



**Finance Committee  
Electronic Meeting**

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

**Monday, February 7, 2022**

**Immediately following the General Purposes Committee**

Pg. #      ITEM

**MINUTES**

**FIN-3**      *Motion to adopt the **minutes** of the meeting of the Finance Committee held on January 5, 2022.*

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**FINANCE AND CORPORATE SERVICES DIVISION**

1.      **CESSATION OF CASH TRANSACTIONS AT CITY HALL**  
(File Ref. No. 03-0905-01) (REDMS No. 6771220)

**FIN-6**

**See Page FIN-6 for full report**

*Designated Speaker: Angela Zanardo and Ivy Wong*

**STAFF RECOMMENDATION**

*That the City no long accept cash payments for transactions at City Hall effective immediately.*

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LULU ISLAND ENERGY COMPANY

2. **LULU ISLAND ENERGY COMPANY – 2022 OPERATING AND CAPITAL BUDGETS**

(File Ref. No. 10-6600-10-01) (REDMS No. 6748826)

FIN-10

See Page FIN-10 for full report

*Designated Speaker: Alen Postolka*

STAFF RECOMMENDATION

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company- 2022 Operating and Capital Budgets”, dated January 6, 2021 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.*

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RICHMOND OLYMPIC OVAL CORPORATION

3. **RICHMOND OLYMPIC OVAL CORPORATION – 2022 ANNUAL OPERATING AND CAPITAL BUDGETS**

(File Ref. No. 6826026) (REDMS No.)

FIN-26

See Page FIN-26 for full report

*Designated Speaker: Rick Dusanj*

STAFF RECOMMENDATION

*That the report on the 2022 Annual Operating and Capital Budgets for the Richmond Olympic Oval Corporation from the Director, Finance, Richmond Olympic Oval Corporation be received for information.*

☐

ADJOURNMENT

☐



## Finance Committee

Date: Wednesday, January 5, 2022

Place: Council Chambers  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Carol Day (by teleconference)  
Councillor Andy Hobbs  
Councillor Alexa Loo (by teleconference)  
Councillor Bill McNulty  
Councillor Linda McPhail (by teleconference)  
Councillor Harold Steves (by teleconference)  
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 4:16 p.m.

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on December 13, 2021, be adopted as circulated.*

**CARRIED**

### DELEGATION

1. CJ James and Brandon Eng, KPMG, referred to the 2021 Audit Planning Report (copy on-file, City Clerk's Office) and briefed Committee on the Audit Plan.

**FINANCE AND CORPORATE SERVICES DIVISION**

**2. ACTIVE CAPITAL PROJECTS INFORMATION - 3RD QUARTER  
SEPTEMBER 30, 2021**

(File Ref. No. 03-0975-01) (REDMS No. 6761776)

It was moved and seconded

*That the staff report titled, "Active Capital Projects Information – 3rd Quarter September 30, 2021", dated December 1, 2021 from the Acting Director, Finance be received for information.*

The question on the motion was not called as discussion ensued with regard to various on-going Capital projects such as (i) diking and drainage upgrades, (ii) Richmond Court House improvements, (iii) the Gardens Agricultural Park, (iv) Burkeville Area Drainage and Utility Improvements, and (v) dog park upgrades.

In reply to queries from Committee, staff noted that (i) grant funding received has been allocated to the appropriate projects, (ii) a report on the proposed diking and drainage upgrades is expected in the second quarter 2022, and (iii) staff will be conducting public consultation on the proposed dog park upgrades and will provide design proposals to Council.

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

**3. FINANCIAL INFORMATION – 3<sup>RD</sup> QUARTER SEPTEMBER 30, 2021**

(File Ref. No.) (REDMS No. 6769302)

It was moved and seconded

*That the staff report titled, "Financial Information – 3rd Quarter September 30, 2021", dated December 1, 2021 from the Acting Director, Finance be received for information.*

The question on the motion was not called as discussion ensued with regard to vacancy rates of office space in Richmond.

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

**RICHMOND OLYMPIC OVAL CORPORATION**

**4. RICHMOND OLYMPIC OVAL CORPORATION – 3RD QUARTER  
2021 FINANCIAL INFORMATION**

(File Ref. No.) (REDMS No. 6802739)

**Finance Committee**  
**Wednesday, January 5, 2022**

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It was moved and seconded

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2021 from the Director, Finance, Richmond Olympic Oval Corporation be received for information.*

**CARRIED**

**LULU ISLAND ENERGY COMPANY**

**5. LULU ISLAND ENERGY COMPANY – 3RD QUARTER SEPTEMBER 30, 2021 FINANCIAL INFORMATION**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 6799421)

It was moved and seconded

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 3rd Quarter September 30, 2021 Financial Information”, dated December 13, 2021 from the Chief Executive Officer and Chief Financial Officer, be received for information.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (4:34 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 Wednesday, January 5, 2022.

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Mayor Malcolm D. Brodie  
Chair

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Evangel Biason  
Legislative Services Associate



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** January 17, 2022

**From:** Ivy Wong  
Acting Director, Finance

**File:** 03-0905-01/2022-Vol  
01

**Re:** Cessation of Cash Transactions at City Hall

### Staff Recommendation

That the City no longer accept cash payments for transactions at City Hall effective immediately.

