



Finance Committee

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

Monday, June 1, 2020

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the minutes of the meeting of the Finance Committee held*
FIN-8 *on **May 4, 2020** and Special Finance Committee held on **May 11, 2020**.*



LULU ISLAND ENERGY COMPANY

1. **LULU ISLAND ENERGY COMPANY – 1ST QUARTER
MARCH 31, 2020 FINANCIAL INFORMATION**
(File Ref. No. 10-0060-20/2020) (REDMS No. 6467036)

FIN-10

See Page FIN-10 for full report

Designated Speaker: Jerry Chong and Alen Postolka

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “2020 1st Quarter Financial Information for the Lulu Island Energy Company” dated April 22, 2020 from the Chief Executive Officer and Chief Financial Officer, be received for information.



Pg. # ITEM

RICHMOND OLYMPIC OVAL CORPORATION

2. **RICHMOND OLYMPIC OVAL CORPORATION - 1ST QUARTER
MARCH 31, 2020 FINANCIAL INFORMATION**
(File Ref. No.) (REDMS No. 6467028)

FIN-18

[See Page FIN-18 for full report](#)

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2020 from the Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation be received for information.



FINANCE AND CORPORATE SERVICES DIVISION

3. **ACTIVE CAPITAL PROJECTS INFORMATION - 1ST QUARTER
MARCH 31, 2020**
(File Ref. No. 03-0975-01/2020) (REDMS No. 6448848 v.8)

FIN-24

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

Designated Speaker: Melissa Shiau

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Information – 1st Quarter March 31, 2020”, dated April 15, 2020 from the Director, Finance be received for information.



Pg. # ITEM

4. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2020**
(File Ref. No. 03-0970-09-01/2020) (REDMS No. 6453932 v.19)

FIN-47

See Page FIN-47 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 1st Quarter March 31, 2020”, dated May 20, 2020 from the Director, Finance be received for information.

5. **2019 CITY ANNUAL REPORT AND 2019 ANNUAL REPORT HIGHLIGHTS**
(File Ref. No. 03-0905-01) (REDMS No. 6464975)

FIN-75

See Page FIN-75 for full report

Designated Speaker: Jerry Chong and Clay Adams

STAFF RECOMMENDATION

That the reports titled “2019 Annual Report and 2019 Annual Report – Highlights” be approved.

ADJOURNMENT



Finance Committee

- Date: Monday, May 4, 2020
- Place: Anderson Room
Richmond City Hall
- Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)
- Call to Order: The Chair called the meeting to order at 4:55 p.m.

MINUTES

It was moved and seconded
That the minutes of the meetings of the Finance Committee held on April 6, 2020 and April 20, 2020, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2019 FINANCIAL STATEMENTS FOR THE RICHMOND PUBLIC LIBRARY**
(File Ref. No. 03-0905-01) (REDMS No. 6448396; 6448404)
Discussion ensued with regard to the Richmond Public Library’s operating budget and projected 2020 surplus.

Finance Committee
Monday, May 4, 2020

It was moved and seconded

That the 2019 Richmond Public Library audited financial statements for the year ended December 31, 2019, as presented in the attached report from the Chief Librarian, be received for information.

CARRIED

2. **2019 FINANCIAL STATEMENTS FOR THE LULU ISLAND ENERGY COMPANY**

(File Ref. No. 10-0060-20) (REDMS No. 6441023)

It was moved and seconded

That the Lulu Island Energy Company report titled “2019 Financial Statements for the Lulu Island Energy Company” dated April 1, 2020 from the Chief Executive Officer and Chief Financial Officer, be received for information.

The question on the motion was not called as discussion ensued with regard to the utility’s rates, staffing and financing costs.

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

3. **RICHMOND OLYMPIC OVAL – 2019 AUDITED FINANCIAL STATEMENTS**

(File Ref. No.) (REDMS No. 6450716)

It was moved and seconded

That the report on 2019 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as discussion ensued regarding the recording of staff time and the Oval’s investment balance.

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

4. **2019 CONSOLIDATED FINANCIAL STATEMENTS**

(File Ref. No. 03-0905-01/2020) (REDMS No. 6448921 v. 2; 6448931; 6422057)

Mayor Brodie noted that the auditors from KPMG were invited to attend the meeting to delegate on the matter. Mayor Brodie added that there are no provisions in *Council Procedure Bylaw No. 7560* to allow delegations to present remotely and electronically and as such, KPMG opted to present their submission in writing (copy on-file, City Clerk’s Office).

