.94M was transferred into reserves/equity mainly for future capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's capital program, which is primarily funded from the Capital Reserves, has averaged \$2.80M annually over the past 5 years.

Numbers may be off due to rounding.





# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** December 12, 2019

**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 – 2020 Annual Operating and Capital Budgets**

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### Staff Recommendation

That the report titled “Richmond Olympic Oval Corporation – 2020 Annual Operating and Capital Budgets” 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, 2019

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

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

**Re:** **Richmond Olympic Oval Corporation – 2020 Annual Operating and Capital Budgets**

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### **Origin**

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2020 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 being presented to City Council for information.

### **Analysis**

#### 2020 Operating Budget

In preparing the 2020 operating budget, staff received a mandate from the CEO indicating that there would not be any increases to the operating budget except for non-discretionary items such as costs associated with ongoing contractual commitments, collective bargaining agreement related increases, operating budget impacts due to increased plant and growth in operations where there was a favorable gross margin impact. In its early years and with the assistance of the City of Richmond (the "City"), the Oval had benefited from securing significant sponsorship dollars. As was expected, the expiration of some of these significant sponsorship agreements has a negative budget impact of \$0.3M for 2020. Three significant factors have impacted the Corporation's ability to sustain this level of sponsorship: 1) In the lead up to the Olympic Winter Games, the Oval became the signature venue and was able to successfully attract a high level of sponsorship compared to other Olympic facilities. Over time, the ability to attract sponsors has diminished. 2) The City was able to assist in obtaining sponsorships by leveraging existing relationships and opportunities. Based on the timing of the expiring contracts and the existing sponsors budget constraints, the Oval has been unable to duplicate these initial sponsorship deals. 3) There have been ongoing negotiations with the IOC and the COC regarding the Oval's sponsorship guidelines which has hampered renewal efforts. Staff are actively pursuing a resolution and will be meeting with key decision makers from

the IQC in early 2020. In addition to the mandate given above, staff were asked to find additional efficiencies in order to offset this reduction in revenue and have done so by preparing an aggressive 2020 budget. As such, despite the impact of these expiring agreements and other non-discretionary items, an increase of \$0.3M to the net 2020 budget before amortization has been prepared relative to the 2019 budget. The BOD unanimously approved the 2020 operating budget as shown in Attachment 1.

### 2020 Outlook

The Richmond Olympic Oval will continue to offer innovative programs and services for the community. Through fitness and drop-in sport activities and sport programs such as Learn to Skate, children's camps and climbing, the Oval keeps the community active, healthy and developing their physical literacy. One example of this is the annual Forever Young 8K, Canada's only 55+ 8 km run/walk, which will start and finish at the Oval on September 13<sup>th</sup>. Some of the community groups/organizations from Richmond or with strong Richmond based participation expected for 2020 include, but are not limited to: Richmond Arenas Community Association (RACA), Richmond Rockets Speedskating Club, Richmond FC, DRIVE Basketball, Urban Rec and the Greater Vancouver Canadians Hockey Club. In addition to satisfying the community demand, the Oval also has regional appeal as approximately 23% of members are non-Richmond residents. This is a positive indicator that the Oval has been able to attract a client base outside of Richmond that positively contributes to the Oval's brand awareness and financial performance.

Membership offerings will continue to expand in 2020, including the launch of a new climbing wall that will welcome all skills levels and also attract prestigious international event hosting opportunities. Enhanced Oval Fitness offerings will continue to grow, building on previous program launches including OVALfit RIDE and 2019's launch of ATHLETIC, a group-based class that combines conditioning and strength training.

High-performance sports programming at the Oval aims to help athletes develop from community athletes to the provincial and national ranks. Continuing in 2020, the Canadian Women's National Volleyball Program will utilize the Oval as their home training facility in preparation for Olympic qualifiers in early 2020. In 2019, Field Hockey Canada partnered with the Richmond Olympic Oval to announce the Oval as their home venue for strength and conditioning moving into 2020. Other national team programs training out of the Oval in 2020 include Softball Canada, Table Tennis Canada, Climbing Escalade Canada, Wheelchair Rugby Canada and Canoe Kayak Canada.

Over 40 events have been secured for 2020, including but not limited to: Pinnacle Cheer Snowflake Competition, Harry Jarome Track Meet, Fencing World Cup, Olympic Day, Wheelchair Rugby Olympic Qualifiers, Rhythmic Gymnastics Zone 4 Championships, Wheelchair Rugby Invitational, Karate BC Training and Tournament, Judo Pacific, Para Ice Hockey Provincials, Speed Skating Jr National Selections, Canadian Adult Recreational Hockey Association (CARHA) Hockey World Cup, Volleyball Provincials, PIJAC Pet Show, Climbing Nationals, Wheelchair Rugby Canada Cup, Vancouver Ki Aikido Seminar and the 55+ Games.

### 2020 Capital Budget

The 2020 capital budget is a total of \$1.72M which includes a minor capital budget of \$1.37M and a major capital budget of \$0.35M. The minor capital budget is for capital projects that are required to maintain or replace the existing capital assets and infrastructure and those projects required to support Oval programming. This includes \$0.47M of building operations requirements (e.g. parking system improvements), \$0.46M of program related improvements and equipment (e.g. cardio and strength equipment), \$0.24M of computer software & equipment (e.g. Wi-Fi enhancements) and a \$0.20M contingency for any safety, security, or other related issues.

The major capital budget of \$0.35M is for Customer Service Enhancements which mainly pertains to locker room upgrades. The entire \$1.72M of the Oval's capital budget is self funded by the Corporation through its contributions to its capital reserves.



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

ATTACHMENT 1

2020 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>				
<b>Operating Budget</b>				
	<b>2019 BUDGET</b>	<b>2020 BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
2010 Games Operating Trust	\$ 2,900,000	\$ 2,900,000	\$ -	0%
Contribution from City of Richmond	3,527,378	3,597,926	\$ 70,548	2%
Memberships, admissions and programs	8,667,697	9,367,602	\$ 699,905	8%
Other	2,039,345	1,957,277	\$ (82,068)	-4%
	<b>17,134,420</b>	<b>17,822,804</b>	<b>688,384</b>	<b>4%</b>
<b>EXPENSES</b>				
Memberships, admissions and programs	6,124,619	6,405,632	\$ 281,013	5%
Facility Operations	4,574,850	4,721,527	\$ 146,677	3%
Marketing	708,575	686,470	\$ (22,105)	-3%
Admin/Finance	3,287,067	3,306,216	\$ 19,149	1%
	<b>14,695,111</b>	<b>15,119,845</b>	<b>424,734</b>	<b>3%</b>
<b>Net income before amortization and transfers</b>	<b>\$ 2,439,309</b>	<b>\$ 2,702,959</b>	<b>\$ 263,650</b>	<b>11%</b>
Amortization	1,900,000	2,000,000	\$ 100,000	5%
<b>Net after amortization and before transfers</b>	<b>\$ 539,309</b>	<b>\$ 702,959</b>	<b>\$ 163,650</b>	<b>30%</b>
Transfers to reserves/provisions (Note 1)	TBD	TBD		
<b>Net after amortization and transfers</b>	<b>TBD</b>	<b>TBD</b>		
<b>Note 1</b> - This budgeted transfer to reserves/provisions is not estimated at this time as the amount will be determined by the Capital Works Committee.				