Ivy Wong  
Acting Director, Finance  
(604-276-4046)

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

## Staff Report

### Origin

At the Special General Purposes Committee meeting of March 23, 2020 and the Finance Committee meeting of September 8, 2020 Council supported the decision to not accept cash transactions at City Hall until March 31, 2021. At the Finance Committee meeting of March 1, 2021, Council supported the decision to further extend the cessation of cash at City Hall to March 31, 2022.

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

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

### Analysis

With the initial outbreak of COVID-19 in early 2020, the decision to stop accepting cash at City Hall was to support social distancing requirements by eliminating the only payment method that necessitated physical presence at City Hall. Since most people withdrew cash from their financial institution before making a separate trip to City Hall, eliminating the cash option reduced the extra trip needed for taxpayers to pay their bills.

Since early 2020, a total of two property tax and eight utility billings were generated, resulting in over 390,000 invoices sent to property owners. In total, less than 10 taxpayers, in early 2020, expressed their dissatisfaction of not being able to pay by cash. Once the City's rationale and the various other payment options were explained, all taxpayers understood and accepted the decision. This change in payment method is in line with the practices of a majority of businesses throughout the world, who have made similar changes during the pandemic. During this period, the City experienced an increase in payments made through financial institutions and online self-service payments. Majority of customers who continue to pay at City Hall were prepared to pay by cheque.

Attachment 1 provides the payment statistics since April 2020. On average 27.2 percent of all payments received were processed by staff at City Hall while 72.8 percent were paid through financial institutions or through the City's self-service online credit card payment system. Of the current payments processed on premise by City staff, 80 percent are payments by cheque, 5.67 percent are by debit card, and 14.33 percent are by credit card.

With City Hall not accepting cash, the following benefits were observed:

- Improved customer service. As time required for cash handling and daily cash balancing is reduced, cashiers are able to spend the extra time needed to address customers' concerns.
- Elimination of the risk of accepting counterfeit notes.
- Reduced the risk of theft or loss associated with the City holding excessive cash balances on the premise until it is picked up by the armoured car service.

As taxpayers have numerous convenient payment options available, there have not been any major issues with the decision to not accept cash at City Hall in the past 22 months. Customers have adjusted their payment habits in line with modern payment processes.

With the current practice of not accepting cash at City Hall and the general acceptance of taxpayers to a cashless City Hall, staff recommend that the City cease to accept cash for City Hall transactions indefinitely.

**Financial Impact**

None

**Conclusion**

That the City no longer accept cash payments for transactions at City Hall effective immediately.



Angela Zanardo  
Acting Manager, Revenue  
(604-276-4392)

AZ:az

Att. 1



## Attachment 1

Payments Processed

Month	City		Financial Institution	Total Online & Via Financial Institution Transactions
	% In Person or Mail-in	% Self Service Online Credit Card	Online & Over the Counter Banking	
Apr-20	53.06%	18.33%	28.61%	46.94%
May-20	9.43%	41.83%	48.74%	90.57%
Jun-20	20.63%	29.10%	50.27%	79.37%
Jul-20	28.26%	15.78%	55.96%	71.74%
Aug-20	18.71%	14.29%	67.01%	81.29%
Sep-20	26.06%	13.60%	60.35%	73.94%
Oct-20	23.36%	11.05%	65.59%	76.64%
Nov-20	17.39%	9.45%	73.16%	82.61%
Dec-20	24.85%	16.08%	59.07%	75.15%
Jan-21	39.37%	39.81%	20.82%	60.63%
Feb-21	24.59%	13.56%	61.85%	75.41%
Mar-21	22.44%	8.72%	68.84%	77.56%
Apr-21	46.81%	32.60%	20.59%	53.19%
May-21	15.95%	7.95%	76.09%	84.05%
Jun-21	20.00%	8.02%	71.98%	80.00%
Jul-21	48.78%	15.10%	36.13%	51.22%
Aug-21	17.57%	9.52%	72.92%	82.43%
Sep-21	25.44%	11.24%	63.32%	74.56%
Oct-21	48.53%	34.26%	17.21%	51.47%
Nov-21	17.69%	9.06%	73.25%	82.31%
Dec-21	22.35%	23.16%	54.49%	77.65%
<b>Average</b>	<b>27.20%</b>	<b>18.21%</b>	<b>54.58%</b>	<b>72.80%</b>



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** January 6, 2021

**From:** John Irving, P.Eng., MPA  
General Manager, Engineering and Public Works  
Chief Executive Officer, Lulu Island Energy  
Company

**File:** 10-6600-10-01/2022-Vol 01

Jerry Chong, CPA, CA  
Acting General Manager, Finance  
Chief Financial Officer, Lulu Island Energy  
Company

**Re:** Lulu Island Energy Company – 2022 Operating and Capital Budgets

### Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company- 2022 Operating and Capital Budgets”, dated January 6, 2021 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

John Irving, P.Eng., MPA  
General Manager, Engineering and Public Works  
Chief Executive Officer,  
Lulu Island Energy Company  
(604-276-4140)

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

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

## Report

6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

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**DATE:** October 29, 2021

**TO:** LIEC Board of Directors

**FROM:** Alen Postolka, P.Eng, Manager, District Energy

**Re:** **Lulu Island Energy Company – 2022 Operating and Capital Budget**

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### Staff Recommendation

1. That the 2022 operating budget for Lulu Island Energy Company as presented in the staff report “Lulu Island Energy Company – 2022 Operating and Capital Budget”, dated October 29, 2021 be approved.
2. That the 2022 capital budget for the Lulu Island Energy Company and funding as presented in the staff report “Lulu Island Energy Company – 2022 Operating and Capital Budget”, dated October 29, 2021, totalling \$1,660,000 be approved.