Discussion ensued with regard to amending *Council Procedure Bylaw No. 7560* to allow delegations to present remotely. Staff noted that such amendments may be considered in the future, however the bylaw cannot be amended prior to the upcoming Council meeting.

Finance Committee
Monday, May 4, 2020

It was moved and seconded

That the City of Richmond's audited consolidated financial statements for the year ended December 31, 2019 be accepted.

CARRIED

Opposed: Cllrs. Day

Greene

Wolfe

5. **REVENUE ANTICIPATION BORROWING (2020) BYLAW NO. 10153**

(File Ref. No. 03-0900-01/2020) (REDMS No. 6404314 v. 2)

It was moved and seconded

1. *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be introduced and given first, second and third readings; and*

2. *That Revenue Anticipation Borrowing (2020) Bylaw No. 10153 be adopted.*

The question on the motion was not called as staff advised that the proposed bylaw would allow for additional credit facilitation with the City's financial partners and as such, this financial tool can be used in the event that temporary bridge financing is required. Staff added that the temporary financing is typically not utilized for long-term capital expenditures.

Discussion ensued with regard to the proposed additional credit facility, and it was noted that the City has not used the credit. It was suggested that the public be informed of the City's position regarding utilization of the financial tool through a letter to the editor.

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

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:20 p.m.).

CARRIED

Finance Committee
Monday, May 4, 2020

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, May 4, 2020.

Mayor Malcolm D. Brodie
Chair

Evangel Biason
Legislative Services Associate



Special Finance Committee

- Date: Monday, May 11, 2020
- Place: Anderson Room
Richmond City Hall
- Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo (attending via teleconference)
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)
- Call to Order: The Chair called the meeting to order at 4:02 p.m.

FINANCE AND CORPORATE SERVICES DIVISION

1. **ANNUAL PROPERTY TAX RATES (2020) BYLAW NO. 10174**
(File Ref. No. 03-1240-01) (REDMS No. 6462967 v. 2)

In reply to a query from Committee, staff noted that the major industry tax rates were set by Council numerous years ago and discussions for change can be undertaken next year.

It was moved and seconded

- (1) *That the Annual Property Tax Rates (2020) Bylaw No. 10174 be introduced and given first, second and third readings; and*
- (2) *That the Annual Property Tax Rates (2020) Bylaw No. 10174 be adopted.*

Special Finance Committee
Monday, May 11, 2020

The question on the motion was not called as in reply to queries from Committee, staff noted that (i) the relative tax burdens vary depending on assessment values and new growth that change each year, (ii) the tax ratios are reviewed every year, and (iii) the residential class makes up over 80% of the assessment values for the City and as result the tax burden is actually lower than it should be.

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

It was moved and seconded

That staff review the relative tax rates and report back.

CARRIED

2. **ALTERNATIVE MUNICIPAL TAX COLLECTION SCHEME (2020)
BYLAW NO. 10178**

(File Ref. No. 03-1240-01) (REDMS No. 6462982 v. 3)

It was moved and seconded

(1) *That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be introduced and given first, second and third readings; and*

(2) *That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be adopted.*

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:09 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, May 11, 2020.

Mayor Malcolm D. Brodie
Chair

Sarah Goddard
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee

Date: April 22, 2020

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

File: 01-0060-20-LIEC1/2020-
Vol 01

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

Re: Lulu Island Energy Company – 1st Quarter March 31, 2020 Financial Information

Staff Recommendation

That the Lulu Island Energy Company report titled “2020 1st Quarter Financial Information for the Lulu Island Energy Company” dated April 22, 2020 from the Chief Executive Officer and Chief Financial Officer, be received for information.

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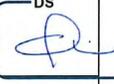
John Irving, P.Eng., MPA
General Manager, Engineering and Public Works
Chief Executive Officer,
Lulu Island Energy Company
(604-276-4140)

DocuSigned by:

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

Att. 1

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

April 22, 2020

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6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: April 22, 2020
TO: Board of Directors
FROM: Jerry Chong, CPA, CA, Chief Financial Officer
Re: **Lulu Island Energy Company – 1st Quarter March 31, 2020 Financial Information**

Staff Recommendation

That the 1st Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2020 1st Quarter Financial Information” dated April 22, 2020 be approved.

Background

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

Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s pre-audited Q1 financial information consists of the interim statement of the financial position as of March 31, 2020 (Attachment 1) and the interim income statement for the period ended March 31, 2020 (Attachment 2).

