



**Finance Committee**

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

**Monday, March 4, 2013**

**Immediately Following the Open General Purposes Committee meeting**

Pg. #      ITEM

**MINUTES**

**FIN-3**      *Motion to adopt the minutes of the meeting of the Finance Committee held on Monday, February 4, 2013.*



**FINANCE AND CORPORATE SERVICES DEPARTMENT**

1. **FINANCIAL INFORMATION – 4<sup>TH</sup> QUARTER DECEMBER 31, 2012**  
(File Ref. No.) (REDMS No. 3797568 v.7)

**FIN-9**

See Page **FIN-9** for full report

*Designated Speaker: Jerry Chong*

**STAFF RECOMMENDATION**

*That the staff report titled Financial Information – 4<sup>th</sup> Quarter December 31, 2012 from the Director, Finance be received for information.*



**RICHMOND OLYMPIC OVAL CORPORATION**

2.    **4<sup>TH</sup> QUARTER 2012 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.) (REDMS No. 3805767)

**FIN-31**

See Page **FIN-31** for full report

*Designated Speaker: Rick Dusanj*

**STAFF RECOMMENDATION**

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the fourth quarter ended December 31, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.*



3.    **2013 OPERATING BUDGET - RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.) (REDMS No. 3805773)

**FIN-37**

See Page **FIN-37** for full report

*Designated Speaker: Rick Dusanj*

**STAFF RECOMMENDATION**

*That the report on the 2013 Operating Budget for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.*



**ADJOURNMENT**





## Finance Committee

Date: Monday, February 4, 2013

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Derek Dang  
Councillor Ken Johnston  
Councillor Bill McNulty

Absent: Councillor Linda Barnes  
Councillor Evelina Halsey-Brandt  
Councillor Linda McPhail  
Councillor Harold Steves

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

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on Monday, February 4, 2013, be adopted as circulated.*

**CARRIED**

1. **2012 AUDIT ENGAGEMENT**

(File Ref. No. 03-0950-03/2013-Vol 01) (REDMS No. 3767882)

Andrew Nazareth, General Manager, Finance and Corporate Services, joined by Jerry Chong, Director, Finance, made reference to two questions, posed by the City's auditor, in connection to the City's Management's process for identifying and responding to fraud risks and explained how the new Canadian Auditing Standards require the auditor to ask these questions directly to City Council rather than staff as in past practices.

**Finance Committee**  
**Monday, February 4, 2013**

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It was moved and seconded

- (1) *Richmond City Council provides effective oversight of management's process for identifying and responding to fraud risks, including program and controls to prevent, detect and deter fraud and ensure compliance with regulatory requirements by:*
- (a) *having established a Finance Committee, which is responsible for oversight and includes all members of Council;*
  - (b) *Directing, reviewing and approving the annual operating, capital and utility budget individually, which form the basis of the 5 Year Financial Plan and expenditure bylaw;*
  - (c) *approving the 5 Year Financial Plan and the bylaw which sets the expenditure limits and the amounts to be collected from taxation;*
  - (d) *approving the tax rate bylaw, which sets the amount that the City collects from each respective taxation class;*
  - (e) *receiving reports which require Council approval concerning any real estate purchases or disposals and any award of contracts that are in excess of \$500,000;*
  - (f) *establishing policies that govern procurement, budget amendments, budget and 5 Year Financial Plan, financial signing authorities and investments, specifically the following:*
    - (i) *3001 - Budget Amendment Policy;*
    - (ii) *3104 - Procurement Policy;*
    - (iii) *3105 - Construction Management Projects;*
    - (iv) *3703 - Investment Policy;*
    - (v) *3707 – Long Term Financial Management Strategy;*
    - (vi) *3708.01 - Expense Reimbursement Procedures; and*
    - (vii) *3709 - Financial Signing Authorities (spending authority);*
  - (g) *creating the Administration and Compliance Division, which includes Business Advisory and Compliance sections and strengthens internal controls;*
  - (h) *through Council's Planning Committee, reviewing all planning matters, including development agreements, re-zoning applications and any monetary exchanges or negotiated consideration (density bonus, land exchanges etc.);*

**Finance Committee**  
**Monday, February 4, 2013**

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- (i) receiving financial information reports each quarter, which include information on:
  - (i) procurement activity, awards and contracts over \$25,000;*
  - (ii) the current investment balance and the amounts placed with respective financial institutions and information as to whether Council's investment policy has been adhered to;*
  - (iii) the City's actual financial results by department in comparison to the amounts budgeted, which includes explanations concerning significant variances;*
  - (iv) the amounts of revenues received through development applications, building permits, business license, gaming and developer contributions;*
  - (v) the current reserve balances; and*
  - (vi) the amounts spent with respect to capital projects;**
- (j) receiving the City's annual audited financial statements which are prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA) and which are reviewed by the City's external auditor. Upon presentation of the audited financial statements, the City's external auditors communicate any issues that arise concerning fraud and non-compliance with laws and regulations, internal control deficiencies, any significant accumulated uncorrected misstatements, and any significant difficulties encountered during the audit;*
- (k) receiving on an annual basis the Statement of Financial Information (SOFI), which must be prepared in accordance with the Financial Information Act. The SOFI is made available for public viewing by June 30 each year and is accessible for the following three years. Information contained within the SOFI includes Council remuneration and expenses, employee remuneration in excess of \$75,000 and expenses and schedule of suppliers and goods in excess of \$25,000; and*
- (l) receiving the City's Annual Report, which includes the City's goals and objectives for the coming year and progress with regard to the preceding year's goals and objectives. The report also includes a set of the audited financial statements. The report is presented at a public meeting before June 29th in each year and is made available for public inspection at least 14 days prior to that meeting; and*

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- (2) *Richmond City Council is not aware of any instances of actual, suspected or alleged fraud within the current fiscal year, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.*

The question on the motion was not called, as a discussion ensued about an incident of fraud that took place at a City community centre in 2011. Staff noted that subsequent to the incident, the City and its internal auditor have been involved in drafting procedures and an educational program which will be extended to the associations, and pointed out that the motion on the floor applied to the current fiscal year.

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

2. **5 YEAR FINANCIAL PLAN (2013 - 2017) BYLAW 8990**

(File Ref. No. 12-8060-20-8990) (REDMS No. 3761056-v7)

Andrew Nazareth, General Manager, Finance and Corporate Services, noted that the 5 Year Financial Plan incorporates the 2013 Operating, Capital, and Utilities Budgets, as well as one-time expenditures as previously approved by Council. He further noted that the Corporate Facilities Program is not included in the 5 Year Financial Plan as that program will be considered separately.

A discussion then ensued about:

- various sources of revenue, including restrictions on the use of, and past uses of funds from Gaming Revenue;
- the City of Richmond in comparison to the rest of the province in terms of Gross Domestic Product (GDP);
- the future economic impact in the event that there is a decrease in immigration; and
- the City's economic development in terms of business licensing.

It was moved and seconded

*That:*

- (1) *the 5 Year Financial Plan (2013 – 2017) as presented in the staff report titled 5 Year Financial Plan (2013 – 2017) Bylaw 8990 dated February 4, 2013 by the Director, Finance, be approved;*
- (2) *the 5 Year Financial Plan (2013–2017) Bylaw No. 8990 be introduced and given, first, second, and third readings; and*
- (3) *staff undertake a process of public consultation as required in Section 166 of the Community Charter.*

**CARRIED**

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**Monday, February 4, 2013**

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**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (4:17 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, February 4,  
2013.

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Mayor Malcolm D. Brodie  
Chair

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Shanan Sarbjit Dhaliwal  
Executive Assistant  
City Clerk's Office







# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** February 8, 2013

**From:** Jerry Chong  
Director, Finance

**File:**

**Re:** Financial Information – 4<sup>th</sup> Quarter December 31, 2012

### Staff Recommendation

That the report titled Financial Information – 4<sup>th</sup> Quarter December 31, 2012 be received for information.

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

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Affordable Housing	<input checked="" type="checkbox"/>		
Business Licences	<input checked="" type="checkbox"/>		
Economic Development	<input checked="" type="checkbox"/>		
Recreation Services	<input checked="" type="checkbox"/>		
Engineering	<input checked="" type="checkbox"/>		
Project Development	<input checked="" type="checkbox"/>		
Sewerage & Drainage	<input checked="" type="checkbox"/>		
Water Services	<input checked="" type="checkbox"/>		
Community Bylaws	<input checked="" type="checkbox"/>		
Fire Rescue	<input checked="" type="checkbox"/>		
RCMP	<input checked="" type="checkbox"/>		
Building Approvals	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Transportation	<input checked="" type="checkbox"/>		
Parks	<input checked="" type="checkbox"/>		
REVIEWED BY SMT SUBCOMMITTEE	INITIALS: 	REVIEWED BY CAO	INITIALS: 

## Staff Report

### Origin

Financial information for the 4th quarter ended December 31, 2012 is being provided to Council for review. Global and more specific economic updates outline the current environment with respect to Canada, the Province of B.C., and the City of Richmond. The City's financial results, significant revenues, investments, capital projects and other key indicator information are provided.