### Background

Lulu Island Energy Company (LIEC), a wholly-owned corporation of the City of Richmond (City), provides district energy services on behalf of the City. LIEC owns and operates the Alexandra District Energy (ADEU) and Oval Village District Energy (OVDEU) Utilities, while concurrently advancing new district energy opportunities and completing the due diligence planning process for the City Center District Energy Utilities (CCDEU) project.

The purpose of this report is to present the 2022 Operating and Capital Budgets to the Board for their approval. If approved by the Board, staff will present LIEC’s 2022 Operating and Capital Budgets to Council for information in order to follow the City’s reporting process.

### 2022 Operating Budget

All capital and operating costs are recovered through revenues from metered billings, ensuring that the business is financially self-sustainable.

Even though LIEC’s district energy utilities are at different stages of their operational life, they are still relatively new utilities. Actual utility (electricity and natural gas) operation and

maintenance costs have been used for budgeting; however, some of these costs are still largely based on projections. Customers' energy use (building performance) is estimated based on historical metered energy consumption, average building performance in the region and energy modeling reports prepared by the buildings' designers where actual data is not available. The 2022 Operating Budget incorporates estimated revenues and expenses from the ADEU, OVDEU and onsite energy plants within the CCDEU based on the current projections, development activity and timing of connections for the year.

LIEC is classified as a Government Business Enterprise (GBE). As a GBE, LIEC is required to apply International Financial Reporting Standards (IFRS) in the preparation of its financial statements.

Table 1: 2022 Operating Budget under IFRS

	<b>2022 Budget</b>	<b>2021 Budget</b>	<b>\$ Changes</b>	<b>% Change</b>
<b>Revenues</b>				
Metered Billings (Quarterly)	\$6,583,145	\$5,512,751	\$1,070,394	19%
Service fee	981,486	981,486	-	-%
	7,564,631	6,494,237	1,070,394	16%
<b>Cost of Sales</b>				
Contracts	1,400,550	889,081	511,469	58%
Utilities	1,620,699	1,224,019	396,680	32%
Amortization	1,791,047	1,425,225	365,822	26%
	4,812,296	3,538,325	1,273,971	36%
<b>Gross margin</b>	<b>2,752,335</b>	<b>2,955,912</b>	<b>(203,577)</b>	<b>(7%)</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	963,130	847,893	115,237	14%
Administration expenses	153,172	139,198	13,974	10%
Insurance	120,000	115,000	5,000	4%
Professional Fees	80,205	74,540	5,665	8%
	1,316,507	1,176,631	139,876	12%
<b>Net income before other items</b>	<b>1,435,828</b>	<b>1,779,281</b>	<b>(343,453)</b>	<b>(19%)</b>
<b>Contributions and Financing expense</b>				
Developer contributions	566,380	268,096	298,284	111%
Energy modeling review fee	48,000	39,000	9,000	23%
Other expense	(418,000)	-	(418,000)	100%
Net financing expense	(685,970)	(622,982)	(62,988)	10%
	(489,590)	(315,886)	(173,704)	55%
<b>Net Income</b>	<b>\$946,238</b>	<b>\$1,463,395</b>	<b>(\$517,157)</b>	<b>(35%)</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	\$946,238	\$1,463,395	(\$517,157)	(35%)
Net financing expense	685,970	622,982	62,988	10%
Amortization expense	1,791,047	1,425,225	365,822	26%
<b>EBITA</b>	<b>\$3,423,255</b>	<b>\$3,511,602</b>	<b>(\$88,347)</b>	<b>(3%)</b>

### *Revenues*

The 2022 budgeted metered billings include a full year of service for two buildings in the ADEU and CCDEU, which were connected partway through 2021, and a portion of the year's energy sales for three new buildings, which we anticipate will be connected in 2022 in the OVDEU and CCDEU service areas. The budgeted revenues are based on the best estimate of building connections' timing and customers' energy usage. The metered billings are expected to increase in 2022 by \$1,070,394 to \$6,583,145 (2020 – \$5,512,751) due to:

- An increase of \$966,968 from additional energy use as a result of a full year of servicing two buildings that were connected in late 2021 (Westmark South and Keltic) and partial year connections of three new buildings in 2022 (Fiorella, ASPAC 13 and ASPAC 17); and
- An increase of \$103,426 because of the annual utility rate increase of 4% for OVDEU and ADEU commercial and 1% for ADEU residential, as approved by City Council. The rate increase is below the estimated blended Fortis BC and BC Hydro rate increase.

There is no requested increase in the annual service fee of \$981,486 (2021 - \$981,486), which is for LIEC services of advancing district energy opportunities in the City, which results in numerous benefits to the City and the Richmond community. With or without LIEC, the City would need to fund these costs in order to successfully implement district energy initiatives for the City and position itself at the forefront of tackling local and global environmental challenges. The City identified district energy utilities (DEUs) as a leading strategy to achieve the City's greenhouse gas (GHG) reduction goals. To date, it is estimated that LIEC's district energy system has resulted in a reduction of over 10,191 tonnes of GHG emissions.

