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**Finance Committee**

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

**Tuesday, January 7, 2025  
4:00 p.m.**

Pg. #      ITEM

MINUTES

**FIN-4**      *Motion to adopt the **minutes** of the meeting of the Finance Committee held on December 2, 2024.*



DELEGATION

**FIN-11**      1. Aanu Adeleye and Nomdora Hassan, Engagement Partners, KPMG, to present the **Audit Planning Report**.

FINANCE AND CORPORATE SERVICES DIVISION

2. **FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2024**  
(File Ref. No. 03-0905-01) (REDMS No. 7842837)

**FIN-42**

**See Page FIN-42 for full report**

*Designated Speakers: Cindy Gilfillan & Mike Ching*

Pg. #      ITEM

STAFF RECOMMENDATION

*That the staff report titled, “Financial Information – 3rd Quarter September 30, 2024”, dated December 12, 2024, from the Director, Finance, be received for information.*

3.    **ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE – 3<sup>RD</sup> QUARTER SEPTEMBER 30, 2024**  
(File Ref. No. 03-0975-01) (REDMS No. 7845719)

FIN-66

[See Page FIN-66 for full report](#)

*Designated Speakers: Jenny Ho & Mike Ching*

STAFF RECOMMENDATION

*That the staff report titled, “Active Capital Projects Financial Update – 3rd Quarter September 30, 2024”, dated November 29, 2024 from the Director, Finance, be received for information.*

LULU ISLAND ENERGY COMPANY

4.    **LULU ISLAND ENERGY COMPANY - 2024 3RD QUARTER FINANCIAL INFORMATION**  
(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7892 I 76)

FIN-84

[See Page FIN-84 for full report](#)

*Designated Speakers: Helen Zhao & Alen Postolka*

STAFF RECOMMENDATION

*That the Lulu Island Energy Company report titled "Lulu Island Energy Company - 2024 3<sup>rd</sup> Quarter Financial Information", dated December 13, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.*

Pg. # ITEM

RICHMOND OLYMPIC OVAL CORPORATION

5. **RICHMOND OLYMPIC OVAL CORPORATION – 3RD QUARTER 2024 FINANCIAL INFORMATION**  
(File Ref. No. 03-1200-09) (REDMS No. 7895732)

FIN-94

See Page FIN-94 for full report

*Designated Speaker: Rick Dusanj*

STAFF RECOMMENDATION

*That the Richmond Olympic Oval Corporation – 3rd Quarter 2024 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.*

6. **RICHMOND OLYMPIC OVAL CORPORATION – 2025 ANNUAL OPERATING AND CAPITAL BUDGETS**  
(File Ref. No. 03-1200-09) (REDMS No. 7895782)

FIN-100

See Page FIN-100 for full report

*Designated Speaker: Rick Dusanj*

STAFF RECOMMENDATION

*That the Richmond Olympic Oval Corporation – 2025 Annual Operating and Capital Budgets report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.*

ADJOURNMENT



## Finance Committee

Date: Monday, December 2, 2024

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Carol Day (by teleconference)  
Councillor Laura Gillanders (by teleconference)  
Councillor Kash Heed  
Councillor Andy Hobbs  
Councillor Alexa Loo  
Councillor Bill McNulty  
Councillor Michael Wolfe

Call to Order: The Chair called the meeting to order at 4:18 p.m.

It was moved and seconded  
*That Councillor Day and Councillor Gillanders be permitted to join the meeting electronically.*

**CARRIED**

## MINUTES

It was moved and seconded  
*That the minutes of the meeting of the Finance Committee held on November 4, 2024, be adopted as circulated.*

**CARRIED**

## RICHMOND PUBLIC LIBRARY

1. **2025 OPERATING AND CAPITAL BUDGETS FOR RICHMOND PUBLIC LIBRARY**

(File Ref. No. 03-0970-01) (REDMS No. 7866348)

It was moved and seconded

*That the 2025 proposed Richmond Public Library budget with a municipal contribution of \$11,803,300 as presented in Attachment 1 from the Chief Librarian and the Secretary of the Board, be approved.*

The question on the motion was not called as staff responded to queries, noting that (i) Richmond has a municipal contribution per capita that is 26% below the average, and has the longest operating hours of any library in any municipality in BC, (ii) two libraries are in City owned facilities, and two libraries are in leased properties, which impacts the difference in budgets, (iii) steady growth over the years has necessitated the ability to standardize staffing schedules across all four locations (iv) with respect to the removal of fines, there have not been any issues with books not being returned, and (v) \$235,000 of the salaries and benefits total is funded from the Enhancement Grant.

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

## FINANCE AND CORPORATE SERVICES DIVISION

2. **2025 PROPOSED CAPITAL BUDGET**

(File Ref. No. 03-0970-25-2025-01) (REDMS No. 7775861)

Staff provided a brief summary of the 2025 Proposed Capital Budget, noting that the budget is quite similar to the 2024 Capital Budget.

In response to queries from Committee, staff noted (i) Council previously approved \$100 million for phase 1 of the Works Yard project as it is a significant project that will be phased over 10 years, and next year \$50 million is set aside for phase 2 of the project, (ii) as per Council direction, a monthly memorandum will be provided with updated cost estimates and expenditures as the Works Yard planning and construction progresses, (iii) it was previously identified the McDonald Beach Boat Basin Dredging program would come forward in 2025 for capital funding, however since that time the federal government has come forward with some partnership funding opportunities, (iv) there have not been any applications for funding grants with respect to the Park Shelter and Shade program (due to climate change either a shade perspective or inclement weather) and the Trail Network Enhancements program, as the Crown Packaging Trail is priority at this time, (v) a phased plan for both the Richmond Ice Centre and the Richmond

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**Finance Committee**  
**Monday, December 2, 2024**

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Curling Club was implemented in 2021 for year by year repair/replacement work in order to minimize disruptions (vi) the Britannia Shipyards project is phased to several phases, with the current submission being the third or fourth submission for roof and envelope improvements, (vi) developing pickleball courts has unique challenges including, sound attenuation, surfacing and lighting, (vii) a capital project at the Gateway completed two years ago with a number of mechanical system upgrades, and it was determined during assessment that the time for mechanical and HVAC renewal is appropriate for 2029, and (viii) a typical playground lasts 15-18 years, however Hugh Boyd Park playground experienced some deterioration, requiring some components to be removed and temporary measures put in place.

It was moved and seconded

- (1) *That the 2025 Proposed Capital Budget as presented in Appendix 3 totaling \$152,581,457 be approved; and*
- (2) *That the 2025 Proposed Capital Budget as approved be included in the Consolidated 5 Year Financial Plan (2025-2029).*

The question on the motion was not called as a brief discussion ensued with respect to pickleball courts. It was requested that staff provide a memo to Committee outlining opportunities for consideration to expand upon the number of pickleball courts at South Arm.

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

3. **2025 PROPOSED OPERATING BUDGET**

(File Ref. No. 03-0970-01) (REDMS No. 7811426)

Staff reported the operating budget has been challenging as there are some significant cost drivers as outlined in the report. It was further noted the report also recognizes the work that has been done to find efficiencies within the organization and opportunities for revenue growth, which collectively has helped manage the organization base budget; in particular, the same level of service budget keeping below 2.0% and in line with CPI and the long-term financial management strategy.

The Committee noted the additional chart provided on table (attached to and forming part of these minutes as Schedule 1) gives an overview of the three proposed budget options; staff are recommending Option 1 with a tax increase of 5.86%, which includes the 1.0% transfer to the Rate Stabilization reserve (4.86% plus 1.0%) which makes a vital difference when compared to other municipalities in the region.

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Superintendent Julie Drotar, Officer in Charge - RCMP, noted the additional officer and support staff request is based on considerable analysis undertaken. In response to a query from the Committee, Superintendent Drotar estimated it would take 12–18 months to have the requested RCMP officers in place.

A brief discussion on the funding of the Rate Stabilization Fund ensued, and options to include funding for invasive plant management.

In response to further questions from Committee, staff noted (i) Option 1 is a phased approach that allows a lower tax impact for 2025, and (ii) \$0.3946 of every tax dollar is directed to police and fire, which does not include the additional level request for consideration.

It was moved and seconded

*That:*

- (1) *The 2025 Proposed Operating Budget as presented in Budget Option 1 for a total of 5.86% be approved as outlined below:*
  - (a) *A same level of service budget increase of \$6,115,400 after tax growth with a tax increase of 1.99% be approved; and*
  - (b) *Ongoing funding for expenditures previously approved by Council totaling \$5,675,000 as presented in Table 11 on page 22 with a tax increase of 1.85% be approved; and*
  - (c) *Emerging organizational additional levels in the amount of \$2,647,135 as presented in Attachments 9, 10, 11, and 12 of the staff report titled 2025 Proposed Operating Budget with a tax increase of 0.86% be approved; and*
  - (d) *The Rate Stabilization Account be used to pay for the one-time initial capital costs for the recommended additional levels from Attachment 11 and 12 totaling \$246,688 be approved; and*
  - (e) *Transfer to reserves for Investment in Community Facilities as per Council's Long Term Financial Management Strategy in the amount of \$3,066,765 with a tax increase of 1.00% be approved; and*
  - (f) *Senior level government and other government agency increase of \$2,121,638 with a tax increase of 0.69% be approved; and*
  - (g) *Use of reserves for program expenditures for Affordable Housing, Child Care and Public Art programs of \$1,442,191 as presented in Attachment 8 on page 59 be approved; and*
  - (h) *Operating budget impacts totalling \$368,774 with a tax increase of 0.12% be approved; and*

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- (i) *The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$2,000,000 resulting in a tax decrease of 0.65% be approved; and*
- (2) *The 2025 Operating Budget as approved be included in the Consolidated 5 Year Financial Plan (2025-2029).*

The question on the motion was not called as a brief discussion ensued with respect to invasive plant management. As a result of the discussion, the following **amendment motion** was introduced:

It was moved and seconded

*That the motion be amended to add:*

- (1) (j) *That one time rate stabilization funding of \$534,431 for the Blackberry Management: Natural Areas Technician position (RFT), the Climate & Environment Coordinator 2 (RFT) and a Parks Labourer including a truck, be added*

The question on the amendment motion was not called as further discussion ensued with respect to ongoing future funding for the positions.

The question on the amendment motion was then called and it was **DEFEATED** with Mayor Brodie and Cllrs. Au, Day, Heed, Hobbs, Loo and McNulty opposed.

A further amendment motion to add a fourth option to use more of the Rate Stabilization Fund to reduce the increase to 5.55% was introduced but failed to receive a seconder.

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

The following **referral motion** was then introduced:

It was moved and seconded

*That staff look for strategies and options for more blackberry and other invasive species management and report back to the Parks, Recreation and Cultural Services Committee.*

**CARRIED**

4. **2025 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0970-01) (REDMS No. 7833379)

Staff advised that most of the items recommended by staff were previously brought forward to Council for endorsement to be brought forward to the budget process and some of the other items are ongoing items.

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**Finance Committee**  
**Monday, December 2, 2024**

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It was moved and seconded

*That the one-time expenditures totaling \$2,690,457 as outlined in Attachment 1 of the 2025 One-Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2025-2029).*

The question on the motion was not called as a brief discussion ensued with respect to various expenditures.

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

## LULU ISLAND ENERGY COMPANY

5. **LULU ISLAND ENERGY COMPANY – 2025 OPERATING AND CAPITAL BUDGETS**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7862558)

It was moved and seconded

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2025 Operating and Capital Budgets”, dated November 15, 2024 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.*

**CARRIED**

## ADJOURNMENT

It was moved and seconded

*That the meeting adjourn (5:58 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, 2024.

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Mayor Malcolm D. Brodie  
Chair

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Lorraine Anderson  
Legislative Services Associate

Schedule 1 to the Minutes of the Finance Committee meeting of Richmond City Council held on Monday, December 2, 2024.

November 19, 2024

**ON TABLE ITEM**

Date: Dec 2, 2024

Meeting: FINANCE

Item: B

NOTE: additional information to Fin 189

Table 18: Proposed Budget Options (in \$000s)

Budget Components	Option 1	Option 2	Option 3
	<i>Recommended</i>		
	Reduced Emerging Additional Levels with Rate Stabilization	Emerging Additional Levels with Rate Stabilization	Emerging Additional Levels with preservation of Rate Stabilization
Same Level of Service	\$8,615	\$8,615	\$8,615
Less: 2025 Tax Growth	(2,500)	(2,500)	(2,500)
<b>Same Level of Service after tax growth (below CPI target of 2.10%) - Table 7, page 18</b>	<b>6,115</b>	<b>6,115</b>	<b>6,115</b>
Previously Approved Expenditures Table 11, page 22	5,675	5,675	5,675
Law and Community Safety Emerging Organizational Additional Level Increases - Budget Option 1 (Attachment 12, page 77) - Budget Option 2 and 3 (Attachment 12 + Attachment 13 # 1-4, page 78)	1,763	2,881	2,881
Citywide Emerging Organizational Additional Level Increases (Attachments 10, 11 and 12)	884	884	884
Investment in Infrastructure Replacement Needs (Transfer to Reserves) page 23	3,067	3,067	3,067
<b>LTFMS Policy: Same Level of Service + Previously Approved Expenditures + Emerging Organizational Additional Levels + 1.00% for Infrastructure Replacement Needs</b>	<b>17,504</b>	<b>18,622</b>	<b>18,622</b>
Community Safety Cost-Sharing Obligations Table 13 page 25	1,412	1,412	1,412
Canada Pension Plan Enhancements Table 13 page 25	460	460	460
WorkSafeBC Rate Increases Table 13 page 25	250	250	250
<b>Senior Government Increases</b>	<b>2,122</b>	<b>2,122</b>	<b>2,122</b>
Estimated OBI from 2025 Capital Budget Table 13 page 26	369	369	369
<b>Operating Budget Impacts</b>	<b>369</b>	<b>369</b>	<b>369</b>
Rate Stabilization page 27	(2,000)	(2,000)	-
<b>Subtotal of Senior Government Increases, Operating Budget Impacts and Rate Stabilization</b>	<b>491</b>	<b>491</b>	<b>2,491</b>
<b>Preliminary 2025 Operating Budget Increase</b>	<b>\$17,995</b>	<b>\$19,113</b>	<b>\$21,113</b>
Annual equivalent tax increase for average residential property	\$128	\$136	\$150



# City of Richmond

Audit Planning Report  
for the year ending December 31, 2024

*KPMG LLP*

Prepared on December 11, 2024 for presentation to the Finance  
Committee on January 7, 2025

[kpmg.ca/audit](http://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement



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\* We have transitioned the role of Engagement Partner providing services to the City of Richmond. This change has been discussed with and approved by Management.



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<b>19</b>	Appendices				

The purpose of this report is to assist you, as a member of the Finance Committee ("the Committee"), in your review of the plan for our audit of the consolidated financial statements of the City of Richmond as at and for the year ending December 31, 2024. This report is intended solely for the information and use of Management, the Committee, and the Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Finance Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



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This Audit Planning Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

# Audit highlights

No matters to report
  Matters to report – see link for details

## Scope

Our audit of the consolidated financial statements of the City of Richmond ("the City") as at and for the year ending December 31, 2024, will be performed in accordance with Canadian generally accepted auditing standards (CASs).

## Audit strategy

**Materiality - \$11,100,000**
 Involvement of others
  Updates to our prior year audit plan

## Risk assessment

Presumed risk of fraudulent revenue recognition
  Other risks of material misstatement

Other significant risks
  Revenue, deferred revenues, and development cost charges

Risk of management override of controls
  Expenses, including salaries and benefits expense

Tangible capital assets

Valuation of post-employment benefits

# Updates to our prior year audit plan

## New significant risks

There were no new significant risks identified for the year.

## Other significant changes



Newly effective accounting standards



New accounting standards effective for the year ending December 31, 2024 include:  
 PS 3400 Revenue  
 PS 3160 Public private partnerships  
 PSG 8 Purchased Intangibles

Based on our preliminary discussions with management, PS 3400, PS 3160 and PSG-8 is not expected to have a material impact on the City's consolidated financial statements. We are in the process of working with management on their implementation of PS 3400.



Newly effective accounting standards



Newly effective auditing standards



There is a new auditing standard effective for year ending December 31, 2024 related to group audit considerations.



Newly effective auditing standards



# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Initial Group materiality

**Materiality**  
**\$11,100,000**  
(2023: \$10,200,000)

**Forecasted total expenses as at December 31, 2024**  
**\$556,000,000**  
(2023: \$512,000,000)

No change in benchmark compared to prior year

**% of Benchmark**  
**2.0%**  
(2023: 2.0%)

The prescribed range is between 0.5% and 3.0% of the benchmark

# Involvement of others

The following parties are involved in the audit of the financial statements:

## Involved party **Nature and extent of planned involvement**

Management’s specialists: actuary

The actuary, George & Bell Consulting Inc. will perform an actuarial valuation of employee benefits on termination and retirement.

See page 16 for further details.

# Group audit – Scoping

We respond to identified and assessed risks of material misstatement to the consolidated group by performing audit procedures. Components subject to audit procedures are determined based on both quantitative and qualitative factors.

**Components subject to audit procedures:**

City of Richmond (consolidated)
Richmond Public Library (standalone audit – statutory requirements)
Richmond Olympic Oval Corporation (standalone audit – statutory requirements)
Lulu Island Energy Company (standalone audit – statutory requirements)

# Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in the financial statements.

We draw upon our understanding of the City and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the City’s systems of internal control, including our business process understanding.

	Risk of fraud	Risk of error	Risk rating
● Management override of controls	✓		Significant (non-rebuttable significant risk as required by Canadian Auditing Standards)
● Revenue, deferred contributions, and development cost charges		✓	Base
● Expenses including salaries and benefits expense		✓	Base
● Tangible capital assets		✓	Base
● Post-employment benefits		✓	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



# Significant risks



## Management Override of Controls (*non-rebuttable significant risk of material misstatement*)

RISK OF



FRAUD

### Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Presumption of the risk of fraud resulting from management override of controls

### Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of significant estimates and evaluating the business rationale of significant unusual transactions
- utilizing application software to evaluate the completeness of the journal entry population through a roll-forward of all accounts. We plan to use computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing
- reviewing the accounting estimates and assessing whether management's estimates are reasonable and not indicative of management bias.

## Advanced Technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focuses our audit effort on journal entries that are riskier in nature.