### Analysis

#### Global Economic Overview<sup>1</sup>

- Economists at TD Bank feel the global economic momentum remained soft during the fourth quarter as industrial output and trade weakened across most regions. As a result, global economic growth will slow to 2.9% this year, 0.2 percentage points lower than their September forecast.
- Next year, emerging markets like China should regain some momentum owing to the Chinese government's intention to double their per-capita by the year 2020. This should allow global economic activity to accelerate, but economic growth will remain sub-par at 3.2% in 2013.
- Between the US and Europe, political risks loom large in the Canadian economic outlook. Fiscal consolidation and private deleveraging have resulted in protracted recessions in Greece and Portugal, and to a lesser extent in Italy and Spain, while the rest of the common currency area has seen very modest growth. Rising unemployment levels and a weak regional backdrop will keep economic activity subdued, exacerbating the challenge of fiscal consolidation.

#### Canadian Economic Overview<sup>2,3</sup>

The US fiscal cliff, a European recession and the resulting dampening impact on commodity prices are the biggest challenges facing the Canadian economy over the next six months. Domestic demand is also likely to be further tempered by a slowing housing market.

- TD Bank economists believe now that a compromise on the U.S. fiscal cliff has been reached, fiscal consolidation in the US alone could shave up to 0.7 percentage points off Canadian economic growth through lower exports and the knock-on-effects to other areas of the economy in 2013.

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<sup>1</sup> TD Economics Quarterly Economic Forecast – Global Outlook December 2012

<sup>2</sup> TD Economics Quarterly Economic Forecast – Canadian Outlook December 2012

<sup>3</sup> TD Economics Quarterly Economic Forecast – February 8<sup>th</sup>, 2013 – Data Releases

- Canadian housing starts plunged into 2013, falling to 160,577 (seasonally adjusted at annual rates) in January, the lowest level since July 2009. Despite January's drop, housing starts have averaged 186,000 units over the last three months, a level that is consistent with demographic fundamentals.
- The Canadian job market started 2013 on a sour note, as it gave back 22,000 net new positions in January. This outcome was four times as large as what the market had been expecting. On a three-month and six month moving average, job creation was 21,900 and 27,000 respectively.
- The national unemployment rate inched down 0.1 percentage points to 7.0% in January. While this is the lowest jobless rate in four years, the improvement came on the heels of fewer people looking for work. Labour force participation decreased from 66.8% in December to 66.6% in January.

Table 1

CANADIAN ECONOMIC OUTLOOK																		
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																		
	2012				2013				2014				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	12F	13F	14F	12F	13F	14F
Real GDP	1.7	1.7	0.6	1.2	1.7	2.1	2.4	2.6	2.7	2.5	2.3	2.2	2.0	1.7	2.5	1.3	2.2	2.4
Labour Force	0.8	2.1	0.7	1.8	1.3	1.2	1.2	1.2	1.0	1.0	1.0	1.0	1.0	1.3	1.1	1.3	1.2	1.0
Unemployment Rate	7.4	7.3	7.3	7.3	7.4	7.5	7.5	7.4	7.3	7.1	7.1	6.9	7.3	7.4	7.1	—	—	—
Cons. Price Index (Y/Y)	2.3	1.6	1.2	1.4	2.1	2.4	2.1	2.0	2.1	2.1	2.1	2.1	1.6	2.2	2.1	1.4	2.0	2.1
Core CPI (Y/Y)	2.1	2.0	1.5	1.5	1.7	1.6	1.8	1.8	1.8	1.9	2.0	2.0	1.8	1.7	1.9	1.5	1.8	2.0
Housing Starts ('000's)	206	231	222	203	196	194	194	197	186	185	184	185	216	195	185	—	—	—
Productivity: Real GDP / worker (Y/Y)	1.3	1.7	0.6	-0.2	-0.2	0.4	0.6	1.1	1.1	1.1	1.0	0.8	0.8	0.5	1.0	-0.2	1.1	0.8
F: Forecast by TD Economics as at December 2012																		
Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics																		

### Province of B.C. Economic Overview<sup>4</sup>

The RBC economists expect British Columbia's economy to be successful in overcoming the drag generated by the downturn of its housing market and more extensive public sector restraint in 2013. Improving demand from the United States and stronger non-residential investment will provide solid support for the province's economic growth to maintain a fairly steady course. They project British Columbia's real GDP to grow by 2.3% in 2013, only slightly faster than the 2.1% that they forecasted for 2012 (both rates will nearly match the national averages). Their initial take on the 2014 outlook keeps the course almost unaltered, as they project a growth rate of 2.6% that year.

- The BC economy enters 2013 dealing with a substantial cooling of its previously red-hot housing market. While a moderation in home prices is a welcomed development for many households in the province – considering the poor levels of affordability of the province's largest market, Vancouver. The correction in home re-sales casts a large shadow on residential investment in the province (home ownership transfer costs, which are directly related to the volume of real estate activity, represent approximately one-fifth of residential investment). RBC believes that lower levels of home re-sales will cause new home construction to decline in 2013.

<sup>4</sup> Royal Bank Economics – Provincial Outlook, December 2012

- Another challenge facing the BC economy in 2013 will be a tightening in public administration spending, particularly at the provincial level. The BC government recently announced that it must aim at more ambitious expenditure targets than previously set (including for wages in the public service) in light of weaker than earlier anticipated revenues from natural gas royalties.
- On a more positive note, RBC economists believe that further recovery in the US housing sector will benefit British Columbia's economy disproportionately. RBC expects US housing starts to continue climbing out of their deep hole in 2013 and 2014, which bodes well for further gains in what was traditionally the province's top export commodity. RBC believes that the turnaround in exports to the United States will more than offset any possible weakening in other markets such as China.

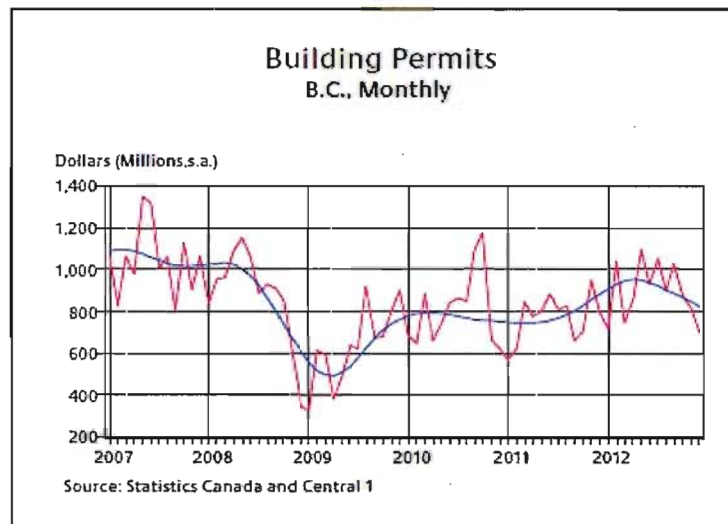
Table 2

British Columbia forecast at a glance				
% change unless otherwise indicated				
	2011	2012F	2013F	2014F
Real GDP	2.8	2.1	2.3	2.6
Employment	0.8	1.7	1.4	1.4
Unemployment rate (%)	7.5	6.8	6.5	6.4
Retail Sales	3.1	2.7	3.1	3.7
Housing starts (units)	26,400	27,700	23,800	23,500
Consumer price index	2.3	1.3	1.2	1.7

Source: Royal Bank Economics - Provincial Outlook - December 2012

- Labour market weakness observed near the tail end of 2012 extended into January as B.C.'s economy shed jobs for a third time in four months. Estimated total employment in the province fell to a seasonally adjusted 2.298 million persons, marking a decline of 0.7 per cent or 15,900 persons from December. The decline was led by a two per cent tumble in the number of part-time employed individuals, while full-time employment also dipped by 0.3%.
- Dollar volume of building permits issued by B.C. municipalities fell for a third consecutive month in December as non-residential activity pulled back sharply, and residential builders slowed activity. Total building permits reached an estimated \$697.5 million which marked a 14.5% decline from November, and extended the downside momentum observed since May.

Table 3

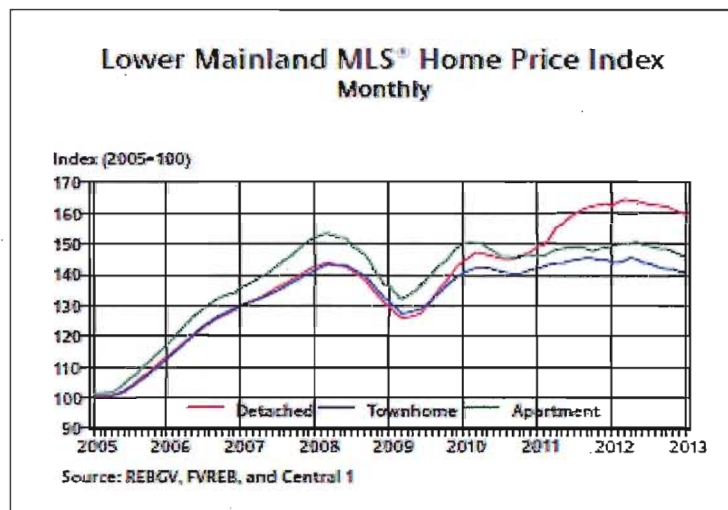


### Lower Mainland Overview<sup>5,6</sup>

Economic activity in the lower mainland region is expected to hold steady through 2013 on moderate employment gains and modest growth in housing activity.