The overall budgeted revenue is expected to increase by \$1,070,394 to \$7,564,631 (2021 – \$6,494,237).

### *Cost of Sales*

The cost of sales is the accumulated total of expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The total contract expense has increased by \$511,469 to \$1,400,550 (2021 - \$889,081). This is largely due to the new on-site low carbon energy plants service contract for Keltic development in the CCDEU service area, which is anticipated to start in late 2021, and Fiorella development, which is anticipated to come on line mid-2022. The increase of this expense is also due to additional operation and maintenance activities required to service additional buildings in the ADEU and OVDEU service areas.

Utility expenses are projected to increase by \$396,680 to \$1,620,699 (2021 – \$1,224,019). This increase is due to natural gas and electricity rates increases, and increased energy sales to customers. Additional energy demand will result in increased usage of distribution pumps, geo-field pumps, cooling towers, and natural gas boilers, which are used to circulate energy through the distribution piping system to customer buildings.

The amortization expense increased due to capital asset additions being placed into service. Overall, the cost of sales is expected to increase by \$1,273,971 to \$4,812,296 (2021 – \$3,538,325).

The gross margin as a percentage of revenue has decreased to 36% (2021 – 46%) due to the initial operation and maintenance costs necessary to service the two new on-site low carbon energy centres (Keltic and Fiorella) while the revenues collected from these buildings are expected to catch up as these buildings are fully phased in and occupied.

#### *General and Administration Expenses*

The general and administration expenses are expenditures that LIEC incurs to support business activities, such as salaries and benefits, administration, professional fees, insurance, etc.

Table 2: General and Administration Expense Percentage of Revenue

	2022	2021
Percentage of Revenue		
Salaries and benefits	12.7%	13.1%
Administration expense	2.0%	2.1%
Insurance expense	1.6%	1.8%
Professional fees	1.1%	1.1%
Total General and Administration Expense percentage	17.4%	18.1%

The budgeted general and administration expenses are projected to increase by \$139,876 to \$1,316,507 (2021 – \$1,176,631) due to:

- Salaries and benefits – The increase of \$115,237 is due to one new finance position and estimated adjustments to existing salaries and fringe benefits based on the City's forecasted annual increases.
- Insurance – The premium is expected to be higher due to a general insurance rate increase and additional capital assets being insured.
- Administration expense – the administration expense has increased by \$13,974 to \$153,172 (2021 – \$139,198) to include such items such as memberships, cell phones and training for new staff members, as well as amounts paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. The estimated amount that LIEC has budgeted is \$55,547 (2021 – \$54,193).

Overall, general and administration expenses as a percentage of revenues are at 17% for 2022, versus 18% for 2021.

#### *Contributions and Financing Costs*

The contributions and financing costs section represents other sources of revenue and financing costs for the business, which include:

- Developers' contributions (energy transfer station fee) – This revenue refers to all the distribution piping systems, energy transfer stations and construction costs inside the

development property line. These costs are paid by developers. LIEC owns these capital assets, and recognizes a contribution from developers for the amount reimbursed.

- The current energy modeling review fee is based on 2% of building permit fees collected by the City. It is estimated, that an additional 16 permits will be reviewed in 2022, which is higher than the 2021 projections.
- Other expense – As reported in the 2020 financial statements, a leak was discovered in January 2021 in the ADEU service area as a result of a construction defect in the pipe. Spill clean up and remediation work is ongoing and will need to continue into 2022 in order to follow the legal standards within the *Provincial Contaminated Sites Regulations*.
- Net financing expense – This represents the net amount of the financing costs for concession liabilities, offset by interest income and other recoveries. The financing costs are incurred by LIEC through the OVDEU concession agreement with Corix. The funding, through the concession agreement, is used to finance the construction of capital assets, which will result in an increase in the total amount of fixed assets appearing on LIEC's balance sheet. The net financing cost is expected to increase by \$62,988 to \$685,970 (2021 – \$622,982). The increase is due to the additional assets (\$4.7 million of asset additions that are budgeted in 2021 and 2022 Capital Plan) through the concession agreement and concession obligations on funding used to build those assets in the OVDEU service area.

#### *Net Income and Earnings Before Interest, Taxes and Amortization (EBITA)*

Net income is expected to be \$946,238 in 2022. EBITA, used to evaluate LIEC's financial performance, is expected to decrease by \$88,347 to \$3,423,255 for the budgeted year due to the ADEU cleanup efforts costs. EBITA as a percentage of revenue is projected to be 45% for 2022 compared to 54% in 2021.

LIEC's financial sustainability and future growth must be taken into consideration when reviewing its EBITA and net income. LIEC is operating as a financially self-sustaining subsidiary, with the goal to expand operations without impacting City finances. LIEC's success is dependent upon developing in-house expertise and ensuring adequate capital is maintained to deliver continuous service, which includes future asset replacements as existing infrastructure components reach end of life. Future capital investments are expected to be financed either through existing cash on hand, partnership agreements or external borrowing. Other important factors are the planning of future projects, which includes research and development, and exploratory reviews of future technology and opportunities. Consistent with the corporation's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital replacements and to ensure long term rate stability for rate payers.