Click to learn more

# Required inquiries of the Finance Committee



**Inquiries regarding risk assessment, including fraud risks**

- What are the Committee's views about fraud risks, including management override of controls, in the City? And have you taken any actions to respond to any identified fraud risks?
- Is the Committee aware of, or has the Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
  - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Committee exercise oversight of the City fraud risks and the establishment of controls to address fraud risks?



**Inquiries regarding the City's processes**

- Is the Committee aware of tips or complaints regarding the City financial reporting (including those received through the Committee's internal whistleblower program, if such programs exist)? If so, the Finance Committee's responses to such tips and complaints?



**Inquires regarding related parties and significant unusual transactions**

- Is the Finance Committee aware of any instances where the Company entered into any significant unusual transactions?
- What is the Committee's understanding of the City relationships and transactions with related parties that are significant to the City?
- Is the Committee concerned about those relationships or transactions with related parties? If so, the substance of those concerns?

# Other risks of material misstatement

Areas

Level of risk due to error

Our planned response

## Revenue, deferred revenue, and development cost charges

Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including property taxes, development cost charges (“DCCs”), government grants, contributions for future capital works, and amounts collected for building permits, and facility upgrades, are reported as deferred revenue and recognized when earned.

As contributions are received for specified purposes and sometimes contain restrictions, there is a need to determine whether the amounts should be deferred or recognized as revenue.



- Update our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts.
- Perform a walkthrough and/or test of design and implementation of key controls over contributions received and expenditures incurred, as well as management’s review of related balances.
- Review the accounting for significant new agreements to determine whether stipulations or restrictions exist and how the funds should be recognized and/or deferred.
- Perform substantive procedures, including vouching and review of supporting documentation related to contributions received, to ensure that revenues are appropriately recognized, and deferred revenues are appropriately recorded.
- Reconcile permits to new development cost charges during the year and inspect appropriate bylaws noting the appropriation for its specified purpose.
- Select a sample of DCC charges, recalculate the total amount, agree each factor in the calculation to supporting documentation (e.g. approved rates) and agree the amount recorded to cash receipts.
- Select a sample of DCC expenditures, ensure the expenditures bylaws were approved by Council and agree the amount recorded to supporting documentation.

# Other risks of material misstatement (continued)



## Expenses including salaries and benefits expense

Expenses are closely monitored against approved budgets. Salaries and expenses represent a significant portion of the City's expenses. There is a need to ensure that the expenses recognized are appropriate.



- Update our understanding of the process activities and controls for expenses, including salaries and benefits expense.
- Analyze the change in expenses relative to the prior year based on changes in operations.
- Perform substantive procedures, including vouching and review of supporting documentation related to expenses incurred, to ensure expenses are appropriately recognized.
- Perform substantive analytical testing over payroll expense relative to the prior year based on changes in head count and pay rates.
- Perform a search for unrecorded liabilities to ensure expenses are recorded in the appropriate fiscal year.

# Other risks of material misstatement (continued)



## Tangible Capital Assets (“TCA”)

Tangible capital assets represent a significant portion of assets of the City. The assets owned by the City include land, buildings, furniture and equipment, vehicles, water and waste system infrastructure, road infrastructure, library collection and may require estimation.



- Update our understanding of the process activities and controls over TCA, including the year-end process around identifying assets for impairment.
- Perform a walkthrough and/or test of design and implementation of key controls over recording tangible capital assets.
- Perform detailed testing of asset additions, including developer contributions, and inspection of supporting documentation to ensure it is appropriate to capitalize the costs.
- Test dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately.
- Review the reasonableness of estimated useful lives and amortization recognized.
- Review management’s assessment of impairment, if any, to tangible capital asset. Assess whether the facts related to any impairment issues identified support a write down to the asset.
- Obtain and update on management’s assessment of the asset retirement obligations to determine any changes to the obligation including consideration of remediation costs incurred during the fiscal year and any other changes to assumptions.
- Review agreements for contractual commitments and related disclosure requirements.

# Other risks of material misstatement (continued)



## Post-employment benefits

The City provides certain post-employment benefits, compensated absences, and termination benefits to employees. Due to the complexities of the estimate, management has engaged an actuarial expert to assist in the development of the estimate.



- Update our understanding of the process activities and controls over post-employment benefits.
- Obtain the valuation report prepared by the City's actuarial expert, George & Bell Consulting Inc. and review significant assumptions used for reasonableness.
- Assess the competence, expertise, and qualifications of the City's actuarial expert, and the reasonableness of the valuation methodology.
- Obtain data inputs provided by the City to the actuary for use in determining the estimate and testing select items to determine completeness and accuracy of the data provided.
- Review note disclosure in the financial statements to determine if required disclosures under the accounting standards are appropriately included.



# Key milestones and deliverables

## February – May 2025

Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Closing meeting with management
- Present audit results to the Committee and perform required communications
- Issue audit reports on financial statements

## November 2024

Interim work

- Perform process walkthroughs for remaining business processes
- Identify process risk points for remaining business processes
- Evaluate design & implementation of controls for remaining business processes (control activity component)
- Perform interim substantive audit procedures
- Perform site visits
- Provide update on audit progress

## November 2024

Risk assessment

- Evaluate the City's components of internal control, other than the control activities component
- Inquire of the Committee, management and others within the City about risks of material misstatement
- Complete interim data extraction and processing activities
- Complete initial risk assessment
- Communicate audit plan
- Identify IT applications and environments
- Provide update on audit progress

## October 2024

Planning

- Kick-off with management
- Planning and initial risk assessment procedures, including:
  - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update our understanding of the City and its environment

# Appendices

**1**

Required communications

**2**

New accounting standards

**3**

New auditing standards

**4**

Thought leadership and insights

**5**

Technology

# Appendix 1: Other required communications



## Auditor's report

A copy of our draft auditor's report setting out the conclusion of our audit will be provided at the completion of the audit.

## Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter previously provided to Management.



## Audit findings report

At the completion of the audit, we will provide our findings report to the Committee.

## Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee.



## Independence

We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services and follow the Committee's approved protocols. At the completion of our audit, we will re-confirm our independence to the Committee.

## Internal control deficiencies

Control deficiencies identified during the audit will be communicated to management and the Committee.



# Appendix 2: Changes in accounting standards

## Standard

### Summary and implications

#### Revenue

: The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023.

- The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

#### Effective 2024

#### Public Private Partnerships (“P3”)

The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023. The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.

#### Effective 2024

- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.
- The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
- The standard can be applied retroactively or prospectively.



# Appendix 2: Changes in accounting standards (continued)

## Standard

### Summary and implications

- Purchased Intangibles**  
*Effective 2024*
  - The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted.
  - The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
  - Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized.
  - The guideline can be applied retroactively or prospectively.
- Employee Future benefits**  
*Proposed 2027*
  - The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
  - The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
  - Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.
  - The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively.
  - This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.
  - The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.



# Appendix 2: Changes in accounting standards (continued)

## Standard

### Summary and implications

- The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted.
- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

### Proposed 2027

## Financial Statement Presentation

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.

### Proposed 2027

- The proposed section includes the following:
  - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
  - Separating liabilities into financial liabilities and non-financial liabilities.
  - Restructuring the statement of financial position to present total assets followed by total liabilities.
  - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
  - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
  - A new provision whereby an entity can use an amended budget in certain circumstances.
  - Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.
- The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

# Appendix 3: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments

## Effective for periods beginning on or after December 15, 2023

**ISA 600/CAS 600**  
 .....  
 Revised special considerations – Audits of group financial statements

Click here for information about CAS 600 from CPA Canada:  
[Revised CAS 600](#)

## Effective for periods beginning on or after December 15, 2024

**ISA 260/CAS 260**  
 .....  
 Communications with those charged with governance

**ISA 700/CAS 700**  
 .....  
 Forming an opinion and reporting on the financial statements

Click here for information about CAS 260 and CAS 700 from CPA Canada:  
[Amended CAS 260 and CAS 700](#)



## Appendix 4: Thought leadership and insights

### 2024 Canadian CEO Outlook

KPMG interviewed more than 800 business owners and C-suite leaders across Canada on a variety of topics ranging from their top-of-mind concerns to their acquisition plans, the risks and rewards of artificial intelligence (AI), productivity, the omnipresent threat of cybercrime, and the impact of aging demographics on the workforce.

[Click here](#) to access KPMG's portal.

### Future of Risk

Enterprises are facing an array of reputational, environmental, regulatory and societal forces. To navigate this complex landscape, the C-suite should seek to embrace risk as an enabler of value and fundamentally transform their approach. KPMG's global survey of 400 executives reveals that their top priorities for the next few years are adapting to new risk types and adopting advanced analytics and AI. As organizations align risk management with strategic objectives, closer collaboration across the enterprise will be essential.

[Click here](#) to access KPMG's portal.

### Resilience Amid Complexity

In today's rapidly evolving and interconnected business landscape, organizations face unprecedented challenges and an increasingly complex and volatile risk landscape that can threaten their competitiveness and future survival. We share revealing real-world examples of how companies have overcome their challenges and emerged stronger as the rapid pace of change accelerates and look at the key components of KPMG's enterprise resilience framework and how it is helping these businesses build resilience and achieve their strategic objectives in an increasingly uncertain world.

[Click here](#) to access KPMG's portal.

### Future of Procurement

Procurement is at an exciting point where leaders have the opportunity to recast their functions as strategic powerhouses. In this global report we examine how these forces may affect procurement teams and discuss how procurement leaders can respond – and the capabilities they will need to thrive. Our insights are augmented by findings from the KPMG 2023 Global Procurement Survey, which captured the perspectives of 400 senior procurement professionals around the globe, representing a range of industries.

[Click here](#) to access KPMG's portal.



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## Appendix 4: Thought leadership and insights (continued)

### Artificial Intelligence in Financial Reporting and Audit

Artificial intelligence (AI) is transforming the financial reporting and auditing landscape, and is set to dramatically grow across organizations and industries. In our new report, KPMG surveyed 1,800 senior executives across 10 countries, including Canada, confirming the importance of AI in financial reporting and auditing. This report highlights how organizations expect their auditors to lead the AI transformation and drive the transformation of financial reporting. They see a key role for auditors in supporting the safe and responsible rollout of AI, including assurance and attestation over the governance and controls in place to mitigate risks.

[Click here to access KPMG's portal.](#)

### Control System Cybersecurity Annual Report 2024

Based on a survey of more than 630 industry members (13% from government organizations), this report reveals that while the increase in cyberattacks is concerning, organizations have become more proactive in their cybersecurity budgets, focused on prevention, and acknowledging the threat of supply chain attacks. Furthermore, the report highlights a pressing need for skilled cybersecurity professionals in the face of escalating cyber threats. Explore the full report to help gain a clearer understanding of the growing cyber threat landscape and learn how to overcome the roadblocks to progress.

[Click here to access KPMG's portal.](#)

### Cybersecurity Considerations 2024: Government and Public Sector

In every industry, cybersecurity stands as a paramount concern for leaders. Yet, for government and public sector organizations, the game of digital defense takes on a whole new level of intensity. The reason? The sheer volume and sensitivity of data they manage, which can amplify the potential fallout from any breach. These agencies are the custodians of a vast array of personal and critical data, spanning from citizen welfare to public safety and national security. This article delves into the pivotal cybersecurity considerations for the government and public sector. It offers valuable perspectives on critical focus areas and provides actionable strategies for leaders and their security teams to fortify resilience, drive innovation, and uphold trust in an ever-changing environment.

[Click here to access KPMG's portal.](#)



## Appendix 4: Thought leadership and insights (continued)

Why the Public Sector Must Take the Lead in Sustainability Reporting

As the world prepares for the implementation of sustainability reporting standards from the International Sustainability Board (ISSB), the need for public sector leadership is pronounced. While governments around the world have collaborated on vital policy and regulatory solutions, they have yet to provide sustainability reporting for their own government reporting entities. This presents a major obstacle to global sustainability ambitions, particularly considering the vast physical infrastructure, non-renewable resources, rare earth elements, water and natural assets controlled by governments around the world. .

[Click here](#) to access KPMG's portal.

Fighting Modern Slavery in Canadian Supply Chain

The deadline for the first year of reporting under Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the Act) was May 31, 2024. Under the Act, eligible entities are required to publicly report on steps taken to reduce the risk of forced labour and child labour in their business and supply chain. KPMG in Canada reviewed 5,794 report submissions for the act to identify key takeaways.

[Click here](#) to access KPMG's portal.

ESG for Cities Webinar Series

Cities and municipalities play a crucial role to drive climate action and resilience measures, acting as stewards for the communities they serve – including their constituents, and public, private and non-profit organizations. With the physical impacts of climate changes – including floods, wildfires and droughts – accelerating in terms of both increased frequency and severity, city and municipal leaders are increasingly considering how they can tackle the multifaceted challenge of achieving net zero greenhouse gas (GHG) emissions by 2050. KPMG in Canada's Public Sector and ESG practices completed a three-part national webinar series focusing on the journey to net zero – from strategic planning and stakeholder engagement to the implementation at the asset and operational level, and subsequent reporting obligations.

[Click here](#) to access KPMG's portal.



# Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Finance and Audit Committees, board of directors and management.

**KPMG Audit & Assurance Insights**  
Curated research and insights for Finance and Audit Committees and boards.

**Board Leadership Centre**  
Leading insights to help board members maximize boardroom opportunities

**Current Developments**  
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

**Finance and Audit Committee Guide – Canadian Edition**  
A practical guide providing insight into current challenges and leading practices shaping Finance and Audit Committee effectiveness in Canada.

**Sustainability Reporting**  
Resource centre on implementing the new Canadian reporting standards

**IFRS Breaking News**  
A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.



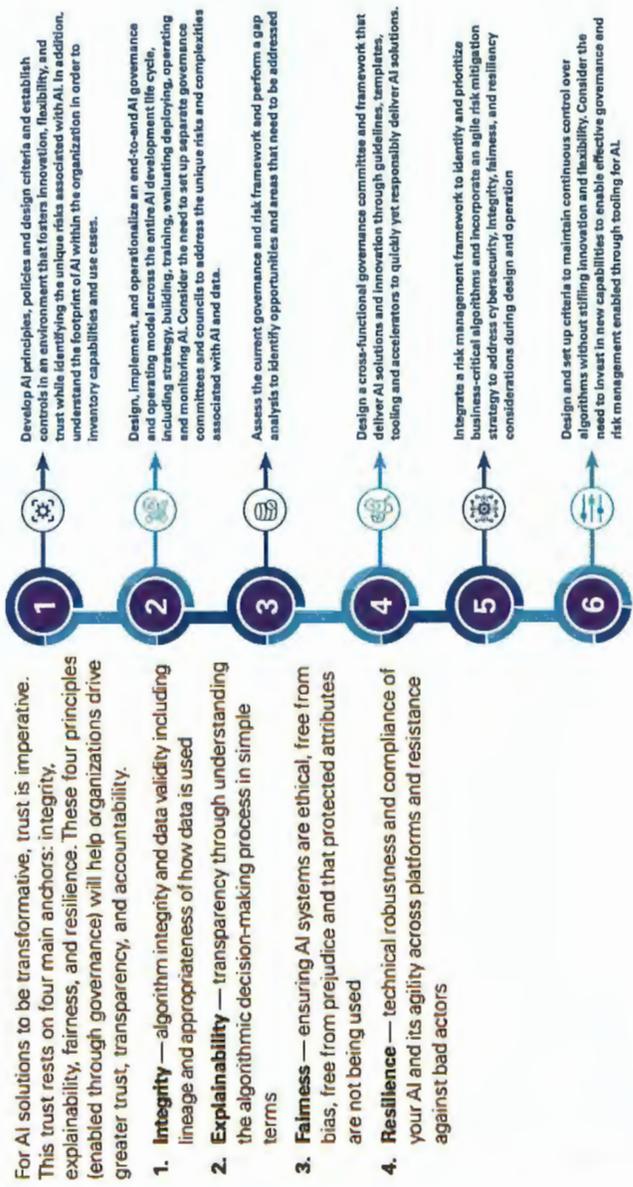
# Appendix 4: Thought leadership and insights (continued)

**KPMG research shows that:**

- Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.
- Of that group, 32 percent believe that regulation should come from a combination of both government and industry.
- Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

**Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.**

**Source:**  
Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:  
<https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%94-94-Leaders-Call>



 [home.kpmg/ShapeofAIGovernance](https://home.kpmg/ShapeofAIGovernance)

# Appendix 4: Thought leadership and insights (continued)

## Current trends in internal audit

Organizations continually face a wide spectrum of risks beyond the already complex financial and regulatory compliance risks. Many organizations are recognizing the impact and benefit of internal audit activity that is agile, properly resourced, effectively managed, and aligned with strategic priorities, which can improve risk management and control processes and drive better efficiencies.

Examples of internal audits are noted below.

<p><b>Cost reduction / efficiency planning</b></p> <p>Review the governance arrangements for the monitoring and efficiency delivery of programs / services as required. This includes considering how efficiency requirements have been apportioned and communicated to support planning.</p>	<p><b>Fraud risk management</b></p> <p>Internal Audit assesses whether a fraud risk management framework exists and whether fraud risk assessment is performed at these levels. Internal Audit reviews the overall governance surrounding this process and review the communication and reporting protocols in place.</p>	<p><b>Staff inclusion and diversity</b></p> <p>Assess the strategy and plan in place for inclusion and diversity amongst staff, the governance of them and the measures in place to measure achievement of the goals. Training and awareness programs are offered to staff and faculty to provide understanding of roles and responsibilities and material is updated on a regular basis.</p>	<p><b>Asset management / maintenance</b></p> <p>Review the processes and controls in place to ensure assets are adequately managed based on an appropriate schedule.</p>	<p><b>Well being (staff)</b></p> <p>Review processes in place to develop and promote employee wellness programs and mental health strategies for staff. Areas of focus include overall program framework, communication to faculty and staff, feedback mechanisms and management's approach to assessing the suitability of the current wellness offerings version faculty and staff needs.</p>
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# Appendix 5: Our technology story



### Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



### Secure

A secure client portal provides centralized, efficient coordination with your audit team.