- While sales in the Lower Mainland were already in decline prior to tighter federal mortgage insurance rules, downward momentum accelerated as some buyers were priced out of the market for their desired properties and availability of government-backed mortgage insurance was limited to homes with a purchase price of less than \$1 million

Table 4

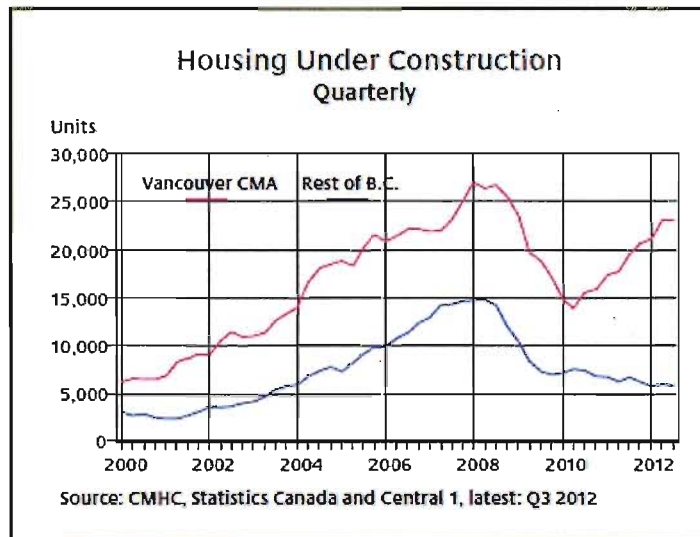


<sup>5</sup> Central 1 Credit Union-BC Economic Briefing ,Volume 18- Issue 51

<sup>6</sup> Central 1 Credit Union-BC Economic Briefing ,Volume 19, Issues 1 to 4

- Housing starts in the Vancouver Census Metropolitan Area (CMA) fell 2.2%.
- December's pace of housing starts was the slowest in more than two years, and while monthly activity can fluctuate significantly due to multi-family apartment and town home project starts, the underlying pace has clearly fallen in recent months. This suggests builders, particularly those in the Vancouver region, are making necessary adjustments in response to weak housing demand and high levels of resale and new home inventories.

Table 5



- On an annual basis, employment growth in the Lower Mainland-Southwest was a respectable 2%.

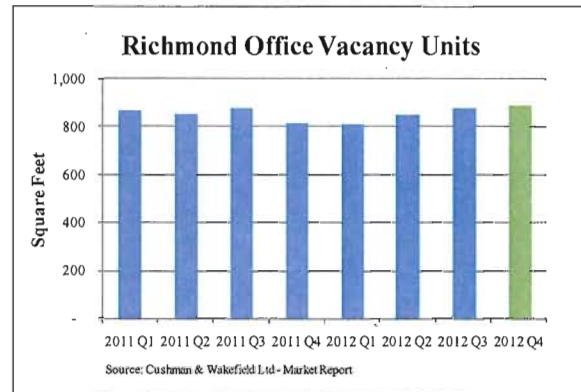
### City of Richmond Overview

Overall Richmond is performing well in face of global and provincial economic trends. The figures described below indicate a slowing but still strong Richmond economy.

The office market remained stagnant in the last quarter of 2012, with vacancies edging up slightly to 20.3% from 20.1% in the previous quarter and 19.2% in the last quarter a year ago. Office inventory remained unchanged at 4.4 million square feet compared to the third quarter in 2012. A notable transaction in the last quarter of 2012 is MacDonald Dettwiler and Associates' renewal of their 181,588 square feet lease at Crestwood Corporate Centre.



Chart 1



The industrial market continues to show healthy dynamics, with vacancies edging up in the last quarter of 2012 to 3.1% from 2.7% in the 3<sup>rd</sup> quarter of 2012, reducing pressures on industrial space availability in Richmond. The last quarter also witnessed a 2% growth in industrial inventory from 36.3 to 36.9 million square feet for a total addition of 0.6 million square feet. Two major facilities on Port Metro Vancouver land were completed, a 275,000 square foot Acklands Granger facility at 16111 Blundell Road and 250,000 square foot Tolco Industries facilities at 16100 Portside Road.

The value of building construction for permits issued increased slightly during the 4<sup>th</sup> quarter of 2012 by 7.6% from \$103M in the same quarter in 2011 to \$111M. This reflects the current trend of higher value construction projects, predominately as mixed-use residential and commercial buildings are starting to complete.

In the 4<sup>th</sup> quarter, there were 296 building permits issued, which is comprised of multi-family and residential building permits, representing a decrease of 22.5% compared to the 382 permits issued in the 4<sup>th</sup> quarter 2011. The total revenues collected on an annual basis increased by 8.0% from \$5.2M to \$5.6M for 2011 to 2012.

Chart 2

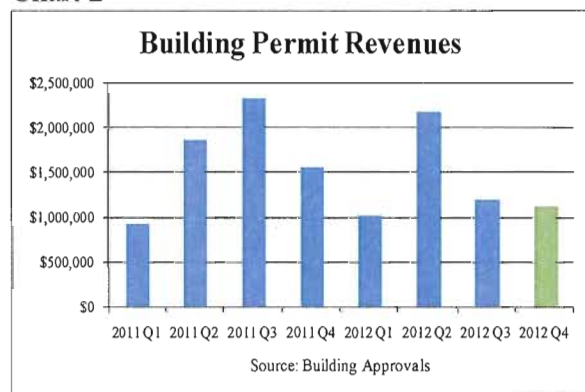
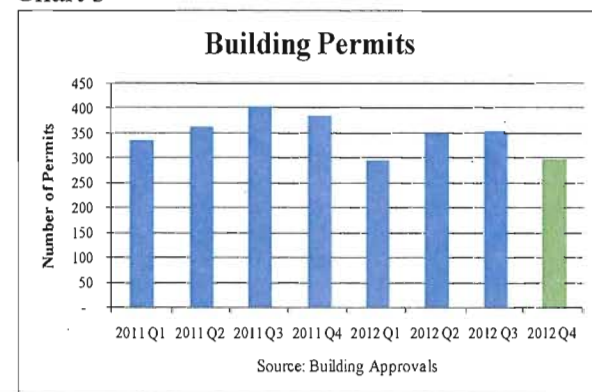


Chart 3

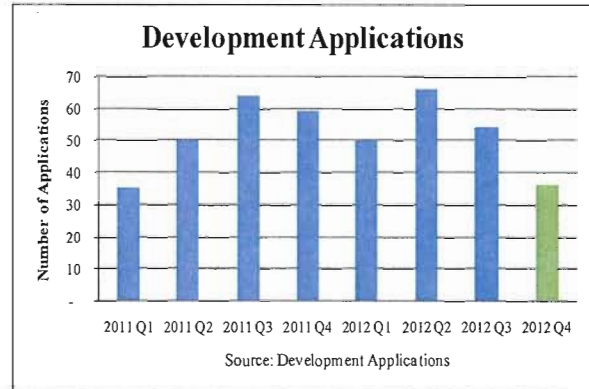


There were 36 development applications received in the 4<sup>th</sup> quarter which is a decrease of 30.8% as compared to the same quarter in 2011. The monthly figures fluctuated significantly; however, the overall annual development applications received in 2012 was 206 as compared to 208 in 2011. The total development application revenues received year over year are down slightly by 0.9%.

Chart 4



Chart 5



The year-over-year valid licenses show a modest increase reflecting improved collection of delinquent license fees and the net change from a slight increase in commercial business licenses, including an additional Night Market, offset by a year over year decrease in new Home Occupation and Non-Resident (Contractors) Business Licenses. Following a timing adjustment, Business License revenue increased mainly due to the 2% fee increase year-over-year.

Chart 6

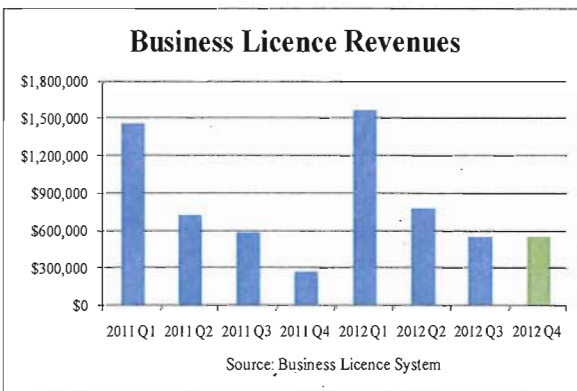
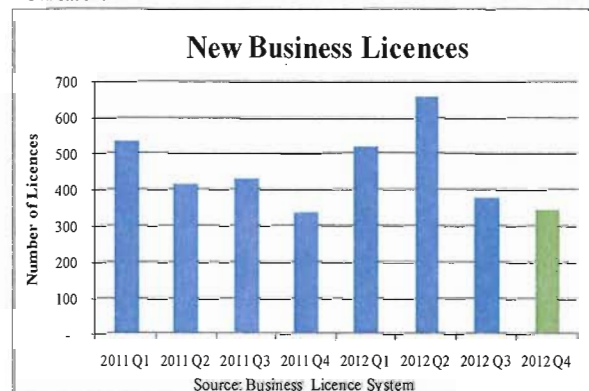