#### **2022 Capital Budget**

Richmond continues to see sustained growth through development activity. Table 3 below represents anticipated development timelines in the current DEU service areas over the next five years.



Table 3: Estimated Development Timing for Future Connections (floor area in ft<sup>2</sup>):

Square Footage	2022	2023	2024	2025	2026
<b>Current Service Areas</b>					
<b>Alexandra DEU (ft<sup>2</sup>)</b>	-	314,920	250,000	250,000	250,000
<b>Oval Village DEU (ft<sup>2</sup>)</b>	533,950	314,470	256,102	341,000	674,756
<b>City Centre DEU (ft<sup>2</sup>)*</b>	349,622	804,084	1,930,834	1,091,643	460,836
<b>Total (ft<sup>2</sup>)</b>	883,572	1,433,474	2,436,936	1,682,643	1,385,592
<b>Cumulative (ft<sup>2</sup>)</b>	6,322,159	7,755,632	10,192,568	11,875,211	13,260,804

\*Estimated development timing for developments incorporating onsite low carbon energy plants under the city centre serving strategy; first connection expected in 2021

By 2026, it is estimated that LIEC will be servicing 13,260,804 square feet of floor area if development proceeds as planned. This figure is up 149% from the area currently serviced in 2021. In established service areas, this growth requires expansion of the existing district energy infrastructure in order to service new developments. Continuous, ongoing investment in the optimization of the existing infrastructure is required to maintain service levels and protect the assets. This growth also requires advanced planning of new district energy networks. Investment in advanced planning allows LIEC to look at, and take advantage of, new technologies and practices to improve operational efficiencies and accrue additional financial and environmental benefits. LIEC's capital budget ensures that appropriate funding is secured to deliver this work.

## **LIEC 2022 Capital Projects**

### Alexandra DEU

There are currently 13 buildings connected to the system. There are no new connections planned for 2022; however, a new ETS is anticipated to be started in 2022 and is estimated to be completed in 2023. Some system improvements and new connections included in the 2020 Capital Budget are still in progress and work will be carried over in to 2022.

### *McKim Way DPS Improvements*

The results of the McKim Way DPS leak investigation showed possible defects in other sections of the pipe. Additional investigative work and corrective measures are expected to occur in 2022 to ensure the pipe's integrity; the estimated cost of the work is \$200,000.

### *Cooling Tower Capacity Upgrade*

The peak cooling capacity of the ADEU system was reached in 2021. As more buildings are expected to connect to the ADEU service area in 2023 and beyond, an additional cooling tower will be required to increase the system's cooling capacity in 2022; the estimated cost of the work is \$550,000.

### City Centre DEU

First on-site low carbon energy plant (LCEP), servicing one building (579,330 sq.ft.), will be commissioned and transferred to LIEC for operations and maintenance before the end of 2021; second LCEP servicing Polygon Fiorella development is scheduled to be commissioned and transferred to LIEC in 2022. Nine further developments, comprising of approximately 4.3 million square feet of residential, commercial, and hotel uses, have also committed to construct and transfer ownership of low carbon energy plants to LIEC, at no cost to LIEC. LIEC will operate and maintain these energy plants to provide heating and cooling services to these developments. As part of the 2022's approved capital projects, staff will continue to engage with outside engineering consultants to provide support to the developers' design teams to peer review the designs on behalf of LIEC.

### *LIEC Minor Capital*

This capital project involves minor capital work:

- As staff continue to secure commitments from upcoming developments within the City Centre area to provide low carbon energy plants, additional engineering support will be needed to work with the developers on the design and construction of low carbon energy plants. LIEC will also continue with the review of the detailed design of these energy plants, provide inspections during construction, and sign off the commissioning of the low carbon centralized energy plants and to ensure the infrastructure meets LIEC standards, this work will continue in 2022.
- LIEC's staff time is required for the oversight and administration of the OVDEU concession agreement with Corix, OVDEU projects coordination (including sewer heat recovery permanent energy centre), as well as working with the developments within the OVDEU service area to ensure their connection to the system. A new Project Manager position approved by the LIEC Board and 50% of the Assistant Project Manager time will be funded from this capital budget.

The estimated cost of this work in 2022 is \$540,000.

### *Advanced Design*

Due to the continued fast pace of development in the City Centre area, advanced design activities are required in 2022 to support development and the execution of plans to provide district energy services throughout the City Centre Area. The scope of work includes, but is not limited to:

- Advanced design for new and upcoming developments including DEU corridors and servicing plans;
- Professional fees to develop and secure DEU-ready building base;
- Professional fees to support negotiation and implementation of contracts to deliver future district energy services in the City Centre area (i.e. due diligence with Corix);
- Professional fees to support new business development such as alternative servicing models and strategies (i.e. financing options with Canada Infrastructure Bank);
- Professional fees to evaluate new technologies and practices to ensure existing and future systems are optimized.

The cost for the above work will require \$370,000 to be approved as part of the capital budget.

#### Oval Village DEU

Currently the OVDEU services 11 buildings, containing 2,541 residential units and 2.9 million square feet. Corix Utilities finances all capital funding for the OVDEU through the OVDEU concessional agreement. Corix has submitted to LIEC the OVDEU 2022 capital plan, which is currently being reviewed by staff. Once the review has been completed, staff will bring it forward to the Board for approval.