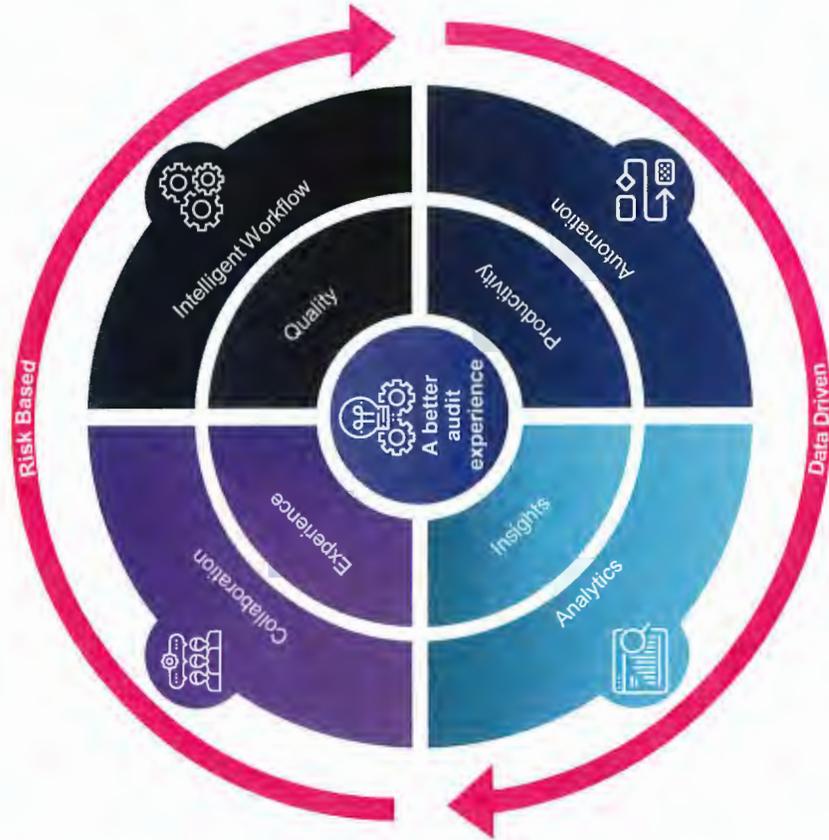
### Intelligent workflow

An intelligent workflow guides audit teams through the audit.



### Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





[kpmg.ca](http://kpmg.ca)

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# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** December 12, 2024

**From:** Mike Ching  
Director, Finance

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

**Re:** Financial Information – 3rd Quarter September 30, 2024

### Staff Recommendation

That the staff report titled, “Financial Information – 3rd Quarter September 30, 2024”, dated December 12, 2024, from the Director, Finance, be received for information.

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

Att: 4

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

## Staff Report

### Origin

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

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

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

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

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

### **Economic Overview**

Global growth is slow and steady, which is expected to continue. The International Monetary Fund (IMF) is forecasting global growth of 3.2% for both 2024 and 2025, with a five-year average forecast of 3.1%.

There continue to be shifts across different regions of the world, most recently, the U.S. growth forecast has strengthened, while there has been weakening growth in other regions, particularly Europe. The Middle East, Central Asia, and sub-Saharan Africa are facing growth challenges related to production and shipping disruptions, as well as extreme weather events, civil unrest, and other conflicts. In Asia, however, the region's growth is benefitting from significant global investments in artificial intelligence that are driving strong demand for semiconductors and other electronics produced in the region<sup>1</sup>. Globally, there is uncertainty in the forecast regarding the impact of the recent U.S. election and potential global trade and other economic impacts, depending on the policies implemented by the new administration.

In the context of the global forecast, Canada is aligned with the slowing growth observed and predicted to continue. Real Gross Domestic Product (GDP) is expected to remain stable at 1.3% in 2024 before rising to 2.4% in 2025. Household savings rates continue to be higher than pre-pandemic levels, and most recently, both home and vehicle sales have started to increase, which may indicate some recovery in these markets. Inflation in Canada, as in B.C. and Metro Vancouver, is continuing to moderate and is expected to stabilize around the 2% target in the medium term.

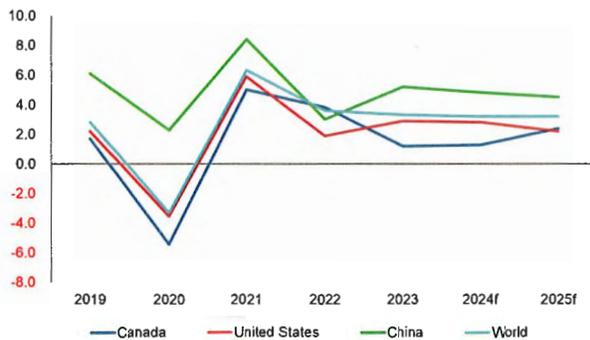
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<sup>1</sup> International Monetary Fund, *World Economic Outlook*, October 2024.

Richmond’s economy remains relatively robust and resilient, driven by its diversified nature. While businesses face challenges such as economic slowdown, inflation, financing difficulties for large projects, labor shortages, and rising input costs, the overall economic activity remains strong. Industrial vacancy rates are increasing after a prolonged period of historically low levels, with some easing of lease rates. Office vacancy rates in Richmond are now closely aligned with the Metro Vancouver average. With global conditions influencing local trends, low level economic growth in Richmond is expected to continue throughout 2024.

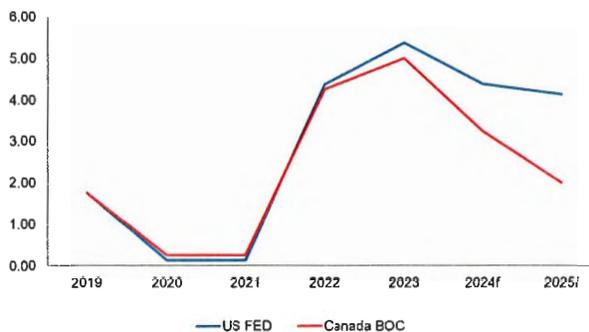
Macroeconomic Indicators & Forecast

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



- The IMF projects global GDP to decrease slightly from the 2023 rate of 3.3% to 3.2% in both 2024 and 2025. This reflects a slight downward revision to the forecast for 2025.
- In 2024, Canadian GDP is forecasted to grow by 1.3%, with U.S. and China GDP growth forecasts of 2.8% and 4.8%, respectively.
- This global growth profile for 2024 is very similar to the previous forecast.

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

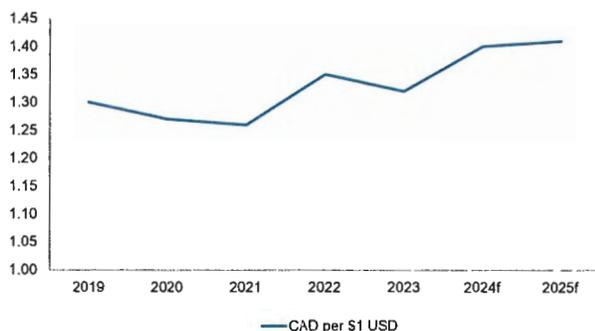


- By the end of Q3 2024, the Bank of Canada (BoC) lowered its overnight lending rate to 4.25%, down from 4.75% at the end of Q2. This was followed by two additional rate cuts of 50 basis points in October and December 2024, reducing the overnight lending rate to 3.25%.
- The U.S. Federal Reserve (U.S.FED) has implemented interest rate cuts totalling 75 basis points to date in 2024. By the end of Q3, the benchmark overnight interest rate midpoint stood at 4.88%, and as of November 2024, it was 4.63%.
- The BoC's rate reduction reflects inflation’s downward trend in Canada, which is approaching the 2% target. The U.S. FED's rate cuts can be attributed to easing labour market conditions and inflation measures.

<sup>2</sup>International Monetary Fund, World Economic Outlook (October 2024): Policy Pivot, Rising Threats.

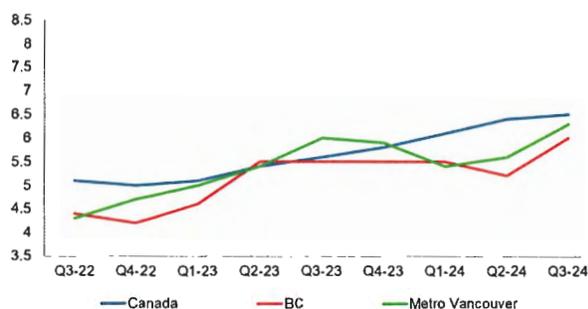
<sup>3</sup>US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (October 2024); RBC Financial Markets Monthly (November 2024).

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



- While the year-over-year outlook for Canadian Dollar (CAD)/U.S. Dollar (USD) exchange rates is expected to be relatively stable at \$1.40 CAD/\$1 USD in 2024 and \$1.41 CAD/\$1 USD in 2025, shorter term fluctuations are likely.
- More aggressive interest rate cuts by the BoC compared to the U.S. FED could deepen the monetary policy divergence between the two countries, further weakening the CAD against the USD. Additionally, the results of the U.S. election will likely boost the USD relative to CAD, reflecting market expectations and potential tariff and trade impacts.

### 4) Unemployment<sup>5</sup>

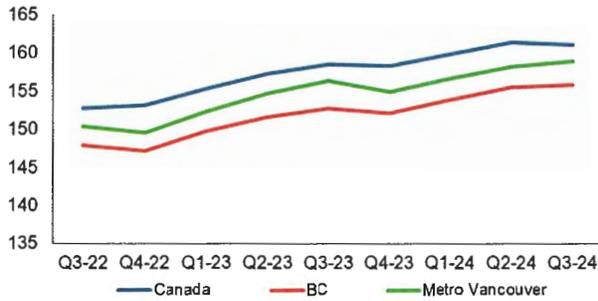


- According to Statistics Canada, national unemployment rose to 6.5% in September, the highest since Q3 2021, while in B.C., it increased to 6.0%.
- At the end of Q3 2024, the Canadian, B.C., and Metro Vancouver unemployment rates were 6.5%, 6.0%, and 6.3%, respectively.
- Most recently, in October 2024, employment in B.C.'s goods-producing sectors was similar to the previous year, with slight declines in agriculture offset by increases in other goods-producing industries. The services-producing sector saw employment growth, particularly in health care and social assistance, which added the most jobs, while wholesale and retail trade experienced the largest job losses.

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

<sup>5</sup>Statistics Canada Labour Force Survey (October 2024); Labour Force Statistics Highlights Issue #24-10.

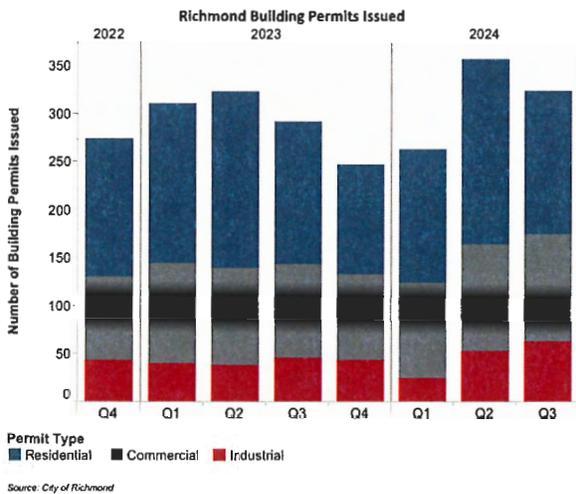
5) Consumer Price Index (CPI – 2002=100)<sup>6</sup>



- The Consumer Price Index (CPI) increased by 1.6% year-over-year in September 2024, as compared to a 2.0% gain in August 2024. This was the smallest year-over-year increase since February 2021.
- The slowing in inflation was largely due to lower year-over-year prices for gasoline in September 2024. However, shelter and food costs remain key drivers of inflation.
- Most recently, in October 2024, B.C. had the second highest rate of inflation as compared with other provinces.
- On average over the past 12 months, inflation has been similar in Metro Vancouver (2.7%) relative to B.C. (2.7%) and Canada (2.6%).

Regional & Local Economic Activity Indicators

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

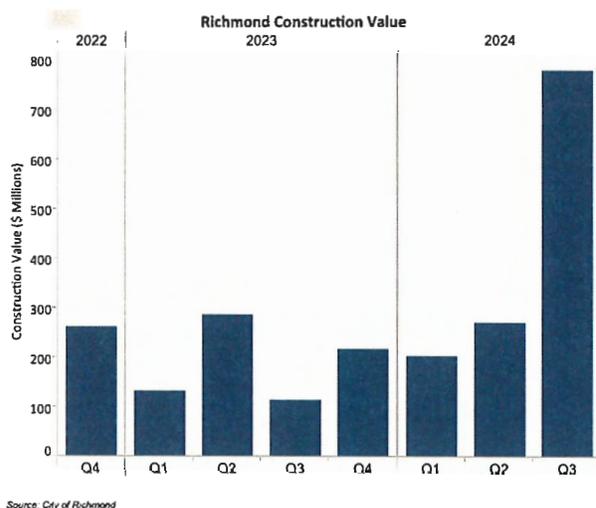


- During the third quarter of 2024, there were 150 residential, 111 commercial, and 63 industrial building permits issued in Richmond.
- This represents an 11% increase in total building permits issued over the same period in 2023, with the highest increase in industrial building permits (37%).
- 531 new units were added to the local housing supply in Q3 2024, which represents a 208.7% increase relative to the same period in 2023. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

<sup>6</sup>Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2024; also BC Stats, Consumer Price Index, October 2024, Issue 24-10; also TD Economics, Canadian Consumer Price Index (October 2024).

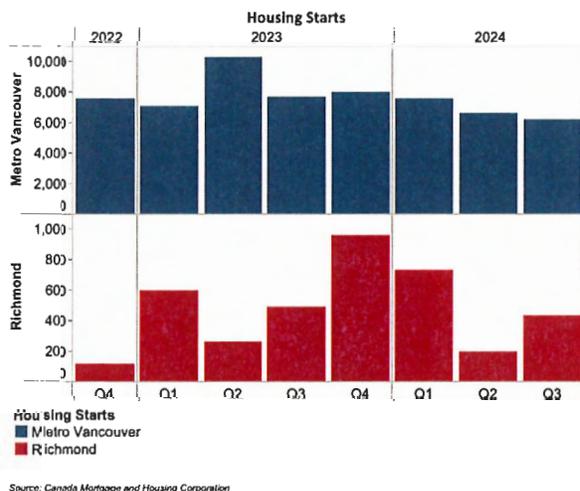
<sup>7</sup>City of Richmond Building Permits.

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



- Approximately \$781.4 million in construction value was registered in Q3 2024, an increase of 582.5% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter.

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



- In Q3 2024, there were 434 housing starts in Richmond and 6,225 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced<sup>10</sup>.
- Year to date housing starts increased by 1.3% in Richmond and decreased by 18.7% in Metro Vancouver, as compared to the same period in 2023. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.

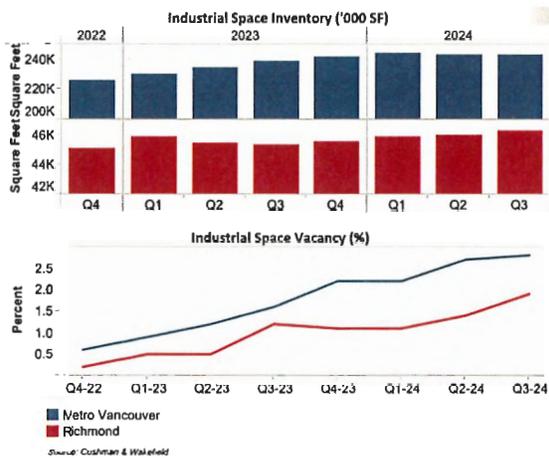
<sup>8</sup>City of Richmond Building Permits.

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

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

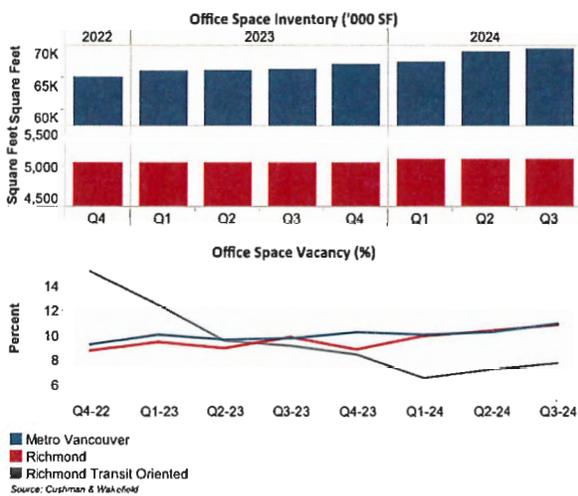
9) Commercial Space<sup>11</sup>

a) Industrial Space



- In Q3, the Metro Vancouver industrial vacancy rate increased to 2.8% (highest reported vacancy rate since Q2 2016) and is approaching a more balanced market. Recent new construction completions are driving the increased vacancy rate.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver at 1.9% in Q3 2024. This rate has continued to increase from previous historic lows.
- Asking rents have started to moderate, as is generally expected with increasing vacancy rates.

b) Office Space



- At the end of Q3 2024, Metro Vancouver's office vacancy rate had increased to 11.0%, a 12.2% increase from the same time last year.
- In Richmond, the Q3 office vacancy rate increased to 10.9%, with transit-oriented vacancy increasing slightly from last quarter to 7.8%<sup>12</sup>.
- New leasing activity in Metro Vancouver decreased by 35% quarter-over-quarter, indicating softening tenant demand.
- Average asking rents in Richmond are the lowest in the Metro Vancouver region.

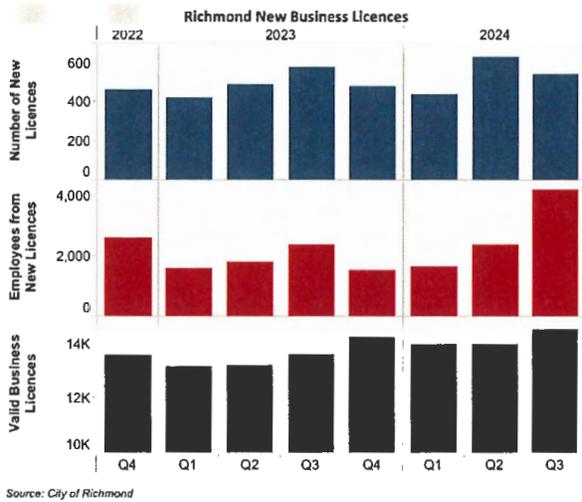
Note that the increased transit-oriented vacancy rate in Q4 2022 was due to the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added.

<sup>11</sup>Cushman & Wakefield Office and Industrial Market Beat Reports Q3 2024.