Financial Position

The interim statement of the financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) \$13,934,548 and non-current assets (plant and equipment) \$33,890,440. The total assets are \$47,824,988. The total liabilities of \$16,010,669 include outstanding invoices, deferred contributions and concession liabilities. The shareholder’s equity represents the net worth of the company. It is equal to the total assets minus its total liabilities and measures the company’s financial health. As of March 31, 2020, LIEC’s shareholder equity is \$31,814,319, showing good

April 22, 2020

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financial health of the company. Year to date budget to actual numbers are shown in Attachment 3.

Revenues

The metered billing revenue is the total energy sales of both ADEU and OVDEU service areas. The metered billings revenue for Q1 was \$553,986 from the Alexandra District Energy Utility (ADEU) and \$575,829 from the Oval Village District Energy Utility (OVDEU). Overall, the first three months of metered billing revenue totalled \$1,129,815 which increased by 16% over 2019. This reflects the increased 2020 rates and the addition of two new building connections. The year-to-date metered billings revenue is in line with the budget.

Cost of Sales

The cost of sales is the accumulated total of expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense only slightly increased with more buildings being serviced because of the minimum required repairs and maintenance work. The growth in energy demand, due to the addition of more buildings, resulted in an increased use of electricity and natural gas to run distribution pumps, geo-field pumps, auxiliary equipment, cooling towers and boilers which are used to deliver energy to customers' buildings. This increased demand paired with electricity and gas rate increases caused the utility expense to rise by 10%. The amortization expense increased due to capital asset additions. The year over year cost of sales has increased by 7%.

General and Administration Expenses

The general and administration (G&A) expenses are expenditures that LIEC incurs to engage in operating activities which include salaries and benefits, administration expenses, professional fees, etc. The increase of salaries and benefits is primarily due to one additional employee hired in late 2019. The administration expense includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. The insurance expense increased due to general insurance rate increase and additional DEU assets being insured. The professional fees increased due to the payment of KPMG's invoice, which was processed earlier than the prior year. Overall, G&A expenses have increased 20% comparing to Q1 2019, however, as a percentage of revenues they are in line at 18% versus 17%.

Contributions and Financing

The contributions and financing expense section represent other sources of income and cost for the business. The current energy modeling review fee is less than 2019's due to less building permits being reviewed. There was larger than normal volume of building permit applications in late 2018, which resulted in a higher energy modeling review fees collected in early 2019. The net finance cost is the result of year-to-date finance costs on concession liabilities, offset by interest income. The net finance cost is higher than 2019 mainly due to the increase in the concession liability. The additional capital expenditure for OVDEU infrastructure has resulted in a higher balance of concession liability than the prior year.

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LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure the Company's financial performance, increased by 6% compared to the three months ended in 2019. EBITA as a percentage of revenue decreased to 54% for 2020 compared to 58% in 2019.

The year to date net income of \$400,157 has exceeded the budget by 8%, though, the net income as a percentage of revenue decreased to 29% for 2020 compared to 32% in 2019. Consistent with the company's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

Financial Impact

None.

Conclusion

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



Helen Zhao, CPA, CA
Controller

- Attachment 1: Interim Statement of Financial Position (unaudited)
- Attachment 2: Interim Income Statement (unaudited)
- Attachment 3: Year-To-Date Budget vs. Actual Comparison (unaudited)

Attachment 1

Interim Statement of Financial Position (Unaudited)

	As at March 31 2020	As at December 31 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,037,177	\$ 6,233,102
Accounts receivable	1,581,379	1,302,697
Other investments	5,315,992	5,592,923
	13,934,548	13,128,722
Non-current assets:		
Plant and equipment	33,890,440	33,412,384
	\$ 47,824,988	\$ 46,541,106
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 636,372	\$ 777,492
Deferred developer contributions	6,628,012	6,183,224
Concession liability	8,746,284	8,166,226
	16,010,669	15,126,942
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	4,417,024	4,017,049
	31,814,319	31,414,164
	\$ 47,824,988	\$ 46,541,106

Attachment 2

Interim Income Statement (Unaudited)