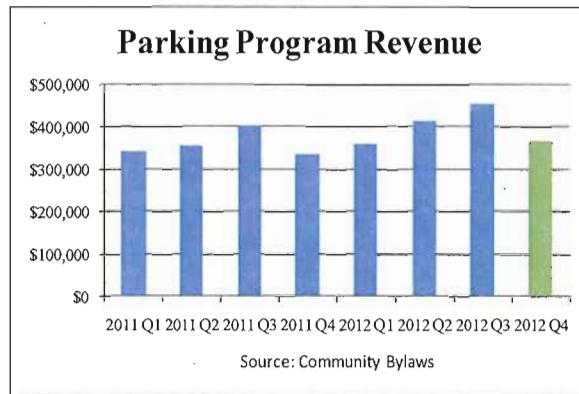
Chart 7





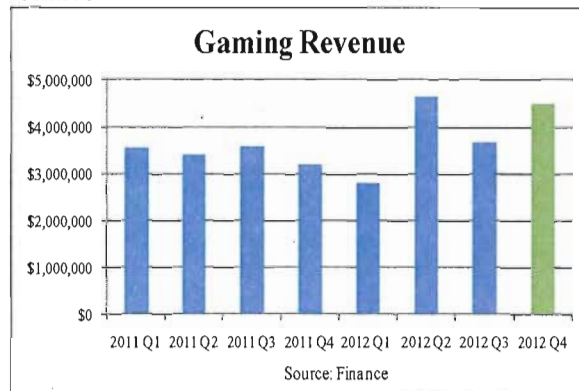
Parking Program revenues from meters, permits and enforcement for the 4<sup>th</sup> quarter of 2012 increased by \$28,000 to \$0.365M from \$0.337M for the same period in 2011.

Chart 8



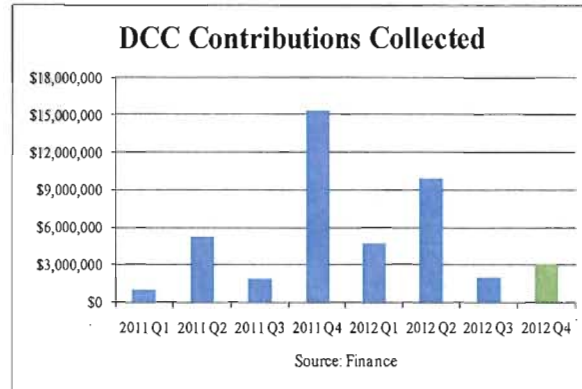
Gaming revenues have increased year over year and the comparable figures described below indicate a slowing but still strong Richmond economy. Revenue for the 4<sup>th</sup> quarter is \$4.49M compared to \$3.98M in the same quarter last year. This represents a 12.8% increase. Overall, Gaming revenue increased by 13.5% from \$13.7M to \$15.6M for the period of 2011 to 2012.

Chart 9



DCC contributions received in the 4<sup>th</sup> quarter of 2011 were higher than 2012 due to a large multi-family development that was recognized in 2011. The year-over-year contributions decreased by 15.9% from \$23.5M in 2011 to \$19.7M in 2012 due in part to the slowing of the housing market.

Chart 10



**Statement of (net revenues)/expenditures for  
December 31, 2012 (unaudited)**

<b>Operating Budget (000's)</b>		<b>Unaudited</b>	
General Fund	Budget	Actuals	Annual
	2012	Dec 31, 2012*	Surplus*
RCMP	36,986	36,341	645
Fire Rescue	29,283	28,774	509
Community Services	33,090	33,123	(33)
Engineering & Public Works	28,679	28,591	88
Finance & Corporate Services	16,285	15,787	498
Library	7,945	7,989	(44)
Planning & Development	6,016	4,627	1,389
Corporate Administration	7,453	7,203	250
Law & Community Safety	4,414	4,192	222
Fiscal & Transfer to Reserves	(170,151)	(170,351)	200
<b>Total</b>	<b>\$0</b>	<b>(\$3,724)</b>	<b>\$3,724</b>

\* These figures may change due to audit adjustments.

The \$3.7M operating surplus amount will be transferred to the Rate Stabilization account which can be used to minimize fluctuations in the tax rate and/or to fund one-time expenditures as approved at the December 10, 2012 Council meeting.

The following describes the net expenditure variances at the departmental level:

- RCMP has a favourable variance due to unfilled positions and contract costs slightly below budget.
- Richmond Fire Rescue has a favourable variance due to lower than expected ECOMM costs relating to Fire Records Management System modules. Delays in the delivery of turnout gear equipment resulted in the transaction costs not impacting the 2012 budget. A reduction in overtime attributed to training, as well as unfilled vacant positions also contributed to the favourable variance.
- Community Services experienced a minor deficit in 2012, mostly driven by the unexpected and unbudgeted expenditures associated with Watermania building repairs.
- Engineering and Public Works had a small surplus at the end of the year. A relatively mild winter and favourable weather conditions contributed to a surplus in the snow and ice and storm drainage programs, those savings were moved to a provision for future weather events. Project Development had savings due to a vacancy and uncompleted infrastructure initiatives which were carried forward to 2013 to complete the projects. There were savings in Fleet which will be transferred to a Reserve per the Green Fleet policy for future replacement of vehicles.

- Finance and Corporate Services had a favourable variance for the year due to unfilled vacant positions, increased business license revenues and lower than expected expenditures for IT maintenance contracts.
- Library has completed the year with a slight deficit due to grant revenue received being less than budgeted.
- Planning and Development has realized higher than budgeted building permit revenue and development application revenue and a favourable variance due to unfilled positions for the end of 2012. The number of development applications received in 2012 is a result of previous development enquiries becoming applications and developers wishing to take advantage of the housing market conditions, which held stable for Richmond throughout the year. It is anticipated that this number could slow in the coming quarters in 2013.
- Corporate Administration has ended the year with a favourable variance.
- Law and Community Safety has a favourable variance due to lower than expected operational costs.
- Fiscal finished the year with a surplus due to the net effect of better than expected results from Traffic Fine revenue sharing, rental properties and offset by the transfers to reserves.

### **Utilities**

- Utilities had a surplus of \$1.2M at the end of the year. The favourable variance can be attributed to higher than expected water consumption which allowed for additional revenue in the Water and Sewer utilities. Also, operational efficiencies and preventative maintenance programs, yielded positive results, such as a reduction in the number of sewer and water main breaks.

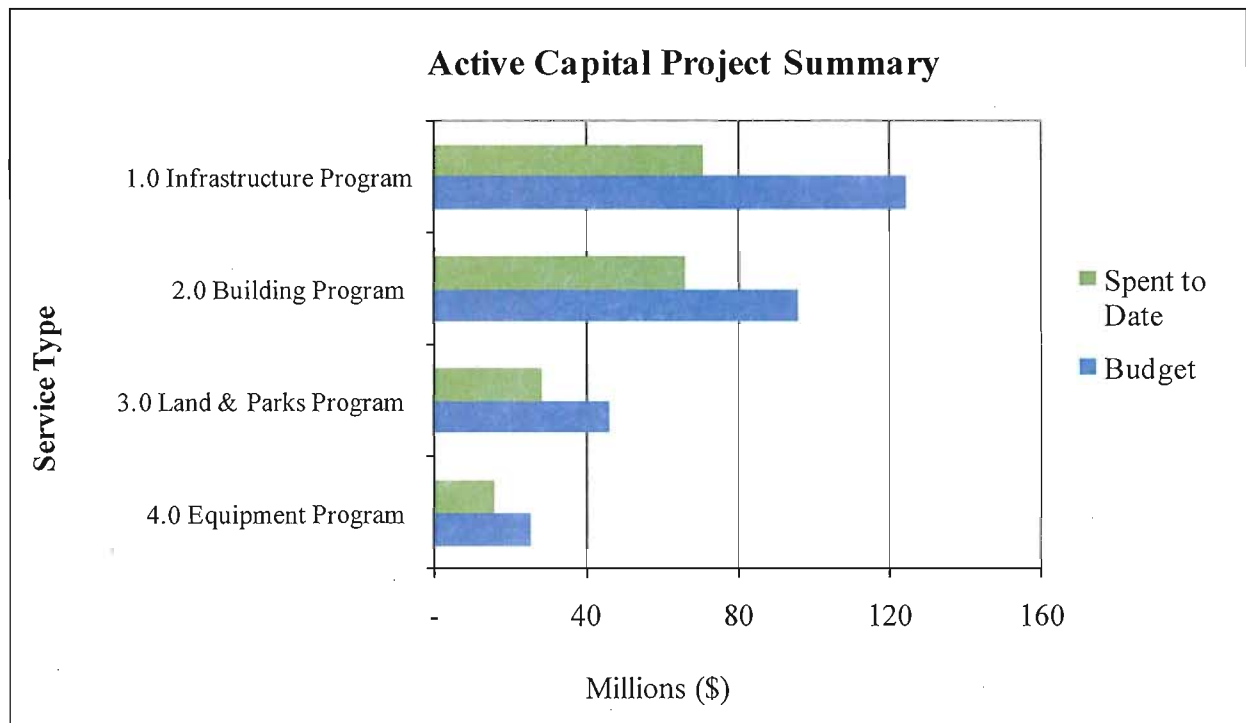
### **Active Capital Project Summary**

The 2012 Capital Budget of \$64.8M (excluding internal payment transfers and debt repayments) are included in the figures below as are amounts relating to capital projects from previous years' Capital budgets that remain active.