<sup>12</sup>Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

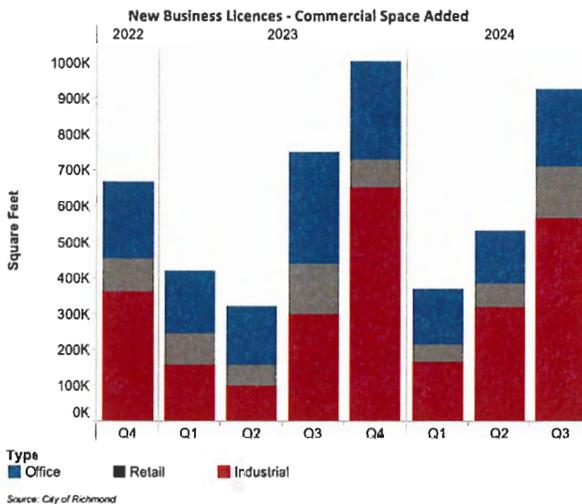
10) Business Growth – Richmond<sup>13</sup>

a) New Business Licences – Number and Employees



- 541 new business licences (representing 4,197 jobs) were issued by the City of Richmond in Q3 2024, a 6.4% decrease in new licences (though a 77.8% increase in corresponding jobs) as compared to the same period last year.
- These new business licences are part of the City’s 14,518 total valid business licenses at the end of Q3 2024. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.
- In Q3 2024, 7 business licences became inactive. This includes businesses that ceased operations and home occupation businesses that may have stopped operating or moved out of Richmond.

b) New Business Licences – Commercial Space

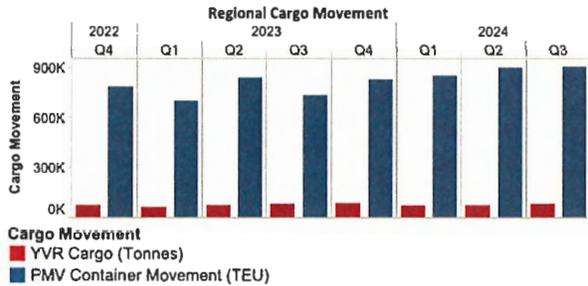


- 928,229 square feet of commercial space absorption was tied to the new business licenses issued during Q3 2024.
- This is an increase of 23.4% compared to the same time period last year. The greatest amount of space was required by industrial (567,698 sq ft), followed by office (216,527 sq ft), and then retail (144,004 sq ft).

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

11) Goods and People Movement

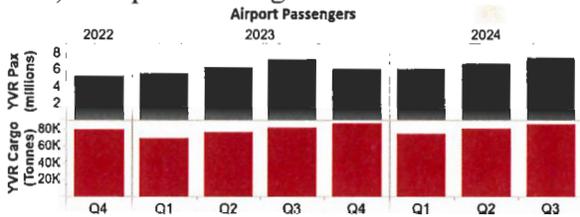
c) Regional Cargo Movement<sup>14</sup>



Source: Port of Vancouver, YVR

- In Q3 2024, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalent (TEUs), increased by 24.0%, as compared to the same period last year.
- In Q3 2024, 86,410 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 5.4% increase as compared to the same period last year.

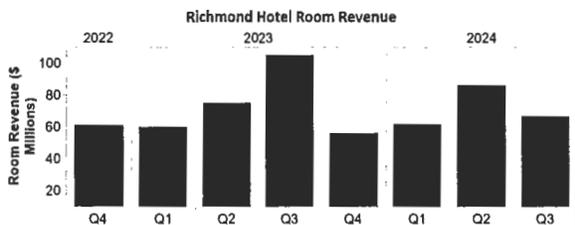
a) Airport Passengers<sup>15</sup>



Source: YVR Monthly Statistics

- Passenger travel through YVR continues to be strong, with an increase of 2.6% during Q3 2024 (7.36M) as compared to the same period last year (7.17M).
- Canada continues to be a popular destination for travelers, though consumers have less discretionary income due to the impacts of inflation and current economic challenges, which is impacting some types of passenger travel.

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



Source: City of Richmond Hotel Tax Ledger  
 Note: Richmond Hotel Room Revenue for Q3 2024 includes July and August data only where Q3 2023 includes the full 3 months

- Hotel room revenues in Richmond for the first two months of Q3 were \$66.6M, which is 8.3% lower than the same period last year.
- Average third quarter hotel occupancy in Richmond was strong at 83.4%, which reflects a 5.3% increase from the previous quarter and a 0.6% increase from the same period last year.

<sup>14</sup>Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.

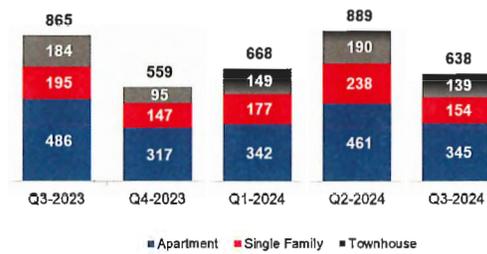
<sup>15</sup>YVR Monthly Statistics; IBIS World, Scheduled Air Transportation in Canada – Market Research Report (2014-2029).

<sup>16</sup>City of Richmond Additional Hotel Room Tax Ledger; STR Global (September 2024).

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

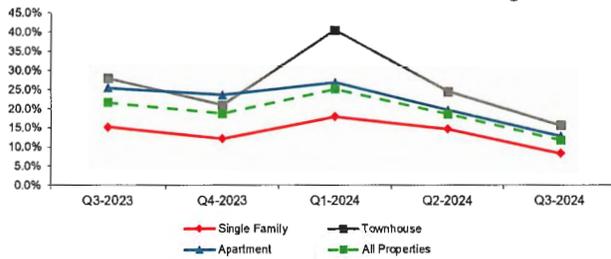
The Richmond market continues to be characterized by a high level of choice for buyers, as an increasing number of properties are listed for sale, but the overall pace of sales has slowed. This is partly due to ongoing affordability concerns, with many potential buyers still feeling the pinch of higher borrowing costs despite recent rate reductions. This shift is putting downward pressure on prices, with the market showing early signs of tilting toward a buyers' market. The Vancouver housing market, which saw a nearly 20% jump in resales from September to October, continued its momentum with a further 1% increase in November. This trend suggests the market may be emerging from its recent slowdown.

**Richmond - Residential Sales**



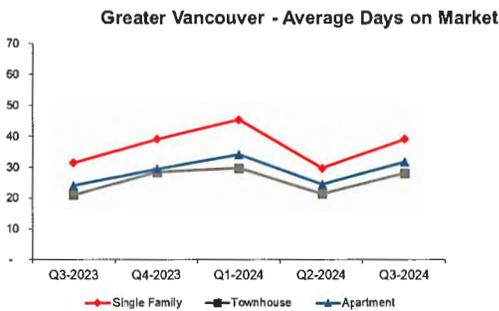
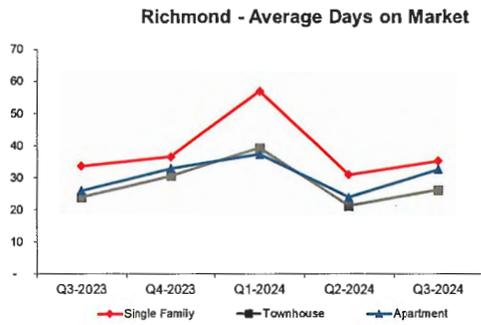
- Single family detached (SFD) home sales decreased by 21.0% compared to Q3 2023.
- Townhouse and apartment sales have decreased by 24.5% and 29.0%, respectively, compared to Q3 2023.
- Townhouse sales comprise 22.0% of the residential home sales in Richmond. SFD and apartment sales account for 24.0% and 54.0%, respectively, of home sales in Richmond.
- There were 638 residential home sales in Richmond in Q3 2024, a 26.2% decrease compared to the same period last year.

**Richmond - Residential Sales-to-Active Listings**



- Richmond residential properties had a sales-to-active listings ratio of 11.7% as at September 30, 2024.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.

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

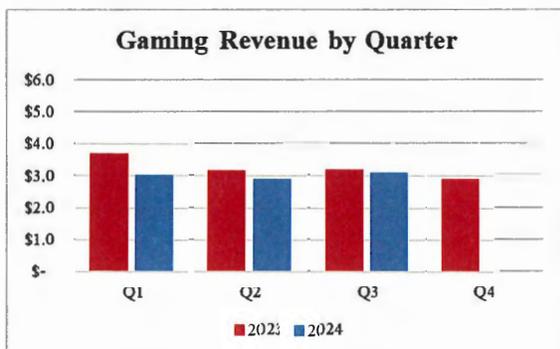


- At Q3 2024, SFD properties in Richmond had an average of 35 days on the market, a 2.9% increase compared to Q3 2023.
- Townhouses and apartments in Richmond had an average of 26 and 33 days on the market, respectively, representing an 8.3% and a 26.9% increase, respectively, over the same period last year.
- At Q3 2024, SFD properties in GVRD had an average of 39 days on the market, which represents an increase of 25.8% compared to Q3 2023.
- Townhouses and apartments in GVRD had an average of 28 and 32 days on the market, respectively, which represents a 33.3% increase compared to Q3 2023.
- The Home Price Index (HPI)<sup>18</sup> for SFD properties in Richmond at Q3 2024 was \$2,168,800, a 0.5% decrease compared to Q3 2023. The GVRD housing market has increased with SFD properties priced at \$2,022,200, which represents a 0.3% increase compared to the same quarter last year.
- At Q3 2024, the HPI for townhouse properties in Richmond was \$1,149,400, an increase of 2.1% compared to Q3 2023. The HPI for townhouse properties in GVRD was \$1,099,200, which represents a 0.1% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$737,600, a decrease of 1.7% compared to Q3 2023. The HPI for apartments in GVRD was \$762,000, which represents a 0.8% decrease compared to the same time last year.

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

**Gaming Revenue**

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



- The gaming revenue for Q3 2024 was \$3,074,504, a decrease of 4.6% compared to the same quarter last year when \$3,222,507 was received.
- Year to date revenue for 2024 is \$9,052,082 which is 10.1% lower than for same period for 2023 which was \$10,073,275.
- The 2024 budget for gaming revenue is \$12,500,000. Actual revenue received year to date is 72.4% of the total budget.

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

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

Table 1: Distribution of the 2024 gaming revenue allocation

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

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

## Operating Activity

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

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

Division/Department <sup>1,2</sup>	Q3 YTD Net Budget <sup>3</sup>	Q3 YTD Actuals and Commitments <sup>4</sup>	Q3 YTD Variance (\$)	Projected Surplus (Deficit) before Appropriation	Estimated Appropriation	Projected Surplus (Deficit) after Appropriation
Corporate Administration	7,987	7,965	22	143	(134)	9
Engineering and Public Works	36,972	36,221	751	2,322	(2,009)	313
Finance and Corporate Services	21,688	21,144	544	296	(200)	96
Fire Rescue	38,078	38,193	(115)	(745)	0	(745)
Law and Community Safety <sup>5</sup>	4,002	2,699	1,303	1,403	0	1,403
Library	8,243	7,910	333	456	(456)	0
Parks, Recreation and Culture	38,103	36,107	1,996	2,589	0	2,589
Planning and Development	5,058	1,041	4,017	4,663	(217)	4,446
Policing	57,179	55,801	1,378	2,154	0	2,154
Fiscal	(211,768)	(212,567)	799	1,017	(4,981)	(3,964)
<b>Total</b>	<b>\$5,542</b>	<b>(\$5,486)</b>	<b>\$11,028</b>	<b>\$14,298</b>	<b>(\$7,997)</b>	<b>\$6,301</b>
Flood Protection Utility	4,117	3,346	771	632	(632)	-
Sanitary Sewer Utility	1,299	(381)	1,680	1,857	(1,857)	-
Sanitation and Recycling Utility	6	(849)	855	1,376	(1,376)	-
Water Utility	3,911	3,243	668	857	(857)	-
<b>Utilities Total</b>	<b>\$9,333</b>	<b>\$5,359</b>	<b>\$3,974</b>	<b>\$4,722</b>	<b>(\$4,722)</b>	<b>\$-</b>

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

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

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

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

<sup>5</sup>Includes Law and Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws, Emergency Programs and Legal Services.

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

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

- Corporate Administration is projected to be on budget. An appropriation of \$134K is for supporting continuation of corporate programs.
- Engineering and Public Works' favourable variance is mainly due to operational savings. Estimated appropriations at year-end include the following: \$329K for Major Roads Network projects to be completed in 2025, \$230K for Snow & Ice control, \$150K for Roads asphalt maintenance, and \$1.3M for Fleet surplus to be transferred to the Equipment Reserve in accordance with Council's Sustainable Green Fleet Policy 2020.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions and operational savings. An appropriation of \$200K is included for data analytics initiatives.
- Fire Rescue's unfavourable variance is driven primarily by higher than anticipated overtime due to retirements during the early part of 2024. New recruits to fill these vacancies started in September and are anticipated to be on regular shift beginning in December consistent with Richmond Fire training requirements.
- Law and Community Safety (excluding fire rescue and policing) has a favourable variance due to higher business licence revenues, vacant positions and lower than expected operational spending. The projected surplus is only slightly higher than Q3 variance as the Business Licence revenues is primarily collected in the beginning of the year.
- Library's favourable variance is mainly due to vacant positions. Any surplus at year-end will be appropriated for future use within Library operations.
- Parks, Recreation and Culture Services' favourable variance is mainly due stronger revenue from recreation activities and vacant positions.
- Planning and Development's favourable variance is primarily due to stronger building permit revenue and vacancies. Estimated appropriations at year include \$217K for Community Social Development auxiliary positions to advance priorities that are in progress and expected to carry over into 2025.
- Policing's favourable variance is due to lower than budgeted policing contract costs from RCMP Officer complement vacancies.
- Fiscal's favourable variance is mainly due to higher investment income earned. Estimated appropriations at year-end include \$4.0M for potential future asset retirement obligations relating to new accounting standards enacted in 2023 and \$981K for service fees for Lulu Island Energy Company in accordance with the asset transfer agreement as presented in the 2025 Proposed Operating Budget report.
- Flood Protection Utility's favorable variance is mainly due to operational savings. Any surplus at year-end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to revenue received from developers for sanitary sewer user fees during construction of residential developments and operational savings. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted Recycle BC revenue and more utilities fees than budgeted. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly due to revenue received from developers for water consumption charges during construction of residential developments and operational savings. Any surplus at year-end will be transferred to the Water Levy Provision.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and

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

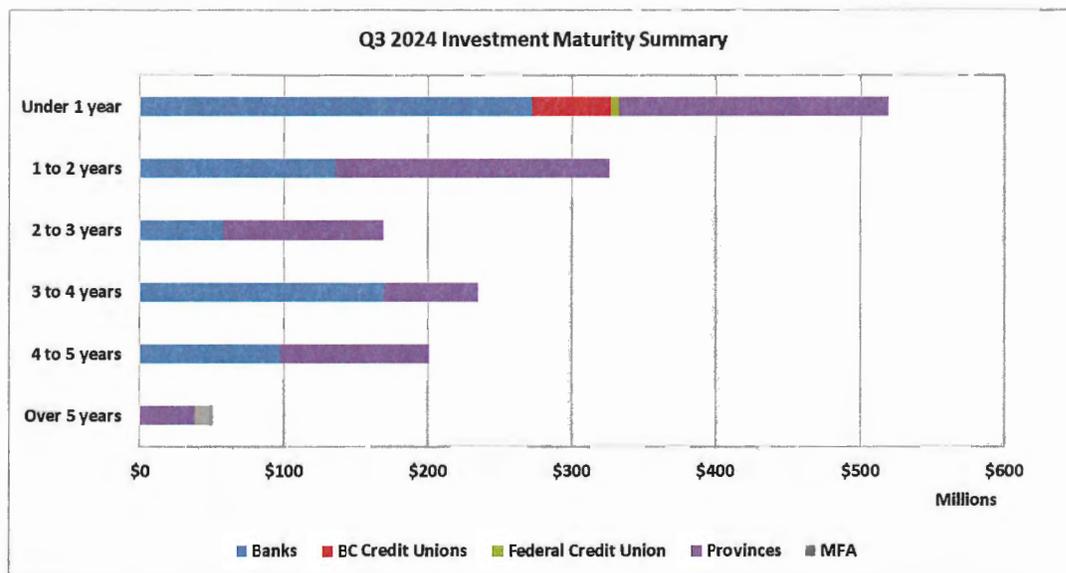
**Cash and Investment Portfolio**

As of September 30, 2024, the City’s total cash and investment balance was \$1.80 billion, which represents the City’s working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses. The City’s total cash and investment balance was comprised of \$1.50 billion in investments and \$304 million in high interest savings cash accounts, with a weighted average annualized yield of 4.43%.

The BoC began cutting its target interest rate for the first time since March 2020 on June 5, 2024 by 0.25%. Subsequent to the June 2024 interest rate announcement, the BoC further reduced the overnight rate four times by a total of 1.50% to the current December level of 3.25%. The BoC is committed to maintaining price stability for Canadians by keeping inflation close to the 2% target. The timing and pace of further changes in the policy rate will be guided by economic conditions and the corresponding implications for the inflation outlook.

The City’s overall credit risk exposure remains low as the City continues to maintain a diversified and high credit quality investment portfolio, where 49% is invested in chartered bank deposits and bonds, 46% in provincial government bonds, 4% in credit unions deposits and approximately 1% in MFA long-term bonds.

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



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

All investment activities have been conducted in compliance with the City's Investment Policy 3703. Based on Morgan Stanley Capital International (MSCI) Environmental, Social, and Governance (ESG) rating of the City's fixed income portfolio, the City continues to receive high ESG rating of "AA" as of Q3 2024.

### **Contract Awards**

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the third quarter, 29 contracts greater than \$75,000 were awarded totalling over \$20.5 million (Attachment 4).

### **Financial Impact**

None.