The following funding sources are recommended to finance the 2022 Capital Projects:

#### *Developer Contributions*

Within the DEU service areas, developers are responsible to fund the design and construction of on site low-carbon energy plant (if applicable), ETS (energy transfer station) and piping infrastructure, which is located within their property.

#### *LIEC*

Staff have completed a five year financial analysis of the projected cash flow. The analysis shows that LIEC can fund the 2022 capital projects internally.

The summary of the 2022 LIEC Capital Projects are presented in Table 4 below.

Table 4: 2022 Capital Projects and Funding Summary

	Total Capital Budget	LIEC	Developer Contribution
<b><i>Alexandra DEU</i></b>			
McKim Way DPS Improvements	\$200,000	\$200,000	-
Cooling Tower Capacity Upgrade	\$550,000	\$550,000	-
New Connection			
• 9300/9320 Cambie Road	\$530,000	-	\$530,000
<b><i>Oval Village DEU</i></b>			
New Connection			
• Mah Bing	\$1,108,252	-	\$1,108,252
<b><i>City Center DEU</i></b>			
New Connection			
• Polygon Fiorella	\$1,919,509	-	\$1,919,509
<b><i>LIEC</i></b>			
LIEC Minor Capital	\$540,000	\$540,000	-
Advanced Design	\$370,000	\$370,000	-
<b>Total</b>	<b>\$5,217,761</b>	<b>\$1,660,000</b>	<b>\$3,557,751</b>

## Conclusion

The 2022 Operating and Capital Budgets are based on staff's best estimates and assumptions available at the time of writing. The recommended capital budget for 2022 is \$1,660,000. Staff recommend that the 2022 Operating and Capital Budgets be approved.



Johana Vuletin  
Senior Financial Accountant  
(604-204-8699)

- Att. 1: District Energy Utility Services
- Att. 2: Alexandra DEU Service Area map
- Att. 3: Oval Village DEU Service Area map
- Att. 4: City Centre Area and CCDEU Service Area Informational Map

### District Energy Utility Services

The City of Richmond incorporated Lulu Island Energy Company Ltd. (LIEC) in 2013 for the purposes of carrying out the City's district energy initiatives. LIEC owns and operates the Alexandra District Energy (ADEU) and Oval Village District Energy (OVDEU) Utilities, while concurrently advancing new district energy opportunities and completing the due diligence planning process for the City Centre District Energy Utilities (CCDEU) project. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

Table 1 – District Energy Utility Service Areas

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra District Energy Utility	13	2,195	2.4M ft <sup>2</sup>	4.4M ft <sup>2</sup>
Oval Village District Energy Utility	11	2,548	2.9M ft <sup>2</sup>	6.4M ft <sup>2</sup>
City Centre District Energy Utility	11 <sup>(1)</sup>	3,388 <sup>(1)</sup>	5.0M ft <sup>2</sup> <sup>(1)</sup>	48M ft <sup>2</sup>
DEU-Ready Developments <sup>(2)</sup>	17	4,524	5.3M ft <sup>2</sup>	N/A
<b>Total Connected Floor Area</b>			<b>5.3M ft<sup>2</sup> <sup>(3)</sup></b>	<b>58.8M ft<sup>2</sup></b>

(1) Commitments secured from upcoming developments in the City Centre; first connection expected in late 2021.

(2) DEU-Ready developments are designed to connect to the City Centre district energy system at a future point.

(3) The "To-Date Connected Floor Area" figure corresponds to constructed developments currently served by a DEU.

Both the West Cambie and the Oval Village neighbourhoods are experiencing rapid redevelopment. LIEC has been growing to meet this increased energy demand, while maintaining exceptional reliability and quality of service.

#### Alexandra District Energy Utility (ADEU)

ADEU provides heating and cooling services to nine residential buildings in the ADEU service area, the large commercial development at "Central at Garden City", the Richmond Jamatkhana temple and Fire Hall No. 3, comprising over 2,195 residential units and over 2.4 million square feet of floor area (see Attachment 2). 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 following table represents anticipated development connection timelines for the next three years:

Table 2: Development Timing in ADEU Service Area

	Anticipated Occupancy
Primstone Gardens (4008 Stolberg)	2023
9300/9320 Cambie Road	2023
9291 Alexandra Road	2024

Oval Village District Energy Utility (OVDEU)

In 2014, LIEC and Corix Utilities (Corix) entered into a 30 year concession agreement, with LIEC maintaining the ownership of the utility. OVDEU services 11 buildings in the OVDEU service area, containing over 2,541 residential units (see Attachment 3). Energy is currently supplied from the three interim energy centres with natural gas boilers which combined provide 16 MW of heating capacity.