	March 31 2020	March 31 2019	\$ Changes	% Change
Revenues				
Metered Billings (Quarterly)	\$ 1,129,815	\$ 973,571	156,244	16%
Service fee	245,372	240,560	4,812	2%
	1,375,187	1,214,131	161,056	13%
Cost of Sales				
Contracts	159,541	158,189	1,352	1%
Utilities	267,144	241,963	25,181	10%
Amortization	280,338	261,307	19,031	7%
	707,023	661,459	45,564	7%
Gross margin	668,164	552,672	115,492	21%
General and Administration Expenses				
Salaries and benefits	182,861	160,940	21,921	13%
Administration expenses	22,072	19,165	2,907	15%
Insurance	23,750	17,500	6,250	36%
Professional Fees	17,655	382	17,273	4522%
	246,338	197,987	48,351	20%
Net income before other items	421,826	354,685	67,141	19%
Contributions and Financing expense				
Developer contributions	36,436	26,690	9,746	37%
Energy modeling review fee	4,766	59,591	(54,825)	(92%)
Net financing cost	(62,871)	(49,351)	(13,520)	27%
	(21,669)	36,930	(58,599)	(159%)
Net Income	\$400,157	\$391,615	\$8,542	2%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	400,157	391,615	8,542	2%
Net Financing cost	62,871	49,351	13,520	27%
Amortization expense	280,338	261,307	19,031	7%
EBITA	743,366	702,273	41,093	6%

Notes:

	As at March 31 2020	As at March 31 2019
Percentage of Revenue		
Gross margin percentage	49%	46%
General and administration percentage	18%	16%
Net income percentage	29%	32%
EBITA percentage	54%	58%

Attachment 3

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

	2020 Q1 Budget	2020 Q1 Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$ 1,124,108	\$ 1,129,815	5,707	1%
Service fee	245,372	245,372	-	0%
	1,369,480	1,375,187	5,707	0%
Cost of Sales				
Contracts	184,779	159,541	(25,238)	(14%)
Utilities	266,803	267,144	341	0%
Amortization	273,625	280,338	6,713	2%
	725,207	707,023	(18,184)	(3%)
Gross margin	644,273	668,164	23,891	4%
General and Administration Expenses				
Salaries and benefits	183,209	182,861	(348)	0%
Administration expenses	30,688	22,072	(8,616)	(28%)
Insurance	23,750	23,750	0	0%
Professional Fees	17,454	17,655	201	1%
	255,101	246,338	(8,763)	(3%)
Net income before other items	389,172	421,826	32,654	8%
Contributions and Financing expense				
Developer contributions	42,472	36,436	(6,036)	(14%)
Energy modeling review fee	12,750	4,766	(7,984)	(63%)
Net financing cost	(75,356)	(62,871)	12,485	(17%)
	(20,134)	(21,669)	(1,535)	8%
Net Income	\$369,038	\$400,157	\$31,119	8%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	369,038	400,157	31,119	8%
Net Financing cost	75,356	62,871	(12,485)	(17%)
Amortization expense	273,625	280,338	6,713	2%
EBITA	718,019	743,366	25,347	4%



City of
Richmond

Report to Committee

To: Finance Committee **Date:** May 21, 2020
From: George Duncan **File:**
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer, Richmond Olympic Oval
Re: Richmond Olympic Oval Corporation - 1st Quarter 2020 Financial Information

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2020 from the Interim Senior Manager, Finance & Administration, 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: May 21, 2020

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2020 Financial information**

Origin

This staff report deals with the first quarter financial results for the 3 months ended March 31, 2020 (“Q1”) which was endorsed by the Corporation’s Board of Directors.

Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q1. It should be noted that the Corporation has mirrored the City of Richmond’s approach to the COVID-19 pandemic. City Council have supported the protective measures recommended by Senior Staff due to this pandemic including the closure of the Oval in mid-March, along with all City arenas, pools, and recreation centres. During this time, Oval management have been striving to keep our membership, clients, user groups and athletes engaged and healthy with the Corporation’s goal being to be in the best position possible to service the community and return to full operations as soon as the Oval is able to open our doors to the public. In addition, Staff have and continue to effectively utilize the closure period to undergo projects and work that are more difficult to complete when the Oval is open. We continue to re-evaluate and reassess as new information arises to ensure we are doing everything possible to support the health and safety of Staff and the public.

Community Use

The Oval celebrated the 10-year anniversary of the 2010 Vancouver Winter Olympic Games on February 21st, 22nd and 23rd with a multi-activity event for the community. On February 21st, the Oval hosted International Olympic Day, where over 1,500 students from Richmond schools attended the event that featured 15 provincial and local sport organizations who facilitated the opportunity to try out a variety of Olympic and Paralympic sports. In the evening, the 10 Year Anniversary Celebrations began and spanned three consecutive days. The event was free for the public to attend, with over 4,000 people attending over three days. Festivities included para ice hockey Canada vs. USA matches, speed skating demonstrations,

public skates, admission to the Olympic Experience, autographs with Olympians, photos with the 2010 podium and replica medals, and more.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere. As in previous quarters, community group use continued to constitute the majority of Oval usage in Q1. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q1, Richmond-based organizations or programs/organizations with significant Richmond representation used 95% of prime time space. At the end of Q1, 76% of Oval members were Richmond residents. The remaining 24% is a key indicator that the Oval has regional appeal, and while satisfying community demand, it can also attract a client base outside of Richmond that positively contributes to the Oval’s brand awareness and financial performance.