### **Conclusion**

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



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

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

<b>Economic Indicators</b>	<b>September 30, 2024</b>
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**Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2024f	2025f			
Canada	1.3	2.4			
United States	2.8	2.2			
China	4.8	4.5			
World	3.2	3.2			
2) Interest Rates (at YE)	2024f	2025f			
Bank of Canada	3.25	2.00			
US FED	4.38	4.13			
3) Exchange Rate (at YE)	2024f	2025f			
CAD per \$1 USD	1.40	1.41			
4) Unemployment (% at QE)	Q3-2024	Q2-2024	Change	Q3-2023	Change
Canada	6.5	6.4	1.6%	5.6	16.1%
BC	6.0	5.2	15.4%	5.5	9.1%
Metro Vancouver	6.3	5.6	12.5%	6.0	5.0%
5) CPI (2002=100) (at QE)	Q3-2024	Q2-2024	Change	Q3-2023	Change
Canada	161.1	161.4	(0.2%)	158.5	1.6%
BC	155.8	155.5	0.2%	152.7	2.0%
Metro Vancouver	158.9	158.2	0.4%	156.3	1.7%

**Regional and Local Market Indicators**

6) Richmond Building Permits	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Residential – New Construction	71	37	91.9%	151	153	(1.3%)
Residential – Alterations	79	112	(29.5%)	330	346	(4.6%)
Residential Total	150	149	0.7%	481	499	(3.6%)
Number of units from new residential construction	531	172	208.7%	1,166	1,075	8.5%
Residential	150	149	0.7%	481	499	(3.6%)
Commercial	111	97	14.4%	321	302	6.3%
Industrial	63	46	37.0%	141	124	13.7%
Building Permits Total	324	292	11.0%	943	925	1.9%
Construction Value (\$ million)	781.4	114.5	582.5%	1,256.7	533.8	135.5%
7) Housing Starts CMHC (Units)	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Starts - Richmond	434	490	(11.4%)	1,368	1,350	1.3%
Starts - Metro Vancouver	6,225	7,759	(19.8%)	20,503	25,217	(18.7%)
8) Richmond Residential Sales Activity	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Sales - Detached	154	195	(21.0%)	569	491	15.9%
Sales - Townhouse	139	184	(24.5%)	478	422	13.3%
Sales - Apartment	345	486	(29.0%)	1,148	1,044	10.0%
Sales - Total	638	865	(26.2%)	2,195	1,957	12.2%

**Economic Indicators****September 30, 2024****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q3-2024	Q3-2023	Change
Single Family Detached	8.2%	15.1%	(45.7%)
Townhouse	15.7%	27.9%	(43.7%)
Apartment	12.8%	25.4%	(49.6%)
<b>Total</b>	<b>11.7%</b>	<b>21.5%</b>	<b>(45.6%)</b>

**10) Average Days on Market**

Property Type	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Single Family Detached	35	34	2.9%	39	31	25.8%
Townhouse	26	24	8.3%	28	21	33.3%
Apartment	33	26	26.9%	32	24	33.3%

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

Property Type	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Single Family Detached	2,169	2,179	(0.5%)	2,022	2,017	0.3%
Townhouse	1,149	1,126	2.1%	1,099	1,098	0.1%
Apartment	738	750	(1.7%)	762	769	(0.8%)

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

	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Office Vacancy (%)	10.9	9.9	10.1%	11.0	9.8	12.2%
Transit Oriented Office Vacancy (%)	7.8	9.2	(15.2%)	N/A	N/A	N/A
Office Inventory (000 sf)	5,090	5,043	0.9%	69,585	67,048	3.8%
Industrial Vacancy (%)	1.9	1.2	58.3%	2.8	1.6	75.0%
Industrial Inventory (000 sf)	46,243	45,314	2.1%	243,116	238,606	1.9%

**13) Richmond Business Growth**

	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Total Valid Business Licences (at QE)	14,518	13,607	6.7%	N/A	N/A	N/A
New Licences - Number Issued	541	578	(6.4%)	1,612	1,490	8.2%
New Licences - Employees	4,197	2,360	77.8%	8,220	5,765	42.6%
Inactive Business Licences	7	10	(30.0%)	45	42	7.1%
New Licences - Office Added (sf)	216,527	312,261	(30.7%)	518,256	649,566	(20.2%)
New Licences - Retail Added (sf)	144,004	140,490	2.5%	258,697	288,020	(10.2%)
New Licences - Industrial Added (sf)	567,698	299,500	89.5%	1,053,333	556,479	89.3%
<b>Total Space Added (sf)/Avg. Change</b>	<b>928,229</b>	<b>752,251</b>	<b>23.4%</b>	<b>1,830,286</b>	<b>1,494,065</b>	<b>22.5%</b>

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

14) Goods & People Movement	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
YVR Air Cargo (tonnes)	86,410	82,003	5.4%	244,398	228,449	7.0%
PMV Container Movement (TEUs)	914,703	737,730	24.0%	2,683,721	2,292,634	17.1%
YVR Passengers (million)	7.36	7.17	2.6%	19.96	18.90	5.6%
Richmond Hotel Revenue (\$ million)*	66.6	72.6	(8.3%)	214.4	207.9	3.1%

**Notes:**

- a) *QE indicates quarter-end; YE indicates year-end.*  
b) *f -forecast to year-end.*

\*Richmond Hotel Room Revenue for Q3 includes July and August date only. YTD includes January to August only.

**List of Sources:**

- 1) *International Monetary Fund, World Economic Outlook (October 2024). Policy Pivot, Rising Threat.*
- 2) *US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report, October 2024.*
- 3) *RBC Economics RBC Financial Markets Monthly, November 2024.*
- 4) *Statistics Canada Labour Force Survey (October 2024); Labour Force Statistics Highlights Issue #24-10.*
- 5) *Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2024; also BC Stats, Consumer Price Index, October 2024, Issue 24-10; also TD Economics, Canadian Consumer Price Index (October 2024).*
- 6) *City of Richmond Building Permits.*
- 7) *Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.*
- 8), 9), 10) & 11) *Real Estate Board of Greater Vancouver.*
- 12) *Cushman & Wakefield Office and Industrial Market Beat Reports, Q3 2024.*
- 13) *City of Richmond Business Licences data.*
- 14) *Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.*  
*YVR Monthly Statistics; IBIS World, Scheduled Air Transportation in Canada – Market Research Report (2014-2029).*  
*City of Richmond Hotel Tax Ledger; STR Global (September 2024).*

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

(All dollar amounts in \$000's)

	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
<b>1) Development Cost Charges Contributions*</b>						
Roads, Water, Sewer DCCs Received	\$19,055	\$1,303	1362.0%	\$26,494	\$2,514	953.7%
Parks DCCs Received	\$11,318	\$49	22776.7%	\$16,482	\$659	2401.4%
<b>Total DCC Fees Received</b>	<b>\$30,373</b>	<b>\$1,352</b>	<b>2145.2%</b>	<b>\$42,976</b>	<b>\$3,173</b>	<b>1254.4%</b>
DCC Reserves – Uncommitted Balance at QE	\$187,939	\$143,534	30.9%	N/A	N/A	N/A
<i>*DCC bylaw 10558 with new rates came into effect on July 24, 2024.</i>						
<b>2) Uncommitted Reserves (at QE)</b>						
Capital Funding Reserves	\$207,646	\$223,225	(7.0%)			
Utility Reserves	\$89,406	\$96,287	(7.1%)			
Affordable Housing Reserves	\$9,495	\$9,866	(3.8%)			
Other Reserves	\$114,052	\$105,776	7.8%			
<b>Total Uncommitted Reserves</b>	<b>\$420,599</b>	<b>\$435,154</b>	<b>(3.3%)</b>			
<b>3) Taxes to date</b>						
Taxes Collected	\$138,631	\$142,406	(2.7%)	\$558,967	\$516,455	8.2%
City Portion of Taxes Collected	\$70,702	\$72,627	(2.7%)	\$285,073	\$263,392	8.2%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$7,759	\$5,037	54.0%	N/A	N/A	N/A
No. of Participants on Pre-authorized withdrawal (at QE)	6,462	6,403	0.9%	N/A	N/A	N/A
Pre-authorized withdrawals payments	\$9,673	\$8,595	12.5%	\$32,119	\$29,149	10.2%
Interest rate % paid	4.95%	4.95%	0.0%	N/A	N/A	N/A
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Cash and Investments</b>						
Investments	\$1,499,296	\$1,286,904	16.5%			
Cash (includes high interest savings accounts)	\$304,018	\$407,153	(25.3%)			
<b>Total Cash and Investments</b>	<b>\$1,803,314</b>	<b>\$1,694,057</b>	<b>6.4%</b>			
Average City Rate of Return on Investments %	4.43%	4.50%	(1.6%)			

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

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

5) Planning and Development	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Building Permit Fees Collected	\$8,056	\$2,400	235.7%	\$12,704	\$5,989	112.1%
Development Applications Received	30	49	(38.8%)	88	116	(24.1%)
Development Applications Fees	\$275	\$224	22.9%	\$821	\$607	35.1%

6) Business Licences	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Revenue Received for Current Year Licences	\$798	\$834	(4.3%)	\$4,297	\$3,982	7.9%
Revenue Received for Next Year (Deferred)	\$540	\$507	6.5%	\$969	\$905	7.0%
<b>Total Licence Revenue</b>	<b>\$1,338</b>	<b>\$1,341</b>	<b>(0.2%)</b>	<b>\$5,266</b>	<b>\$4,887</b>	<b>7.8%</b>

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

7) Other Revenues	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Parking Program Revenue	\$629	\$551	14.1%	\$1,830	\$1,612	13.5%
Gaming Revenue	\$3,075	\$3,222	(4.6%)	\$9,052	\$10,073	(10.1%)
Traffic Fine Revenue	\$0	\$0	0%	\$2,303	\$2,475	(6.9%)

8) Employees	Q3-2024	Q3-2023	Change
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,719	1,651	4.1%

FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.

9) Operating Indicators	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2024	Change
RCMP - Calls for Service Handled	17,536	17,453	0.5%	51,786	50,507	2.5%
Community Bylaws	2,160	2,439	(11.4%)	5,880	6,229	(5.6%)
Fire-Rescue Incidents	3,460	3,206	7.9%	10,147	9,096	11.6%
Public Works Calls for Service	3,680	3,752	(1.9%)	10,658	10,338	3.1%

10) Richmond Population Estimate Year End	2024f	2023
	240,996	235,093

Population figures from BC Stats

**Notes:**

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

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

For the Nine Month Period Ended September 30, 2024, with comparative figures for 2023.

(in \$000's)

	Budget Sept 30, 2024	Actuals Sept 30, 2024	Actuals Sept 30, 2023
<b>Revenue:</b>			
Taxes and levies	\$231,522	\$231,522	\$216,674
Utility fees	107,392	117,277	101,140
Sales of services	33,382	33,141	31,533
Payments-in-lieu of taxes	14,650	15,882	10,200
Provincial and federal grants	18,343	13,005	28,973
Development cost charges	2,538	34,549	8,547
Other capital funding sources	46,665	27,767	19,865
Other revenue:			
Investment income	25,630	51,150	29,234
Gaming revenue	8,245	9,052	10,073
Licences and permits	12,832	18,007	11,421
Other	10,040	30,431	18,652
Equity income	360	1,742	1,571
	<b>\$511,599</b>	<b>\$583,525</b>	<b>\$487,882</b>
<b>Expenses:</b>			
Law and community safety	\$118,691	\$113,079	\$102,105
Utilities <sup>4</sup>	109,318	100,181	99,097
Engineering, public works and project development	56,933	51,360	50,128
Parks, recreation and culture services	55,726	55,339	51,060
General government	57,266	50,487	50,771
Planning and development	23,001	21,906	13,431
Library services	9,331	9,161	8,379
	<b>\$430,266</b>	<b>\$401,513</b>	<b>\$374,971</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	\$81,333	\$182,012	\$112,911
Accumulated surplus, beginning of year	3,696,273	3,696,273	3,583,362
Accumulated surplus, end of September 30 <sup>3</sup>	<b>\$3,777,606</b>	<b>\$3,878,285</b>	<b>\$3,696,273</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>Utilities includes flood protection, water, sewer and sanitation recycling.

## Contract Awards Greater than \$75,000

July 1<sup>st</sup> to September 30<sup>th</sup>, 2024

Item	Description	Awarded Vendor	Awarded Amount	Department
1	Architecture Services for the City of Richmond Works Yard Replacement Design - Phase 1	TKA + D Architecture + Design Inc.	2,687,083	Facilities and Project Development
2	Fire Hall No. 7 Systems Renewals - Design and Contract Administration	Mallen Gowing Berzins Architecture	258,774	Facilities and Project Development
3	Cambie Road & No. 5 Road Intersection Improvements	B.A. Blacktop Infrastructure Inc.	2,361,485	Engineering
4	No. 2 Road Multi-Use Pathway from Steveston Highway to Williams Road	Arsalan Construction Ltd.	1,837,888	Engineering
5	Structural Assessment and Monitoring of No. 2 Road Bridge	Associated Engineering (BC) Ltd.	150,097	Engineering
6	Arterial Roadway Improvement Program 2024	Aplin & Martin Consultants Ltd.	341,139	Engineering
7	Bike Reuse Pilot Program	Pedal Society	82,269	Public Works
8	Supply and Delivery of Short Term Rental Vehicles	-The Driving Force Inc. -Zeemac Vehicle Lease Ltd.	452,236	Public Works
9	City Hall Chiller Replacements, Domestic Waterline and Elevator Renewals - Main Works	Heatherbrae Builders Co. Ltd.	3,063,660	Facilities and Project Development
10	Supply and Delivery of One Dump Body with Brine System on a City Provided Cab and Chassis	Viking-Cives, Ltd.	286,463	Public Works
11	Supply and Delivery of Multi-Functional Rescue Gear and Bag	-WFR Wholesale Fire & Rescue Ltd. -Brogan Fire & Safety	338,054	Fire Rescue
12	Qualified Environmental Professional for Works Yard Replacement	Core6 Environmental Ltd.	832,560	Facilities and Project Development
13	Supply and Delivery of One (1) Tier Four 15" (Fifteen Inch) Capacity Drum Wood Chipper	Westerra Equipment LP	102,030	Public Works
14	Delivery of Various Flower Bulbs - 5 year term	M Van Noort & Sons Bulb Co Ltd.	125,000	Parks
15	Mattress and Upholstered Furniture Recycling Services (5 year term)	Pacific Mattress Recycling Inc.	1,961,629	Public Works

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

July 1st to September 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Department
16	Consulting Services for the Steveston Multi-Use Pathway Phase 4	McElhanney Consulting Services Ltd.	420,886	Engineering
17	Portable Toilet and Hand Washing Stations - Various Departments (3 year term)	Sunrise Washroom Rentals Ltd.	246,984	Parks
18	Supply and Delivery of Reflective Sheeting, Vinyls and Overlaminates (5 year term)	3M Canada Company	300,000	Public Works
19	Richmond Cultural Centre Annex HVAC Upgrades	Holaco Construction Ltd.	99,904	Facilities and Project Development
20	Offsite Records Storage (5 year term)	Access Information Management of Canada	291,492	Clerks
21	Minoru Centre for Active Living Pool Filter Repairs	Riverwest General Contractors Ltd.	115,086	Facilities and Project Development
22	Westminster Highway & No. 5 Road Roadworks Improvements	Jack Cewe Construction Ltd.	1,470,195	Engineering
23	Data Storage Expansion and Services Project including Support and Maintenance (3 year term)	Softchoice LP	422,732	Information Technology
24	Duck Island Art and Culture Facility - Quality Assurance Services	Urban Arts Architecture Inc.	81,891	Facilities and Project Development
25	Richmond Curling Club - Priority 2 Repairs Design and Contract Administration	Mallen Gowing Berzins Architecture	218,173	Facilities and Project Development
26	Provision of Engineering Inspection Services	Maven Consulting Limited	100,000	Engineering
27	City Hall Annex Third Floor - Bylaws Renovation	Heritage Office Furnishings Ltd.	168,254	Community Bylaws
28	Supply and Delivery of Apple Products (3 year term)	Island Key Computer Ltd.	594,714	Information Technology
29	Collaboration Enterprise License and Support Services	Long View Systems	86,513	Information Technology



**To:** Finance Committee **Date:** November 29, 2024  
**From:** Mike Ching **File:** 03-0975-01/2024-Vol  
 Director, Finance 01  
**Re:** Active Capital Projects Financial Update – 3rd Quarter September 30, 2024

**Staff Recommendation**

That the staff report titled, “Active Capital Projects Financial Update – 3rd Quarter September 30, 2024”, dated November 29, 2024 from the Director, Finance, be received for information.

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

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	RCMP <input checked="" type="checkbox"/>
Climate & Environment	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	Recreation and Sport Services <input checked="" type="checkbox"/>
Facilities & Project Development	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Fire Administration	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Parks Services	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
<b>SENIOR STAFF REPORT REVIEW</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

### Staff Report

#### Origin

The Active Capital Projects Financial Update for the 3rd Quarter ended September 30, 2024 is provided to the Finance Committee for information.

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

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

#### Analysis

#### ACTIVE CAPITAL PROJECT DEFINITION

Council approves the budget for each capital project before its initiation. For the purposes of this report, a capital project is considered active if it falls within any of the stages outlined in Figure 1.

**Figure 1: Capital Project Completion Stages**



Capital projects include amounts set aside for land acquisition where Council approval is required for each specific land acquisition transaction.

**FINANCIAL OVERVIEW**

The unaudited actual capital expenditures are reported using a cash basis accounting method. As such, there may be a timing difference between the actual costs incurred and the actual costs reported.

As of September 30, 2024, the approved budget of all active capital projects excluding the contingent external contribution project was \$976.8M, of which \$568.8M, or 58.2%, had already been spent or contractually committed. Any unspent budget for each active capital project will remain allocated until the project is closed.

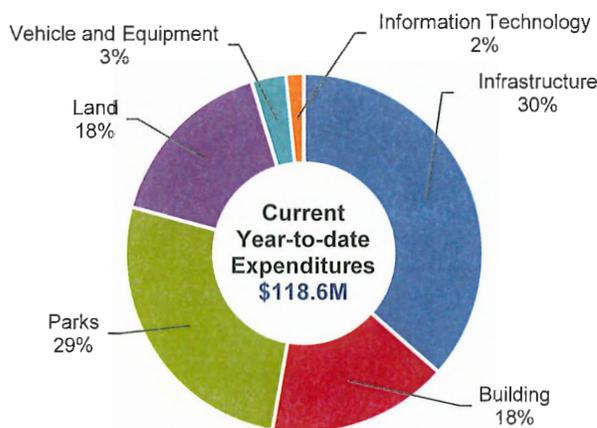
The Building and Infrastructure programs comprised of \$759.2M or 77.7% of the total capital budget. Table 1 highlights the capital financial information by program. As the active capital projects progress, additional expenditures and commitments will arise in future periods, which will be covered by the remaining budget.