The projects within the Infrastructure, Building, Land & Parks and Equipment Programs are in progress.

**Statement of Active Capital Project Expenditures in \$'000s**

	Budget	Spent to Date	Committed
1.0 Infrastructure Program	124,134	70,606	53,528
2.0 Building Program	95,379	65,489	29,890
3.0 Land & Parks Program	45,838	28,476	17,362
4.0 Equipment Program	25,386	15,696	9,690
<b>Grand Total</b>	<b>\$124,134</b>	<b>\$70,606</b>	<b>\$53,528</b>



**Infrastructure Highlights:**

- **Nelson Road Improvements – Widening Nelson Road between Blundell Road and Westminster Highway:**
  - Approved Budget: \$4.1M
  - Construction tendering is currently in process.
- **Westminster Hwy: Nelson Rd. to McMillan Way – Widening Westminster Hwy:**
  - Approved Budget: \$10.4M
  - Construction tendering is currently in process.
- **Steveston Drainage Area Replacement and Upgrades – Williams Road West Drainage Pump Station Upgrade:**
  - Approved Budget: \$2.0M
  - Construction is scheduled to be substantially complete in February 2013.
- **No. 1 Road Drainage Pump Station:**
  - Approved Budget: \$3.45M
  - Construction is scheduled to be substantially complete in February 2013.
- **No. 6 Road Widening:**
  - Approved Budget: \$1.5M
  - Construction tendering is anticipated for the February 2013 timeframe.
- **Seaton Laneway Drainage and Pavement Upgrade:**
  - Approved Budget: \$632K
  - The laneway restoration and re-grade of the surface to address ‘ride-ability’ and drainage issues was completed in November 2012.

**Building Highlights:**

- **Japanese Fishermen’s Benevolent Society Building (formerly 4091 Chatham Street) – Exterior Rehabilitation:**
  - Approved Budget: \$419K
  - The building from 4091 Chatham Street was relocated and placed on a foundation adjacent to the Steveston Museum building. Exterior restoration is underway with completion anticipated in February 2013.

- **Interurban Tram Structure:**
  - Approved Budget: \$1.9M
  - Construction of the new structure which will house the Interurban Tram Car in Steveston Park is nearing completion. The building will permit the restoration of the Tram Car as well as viewing by the public. Target completion date is February 2013.
- **Britannia Heritage Shipyards – Seine Net Loft:**
  - Approved Budget: \$1.2M
  - Construction is underway as of January 2013.
- **Hamilton Childcare Centre:**
  - Approved Budget: \$1.8M (Land value \$480K)
  - A site plan and preliminary drawings have been developed, and rezoning is complete for this modular childcare service facility. Preloading placement at the site is complete. The design services have been awarded and design commenced in January 2013.

#### **Parks Highlights:**

- **Railway Corridor:**
  - Approved Budget: \$200K (\$2M approved in the 2013 budget)
  - The terms of reference have been completed with major construction starting this year.
- **Terra Nova Play Environment:**
  - Approved Budget: \$1.0M
  - The planning and design is in progress with the site preparations completed, with construction anticipated to be complete in the summer of 2013.
- **Garden City Community Park:**
  - Approved Budget: \$500K
  - Concept planning and park improvements
- **Oval West Waterfront Park:**
  - Approved Budget: \$850K
  - The detailed design was started in November with construction beginning this year.
- **Terra Nova Heritage Buildings Restorations:**
  - Approved Budget: \$2.0M
  - The construction is in progress.
- **Thompson Youth Park:**
  - Approved Budget: \$673K
  - The Phase two construction is near completion.
- **Woodwards School Park Characterization:**
  - Approved Budget: \$185K
  - The construction was substantially completed in December 2012.

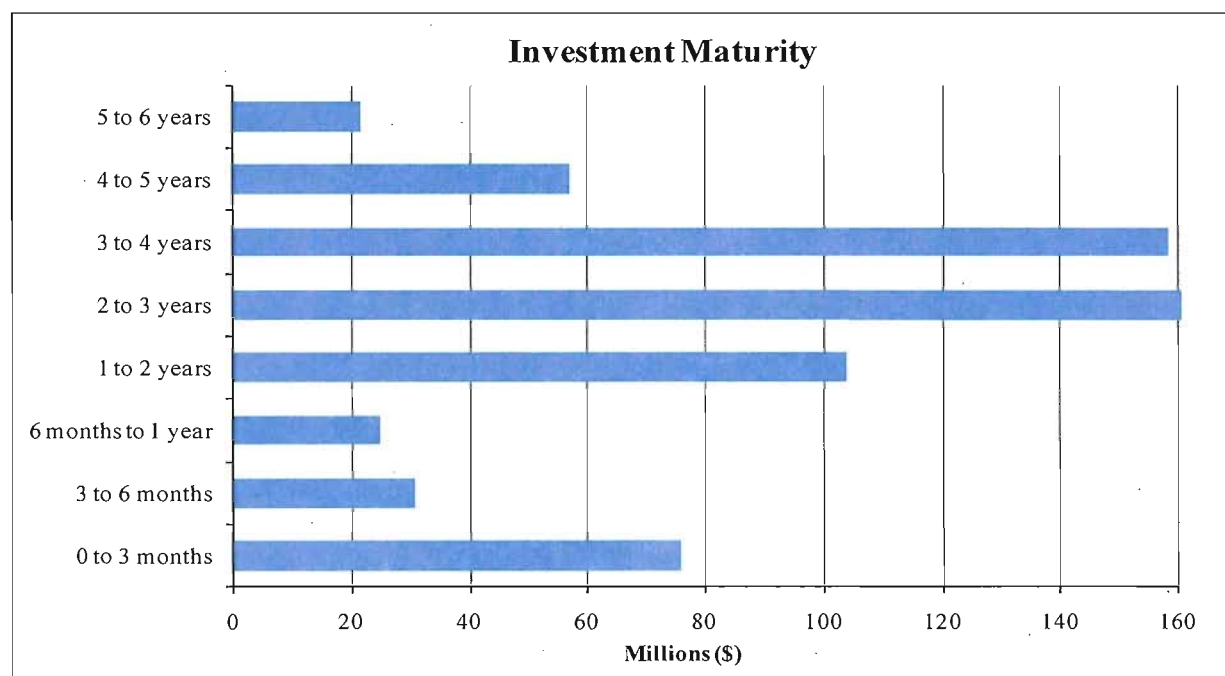
### **Cash and Investment Portfolio**

The City's cash and investment portfolio at December 31, 2012 was \$633.7M, with an average yield on investment for the 4<sup>th</sup> quarter of 1.79%. The City's investment policy and cash flow projections have been factored into the types of investments that the City holds (**Appendix 1**).

The Bank of Canada has left the key interest rates unchanged and has revised its growth expectations for Canada, now forecasting the real GDP to advance by 2.0% in 2013 and 2.7% in 2014, compared to October's forecast of 2.3% and 2.4% respectively. The global economic outlook is slightly weaker than the Bank had projected in its October Monetary Policy Report. The economic expansion in the United States is continuing at a gradual pace while Europe remains in recession. Growth in China is improving, though economic activity has slowed further in some other major emerging economies. In Canada, the slowdown in the second half of 2012 was more pronounced than the Bank had anticipated, owing to weaker business investment and exports. The Bank expects economic growth to pick up through 2013 and reach full capacity in the second half of 2014.

Reflecting on all these factors, yields across the Canadian yield curve remained low during the quarter as investor's exercised "flight to safety". The interest rate remained at a low level in 2012 and is not likely to increase until late 2013.

The City, in accordance with its Investment Policy (3702) is required to carry a diversified investment mix with strong credit quality and at the same time meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.





**Cash and Investment Portfolio**  
**December 31, 2012 (In'000s)**

Issuer	Amount	% of Portfolio
<b>Federal Government and Federal Crown Corporations</b>		
Canadian Mortgage and Housing Corporation	\$ 320,783	50.62%
Government of Canada	\$ 6,048	0.95%
<b>Total</b>	<b>\$ 326,831</b>	<b>51.57%</b>
<b>Provincial Governments and Provincial Crown Corporations</b>		
Province of Ontario	\$ 101,547	16.02%
Alberta Treasury Board	\$ 24,294	3.83%
Financement Quebec	\$ 21,280	3.36%
<b>Total</b>	<b>\$ 147,121</b>	<b>23.22%</b>
<b>Schedule I Banks</b>		
Royal Bank of Canada	\$ 15,411	2.43%
CIBC	8,989	1.42%
TD Financial	8,524	1.35%
Scotia Bank	7,695	1.21%
<b>Total</b>	<b>\$ 40,619</b>	<b>6.41%</b>
<b>Credit Unions</b>		
Gulf & Fraser Financial Group	\$ 29,969	4.73%
Vancity Savings Credit Union	24,879	3.93%
Coast Capital Savings	10,078	1.59%
<b>Total</b>	<b>\$ 64,926</b>	<b>10.25%</b>
<b>Pooled Investments</b>		
Municipal Finance Authority	\$ 21,691	3.42%
<b>Total</b>	<b>\$ 21,691</b>	<b>3.42%</b>
<b>Total Investments</b>	<b>\$ 601,188</b>	
Funds held in trust for Richmond Community Associations	-\$ 1,091	
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 33,633</b>	<b>5.31%</b>
<b>Total Reported Investments and Cash &amp; Cash Equivalents</b>	<b>\$ 633,730</b>	

### **Key Indicators (Appendix 2)**

This appendix provides information with regard to various financial and market indicators for the year 2012 as compared to 2011.