Community groups from Richmond or strong Richmond based participation who utilized the Oval in Q1 2020 include but are not limited to Richmond minor hockey, Vancouver Ki society (Aikido), Shoseikan karate, Richmond Ravens, Richmond Ringette, Richmond lacrosse, Kajaks, Richmond Rockets, Richmond FC, Richmond City baseball association, Connaught figure skating, Brazilian soccer school, Volleyball BC, DRIVE basketball, Metro basketball league, Leslie Global sports, Greater Vancouver Canadians, the John MS Lecky Boathouse, Urban Rec, Aura Rhythmic gymnastics, and the non-contact hockey league.

Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q1 included, but are not limited to: BCSRA winter trade show, Pinnacle Cheer Snowflake, Harry Jerome track meet, 2010 celebration, Canada USA para hockey series, PUSH for Impact, Fencing world cup, Sword Play Symposium, Western Elite speed skating, wheelchair rugby Team Canada training, wheelchair rugby Paralympic Qualifiers, wheelchair rugby Vancouver Invitational, Karate BC training and the rhythmic gymnastics Zone 4 championships.

Additionally, some of the future events secured in Q1 by Events and Sport Hosting include: City Shred 2 (fitness challenge) and the 2020 Ringette Challenge cup.

Events and training camps that occurred during Q1 for High Performance included: Western Elite Circuit speed skating competition, Rowing BC training camp, BC Wheelchair Sport Association clinic, V-ROOOM speed skating challenge and BC Table Tennis Association’s Richmond open.

Notable Oval athlete successes during Q1 include:

- Mo Zhang qualified for table tennis Singles at Tokyo 2020 Olympic Games
- The Canadian National Wheelchair rugby team qualified for the Tokyo 2020 Paralympic Games
- Wesley Chiu earned silver medal in the Juniors Men’s division at national championships
- GVC major bantam hockey team finished 2nd in their AAA Season
- Tara Wallack won the BC 4A girls basketball provincial championship (Semiahmoo Secondary) and was named tournament MVP
- Charlotte Sernoski placed 2nd and Wilfred Chan placed 3rd at BC long track speed skating championships in Fort St John

- Roanan Tien-Vidal, Daniel Liu, Zakary Sharp filled all 3 male “Zone 5” spots at the BC Winter Games competing in short track speed skating. Ronan placed 2nd in 1500m, Zach placed 3rd in both 1500m and 2000m
- Max Haronga was named Pacwest BC volleyball player of the year, first team all-star and championship all-star

Governance

The Corporation’s Business Planning Committee meeting took place during Q1.

Financial

Prior to the impact and subsequent closure of the Oval caused by the COVID-19 pandemic, the Corporation was on track to surpass budget projections for Q1. The results for the 3 months ended March 31, 2020 were budgeted at an income before transfers to reserves/equity of \$270,000 and the actual results show income of \$208,000 indicating an unfavorable variance of \$62,000 (please see page 4 for the Corporation’s balance sheet as of March 31, 2020 and page 5 for the statement of operations). In Q1, \$241,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2020 Games Operating Trust Fund (“GOT”) distribution of \$739,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,970,000 in Q1 and other revenue of \$532,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenue was \$343,000 unfavorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2020 were \$1,487,000, facility operations costs were \$1,110,000, marketing expenses were \$166,000, and administration and finance expenses were \$770,000. Overall, expenditures were \$281,000 favorable to budget.



Rick Dusanj, CPA, CA

Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at March 31, 2020

Unaudited, prepared by management

		Mar 31, 2020
ASSETS		
Financial Assets		
Cash	\$	6,916,969
Investments		9,809,780
Inventory		163,090
GOT receivable		739,045
Accounts receivable		604,722
		18,233,607
Financial Liabilities		
Accounts payable and accrued liabilities		1,921,789
Deferred revenue		8,310,914
Rental deposits		7,373
		10,240,076
Net financial assets		7,993,531
		18,550,989
Non-Financial Assets		
Tangible capital assets		11,237,837
Deferred lease costs		11,009
Prepaid expenses and other deposits		449,415
		11,698,261
Accumulated Surplus (Note 1)	\$	19,691,792

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

Investment in capital assets	8,814,986
Reserves/Provisions	9,906,374
Common Shares	1
Surplus	970,431
19,691,792	