**Table 1: Capital Financial Information by Program as of September 30, 2024 (in '000s)**

<b>Program</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Building	\$452,388	\$175,335	\$87,183	\$189,870
Infrastructure	306,789	142,956	23,401	140,432
Land	72,206	35,667	-	36,539
Parks	92,710	76,421	3,443	12,846
Vehicle and Equipment	35,767	13,219	2,554	19,994
Information Technology	16,913	6,530	2,078	8,305
<b>Total</b>	<b>\$976,773</b>	<b>\$450,128</b>	<b>\$118,659</b>	<b>\$407,986</b>

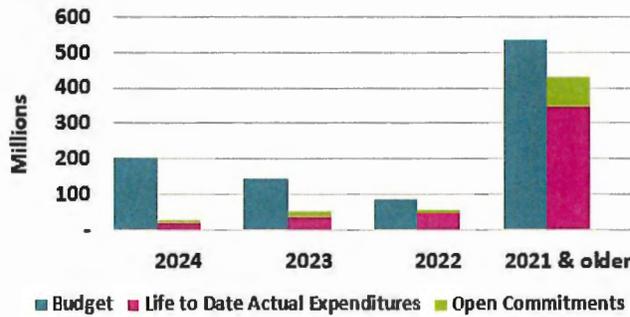
As of September 30, 2024, the total actual expenditures for active capital projects amounted to \$450.1M, with current year actual expenditures totaling \$118.6M. The breakdown by capital program of the current year expenditures is provided in Figure 2.

**Figure 2: Current Year Expenditures for Active Capital Projects by Capital Program**



- Of the \$118.6M, \$52.8M was spent on Council approved strategic real estate acquisitions, which were funded from the real estate acquisition projects (Land program) and the parkland acquisition projects (Parks program).
- \$6.3M was spent on the Steveston Community Centre and Library.
- \$5.5M was spent on Annual Asphalt Re-Paving Program.
- \$3.9M was spent on Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet).

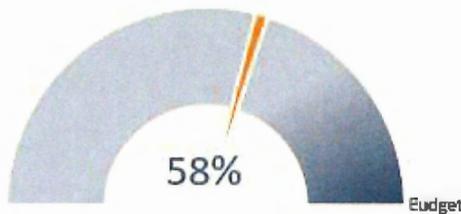
**Figure 3: Capital Financial Information by Plan Year as of September 30, 2024**



- Included in capital projects with Plan Years 2021 and prior are the Steveston Community Centre and Library and the Steveston Highway Multi-use Pathway, Mortfield Gate to No. 2 Road projects, both of which are in the construction phase, while Parkland Acquisition projects are in the closeout phase.

**CAPITAL FINANCIAL INFORMATION BY CAPITAL PROGRAM**

**Building Program**



**Figure 4: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

- Total approved budget for the Building Program is \$452.4M, of which \$262.5M has already been spent or contractually committed.
- Commitments as of September 30, 2024 were \$87.2M.
- Current year capital expenditures were \$21.2M.

Key capital projects are highlighted in Table 2, with project status updates provided in Attachment 1.

**Table 2: Key Capital Project Highlights – Building Program as of September 30, 2024 (in '000s)**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Steveston Community Centre and Library (2021)	\$95,000	\$10,623	\$65,924	\$18,453
Works Yard Replacement Project– Phase 1 (2023 & 2024)	100,000	2,346	5,730	91,924
Bowling Green Community Activity Centre (2018)	5,300	1,769	3,048	483
Richmond Nature Park – Infrastructure Renewals (2022)	4,775	4,357	282	136
South Arm Community Centre - Infrastructure Renewals (2022)	1,900	1,644	240	16
Watermania (2019 & 2022)	3,636	1,645	335	1,656
West Richmond Community Centre - HVAC and Mechanical Renewals (2021)	1,330	1,072	242	16

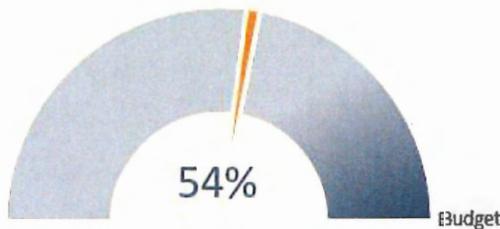
*Steveston Community Centre and Library Financial Update*

Actual expenditures totaled \$10.6M, primarily spent on site preparation, design services and preliminary construction activities. The total commitments as of September 30, 2024 were \$65.9M, with \$61.6M related to the construction management contract for the new facility, on-site and off-site civil work, and landscaping.

*Works Yard Replacement Project – Phase 1 Financial Update*

On July 10, 2023, Council approved the replacement of the Lynas Lane Works Yard site, along with an initial funding allocation of \$30.0M. The phased project was subsequently approved in the 2024 Capital Budget with an additional \$70.0M in funding. To date, a total of \$100.0M has been approved for the Works Yard Replacement project. The actual expenditures were \$2.3M, including the initial environmental assessments, operations centre set up, office relocations and community engagements. As of September 30, 2024, commitments were \$5.7M for pre-construction management services, space planning, site investigations, architectural services, and construction manager for pre-construction services.

**Infrastructure Program**



**Figure 5: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

- Within the Infrastructure Program, the actual expenditures and commitments compared to budget for each sub-program is broken down as follows:
  - Roads Program – 68%
  - Flood Protection Program – 44%
  - Water Program – 52%
  - Sanitary Sewer Program – 26%
- Commitments as of September 30, 2024 were \$23.4M.
- Current year capital expenditures were \$35.8M.

Key capital projects are highlighted in Table 3, with project status updates provided in Attachment 1.

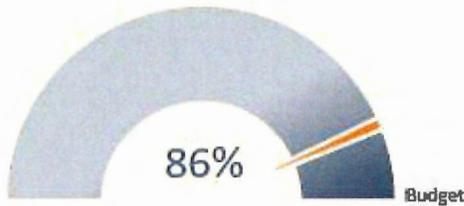
**Table 3: Key Capital Project Highlights – Infrastructure Program as of September 30, 2024 (in '000s)**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Active Transportation Improvement Program (2022)	\$1,517	\$254	\$45	\$1,218
Annual Asphalt Re-Paving Program (2024)	8,310	4,992	2,901	417
Cambie Road and No. 5 Road Intersection Improvements (2020)	3,450	1,182	1,755	513
No. 2 Road Multi-Use Pathway, Steveston Highway to Williams Road (2020 & 2021)	3,390	385	1,710	1,295
Steveston Highway Multi-Use Pathway – Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road (2019 & 2020)	11,500	5,543	3,818	2,139
Burkeville Utility Improvements (2024)	4,005	1,540	101	2,364

**Table 3: Key Capital Project Highlights – Infrastructure Program as of September 30, 2024 (in '000s) - continued**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Canal Stabilization and Drainage and Irrigation Upgrades (2023 & 2024)	\$6,000	\$1,946	\$22	\$4,032
Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)	25,216	8,140	989	16,087
Invasive Species Management (2020, 2022-2024)	1,125	436	90	599
Laneway Drainage Upgrade (2024)	1,272	554	122	596
Watermain Replacement Upgrades Program (2023 & 2024)	10,685	2,728	-	7,957

**Parks Program**



**Figure 6: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

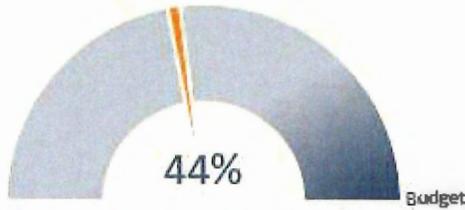
- Total approved budget for the Parks Program is \$92.7M, of which \$79.9M has already been spent or contractually committed.
- Total budget for Parkland Acquisition projects within the Parks Program is \$42.0M and was mostly spent or committed.
- Current year capital expenditures were \$34.3M.

Key capital projects are highlighted in Table 4, with project status updates provided in Attachment 1.

**Table 4: Key Capital Project Highlights – Parks Program as of September 30, 2024 (in '000s)**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Brighthouse Park Baseball Diamond Infield Upgrade (2024)	\$520	\$54	\$-	\$466
City-wide Community Gardens (2023)	200	167	-	33
No. 3 Road Bark Park (2024)	385	-	-	385
Parks General Development (2020-2024)	2,085	1,760	170	155
Park Shelter and Shade Program (2023)	450	190	237	23
Steveston Community Park Playground Renewal (2023)	2,200	-	2,051	149

**Vehicle and Equipment Program**



**Figure 7: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

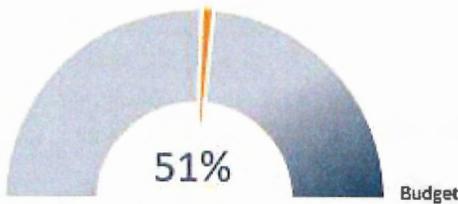
- Total approved budget for Vehicle and Equipment Program is \$35.8M, of which 48% of the Vehicle Program budget and 33% of Equipment Program budget have already been spent or contractually committed.
- Commitments as of September 30, 2024 were \$2.6M.
- Current year capital expenditures were \$4.3M.

Key capital projects are highlighted in Table 5, with project status updates provided in Attachment 1.

**Table 5: Key Capital Project Highlights – Vehicle and Equipment Program as of September 30, 2024 (in '000s)**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Fire Vehicle Replacement Reserve Purchases (2019-2024)	\$11,109	\$3,816	\$-	\$7,293
Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2021-2024)	14,408	7,291	1,616	5,501
Public Safety Mobile Command and Communication Centre Vehicle (2024)	1,815	-	-	1,815

**Information Technology Program**



**Figure 8: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

- Total approved budget for Information Technology Program is \$16.9M, of which \$8.6M have already been spent or contractually committed.
- Commitments as of September 30, 2024 were \$2.1M.
- Current year capital expenditures were \$2.1M.

Key capital projects are highlighted in Table 6, with project status updates provided in Attachment 1.

**Table 6: Key Capital Project Highlights – Information Technology Program as of September 30, 2024 (in '000s)**

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Budget Planning & Monitoring Software Solution (2019 & 2023)	\$1,750	\$610	\$196	\$944
Permit Optimization Project (MyPermit) (2021 & 2024)	2,916	455	98	2,363
Workforce Management System (2016)	790	227	534	29

**CAPITAL BUDGET REALLOCATION**

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. As of September 30, 2024, \$15.0M in external contributions (grants) were awarded or received, which exceeded the original estimate of \$10.0M. The following reallocations were recorded in the quarter ended September 30, 2024:

**Table 7: Budget Reallocation for the Quarter Ended September 30, 2024 (in '000s)**

Funding Sources	Project Name	Amount
Governments of Canada and British Columbia: Investing in Canada Infrastructure Program	No. 3 Road South Drainage Pump Station and Dike Upgrade (2024)	\$4,525*
Translink: 2024 Municipal Funding Program	Arterial Roadway Improvement Program (2020)	103
BC Investment Agriculture Foundation: Agricultural Water Infrastructure Program	Public Works Infrastructure Advanced Design (2023)	100
<b>Total Budget Reallocation</b>		<b>\$4,728</b>

\* A total of \$9.5M was awarded to the No. 3 Road South Drainage Pump Station and Dike Upgrade (2024) project, but only \$4.5M could be reallocated from Contingent External Contributions due to budget availability. On October 21, 2024, the full budget for this project became effective upon the adoption of the Consolidated 5 Year Financial Plan (2024-2028) Bylaw No. 10515, Amendment Bylaw No. 10604.

**CAPITAL PROJECTS CLOSED IN THE QUARTER**

The following capital projects were closed in the quarter ended September 30, 2024. Any unspent funding will be returned to the original source (e.g. Reserve Fund) for funding towards future projects.

**Table 8: Projects Closed in the Quarter Ended September 30, 2024 (in '000s)**

Project Name	Plan Year	Budget	Actuals	Remaining Budget
Strategic Land Acquisition	2016	\$21,024	\$21,024	\$-
Strategic Land Acquisition	2018	10,000	10,000	-
Strategic Land Acquisition	2019	10,000	10,000	-
Strategic Land Acquisition	2020	10,000	10,000	-
Land Strategy Funding	2016	5,000	5,000	-
Transit-Related Roadway Improvement Program	2021	500	297	203
Watercourse Crossing Rehabilitation & Replacement	2022	350	350	-
Valve and Hatch Program	2022	300	299	1

**Table 8: Projects Closed in the Quarter Ended September 30, 2024 (in '000s) – continued**

<b>Project Name</b>	<b>Plan Year</b>	<b>Budget</b>	<b>Actuals</b>	<b>Remaining Budget</b>
Drainage Network Ecological Enhancement	2020	\$275	\$170	\$105
Development Coordinated Works - Drainage	2021	250	164	86
Development Coordinated Works - Drainage	2022	250	-	250
Development Coordinated Works - Drainage	2023	250	-	250
Development Coordinated Works - Water	2022	250	-	250
Development Coordinated Works - Water	2023	250	-	250
Fire Equipment Replacement from Reserve	2021	229	229	-
Bylaws License Plate Recognition (LPR) System	2016	208	197	11
Vehicles for RCMP Detachment Team	2014	105	99	6
Transit-Related Amenity Improvement Program	2023	100	-	100
Habitat Offsetting Requirements: Monitoring and Reporting	2021	100	33	67
Transit-Related Amenity Improvement Program	2022	25	22	3
<b>Total</b>		<b>\$59,466</b>	<b>\$57,884</b>	<b>\$1,582</b>

**CONTRIBUTED ASSETS**

Throughout the year, developers and third parties contribute assets to the City. The timing of the transfer of the contributed assets to the City is subject to the development and construction progress of the private developers, which the City cannot ascertain.

As of September 30, 2024, \$22.8M of contributed assets were recorded. These contributed assets are non-cash contributions and have no impact on the net operating surplus. Under the Public Sector Accounting Standards, these are recorded as revenue at fair market value at the time of contribution and will be reflected in the financial statements in the annual surplus, with a corresponding increase to investment in tangible capital assets in accumulated surplus.

**Financial Impact**

None.

**Conclusion**

This report provides financial information on the active capital projects that were previously approved by Council for the 3<sup>rd</sup> quarter ended September 30, 2024.



Jenny Ho, CPA, CGA  
Manager, Tangible Capital Assets  
(604-276-4223)

JH:sx

Att. 1: Highlights of Key Active Capital Projects

## **Highlights of Key Active Capital Projects**

### **Building Program**

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

#### **Steveston Community Centre and Library (2021)**

Budget: \$95.0M

Expected Completion Date: Q4 2026

Construction for the new, three-storey, 60,350 sq. ft. facility is progressing onsite with the structural foundation works nearly complete. The replacement facility will target Richmond's Enhanced Accessibility Design Guidelines and Technical Specifications, LEED Gold Certification, Rick Hansen Foundation Accessibility Certification and Richmond's Circular Economy Principles and Criteria.

#### **Works Yard Replacement Project– Phase 1 (2023 & 2024)**

Budget: \$100.0M

Expected Completion Date: Q4 2028

The Works Yard is crucial for providing essential services, operations, emergency response, and disaster recovery to the community. Throughout its completion at the current site, it will remain fully operational, serving the community during construction, including Phase 1 which involves building an administration facility, parkade, demolishing existing facilities, and relocating staff.

#### **Bowling Green Community Activity Centre (2018)**

Budget: \$5.3M

Expected Completion Date: Q4 2025

The new facility is currently under construction with offsite underground utilities installed and foundation work in progress. The new, single-storey replacement facility includes washrooms, change areas, a multipurpose room, kitchen and a large open breezeway.

#### **Richmond Nature Park – Infrastructure Renewals (2022)**

Budget: \$4.8M

Expected Completion Date: Q4 2024

The upgrades at the Nature Park include a new septic field, renewal of the building envelope and mechanical systems for the Nature House and Kinsmen Pavilion, as well as the construction of new ramps to meet the Richmond Accessibility Plan. Construction is now underway for the renewal of the outdated fire protection system at the Nature House and an outdoor storage shed to house park equipment.

South Arm Community Centre – Infrastructure Renewals (2022)

Budget: \$1.9M

Expected Completion Date: Q4 2024

The fire alarm system will be replaced with new equipment and components to ensure the health and safety of all occupants. The renovation of the main floor washrooms and second floor change rooms are complete which includes new flooring, wall tiles, partitions, lockers and lighting improvements. In addition, the flooring in the main corridor and most program rooms have been replaced.

Watermania (2019 & 2022)

Budget: \$3.6M

Expected Completion Date: Q4 2024

Infrastructure replacements include the main pool heat exchanger, air-handling unit, hot water storage tank, north entrance double doors, toilet partitions and an additional pump for the main pool filter due to operational demands. The upgrades are crucial to increase operational efficiency, prevent potential service disruptions, and enhance the overall safety and functionality of the facility for users.

West Richmond Community Centre - HVAC and Mechanical Renewals (2021)

Budget: \$1.3M

Expected Completion Date: Complete

Infrastructure renewals included the replacement of two boilers for the hot water system to meet user demands, replacement of five rooftop units and seven exhaust fans to improve indoor environment and air quality, as well as emergency lighting and fixtures to ensure health and safety of all occupants.

**Infrastructure Program****Roads**Active Transportation Improvement Program (2022)

Budget: \$1.5M

Expected Completion Date: Q2 2025

As part of the City's Active Transportation Program, upcoming upgrades include the installation of a special crosswalk and widening of the existing sidewalk along Francis Road between McCutcheon Place and Schaeffer Gate to improve the Midtown Neighbourhood Bike Route and improvements to the existing Multi-Use Pathway on Garden City Road from Williams Road to Francis Road.

Annual Asphalt Re-Paving Program (2024)

Budget: \$8.3M

Expected Completion Date: Q4 2024

This program upgrades the City's Major Road Network and Non-Major Road Network as part of the City's Infrastructure Replacement Strategy and Pavement Management System. The 2024 work, which was awarded in Q1 of 2024, includes the use of reclaimed asphalt pavement (RAP) at various locations. Paving sections scheduled for 2024 are underway and will be completed by the end of Q4.

Cambie Road and No. 5 Road Intersection Improvements (2020)

Budget: \$3.5M

Expected Completion Date: Q4 2024

This project provides dedicated left-turn lanes on all four legs of the intersection. Construction has been awarded and started in July 2024 with the installation of a widened paved sidewalk along the north side of Cambie Road at the intersection to enhance safety of road users. Roadworks are underway with new curbing and sidewalk installations in progress.