### **Contract Awards (Appendix 3)**

This report provides Committee members information with regard to the formal contracts awarded by the City during the 4<sup>th</sup> quarter.

### **Financial Impact**

The approximate \$3.7M operating surplus will be transferred to the Rate Stabilization account for future consideration by Council as part of the 2014 budget process.


### **Conclusion**


The City of Richmond has finished the fiscal year by maintaining the favourable trend that was started at the beginning of 2012. The City continues with positive increases in Gaming revenue and Planning and Development show a favourable variance in revenues. It is expected that the slowing of the housing market may moderate these favourable amounts in 2013 and 2014.



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

## Key Indicators

 <b>City of Richmond</b> <b>Key Indicators - December 31, 2012</b>						
All \$ in 000s	Q4 2012 Oct - Dec 2012	Q4 2011 Oct - Dec 2011	% Change	Year to Date Jan-Dec 2012	Year to Date Jan-Dec 2011	Year to date % change
<b>Housing Starts</b>						
Number of Housing Starts (number of units)	384	204	88.2%	1,602	1,237	29.5%
Number of Demolitions	71	122	(41.8%)	492	653	(24.7%)
Net Housing Units Added	313	82	281.7%	1,110	584	90.1%
<b>Building Permits</b>						
Number of Building Permits Issued	296	382	(22.5%)	1,291	1,480	(12.8%)
Permit Revenues Collected	\$1,127	\$1,194	(5.6%)	\$5,599	\$5,187	8.0%
Value of Building Construction for Permits Issued	\$111,404	\$103,538	7.6%	\$457,247	\$424,366	7.7%
<b>Development Applications</b>						
Development Applications Received	36	52	(30.8%)	206	208	(1.0%)
Development Applications Revenue	\$72	\$224	(67.9%)	\$648	\$654	(0.9%)
<i>Revenue reported for Development Applications reflects deferred revenue adjustments for 2011 &amp; 2012</i>						
<b>Business Licenses</b>						
Number of New Business Licenses Issued	339	335	1.2%	1,898	1,712	10.9%
Number of Employees Reported - New Licenses	1,025	1,482	(30.8%)	5,662	5,474	3.4%
Total Valid Licenses Renewed/(Discontinued)	(469)	(119)	294.1%	13,336	12,988	2.7%
Revenue Received for Current Year Licenses	\$378	\$262	44.2%	\$3,447	\$3,029	13.8%
Revenue Received for Next Year (Deferred)	\$1,423	\$1,223	16.4%	\$1,936	\$1,669	16.0%
Total License Revenue	\$1,801	\$1,485	21.3%	\$5,382	\$4,697	14.6%
<i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>						
<b>Other Revenues</b>						
Parking Program Revenue	\$365	\$337	8.2%	\$1,591	\$1,432	11.1%
Gaming Revenue	\$4,493	\$3,983	12.8%	\$15,585	\$13,728	13.5%
Traffic Fine Revenue to date	\$390	\$544	(28.4%)	\$3,472	\$2,176	59.6%
<b>Development Cost Charges Income</b>						
Roads, Water, Sewer DCC's Received	\$1,663	\$3,611	(54.0%)	\$8,613	\$11,972	(28.1%)
Parks DCC's Received	\$1,440	\$1,475	(2.4%)	\$11,158	\$11,535	(3.3%)
Total DCC Fees Received	\$3,102	\$5,086	(39.0%)	\$19,771	\$23,507	(15.9%)
<b>Uncommitted Reserves</b>						
DCC Reserves to date	\$47,401	\$42,437	11.7%	\$47,401	\$42,437	11.7%
Capital Funding Reserves to date	\$85,796	\$77,220	11.1%	\$85,796	\$77,220	11.1%
Affordable Housing Reserves to date	\$7,662	\$2,198	248.5%	\$7,662	\$2,198	248.5%
Other Reserves to date	\$109,516	\$107,806	1.6%	\$109,516	\$107,806	1.6%
Total Uncommitted Reserves to date	\$250,376	\$229,661	9.0%	\$250,376	\$229,661	9.0%
<b>Taxes to date</b>						
Taxes Collected	\$8,580	\$8,070	6.3%	\$339,370	\$328,767	3.2%
City Portion of Taxes Collected	\$4,204	\$3,954	6.3%	\$166,291	\$161,096	3.2%
Unpaid Taxes - Delinquent & Arrears	\$1,544	\$1,519	1.6%	\$1,544	\$1,519	1.6%
No. of Participants on PAWS (Pre authorized withdrawal)	6,031	5,842	3.2%	6,031	5,842	3.2%
PAWS	\$6,608	\$5,992	10.3%	\$21,234	\$18,580	14.3%
Interest Rate Paid to PAWS	1.00%	1.00%	0.00%	1.00%	1.00%	0.00%
<i>Sources: All data is from City of Richmond records</i>						

 <b>City of Richmond</b> <b>Key Indicators - December 31, 2012</b>						
All \$ in 000s	Q4 2012 Oct - Dec 2012	Q4 2011 Oct - Dec 2011	% Change	Year to Date Jan-Dec 2012	Year to Date Jan-Dec 2011	Year to date % change
<b>Employees</b>						
Number of City Employees (City and Library)	1,919	1,883	1.9%	1,919	1,883	1.9%
<b>Fire Rescue Responses</b>	2,515	2,278	10.4%	9,596	9,141	5.0%
<b>RCMP - Calls for Service Handled</b>	17,127	17,396	(1.5%)	70,861	72,423	(2.2%)
<b>Affordable Housing</b>						
Affordable Rental Units	33	16	106.3%	156	21	642.9%
Secondary Suite/Coach House Units	7	4	75.0%	19	29	(34.5%)
Market Rental Units	-	135	(100.0%)	303	303	0.0%
Unspent Funds Allocated to Capital Projects to date	\$10,478	\$9,145	14.6%	\$10,478	\$9,145	14.6%
<b>Investments</b>						
Total Investments	\$633,732	\$571,246	10.9%	\$633,732	\$571,246	10.9%
<b>Interest Earned on Investments</b>						
Average City Rate of Return on Investments	1.79%	2.34%	(0.55%)	1.97%	2.56%	(0.59%)
<i>Sources: All data is from City of Richmond records</i>						
<b>Market Indicators</b>						
<b>Median Residential Selling Prices - Richmond</b>						
Single Family Detached	\$1,070	\$965	10.9%	\$987	\$994	(0.8%)
Townhouse	\$495	\$530	(6.6%)	\$529	\$548	(3.5%)
Apartment	\$320	\$343	(6.7%)	\$339	\$349	(2.8%)
Number of Sales (all housing types)	570	713	(20.1%)	2,809	5,403	(48.0%)
<i>Source: Real Estate Board of Greater Vancouver</i>						
<b>Unemployment Rate-Greater Vancouver</b>	6.2%	6.5%	(0.3%)	6.2%	6.5%	(0.3%)
<i>Regional Unemployment Rate (3 month moving average)</i>						
<i>Source: Statistics Canada &amp; BC Stats (Data not available for Richmond)</i>						
<b>Economic Development</b>						
Total sq. ft space Office YTD	4,358,727	4,241,927	2.8%	4,358,727	4,241,927	2.8%
Total sq. ft vacant space available Office YTD	885,622	816,210	8.5%	885,622	816,210	8.5%
Vacancy rate - Office (in %) YTD	20.32%	19.24%	5.6%	20.32%	19.24%	5.6%
Total sq. ft space Industrial YTD	36,897,163	36,306,863	1.6%	36,897,163	36,306,863	1.6%
Total sq. ft vacant space available Industrial YTD	855,572	1,332,255	(35.8%)	855,572	1,332,255	(35.8%)
Vacancy rate - Industrial (in %) YTD	3.08%	4.56%	(32.5%)	3.08%	4.56%	(32.5%)
<i>Source: Cushman &amp; Wakefield Ltd. - Market Report</i>						
<b>Richmond Population Estimate Year End**</b>	<b>2012</b>	201,160				
<b>**Note: BC Stats Population figures</b>	<b>2011</b>	197,631				