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

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended March 31, 2020

Unaudited, prepared by management

	QTR 1 2020			QTR 1 2019			2020 BUDGET		
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET
REVENUES									
2010 Games Operating Trust Fund	725,000	739,045	14,045	2%	725,000	725,000	-	0%	2,900,000
Contribution from City of Richmond	899,481	899,481	-	0%	881,844	881,844	-	0%	3,597,926
Memberships, admissions and programs	2,358,386	1,970,127	(388,259)	-16%	2,182,033	2,214,865	32,832	2%	9,367,603
Other	500,783	531,794	31,011	6%	509,836	499,520	(10,316)	-2%	1,957,277
	4,483,650	4,140,447	(343,203)	-8%	4,298,713	4,321,228	22,516	1%	17,822,806
EXPENSES									
Memberships, admissions and program services	1,534,615	1,487,278	47,337	3%	1,511,616	1,459,188	52,428	3%	6,405,633
Facility Operations	1,180,382	1,109,963	70,419	6%	1,145,440	1,074,044	71,396	6%	4,721,527
Marketing	175,794	165,887	9,907	6%	164,994	123,822	41,172	25%	686,470
Admin/Finance	823,093	769,703	53,390	6%	817,400	675,484	141,916	17%	3,306,216
Amortization	500,000	399,883	100,117	20%	475,000	431,434	43,566	9%	2,000,000
	4,213,884	3,932,713	281,171	7%	4,114,450	3,763,971	350,479	9%	17,119,846
Net Income (Note 1)	269,766	207,734	(62,032)	-23%	184,263	557,257	372,994	202%	702,960

Note 1 - In Q1, \$0.24M was transferred into reserves/equity mainly for future capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's capital program, which is primarily funded from the Capital Reserves, has averaged \$2.80M annually over the past 5 years.

Numbers may be off due to rounding.



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong, CPA, CA
 Director, Finance

Date: April 15, 2020
File: 03-0975-01/2020-Vol
 01

Re: Active Capital Projects Information - 1st Quarter March 31, 2020

Staff Recommendation

That the staff report titled, "Active Capital Projects Information – 1st Quarter March 31, 2020", dated April 15, 2020 from the Director, Finance be received for information.

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

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts Culture Heritage	<input checked="" type="checkbox"/>	
Community Social Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Facilities and Project Development	<input checked="" type="checkbox"/>	
Fire-Rescue	<input checked="" type="checkbox"/>	
Fleet	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Real Estate	<input checked="" type="checkbox"/>	
Recreation	<input checked="" type="checkbox"/>	
Roads and Construction	<input checked="" type="checkbox"/>	
Sanitation and Recycling	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

Active Capital Project Information for the 1st Quarter (ended March 31, 2020) is being provided to the Finance Committee for information. This report includes the approved 2020 Capital Budget and other previously approved capital projects.

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.

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

Analysis

Active Capital Projects Summary

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

Planning and Design – includes projects that were approved in the 2020 budget and other previously approved projects that are undergoing design specifications, design approvals, or public consultation.

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

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

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

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

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

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

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

The approved 2020 Capital Budget of \$151.7M (excluding internal transfers and debt repayments) is included in the figures below as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$386.8M.

The Building Program projects approved in or prior to 2016 includes \$12.4M in committed active capital projects mainly for the Minoru Centre for Active Living, Fire Hall No. 1 and the Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency.

The tables in this report are presented on a cash-basis, that is, actual progress payments that have been made up to March 31, 2020.