No. 2 Road Multi-Use Pathway – Steveston Highway to Williams Road (2020 & 2021)

Budget: \$3.4M

Expected Completion Date: Q4 2024

This project includes the provision of a new paved multi-use pathway along the east side of No. 2 Road from Steveston Highway to Williams Road, along with the installation of new curbing, boulevard space, and street and path lighting upgrades. Construction started in Q3 and will be complete before the end of 2024.

Steveston Highway Multi-Use Pathway - Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road (2019 & 2020)

Budget: \$11.5M

Expected Completion Date: Q2 2025

This project includes the provision of a new paved multi-use pathway along the south side of Steveston Highway between Shell Road to Mortfield Gate (Phase 1) and Mortfield Gate to No. 2 Road (Phase 2), along with the installation of new curbing, boulevard space, and street and path lighting upgrades. Construction is underway from No. 3 Road to Bamberton Drive, with the section from No. 4 Road to Mortfield Gate recently completed. Construction works will continue eastward in 2025.

***Flood Protection***Burkeville Utility Improvements (2024)

Budget: \$4.0M

Expected Completion Date: Q2 2025

This project consists of upgrading the drainage network, sanitary sewers, and watermains in the Burkeville area and will reduce local flood risks by increasing the City's storm system capacity. The phasing construction schedule is designed to prioritize servicing concerns and reduce impacts to the community. Construction is currently underway at Stirling Avenue, Hudson Avenue, and Wellington Crescent area.

Canal Stabilization and Drainage and Irrigation Upgrades (2023 & 2024)

Budget: \$6.0M

Expected Completion Date: Q3 2025

The City's drainage infrastructure network routinely goes through condition assessments, where canals and ditches are identified as a priority location for bank stabilization. The City has identified priority locations and the scope of work will include the design and construction of canal stabilization works for Sidaway Road from Blundell Road to Westminster Highway, with Phase 1 completed this year and remaining works scheduled for completion Spring of 2025 following watermain replacement works.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)

Budget: \$25.2M

Expected Completion Date: Q4 2026

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Program. This project includes the upgrades of various drainage pump station and diking upgrades, with the design of the North Dike Upgrades between No. 2 Road and Lynas Lane and the No. 6 Road South and No. 9 Road Drainage Pump Stations currently underway.

Invasive Species Management (2020, 2022-2024)

Budget: \$1.1M

Expected Completion Date: Ongoing

To reduce the spread of invasive species and mitigate impacts of the Richmond's flood protection system, the City has implemented an integrated management approach. Among the invasive and aggressive species targeted are parrot's feather, Chafer beetle, and various knotweed species, all of which are known to adversely affect local infrastructure and biodiversity.

Laneway Drainage Upgrade (2024)

Budget: \$1.3M

Expected Completion Date: Complete

In order to resolve laneway drainage issues, the City has implemented a program to install drainage systems and upgrade road structures to laneways each year. The drainage and paving improvements along the laneway east of the 10,000 block of No. 4 Road and the laneway south of Seafield Crescent are complete.

***Water***Watermain Replacement Upgrades Program (2023 & 2024)

Budget: \$10.7M

Expected Completion Date: Q1 2027

This program replaces and upsizes ageing watermains at the end of their service life in line with the City's Ageing Infrastructure Renewal Strategy. Construction involves the installation of new watermains at various locations, including current construction sites along No. 2 Road from Williams Road to Steveston Highway and No. 7 Road from Cambie Road to River Road, as well as future locations in 2025 and 2026.

***Parks Program***

The Parks program includes the development and replacement of parks, trails, community gardens and natural areas in Richmond.

Brighthouse Park Baseball Diamond Infield Upgrade (2024)

Budget: \$520K

Expected Completion Date: Q1 2025

This project proposes to upgrade the existing baseball diamond's infield from natural grass to a synthetic turf surface with drainage system improvements. Construction has started with site preparation to prepare for the upcoming synthetic turf installation during Q4 2024.

City-wide Community Gardens (2023)

Budget: \$200K

Expected Completion Date: Complete

Site work for new community gardens at the Hamilton Community Park and Alexandra Neighbourhood Park is complete. Urban Bounty will continue to oversee volunteer mobilization, plot assignments and operations of all City-owned community gardens.

No. 3 Road Bark Park (2024)

Budget: \$385K

Expected Completion Date: Ongoing

Based on Council's approved direction provided during Council Meeting on June 10, 2024, safety upgrades at the No. 3 Road Bark Park has commenced. Current construction includes the creation of a new multi-use path along the north side of the park, with fencing and gate installation scheduled to take place during Q4 2024, when weather permits.

Parks General Development (2020-2024)

Budget: \$2.1M

Expected Completion Date: Ongoing

This program funds park enhancements that address the community's needs for ongoing park improvements to infrastructure, equipment and landscape amenities.

*Terra Nova Rural Park*

Site works at the Terra Nova Red Barn Entry Garden is complete. This garden refresh project includes upgrades to the community garden plots with recycled plastic lumber from a local Non Government Organization (NGO), accessibility-friendly garden beds, new fencing, path and a feature trellis at the south entrance.

Parks Shelter and Shade Program (2023)

Budget: \$450K

Expected Completion Date: Complete

The construction of new shade structures at Dover Neighbourhood Park, McLean Neighbourhood Park and Garden City Community Park were are complete.

Steveston Community Park Playground Renewal (2023)

Budget: \$2.2M

Expected Completion Date: Q3 2025

Demolition and site preparation work has commenced in Q3 2024.

**Land Program**

Strategic Real Estate Acquisition (2017, 2021-2024)

Budget: \$72.2M

Expected Completion Date: Ongoing

Capital projects include amounts set aside for potential real estate acquisition as per the Council Approved Strategic Real Estate Investment Plan. Council approval is required for each real estate acquisition transaction.

### **Equipment Program**

The Equipment Program includes machinery and vehicles for Richmond Fire Rescue, Public Works and other miscellaneous equipment.

#### Fire Vehicle Replacement Reserve Purchases (2019-2024)

Budget: \$11.1M

Expected Completion Date: Ongoing

The Fire Vehicle Replacement Reserve Purchases projects in Plan Year 2019 to 2024 have an outstanding acquisition of four fire engines and five support vehicles. The project team is finalizing fire engine specifications and preparing to move forward with the purchase plan.

#### Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2021-2024)

Budget: \$14.4M

Expected Completion Date: Ongoing

The 2021 to 2024 fleet vehicle and equipment projects involve the estimated acquisition of over 150 vehicles and equipment identified for replacement. As of Q3 2024, 100 units have arrived and are in operation, 12 units are on order, and 43 units are in the evaluation process.

#### Public Safety Mobile Command and Communication Centre Vehicle (2024)

Budget: \$1.8M

Expected Completion Date: Q4 2025

The project team has recently completed a Request For Information (RFI) and is receiving vendor insights in preparation for a Request for Proposal (RFP).

### **Information Technology**

#### Budget Planning & Monitoring Software Solution (2019 & 2023)

Budget: \$1.8M

Expected Completion Date: Q4 2025

The City is implementing a modern solution seamlessly integrated with the Financial and Payroll systems to enhance budget scenario planning and modelling, supporting the creation, submission, and approval of capital, operating and five-year budget requirements. This new system replaces a legacy application that served for over 25 years, with Phase 1 completed in Q3 2024 and Phase 2 set to commence in Q1 2025 to prepare for the full budget application rollout.

Permit Optimization Project (MyPermit) (2021 & 2024)

Budget: \$2.9M

Expected Completion Date: Q4 2027

MyPermit is a multi-phased initiative aimed at fully digitizing and enabling customer self-service for development and building permits. Phase 1 of the MyPermit project has streamlined the permitting process for simple permit types, including plumbing and gas trades permits, with the sprinkler permit launched in May 2024 through an online self-service portal option, and Servicing Agreements is scheduled go live on the MyPermit Portal on Dec 2, 2024.

Workforce Management System (2016)

Budget: \$790K

Expected Completion Date: Q3 2025

The City is implementing a fully digital solution to enable the scheduling, attendance management and timekeeping functions for payroll. This will eliminate all manual and paper-based processes and greatly enhance the accuracy of data and data analytics capabilities for labour management.



# City of Richmond

## Report to Committee

**To:** Finance Committee

**From:** John Irving, P.Eng., MPA  
Deputy CAO  
Chief Executive Officer, Lulu Island Energy Company

**Date:** December 13, 2024

**File:** 01-0060-20-LIEC1/2024-Vol 01

Jerry Chong, CPA, CA  
General Manager, Finance and Corporate Services  
Chief Financial Officer, Lulu Island Energy Company

**Re:** Lulu Island Energy Company – 2024 3<sup>rd</sup> Quarter Financial Information

### Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 3<sup>rd</sup> Quarter Financial Information”, dated December 13, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.

DocuSigned by:  
  
9852C809CED8448  
John Irving, P.Eng., MPA  
Deputy CAO  
Chief Executive Officer,  
Lulu Island Energy Company  
(604-276-4140)

DocuSigned by:  
  
90FBC1551A341D...  
Jerry Chong, CPA, CA  
General Manager, Finance and Corporate Services  
Chief Financial Officer,  
Lulu Island Energy Company  
(604-276-4064)

Att. 4

REPORT CONCURRENCE	
REVIEWED BY SMT	INITIALS: 
APPROVED BY CAO 	

November 18, 2024

- 2 -



6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** November 18, 2024  
**TO:** Board of Directors  
**FROM:** Jerry Chong, CPA, CA, Chief Financial Officer  
**Re:** Lulu Island Energy Company – 2024 3<sup>ed</sup> Quarter Financial Information

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### Staff Recommendation

That the 3rd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2024 3rd Quarter Financial Information”, dated November 18, 2024, 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. Information regarding LIEC’s district energy utility (DEU) operations can be found in Attachment 1. All capital and operating costs are recovered through revenues from user fees, ensuring that the business is financially sustainable. City Council is the regulator and thus sets customer rates.

This report provides pre-audited financial information to the Board of Directors and LIEC’s shareholder, represented by Richmond City Council.

### Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s pre-audited Q3 financial information consists of the interim statement of financial position as of September 30, 2024 (Attachment 2) and the interim income statement for the period ended September 30, 2024 (Attachment 3). Year-to-date budget to actual numbers are shown in Attachment 4.

### 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) of \$24,853,203 and non-current assets (plant and equipment) of \$56,500,189.

November 18, 2024

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Current assets increased by \$5,533,382 from December 31, 2023, mainly due to advance payments for developer contributed infrastructure and cash generated from operations.

The total liabilities of \$42,513,447 include outstanding invoices, deferred developer contributions and City Center District Energy Utility (CCDEU) Project Agreement liabilities. Deferred developer contributions and CCDEU Project Agreement liabilities make up the majority of the liabilities as they are the primary source of funding for new infrastructure.

As of September 30, 2024, LIEC's shareholder equity is \$38,839,945, increase of \$1,742,045 compared to December 31, 2023.

### Interim Income Statement and Budget Variance

#### *Revenues*

The metered billings reflect the energy sales of the ADEU and CCDEU service areas<sup>1</sup>. The year to date metered billing revenue is \$2,148,652 from ADEU, and \$4,356,000 from CCDEU. Overall, 2024 year to date metered billing revenue grew by 16% to \$6,504,652 (Q3 2023 \$5,612,073). This increase is due to new building connections, additional energy use by buildings that were not fully occupied in prior years, and the approved 2024 customer rates. The revenue is in line with budget.

#### *Cost of Sales*

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. Contract expenses increased by \$307,675 to \$1,634,704 (Q3 2023 – \$1,327,029) due to additional operations and maintenance requirements as a result of more buildings being serviced, including one additional on-site low carbon energy plant (LCEP). Contract expenses are 9% below budget due to less unplanned maintenance than anticipated.

Compared to Q3 2023, utility costs increased by \$60,545 to \$1,375,644 (Q3 2023 – \$1,315,099) due to the additional building connections. Utility costs remain 26% below budget, driven by milder weather and lower natural gas commodity cost than projected for 2024. Additionally, amortization expense increased compared to Q3 2023 due to the addition of new capital assets.

The gross margin is 40% compared to 43% in Q3 2023, mainly due to additional maintenance required and higher utility costs for the LCEP. Low carbon energy production technologies in LCEP are more complex than natural gas boilers, and are using low carbon electricity which is more expensive than natural gas. The gross margin of 40% still exceeded budget by 11% due to the lower than forecasted utility and contract costs.

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<sup>1</sup> Note that OVDEU is now combined under the CCDEU service area.

November 18, 2024

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### *General and Administration Expenses*

General and administration (G&A) expenses are expenditures that LIEC incurs with respect to supporting operations which includes salaries and benefits, administration expenses, insurance and professional fees. Comparing to Q3 2023, the general and administration expenses is 17% higher than prior year and 9% below budget.

- Salaries and benefits are in line with budget and Q3 2023.
- The administration expenses include overhead costs to administer Corix's special purpose entity, LIEC reporting, Canada Infrastructure Bank (CIB) reporting and financial administration requirements.
- Insurance expenses increased by \$33,337 from Q3 2023 due to general insurance rate increases and additional assets being insured under the CCDEU Project Agreement. It is 34% below the budget.
- Professional fees are higher than prior year due to expenses related to KPMG risk and readiness assessment and increase in audit fees in line with the growth of the infrastructure assets. It is in line with the budget.

Overall, the G&A expenses as a percentage of revenues are 22% in Q3 2024, same as in Q3 2023.

### *Contributions, Other Income and Financing Expenses*

The contributions and financing expense section represents other sources of income and costs for the business. The recognized developer contributions revenue is higher than 2023 due to additional onsite assets being placed into service.

Other income includes energy modeling review fees and miscellaneous recoveries. The increase in other income compared to 2023 and the budget is primarily attributed to an influx of building permit applications submitted for approval before the Development Cost Charge increase took effect in July. Additionally, LIEC received recovery payment for its internal administrative and personnel costs resulting from the Corix reorganization consent request.

LIEC has taken advantage of the high interest rates by investing in short-term term deposits which have yielded higher returns compared to the budgeted rate. Financing costs on CCDEU Project Agreement liabilities is higher than 2023 and lower than budget, due to additional capital infrastructure under construction but delayed some of the capital investment due to development timeline delays.

LIEC's earnings before interest, tax, and amortization (EBITA), used as a proxy to measure the company's financial performance, as a percentage of revenue increased to 42% from 41% in Q3 2023. As more customers are connected to the system, the EBITA is expected to increase. The EBITA has also exceeded the budget by 38%.

November 18, 2024

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The net income for Q3 2024 is \$1,742,045. LIEC's overall financial performance exceeded budget by \$1,381,761, mainly due to variances in utilities, contracts, amortization, financing income and financing expenses (\$1,184,432). Consistent with the company's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

**Financial Impact**

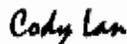
None.

**Conclusion**

The pre-audited financial information shows that LIEC's financial position is positive. This report will be presented to Council for information.



Helen Zhao  
Controller  
(604-204-8699)



Cody Lan  
Assistant Controller  
(604-247-4698)

- Att. 1: District Energy in Richmond
- 2. Interim Statement of Financial Position as of September 30, 2024 (unaudited)
- 3: Interim Income Statement for the period ending September 30, 2024 (unaudited)
- 4: Year-To-Date Budget vs. Actual Comparison (unaudited)

### District Energy in Richmond

Richmond’s 2041 Official Community Plan (OCP) establishes a target to reduce greenhouse gas (GHG) emissions 50 per cent below 2007 levels by 2030 and 100 per cent by 2050. The City identified district energy utilities (DEUs) as a leading strategy to achieve the City’s GHG reduction goals and incorporated Lulu Island Energy Company Ltd. (LIEC) in 2013 for the purposes of carrying out the City’s district energy initiatives on the basis of the following guiding principles:

1. The DEU will provide end users with energy costs that are competitive with conventional energy costs, based on the same level of service; and
2. Council will retain the authority of setting customer rates, fees and charges for DEU services.

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

Table 1 – DEU Service Areas - Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra DEU	13	2,200	2.4M ft <sup>2</sup>	4.4M ft <sup>2</sup>
Oval Village DEU	14	3,174	3.7M ft <sup>2</sup>	6.4M ft <sup>2</sup>
City Centre DEU	3	1,082	1.2M ft <sup>2</sup>	48.0M ft <sup>2</sup>
<b>Total</b>	<b>30</b>	<b>6,456</b>	<b>7.3M ft<sup>2</sup></b>	<b>58.8M ft<sup>2</sup></b>

The ADEU provides heating and cooling services to ten residential buildings, the large commercial development at “Central at Garden City”, the Richmond Jamatkhana Temple and Fire Hall No. 3, comprising of 2,200 residential units and over 2.4 million square feet of floor area. While some electricity is consumed for pumping and equipment operations, most of this energy is currently produced locally from the geo-exchange fields in the greenway corridor and West Cambie Park, and highly efficient air source heat pumps.

The OVDEU services 14 buildings, containing 3,174 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. This project is in the preliminary design stage and is expected to be completed in 2028. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The CCDEU currently services three buildings, comprised of 1,082 residential units and approximately 1.2M ft<sup>2</sup> of floor area. While offsite energy centres progress through development, CCDEU utilizes on-site low carbon energy plants as a source of energy production. At full build-out, 176 developments, 28,000 residential units and approximately 48M ft<sup>2</sup> of floor space will be serviced by 5 permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built out system is estimated to reduce over one million tonnes of GHG emissions compared to conventional service.