LIEC recently 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 OVDEU. The project has been already initiated; once completed (estimated 2023-2024). The system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The following table represents anticipated development connection timelines for the next three years:

Table 3: Development Timing in OVDEU Service Area

	<b>Anticipated Occupancy</b>
ASPAC 13	2022
ASPAC 17	2022
Onni Riva 4	2023
Onni Alderbridge (Riva 5)	2023

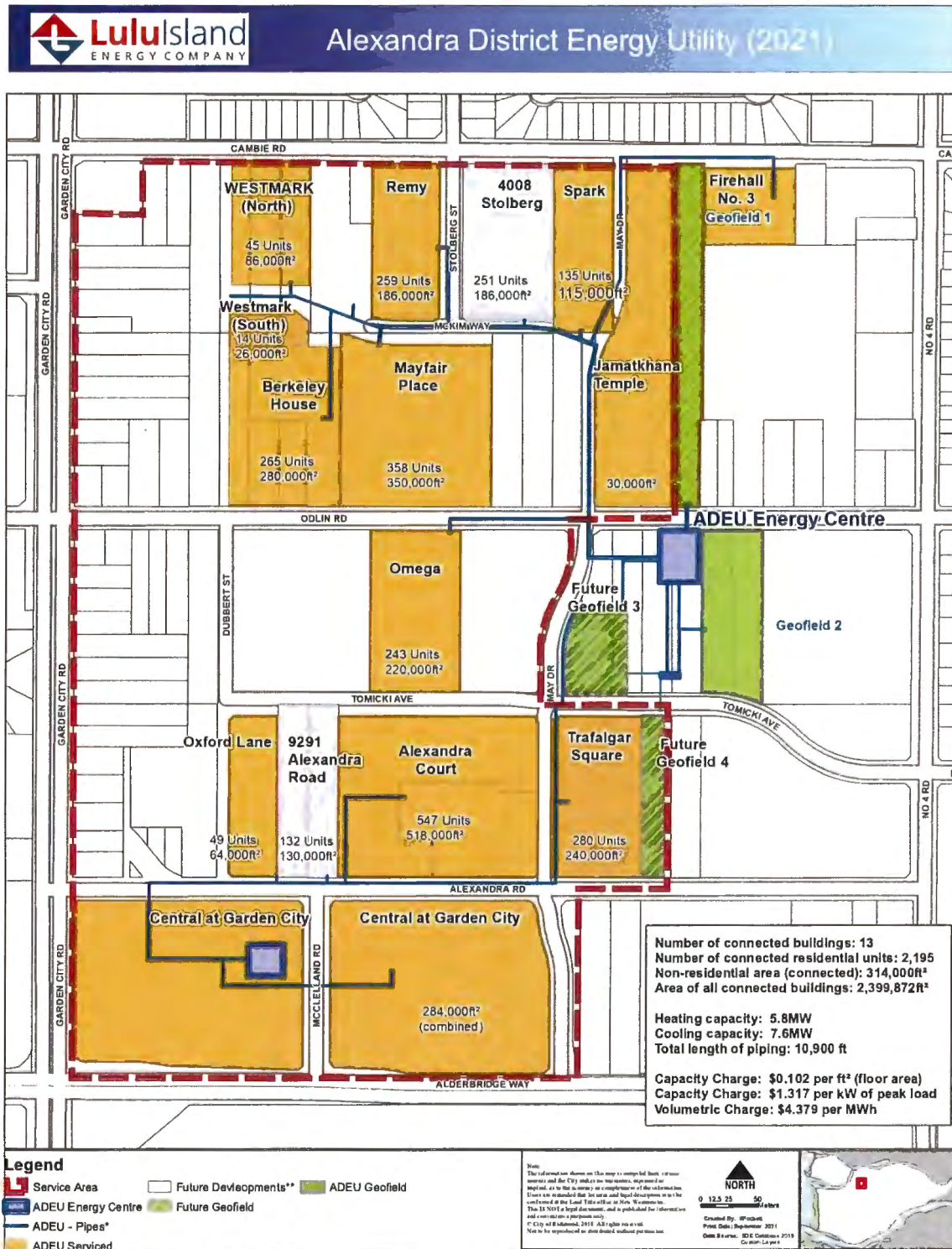
City Centre District Energy Utility (CCDEU)

To date, 11 developments, comprising of approximately 5.0 million square feet of residential, commercial, and hotel uses, have committed to construct and transfer low carbon energy plants to the City or LIEC at no cost. LIEC will operate and maintain these energy plants and provide heating and cooling services to these developments.

Table 4: Development Timing in CCDEU Service Area

	<b>Anticipated Occupancy</b>
Polygon Fiorella – 3551 Sexsmith Road	2022
Park & Buswell – 8091 Park Road	2023
Headwaters Market Rental – 5500 No. 3 Road	2023
South Street – 7960 Alderbridge Way	2023
Bene – 4700 No. 3 Road	2024
Townline – 5671 No. 3 Road	2024
New Continental – 8320-8440 Bridgeport Road & 8311-8351 Sea Island Way	2024
Bene Development – 6700 No. 3 Road	2024
Richmond Centre Phase 1 – 6551 No. 3 Road	2024
Hyatt Hotel – 8871 Douglas Street	2025

# Alexandra Neighbourhood and ADEU Service Area Informational Map





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# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** January 20, 2022

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

**File:**

Jerry Chong  
Acting General Manager, Finance and Corporate  
Services & Chief Financial Officer, Richmond  
Olympic Oval

**Re: Richmond Olympic Oval Corporation – 2022 Annual Operating and Capital Budgets**

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### Staff Recommendation

That the report on the 2022 Annual Operating and Capital Budgets for the Richmond Olympic Oval Corporation from the Director, Finance, Richmond Olympic Oval Corporation be received for information.