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

Program	Plan Year	Adjusted Budget	Actuals as at March 31, 2020	Expected Commitments / Work In Progress
Infrastructure Program	2020	\$68,232	\$973	\$67,259
	2019	38,349	14,570	23,779
	2018	98,196	63,621	34,575
	2017	24,157	17,783	6,374
	2016 & older	46,693	26,150	20,543
Infrastructure Program Total		\$275,627	\$123,097	\$152,530
Building Program	2020	17,620	680	16,940
	2019	19,898	1,664	18,234
	2018*	49,167	16,716	32,451
	2017	7,013	4,219	2,794
	2016 & older	115,281	102,887	12,394
Building Program Total		\$208,979	\$126,166	\$82,813
Parks Program	2020	12,180	15	12,165
	2019	11,620	2,734	8,886
	2018	10,630	2,581	8,049
	2017	7,630	1,870	5,760
	2016 & older	23,576	17,366	6,210
Parks Program Total		\$65,636	\$24,566	\$41,070
Construction Related Programs		\$550,242	\$273,829	\$276,413
Affordable Housing Program	2020	400	-	400
	2019	775	-	775
	2018	682	-	682
	2017	4,960	146	4,814
Affordable Housing Program Total		\$6,817	\$146	\$6,671
Child Care Program	2020	120	4	116
	2019	100	17	83
	2018	100	5	95
	2016 & older	209	140	69
Child Care Program Total		\$529	\$166	\$363
Equipment Program	2020	6,391	8	6,383
	2019	15,027	1,353	13,674
	2018	10,599	5,404	5,195
	2017	9,228	6,621	2,607
	2016 & older	5,500	2,466	3,034
Equipment Program Total		\$46,745	\$15,852	\$30,893
Land Program	2020	10,000	-	10,000
	2019	10,000	-	10,000
	2018	10,000	-	10,000
	2017	16,020	5,109	10,911
	2016 & older	26,024	7,252	18,772
Land Program Total		\$72,044	\$12,361	\$59,683
Public Art Program	2020	695	121	574
	2019	563	144	419
	2018	1,125	299	826
	2017	931	692	239
	2016 & older	4,709	3,835	874
Public Art Program Total		\$8,023	\$5,091	\$2,932
Contingent External Contribution	2020	9,887	-	9,887
Contingent External Contribution Total		\$9,887	\$-	\$9,887
Non-construction Related Programs		\$144,045	\$33,616	\$110,429
Grand Total		\$694,287	\$307,445	\$386,842

*Adjusted budget for Phoenix Net Loft (2018) does not yet include the additional \$7.94M to bring the project total to \$19.44M as approved by council on February 24, 2020. The budget will be adjusted once the Revised Consolidated 5 Year Financial Plan (2020-2024) is adopted, which is anticipated to be on May 11, 2020.

Included in the 2020 Capital Plan (2020-2024 Financial Plan Bylaw) was an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to the approved applicable projects. As of March 31, 2020, \$112,500 has been received and the budget for Contingent External Contribution has been adjusted to \$9,887,500.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocations were recorded in the first quarter ended March 31, 2020:

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

Program	Transfer From	Transfer To	Amount
Sanitary Sewer	Pilot Sewer Grease and Heat Recovery Facility (2018)	Sanitary Sewer Replacement - 6000 Block Buswell Street (2020)*	\$1,500
Contingent External Contribution & Traffic	Contingent External Contribution (2020)	Traffic Signal Program (2019)	8
Contingent External Contribution & Traffic	Contingent External Contribution (2020)	Traffic Video and Communication Program (2019)	42
Contingent External Contribution & Traffic	Contingent External Contribution (2020)	Traffic Calming Program (2019)	42
Contingent External Contribution & Traffic	Contingent External Contribution (2020)	Traffic Calming Program (2018)	21
Roads	Annual Asphalt Re-Paving Program - MRN (2020)	Annual Asphalt Re-Paving Program - MRN (2019)	4
Total Budget Reallocations			\$1,617

* On January 13, 2020, Council approved \$1.5M from the Sewer Utility Reserve to fund the Sanitary Sewer Replacement – 6000 Block Buswell Street. The budget for this project will be included in the Revised Consolidated 5 Year Financial Plan (2020-2024) which is anticipated to be adopted on May 11, 2020. To enable the project to commence, this project has temporarily borrowed funding from the Pilot Sewer Grease and Heat Recovery Facility (2018).

Highlights of Key Construction Related Capital Projects

Information on key capital projects includes the project budget, inclusive of transfers from other projects and budget amendments, actuals on a cash-basis, and the remaining commitments as at March 31, 2020.

INFRASTRUCTURE

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

There is a continued upgrade for pump stations, dikes and roads at certain locations along with infrastructure improvements in Burkeville Area and sanitary sewer replacement in the 6000 Block of Buswell Street.

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

Program	Project Name	Adjusted Budget	Actuals as at March 31, 2020	Expected Commitments / Work In Progress
Other	Canada Line Capstan Station (2018)*	\$31,000	\$29,173	\$1,827
Drainage	Drainage Pump Station & Diking Upgrades incl. Provincial Grant (2016)**	28,230	9,672	18,558
Road & Water	River Parkway Extension (2017, 2018)***	15,045	4,474	10,571
Water	Watermain Replacement Program (2020)	5,793	-	5,793
Drainage & Sanitary	Burkeville Area Drainage and Utility Improvements - Phase 1 (2018, 2019)	3,133	1,656	1,477
Sanitary	Hamilton Sanitary Pump Station (2020)	2,800	2	2,798
Sanitary	Sanitary Sewer Replacement – 6000 Block Buswell Street (2020)	1,500	22	1,478
Drainage	Gilley and Westminster Highway Culvert Replacement (2016)	1,250	1,250	-
Total Key Infrastructure Capital Projects		\$88,751	\$46,249	\$42,502

*Adjusted budget for Canada Line Capstan Station (2018) was increased by \$27.5M transferred from Capstan Station Construction (2020).