**Contract Awards > \$ 25,000**  
**October 1, 2012 – December 31, 2012**

	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
1	4462F - City Hall Annex: Supply and install DDC controls	Airon Heating and Air Conditioning	\$ 77,330	Project Development & Facilities Services
2	4463F - City Grants Web-based System online tool	Mountain Interactive	\$34,500	Information Technology
3	4464Q - Asbestos abatement and demolition of 8091 Granville Ave and 8080 Anderson Road (over 77% recycling achieved)	Litchfield Demolition	\$56,825	Project Development & Facilities Services
4	4466F - Supply and install wastewater heat recovery system at Gateway Theatre	Commercial Residential Industrial Mechanical Ltd.	\$54,370	PW - Engineering
5	4467F - Road markings (crosswalks, stop bars, "elephant feet"). Road markings (green anti-skid bike lanes, 14 bike stencils)	Scottish Line Painting Ltd.	\$27,930	PW - Engineering
6	4568Q - Supply and Delivery of Turn Out Gear	Associated Fire Safety	\$240,000	Fire-Rescue
7	4616Q - On-Call Contractor: Supply, Install, Repair and Service Heating/Venting and Air Conditioning (HVAC) Systems	Airon Heating and Air Conditioning	\$450,000	Project Development & Facilities Services
8	4710Q - Supply and Delivery of Street Banners	-Big Bold Beautiful Banner Co. -Textile Image Inc. (The Flag Shop)	\$8,272 \$30,722	PW - Parks
9	4717Q - Supply and Delivery of Two (2) 6,500 KG GVW Cutaway Vans with Dual Rear Wheels	Dams Ford Lincoln Sales	\$131,330	PW/Fleet
10	4718Q - Supply and Delivery of Five (5) 19,500 LB GVW Regular Cab and Chassis with Dual Rear Wheels	Metro Motors	\$249,000	PW/Fleet
11	4719Q - Supply and Delivery of one (1) mini paver	Douglas Lake Equipment	\$88,984	PW/Fleet
12	JOC C41914A.03 & JOC IR2012K.02A - City Hall Annex Supply of material and preparation for HVAC installation and	Ashton Service Group	\$657,165	Project Development & Facility



**Contract Awards > \$ 25,000**  
**October 1, 2012 – December 31, 2012**

	<i>Contract Name and Description</i>	<i>Award</i>	<i>Amount</i>	<i>Department</i>
	mechanical equipment supplemental for coils, exhaust fans, pumps			Maintenance
13	Install 6" water meter in underground chamber at <b>10177 Pugwash Pl.</b> , as part of Multi-Family water meter program; Install 8" water meter in underground chamber at <b>11631 7<sup>th</sup> Avenue</b> , as part of multi-family water meter program; Install 8" water meter in underground chamber at <b>3500 Cunningham Drive</b> , as part of multi-family water meter program; Install 4" water meter in underground chamber at <b>6099 Alder Street (south)</b> , as part of multi-family water meter program; Install 6" water meter in underground chamber at <b>3031 Williams Road</b> (NWS 438,PH 2/3) East, as part of multi-family water meter program; Install 6" water meter in underground chamber at <b>7831 Garden City Road</b> , as part of multi-family water meter program	Ashton Service Group2	\$229,345	PW - Engineering
14	4765F - Design, fabricate, transport and install Public Artwork at Riverport Flats development at 14000 Riverport Way	Sara Graham	\$34,600	Community Services
15	4769J - JOC BI 2012A1 Minoru Arena: Referee room Conversion	Ashton Service Group	\$70,665	Project Development
16	4770J - Citrix Netscaler MPX 5500 ENT Edition Load Balancer for Internal Network, 1 year Gold Maintenance	CDW	\$31,915	Information Technology



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** February 28, 2013

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

**File:**

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

**Re:** 4<sup>th</sup> Quarter 2012 - Financial Information for the Richmond Olympic Oval Corporation

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the fourth quarter ended December 31, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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



**DATE:** February 28, 2013

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

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

**Re:** Richmond Olympic Oval Corporation – 4<sup>th</sup> Quarter 2012 Financial information

#### **Origin**

Section 7.3 of the Operating Agreement between the City of Richmond (the "City") and the Richmond Olympic Oval Corporation (the "Corporation") requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the fourth quarter business plan and financial results for the 3 months ended December 31, 2012 ("Q4") which was approved by the Corporation's Board of Directors.

#### **Business Plans and Planning**

Highlights of the activities undertaken by the Corporation during Q4 are described below.

#### Community Use

The Corporation continued to provide facility access to the Richmond community. At the end of Q4, 78% of members were Richmond residents. Batting and golf cages were completed and custom programming with Richmond City Baseball has begun. Some of these programs will begin in early 2013 and plans for drop-in batting and golf are to be implemented in the first quarter of 2013.

#### Sport Development and Events

High Performance Services continues to make its mark at the Oval. In Q4, nine teams from the Richmond Soccer Association started high performance training and the women's national soccer team continued training at the Oval following their Olympic bronze medal. As well, both the Canadian National Women's and Men's Field Hockey Teams continued their high performance



training. High Performance Services also hosted and/or provided integrated support services to a number of training camps and symposiums in Q4 such as Canadian Soccer Association Women's National Camps, Karate BC Training Camp, Judo BC Training Camp, BC Weightlifting Camp, BC Weightlifting Symposium, Athlete's Advance Seminar, and the National Coach Certification Program (NCCP) Weightlifting Course. In addition to camps and symposiums, High Performance held an Oval Golf Program Open House, conducted over 5,900 athlete training sessions and entered into a new agreement with the Richmond Sockeyes for high performance training.

Q4 was no exception to the busy event year at the Oval. Some of the highlights included: a continued 4 month contract with BC Ambulance Service for room rentals, the Feis with Beoga Concert and the Red Bull Crashed Ice Qualifiers.

A successful Q4 for Richmond Sport Hosting was highlighted by the acquisition of the 2013 World Grand Prix Fencing Championship to be hosted at the Richmond Olympic Oval from March 22-24. Securing the 2013 BC Powerlifting Winter Classic will be a great test event for the National Championships set to be hosted in Richmond in the summer of 2013.

#### Governance

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q4.

#### **Comments on the Financial Results for Q4**

The unaudited financial statements and budget have been prepared in accordance with Public Sector Accounting Board ("PSAB") standards. The statements are prepared based on the following information:

- 1) The 2012 approved budget is based on fiscal 2012 having operating revenues and operating expenses at levels for a normal year's uninterrupted operations.
- 2) The Q4 portion of the 2011 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$696,000 was recognized as revenue.
- 3) Sport Hosting funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized.
- 4) In Q4, \$765,000 was transferred into reserves and provision accounts including \$600,000 into the Capital Reserve Fund bringing the total transferred to the capital reserves for 2012 to \$2,400,000.

#### **Analysis of Significant Variances of actual results compared to Budget for Q4 of Fiscal Year 2012:**

Q4 result was budgeted at a net income of \$240,000 and the actual results show a net income of \$903,000 before transfers to reserves, a favorable variance of \$663,000. This quarter represents the Oval's most successful quarter to date.

### Revenues

Memberships, admissions and programs revenue of \$1,411,000 had a positive variance of \$115,000 (9%) when compared to budget.

Sport Hosting revenue of \$66,000 was recognized to offset the expenditures during Q4.

Other Revenue of \$360,000 was recorded during the quarter which mainly included sponsorship, space leasing, parking, interest revenue, and a rebate received from BC Hydro as part of the relamping project that was undertaken at the Oval.

### Expenses

Memberships, admissions and program services costs over the fourth quarter of 2012 were \$810,000 which is \$90,000 (10%) under budget.

Facility Operations costs for Q4 were \$919,000 which was \$31,000 (3%) under budget.

Sport Hosting expenses for Q4 were \$66,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q4 were \$111,000 and were \$25,000 (18%) under budget.

Administration and Finance expenses for Q4 were \$493,000 being \$182,000 (27%) under budget.

### Summary

Q4 was the Corporation's most profitable quarter to date and was also one of the most successful in terms of total visits. For the three month period ending December 31, 2012, the Corporation budgeted a net income of \$240,000 and the actual results showed a net income of \$903,000 before transfers to reserves; a favorable variance of \$663,000.