**Interim Statement of Financial Position (Unaudited)**

	As of September 30 2024	As of December 31 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,197,632	\$ 2,511,976
Accounts receivable	4,074,557	4,792,892
Other investments	16,581,014	12,014,953
	24,853,203	19,319,821
Non-current assets:		
Plant and equipment	56,500,189	53,740,785
	\$ 81,353,392	\$ 73,060,606
<b>Liabilities and Shareholder's Equity</b>		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,429,073	\$ 1,848,902
Deferred developer contributions	23,073,356	19,235,460
Government grants	514,464	403,026
Project Agreement liability	17,496,554	14,475,318
	42,513,447	35,962,706
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	11,442,830	9,700,785
	38,839,945	37,097,900
	\$ 81,353,392	\$ 73,060,606

**Interim Income Statement (Unaudited)**

	September 30 2024	September 30 2023	\$ Changes	% Change
<b>Revenues</b>				
Metered billings (Quarterly)	\$ 6,504,652	\$ 5,612,073	\$ 892,579	16%
Service fee	736,115	736,115	-	0%
	7,240,767	6,348,188	892,579	14%
<b>Cost of Sales</b>				
Contracts	1,634,704	1,327,029	295,705	22%
Utilities	1,375,644	1,315,099	60,545	5%
Amortization	1,321,485	1,006,602	314,883	31%
	4,331,833	3,648,730	671,133	18%
<b>Gross margin</b>	<b>2,908,934</b>	<b>2,699,458</b>	<b>221,446</b>	<b>8%</b>
<b>General and administration expenses</b>				
Salaries and benefits	800,371	788,628	11,743	1%
Administration expenses	264,111	256,248	7,863	3%
Insurance	206,290	172,953	33,337	19%
Professional fees	321,746	148,265	173,481	-
	1,592,518	1,366,094	226,424	17%
<b>Net income before other items</b>	<b>1,316,416</b>	<b>1,333,364</b>	<b>(16,948)</b>	<b>(1%)</b>
<b>Contributions and financing expense</b>				
Developer contributions	383,053	276,272	106,781	39%
Other income	41,307	4,232	37,075	-
Financing income	676,413	575,705	100,708	17%
Financing cost	(675,144)	(618,386)	(56,758)	9%
	425,629	237,823	187,806	79%
<b>Net Income</b>	<b>\$ 1,742,045</b>	<b>\$1,571,187</b>	<b>\$ 170,858</b>	<b>11%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	\$ 1,742,045	\$1,571,187	\$ 170,858	11%
Net financing cost	(1,269)	42,681	(43,950)	(103%)
Amortization expense	1,321,485	1,006,602	314,883	31%
<b>EBITA</b>	<b>\$ 3,062,261</b>	<b>\$2,620,470</b>	<b>\$ 441,791</b>	<b>17%</b>

Notes:

	Ending September 30 2024	Ending September 30 2023
<b>Percentage of Revenue</b>		
Gross margin percentage	40%	43%
General and administration percentage	22%	22%
Net income percentage	24%	25%
EBITA percentage	42%	41%

November 18, 2024

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Attachment 4

**Year-To-Date Budget vs. Actual Comparison (Unaudited)**

	<b>2024 Q3 Budget</b>	<b>2024 Q3 Actual</b>	<b>\$ Variance</b>	<b>%Variance</b>
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 6,469,869	\$ 6,504,652	\$ 34,783	1%
Service fee	736,115	736,115	-	0%
	7,205,984	7,240,767	34,783	0%
<b>Cost of Sales</b>				
Contracts	1,788,659	1,634,704	(153,955)	(9%)
Utilities	1,869,890	1,375,644	(494,246)	(26%)
Amortization	1,442,985	1,321,485	(121,500)	(8%)
	5,101,534	4,331,833	(769,701)	(15%)
<b>Gross profit</b>	<b>2,104,450</b>	<b>2,908,934</b>	<b>804,484</b>	<b>38%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	790,888	800,371	9,483	1%
Administration expenses	309,638	264,111	(45,527)	(15%)
Insurance	313,620	206,290	(107,330)	(34%)
Professional Fees	326,955	321,746	(5,209)	(2%)
	1,741,101	1,592,518	(148,583)	(9%)
<b>Net income before other items</b>	<b>363,349</b>	<b>1,316,416</b>	<b>953,067</b>	<b>-</b>
<b>Contributions and Financing expense</b>				
Developer contributions	383,397	383,053	(344)	0%
Other income	27,000	41,307	14,307	53%
Financing income	400,000	676,413	276,413	69%
Financing cost	(813,462)	(675,144)	138,318	(17%)
	(3,065)	425,629	428,694	-
<b>Net Income</b>	<b>\$ 360,284</b>	<b>\$ 1,742,045</b>	<b>\$ 1,381,761</b>	<b>-</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	\$ 360,284	\$ 1,742,045	\$ 1,381,761	-
Net Financing cost	413,462	(1,269)	(414,731)	(100%)
Amortization expense	1,442,985	1,321,485	(121,500)	(8%)
<b>EBITA</b>	<b>\$ 2,216,731</b>	<b>\$ 3,062,261</b>	<b>\$ 845,530</b>	<b>38%</b>



# City of Richmond

## Report to Committee

**To:** Finance Committee **Date:** December 12, 2024  
**From:** Jerry Chong, CPA, CA **File:** 03-1200-09/2024-Vol  
 General Manager, Finance & Corporate Services 01  
**Re: Richmond Olympic Oval Corporation – 3rd Quarter 2024 Financial Information**

### Staff Recommendation

That the Richmond Olympic Oval Corporation – 3rd Quarter 2024 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong, CPA, CA  
 General Manager  
 Finance & Corporate Services  
 (604-276-4064)

<b>REPORT CONCURRENCE</b>
<b>APPROVED BY CAO</b>  <hr/>

**DATE:** November 28, 2024

**TO:** Serena Lusk  
Chief Administrative Officer, City of Richmond

Jerry Chong  
General Manager, Finance & Corporate Services, City of Richmond

**FROM:** Rick Dusanj, CPA, CA  
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation – 3<sup>rd</sup> Quarter 2024 Financial information**

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### **Origin**

This staff report addresses the third quarter financial results for the 3 months ending September 30, 2024 ("Q3"). Below are some of the highlights undertaken in Q3, including a follow up on the Oval's community engagement initiative.

### **Q3 Highlights**

The sustained uptake of the Oval's core services and programs, reflected in the Membership Admissions and Programs revenue line item continues to trend positively with a \$715K YTD positive variance compared to budget. Some of the notable highlights from Q3 2024 include:

- Drop-in admissions during this period increased by over 55% from Q3 2023. Much of this growth can be attributed to community uptake on the \$10 off-peak drop-in rate launched at the beginning of the year.
- Another successful summer camp season took place with over 2,000 registrations from 38 camps offered. Of note, was a camp in collaboration with the Canucks Autism Network (CAN) in which Oval and CAN staff and volunteers planned and delivered 2 weeks of sensory-friendly multisport camps in August.
- Uptake from Richmond residents in the Oval's programs and services continues to be strong. The Oval's registered programs (i.e. summer camps, learn to skate, etc.) comprise more than 40% of the Oval's programs and services, with more than 80% of the registrants being Richmond residents. Membership makes up approximately 30% of the Oval's offerings, with approximately 3,200 of the Oval's 4,400 members (72%) being Richmond residents.

## Community Engagement Initiative Update

As referenced in the Q2 update, a strategic directive was initiated to provide additional low-cost or no-cost opportunities at the Oval. The following is a brief update on some of the initiatives implemented over the summer.

### *Oval Community Day*

On August 25th, the Oval welcomed over 7,000 community members to the inaugural Oval Community Day. The free event featured family-friendly obstacle courses and sport activations on the Oval's south plaza and Fields by community groups including, but not limited to: Richmond Curling Centre, Richmond Baseball's Dugout Club, Kidsport Richmond, Richmond Lacrosse and BC Wheelchair Basketball. In conjunction with the event, Richmond's up-and-coming 2011 and 2012 soccer teams competed in a small sided 6v6 jamboree, and the Can3X Summerfest 3-on-3 basketball tournament took over the outdoor courts. The day was rounded out with complimentary admission to the Olympic Experience, an Olympic-themed selfie station, festival food vendors and various entertainment options, including music and Oval sport and fitness challenges.

### *Richmond Libraries Summer Reading Club*

Over the summer, the Oval collaborated with the Richmond Public Library's Summer Reading Club to infuse a physical literacy component to the initiative that supported the 4,000 children of all ages in reaching their summer reading goals. In addition to teaching fundamental movement skills as part of the reading club curriculum, physical literacy cards were posted throughout the library to encourage movement from the young readers. Complimentary guest passes to the ROX were provided for prizes.

### *ROX Community Thursdays*

Launched on August 1st, ROX Community Thursdays provides free admission to the Olympic Experience at Richmond Olympic Oval on the first Thursday of every month from 2pm-5pm. The free admission tickets are available on a first-come, first-served basis at the front desk. Admission to the ROX will also be free on Canada Day. In general, the ROX experienced an increase in visitation during the activations for the Paris 2024 Olympic and Paralympic Games.

### *Forever Young Wednesdays*

On September 8, the 10-year anniversary of the Forever Young 8K Run took place with 300 runners and walkers, 55 years or better participating. The inspiring day celebrates older adults from across Canada who have committed to staying fit for life, with the eldest race finisher being 91 years-old. To commemorate the day, the Oval launched Forever Young Wednesdays – a low-cost (\$55/year) facility access membership to anyone 55 years and older. Included in this membership is access to non-registered drop-in programs each Wednesday until 4pm at the Oval from September to June. Also included in this membership are parking and discounts to the Oval Sports Store and to the Time Out Cafe. As a means of further promoting this initiative, Forever Young Wednesdays is now also available as a "value-add" for City of Richmond Seniors Facility Pass Holders.

## Governance

Meetings of the Board of Directors took place during Q3.

## Financial

The results for the 3 months ended September 30, 2024 show income of \$107,000 after amortization compared to a budgeted loss of \$138,000, indicating a favorable variance of \$244,000 (please see page 4 for the Corporation's balance sheet as of September 30, 2024 and page 5 for the statement of operations). In Q3, \$527,000 was allocated to the reserves/equity.

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

#### Revenues

In Q3, \$774,000 of revenue was recognized pertaining to the 2024 Games Operating Trust Fund ("GOT") distribution. Memberships, admissions and programs revenue was \$3,031,000 in Q3 and other revenue of \$651,000 primarily pertained to space leasing, parking, and interest revenue. Overall, YTD revenues are 8% favorable to budget.

#### Expenses

Memberships, admissions and program services costs for Q3 2024 were \$2,310,000, facility operations costs were \$1,506,000, marketing expenses were \$141,000, and administration and finance expenses were \$948,000. Overall, YTD expenditures are within 1% of budget.



Rick Dusanj, CPA, CA

Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

## RICHMOND OLYMPIC OVAL CORPORATION

### Balance sheet

As at Sep 30, 2024

Unaudited, prepared by management

		Sep 30 2024
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	1,406,181
Investments		17,533,379
Inventory		223,245
Accounts receivable		771,606
		19,934,411
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,630,577
Post-employment benefits		1,180,350
Deferred revenue		9,594,617
Rental deposits		11,781
		12,417,325
Net financial assets		7,517,086
<b>Non-Financial Assets</b>		
Tangible capital assets		14,028,582
Prepaid expenses and other deposits		577,452
		14,606,035
Accumulated Surplus (Note 1)	\$	22,123,120

**Note 1 - Breakdown of accumulated surplus account is as follows:**

Investment in capital assets	8,182,983
Reserves/Provisions	13,063,106
Common Shares	1
Surplus	877,030
22,123,120	

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 minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.07M 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.

Numbers may be off due to rounding.

**RICHMOND OLYMPIC OVAL CORPORATION**

**Statement of Operations**

**For the quarter ended September 30, 2024**

**Unaudited, prepared by management**

	QTR 3 2024			YTD ended September 30, 2024			2024		
	BUDGET	ACTUAL	% Variance Fav(Unfav)	BUDGET	ACTUAL	% Variance Fav(Unfav)	BUDGET	BUDGET	
			\$ Variance Fav(Unfav)			\$ Variance Fav(Unfav)			
<b>REVENUES</b>									
2010 Games Operating Trust Fund	800,000	774,434	(25,566)	2,400,001	2,374,434	(25,567)	3,200,000	3,200,000	
Contribution from City of Richmond	1,000,325	1,000,325	-	3,000,977	3,000,977	-	4,001,306	4,001,306	
Memberships, admissions and programs	2,700,354	3,031,045	330,691	8,008,530	8,723,817	715,287	10,515,858	10,515,858	
Other	474,479	651,355	176,876	1,569,941	2,008,428	438,487	2,041,919	2,041,919	
	4,975,158	5,457,159	482,001	14,979,449	16,107,656	1,128,207	19,759,083	19,759,083	
<b>EXPENSES</b>									
Memberships, admissions and program services	2,016,556	2,309,620	(293,064)	5,877,712	6,443,731	(566,019)	7,738,885	7,738,885	
Facility Operations	1,350,519	1,506,022	(155,503)	4,082,643	4,139,948	(57,305)	5,433,275	5,433,275	
Marketing	155,239	141,012	14,227	455,765	443,949	11,816	602,864	602,864	
Admin/Finance	922,806	948,053	(25,247)	3,064,181	3,077,644	(13,463)	3,986,153	3,986,153	
Amortization	667,692	445,763	221,929	1,861,257	1,350,851	510,406	2,600,000	2,600,000	
	5,112,812	5,350,471	(237,659)	15,341,558	15,456,124	(114,566)	20,361,176	20,361,176	
<b>Net Income/(Loss) (Note 1)</b>	<b>(137,654)</b>	<b>106,688</b>	<b>244,342</b>	<b>(362,109)</b>	<b>651,532</b>	<b>1,013,641</b>	<b>(602,093)</b>	<b>(602,093)</b>	

Note 1 - In Q3, \$0.53M was transferred into reserves/equity mainly for future minor 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 minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.07M 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, 2024  
**From:** Jerry Chong, CPA, CA **File:** 03-1200-09/2024-Vol  
General Manager, Finance & Corporate Services 01  
**Re: Richmond Olympic Oval Corporation – 2025 Annual Operating and  
Capital Budgets**

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### Staff Recommendation

That the Richmond Olympic Oval Corporation – 2025 Annual Operating and Capital Budgets report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong, CPA, CA  
General Manager  
Finance & Corporate Services  
(604-276-4064)

<b>REPORT CONCURRENCE</b>
<b>APPROVED BY CAO</b> 

**DATE:** December 12, 2024

**TO:** Serena Lusk  
Chief Administrative Officer, City of Richmond

Jerry Chong  
General Manager, Finance & Corporate Services, City of Richmond

**FROM:** Rick Dusanj, CPA, CA  
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation – 2025 Annual Operating and Capital Budgets**

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### **Origin**

This staff report is provided to City Council for information. The Richmond Olympic Oval Corporation's (the "Corporation") Board of Directors ("BOD") approved the Corporation's 2025 operating budget and the 2025 capital budget on November 27<sup>th</sup>, 2024 pending City Council approval of the 2025 City contribution to the Corporation.

### **Analysis**

#### 2025 Operating Budget & Outlook

For 2025, the Corporation has budgeted a 6% increase relative to 2024 with memberships, admissions, and programs ("MAP") revenue increasing by \$1.3M (13%), offset primarily by the pending reduction of the City of Richmond ("COR") contribution of \$0.4M (11%). With respect to expenses, an overall \$0.7M (4%) increase has been budgeted. The operating cost increases primarily consist of: costs associated with contractual commitments and/or those outside of the Corporation's control, non-discretionary expenditures, expenses required to maintain vital infrastructure, and expenses required as a result of the growth in operations where there was a favorable gross margin impact. From a bottom line perspective, there is an overall net favorable budget increase of approximately \$0.5M before amortization as shown in Attachment 1.

For the upcoming year, focus will be placed on the areas with the greatest opportunity for growth. An example is membership and admissions, where there remains capacity for a return to pre-pandemic membership levels. At present, the Oval's active base of 4,400 members is approximately 80% of the 5,500 members in 2019. In addition to this, the Corporation will continue to build on the robust community engagement initiative that was aimed at widening the Oval's reach and activating the building in off-peak periods.

### 2025 Capital Budget

Each year the Corporation's senior staff team aims to strike a balance of allocating and prioritizing maintenance, equipment, initiatives and programming needs with the overall financial impacts on the organization and its capital reserves. To date, the Corporation has funded close to \$30M of capital projects from its capital reserves. The capital projects approved were based on several criteria including but not limited to: the importance to health and safety, consistency with the overall vision and objectives of the Corporation, the importance of maintaining the Oval's infrastructure, the contribution to the delivery of programs/services, and the impact on customer satisfaction.

The 2025 capital budget totals \$1.46M, which includes a minor capital budget of \$1.16M and a major capital budget of \$0.30M and will be funded by the Corporation's capital reserves. The minor capital projects are primarily projects that involve the maintenance or replacement of existing capital assets and infrastructure and projects that support programming. This includes \$0.24M of building operations requirements (e.g., safety and custodial equipment), \$0.32M of programs, services and member related improvements and equipment (e.g., cardio and strength equipment), \$0.40M of computer software & equipment, and a \$0.20M contingency. The major capital budget of \$0.30M is for long-term facility maintenance items primarily relating to the Corporation's mechanical, refrigeration, and electrical systems.



Rick Dusanj, CPA, CA  
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

ATTACHMENT 1

2025 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>				
<b>Operating Budget</b>				
	<b>2024</b>	<b>2025</b>		
	<b>BUDGET</b>	<b>BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
2010 Games Operating Trust	\$ 3,200,000	\$ 3,200,000	\$ -	0%
Contribution from City of Richmond	4,001,305	3,573,500	(427,805)	-11%
Memberships, admissions and programs	10,515,858	11,846,547	1,330,689	13%
Other	2,041,920	2,300,205	258,285	13%
	<b>19,759,083</b>	<b>20,920,252</b>	<b>1,161,169</b>	<b>6%</b>
<b>EXPENSES</b>				
Memberships, admissions and programs	7,738,885	8,441,869	702,984	9%
Facility Operations	5,433,275	5,618,853	185,578	3%
Marketing	602,864	636,157	33,293	6%
Admin/Finance	3,986,152	3,765,733	(220,419)	-6%
	<b>17,761,176</b>	<b>18,462,612</b>	<b>701,436</b>	<b>4%</b>
<b>Net income before amortization and transfers</b>	<b>\$ 1,997,907</b>	<b>\$ 2,457,641</b>	<b>\$ 459,733</b>	<b>23%</b>
Amortization	2,600,000	2,500,000	(100,000)	-4%
<b>Net income after amortization and before transfers</b>	<b>\$ (602,093)</b>	<b>\$ (42,359)</b>	<b>\$ 559,733</b>	<b>93%</b>
Transfer to reserves/provisions (Note 1)	TBD	TBD		
<b>Net income after amortization and transfers</b>	<b>TBD</b>	<b>TBD</b>		
<b>Note 1</b> - The budgeted transfer to reserves/provisions is not estimated at this time as the amount will be determined by the Capital Works Committee.				