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

Jerry Chong  
Acting General Manager, Finance and Corporate  
Services & Chief Financial Officer  
Richmond Olympic Oval

**DATE:** January 19, 2022

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

Jerry Chong  
Chief Financial Officer, Richmond Olympic Oval Corporation

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

**Re:** **Richmond Olympic Oval Corporation – 2022 Annual Operating and Capital Budgets**

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**Origin**

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2022 annual operating and capital budgets which were unanimously approved by the Corporation's Board of Directors ("BOD").

**Analysis**

2022 Operating Budget

In 2022, the Corporation will continue to build on the operational successes from 2021 in addressing the pandemic recovery. Although the operations are trending in a positive direction, it is anticipated that the gross revenues from memberships, admissions, programs and services for 2021 will be approximately \$4 Million less than it was in 2019 during pre-pandemic times. The Corporation has continued to remain agile and is taking proactive measures to adhere to evolving provincial health orders and province wide restrictions and ensuring that Richmond residents and the broader community are safely returning to their sport and fitness routines. An expected outcome of operating in this dynamic environment is the additional expense required to provide services to the public. In preparing the budget, the expenses included primarily focusing on sustaining operations with on-going pandemic protocols, planning and executing the progressive resumption of programs and services, and ensuring the Corporation's clientele remains engaged. The Corporation will continue with an appropriately timed resumption of programs and services using the restoration of programs and services continuum as a guide which takes into account level of risk, exposure, and ability to mobilize service delivery with strict adherence to health and safety guidelines. Given the uncertainty with respect to the health guidelines, health outcomes, and individual's personal comfort levels of returning to in person fitness, staff have prepared a cautious 2022 operating budget that has been unanimously approved by the BOD (please see Attachment 1).

### 2022 Outlook

The Corporation looks forward to building from the momentum and successes over the past year. As the COVID-19 pandemic continues to be an ever-evolving situation, the Corporation will continue to work to restore its service levels in 2022 while meeting and exceeding health and safety guidelines set forth by the provincial government. Subject to continued positive health outcomes in the community and restrictions in the Provincial Health Orders, the Corporation will provide the community with drop-in sport and fitness offerings, popular sports programs like learn to skate lessons, climbing programs for all ages and levels of athletes and children's camps. Some of the community groups and organizations from Richmond or with strong Richmond-based participation expected for 2022 include, but are not limited to: Drive Basketball, Split Second Basketball, Richmond FC, Richmond Rockets Speed Skating Club, Aura Gymnastics, Brazilian Soccer School, Urban Rec, Connaught Figure Skating Club, Air Attack Volleyball Club, Richmond Arenas Community Association (RACA), and Fusion FC.

Pending continued positive health outcomes in the community and restrictions in the Provincial Health Orders, the upcoming year may include a careful return of sporting events, tournaments and competitions. Events currently slated to take place in 2022 include, but are not limited to: BC Sport Climbing Provincials, Climbing Escalade Canada's Speed and Lead Nationals, Wheelchair Rugby Vancouver Invitational, Short Track Canada Cup Junior Final, Judo Pacific International, Karate BC Provincials, Fencing Canada Cup, and Volleyball U14 Nationals.

### 2022 Capital Budget

The 2022 capital budget totals \$4.07M and included in this amount is a \$2.90M major capital project for the improvement of outdoor space (Lot 5) which will be fully funded by external sources. Staff continue to be prudent as only \$1.17M of the 2022 capital budget will be funded from the Corporation's capital reserves. The other capital projects included in the 2022 capital budget are primarily projects that involve 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 equipment), \$0.61M of program related improvements and equipment (e.g. sporting equipment), \$0.13M of computer software & equipment and a \$0.20M contingency for any safety, security, or other related issues.



Rick Dusanj, CPA, CA  
Director, Finance, Richmond Olympic Oval Corporation

ATTACHMENT 1

2022 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>				
<b>Operating Budget</b>				
	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
2010 Games Operating Trust	\$ 3,725,000	\$ 3,725,000	\$ -	0%
Contribution from City of Richmond	3,669,885	3,754,292	84,407	2%
Memberships, admissions and programs	4,294,411	5,854,079	1,559,668	36%
Other	1,320,973	1,174,859	(146,114)	-11%
	<b>13,010,269</b>	<b>14,508,229</b>	<b>1,497,960</b>	<b>12%</b>
<b>EXPENSES</b>				
Memberships, admissions and programs	4,860,783	5,544,075	683,291	14%
Facility Operations	4,205,075	4,608,583	403,508	10%
Marketing	527,951	545,155	17,204	3%
Admin/Finance	3,250,600	3,391,864	141,264	4%
	<b>12,844,409</b>	<b>14,089,676</b>	<b>1,245,267</b>	<b>10%</b>
<b>Net income before amortization and transfers</b>	<b>\$ 165,860</b>	<b>\$ 418,553</b>	<b>\$ 252,693</b>	<b>152%</b>
Amortization	2,000,000	2,200,000	200,000	10%
<b>Net income after amortization and before transfers</b>	<b>\$ (1,834,140)</b>	<b>\$ (1,781,447)</b>	<b>\$ 52,693</b>	<b>3%</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 - The budgeted transfer to reserves/provisions is not estimated at this time as the amount will be determined by the Capital Works Committee.</b>				