Rick Dusanj  
Controller, Richmond Olympic Oval Corporation

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

# **RICHLAND OLYMPIC OVAL CORPORATION**

Statement of Operations - PSAB

For the quarter ended Dec 31, 2012

Unaudited, prepared by management

	QTR 4 2012				QTR 4 2011				Year ended Dec 31, 2011				Year ended Dec 31, 2012			
	BUDGET		ACTUALS		BUDGET		ACTUALS		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)	
<b>REVENUES</b>																
2010 Games Operating Trust Fund	625,000	696,159	71,159	11%	2,784,637	2,739,398	55,239	2%	625,000	684,850	59,850	10%	2,739,398	2,500,000	239,398	9%
Contribution from City of Richmond	768,471	768,471	-	0%	3,073,883	3,022,500	51,383	2%	755,625	755,625	-	0%	3,022,500	3,073,883	51,383	2%
Memberships, admissions and programs	1,296,425	1,410,964	114,540	9%	5,481,773	4,078,266	1,403,507	26%	1,278,829	1,163,879	(114,950)	-9%	4,078,266	4,828,246	749,980	18%
Sport Hosting (Note 1)	109,500	66,219	(43,281)	-	426,097	157,689	268,408	63%	-	94,403	94,403	-	157,689	500,000	342,311	69%
Interest and other	209,733	359,778	150,045	72%	1,086,340	935,815	150,525	14%	242,325	298,998	56,674	23%	935,815	838,930	96,885	11%
	3,009,128	3,301,590	292,463	10%	12,852,729	10,933,668	1,919,061	15%	2,901,779	2,997,754	95,976	3%	10,933,668	11,741,059	807,391	7%
<b>EXPENSES</b>																
Memberships, admissions, and program services	899,287	809,591	89,696	10%	3,331,467	2,622,936	708,531	21%	741,303	715,592	25,711	3%	2,622,936	3,480,424	857,488	25%
Facility Operations	950,227	918,903	31,324	3%	3,532,457	3,015,183	517,274	15%	959,019	740,254	218,765	23%	3,015,183	3,724,158	708,975	23%
Marketing	135,750	110,900	24,850	18%	429,944	388,175	41,769	10%	153,739	71,829	81,910	53%	388,175	480,525	92,350	24%
Sport Hosting (Note 1)	109,500	66,219	43,281	-	426,097	157,689	268,408	63%	-	94,403	(94,403)	-	157,689	500,000	342,311	69%
Admin/Finance	674,603	493,064	181,539	27%	2,135,763	2,535,215	400,452	19%	671,925	713,531	(41,606)	-6%	2,535,215	2,711,293	176,078	7%
	2,769,367	2,398,677	370,690	13%	9,855,728	8,719,198	1,136,530	12%	2,525,986	2,335,609	190,377	8%	8,719,198	10,896,400	2,177,202	25%
<b>Net income after transfer to reserves</b>	239,761	902,913	663,152		2,997,001	2,214,470	782,531	26%	375,793	662,145	286,352		2,214,470	844,659	620,189	28%
<b>Transfers to reserves/provisions (Note 2)</b>	-	765,447	765,447		2,611,786	1,700,000	911,786	35%	-	425,000	425,000		1,700,000	-	1,700,000	100%
<b>Net income after transfer to reserves</b>	239,761	137,466	(102,294)		385,215	514,470	129,255	34%	375,793	237,145	(138,648)		514,470	844,659	328,181	39%

**Note 1 -** The Sport Hosting funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

**Note 2 -** In Q4, \$765,000 was transferred into reserves and provision accounts including \$600,000 into the Operating Capital Reserve Fund.

Numbers may be off due to rounding.

This statement of operations should be read in conjunction with the report on the 4th Quarter 2012 Financial information.





# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** February 28, 2013

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

**File:**

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

**Re:** 2013 Operating Budget - Richmond Olympic Oval Corporation

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### Staff Recommendation

That the report on the 2013 Operating Budget for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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



**DATE:** February 28, 2013

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

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

**Re:** Richmond Olympic Oval Corporation – Budget for fiscal year 2013

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#### Origin

Section 7.3 of the Operating Agreement between the City of Richmond (the “City”) and the Richmond Olympic Oval Corporation (the “Corporation”) requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the 2013 annual budget which was approved by the Corporation’s Board of Directors.

#### Analysis

##### 2012 Results

In 2012, the Corporation out performed its budget substantially by earning an unaudited net income of \$2,997k before transfers to reserves/provisions. The favorable variance in 2012 was partly attributable to the following: memberships and programming revenue performing better than budget due to continued increases in membership and admissions, more funding than planned was received from the 2010 Games Operating Trust (“GOT”), court and track rentals performed better than anticipated, savings in utility costs, and the staging of more events than anticipated in 2012.

Note that in the fourth quarter of 2011 the CEO of the Oval created a special Committee to provide increased scrutiny over discretionary expenditures which were to be approved by this Committee prior to spending taking place. This carried on into the early part of 2012 and this added level of oversight contributed to the overall favorable variance. This additional level of review was an exercise that was undertaken as part of an overall review as the Corporation moves towards steady

state. This provided the Corporation the ability to control and test the results of this process. This is something that can be done periodically in the future, however, is not something necessary in the immediate future given the new accountability programs, enhanced reporting and review processes that are now in place.

### 2013 Outlook

Highlights anticipated in 2013 include the launch of the Short Track Speed Skating Legacy program in partnership with Speed Skating Canada, the expansion of performance training services across golf, baseball, weightlifting, climbing and the continued growth and uptake of personal training services. Community group usage is at or nearing capacity during prime time leading towards a focus on growing day-time participation and performance on our Activity level with school groups and teams such as Field Hockey Canada.

Some of the successful events that have already taken place at the Oval in 2013 include: Tim Horton's Family Skate, Futsal Fiesta, BC Sports Rep Association (BCSRA) sport equipment trade show, Jerome Indoor Track and Field Classic, Vancouver International Open Judo Tournament, Richmond Celebrates Hockey Day, BC Powerlifting Association (BCPA) Winter Open, and Judo Pacific International.

Some of the confirmed events for 2013 include: Gymnastics BC Millennium Cup, Panther Cheerleading Events, Gymnastics BC Elite Canada Championship, WC Rugby Vancouver Invitational, Powerlifting Nationals, World Grand Prix Fencing Championship, Province Gran Forza Pentathlon, Bust a Move Canadian Cancer Society, UROC Awards to celebrate the achievements and dedication of outstanding youth, youth groups and asset champions within the Richmond Community, CAN AM Wushu Championship, CCTTF Metro Vancouver Friendship Open, Karate BC Provincial Championships, SOS Children's Village 10K Run, Corporate Champions of Vancouver, Crossfit Games Canada West Regional, Orb Spring and Summer Warehouse Sale, Relay 4 Life Canadian Cancer Society, Chevrolet Safe and Fun Hockey Program, Sports Fest West, Judo Nationals, Yonex Badminton Open, Dodgeball International Tournament, Play 4 Life Basketball Tournament, Rehab Equipment Expo, and the Western Marine Trade Show.

### **2013 Budget**

For 2013, management has recommended a cautious approach. Some of the highlights of the 2013 budget are as follows:

#### Revenues

Overall revenues are expected to increase by \$1,242k from the 2012 budget. Budgeted revenue from membership and programming is expected to increase by \$899k due the continued growth in the membership base and the increased event bookings that have already been secured for 2013. 2013 budgeted GOT revenue is increased by \$200k based on the level of funding received over the


last 2 years. Other revenue has increased by \$173k compared to 2012 primarily due to an increase in projected parking revenues of \$110k for a total of \$290k budgeted for 2013.

#### Expenses

Overall expenses are expected to increase by \$536k over the 2012 budget. Labour costs are expected to increase by \$562k compared to the 2012 budget primarily due to the following reasons: salary and wage adjustments for staff based on an extensive review process, and new positions that were approved during 2012 including full time union positions added as a result of the collective agreement, partially offset by a decrease in the overall casual labour budget.

#### **Summary**

The 2013 budget has an overall budgeted net income of \$1,551k versus \$845k in 2011 which represents a favourable increase of \$706k over 2012. Attached is the summary statement of earnings for the 2013 budget.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

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



# **RICHMOND OLYMPIC OVAL CORPORATION**

## **Budgeted Statement of Earnings**

**For the fiscal year ending Dec 31, 2013**

**Unaudited, prepared by management**

	<b>2012 BUDGET</b>	<b>2013 BUDGET</b>	<b>\$ Increase (decrease)</b>	<b>% Increase (decrease)</b>	<b>2012 (unaudited) ACTUAL</b>
<b>Revenue from operations:</b>					
Membership and programming	\$ 4,828,246	\$ 5,726,945	\$ 898,699	19%	\$ 5,481,773
Funding from Games Operating Trust	2,500,000	2,700,000	200,000	8%	2,784,637
City of Richmond contributions	3,073,883	3,144,700	70,817	2%	3,073,883
Sport Hosting	500,000	400,000	(100,000)	-20%	426,097
Other	838,930	1,011,530	172,600	21%	1,086,340
<b>Total revenue</b>	<b>11,741,059</b>	<b>12,983,175</b>	<b>1,242,116</b>	<b>11%</b>	<b>12,852,729</b>
<b>Expenses:</b>					
Program services:	3,421,066	3,784,543	363,477	11%	3,280,621
Marketing	480,525	495,831	15,306	3%	429,944
Sport Hosting	500,000	400,000	(100,000)	-20%	426,097
Facility Operations	2,474,046	2,601,997	127,951	5%	2,472,470
Utilities	1,107,750	1,000,000	(107,750)	-10%	914,519
Admin/Finance	2,589,224	2,789,770	200,546	8%	2,046,019
Amortization	323,789	359,904	36,115	11%	286,071
<b>Total expenses</b>	<b>10,896,400</b>	<b>11,432,045</b>	<b>535,645</b>	<b>5%</b>	<b>9,855,740</b>
<b>Net earnings (before transfers)</b>	<b>\$ 844,659</b>	<b>\$ 1,551,130</b>	<b>\$ 706,471</b>	<b>84%</b>	<b>\$ 2,996,989</b>
Transfer to Capital Reserve *		1,300,000			2,611,786
<b>Net earnings (after transfers)</b>	<b>\$ 844,659</b>	<b>\$ 251,130</b>	<b>\$ 706,471</b>	<b>84%</b>	<b>\$ 385,203</b>

\* This 2013 budgeted transfer to reserves/provisions is an estimate and the final amount will be determined at the end of 2013.