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

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

Please see Attachment 1 for the Q1 2020 Construction Update. This attachment includes the project budget and the scheduled construction completion.

BUILDING

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

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

- Minoru Centre for Active Living remains on budget, and the Seniors Centre and Event Centre were opened to the public on March 11, 2019. The Fitness Centre was also opened to the public on January 1, 2020. The Minoru Centre for Active Living Aquatic Centre is expected to open in the Fall of 2020.
- Richmond Fire Rescue commenced operations out of Fire Hall No.1 on July 16, 2018 and design of solar photovoltaic roof panels to offset power needs is in progress.

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

- Animal Shelter – on July 22, 2019, Council approved moving forward with the renovation of the existing 4,580 square foot building and the addition of an approximately 1,600 square foot structure. Procurement of an architect has been completed and design has commenced.
- Minoru Lawn Bowling Clubhouse – on May 27, 2019, Council approved moving forward with the 4,900 square foot single storey facility and associated budget amendment. An Architect was hired in September 2019 and the project is currently progressing through concept design, including the form and character for the building.
- Steveston Community Centre and Branch Library – this project is included as a 2021 capital project in the Consolidated 5 Year Financial Plan (2020-2024).
- Minoru Place Activity Centre - Work is on hold as the facility has been allocated to other purposes as a result of COVID-19.

The Animal Shelter, Lawn Bowling Clubhouse and Steveston Community Centre and Branch Library projects are all in various stages of planning and preliminary design and this work is ongoing. All three projects are scheduled to be brought forward to Council this year for consideration of elements such as concept design prior to design finalization and construction procurement. As such, expenditure on construction work for these projects is not anticipated to occur before 2021.

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

Project Name	Adjusted Budget	Actuals as at March 31, 2020	Expected Commitments / Work In Progress
Minoru Centre for Active Living (2014)	\$83,138	\$79,505	\$3,633
Phoenix Net Loft (2018)*	11,500	450	11,050
Gateway Infrastructure Replacement (2017, 2018, 2019)**	8,095	4,999	3,096
Minoru Place Activity Centre (2019)	2,511	125	2,386
Solar Energy Systems for Fire Hall 1 (2017)	455	18	437
Total Key Building Capital Projects	\$105,699	\$85,097	\$20,602

* Adjusted budget for Phoenix Net Loft (2018) does not yet include the additional \$7.94M to bring the project total to \$19.44M as approved by council on February 24, 2020. The budget will be adjusted once the Revised Consolidated 5 Year Financial Plan (2020-2024) is adopted, which is anticipated to be on May 11, 2020.

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

Please see Attachment 1 for the Q1 2020 Construction Update. This attachment includes the project budget and the scheduled construction completion.

PARKS

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

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

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

Project Name	Adjusted Budget	Actuals as at March 31, 2020	Expected Commitments / Work In Progress
Minoru Lakes Renewal 2020 (2018-2020)	\$6,060	\$297	\$5,763
Garden City Lands Phase 2 and 3 (2016-2018)	5,995	2,777	3,218
Hollybridge Pier/Middle Arm (2010, 2012, 2015)*	2,350	2,254	96
Aberdeen Park Phase 2 and 3 (2018, 2019)	2,050	149	1,901
Hugh Boyd Fields – Artificial Turf Replacement (2019)	1,800	1,490	310
Alexandra Park (formerly West Cambie Park) (2010, 2016 & 2019)	1,704	377	1,327
The Gardens Agricultural Park (2015)	1,100	326	774
Playground Improvement & Replacement (2018, 2020)	1,100	164	936
Minoru Oval – Replacement of the Artificial Sports Surfacing System (2020)	1,030	-	1,030
Parks Aging Infrastructure (2018)	900	588	312
London / Steveston Park Enhancements (2017, 2019)	550	205	345
Parks Aging Infrastructure (2020)	590	-	590
Parks Aging Infrastructure (2019)	550	294	256
Parks General Development (2020)	400	4	396
Parks Identity Signage Program (2019, 2020)	300	118	182
Lang Park Completion (2020)	250	-	250
Total Key Land & Parks Capital Projects	\$26,729	\$9,043	\$17,686

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

Capital Projects Completed in the Quarter

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

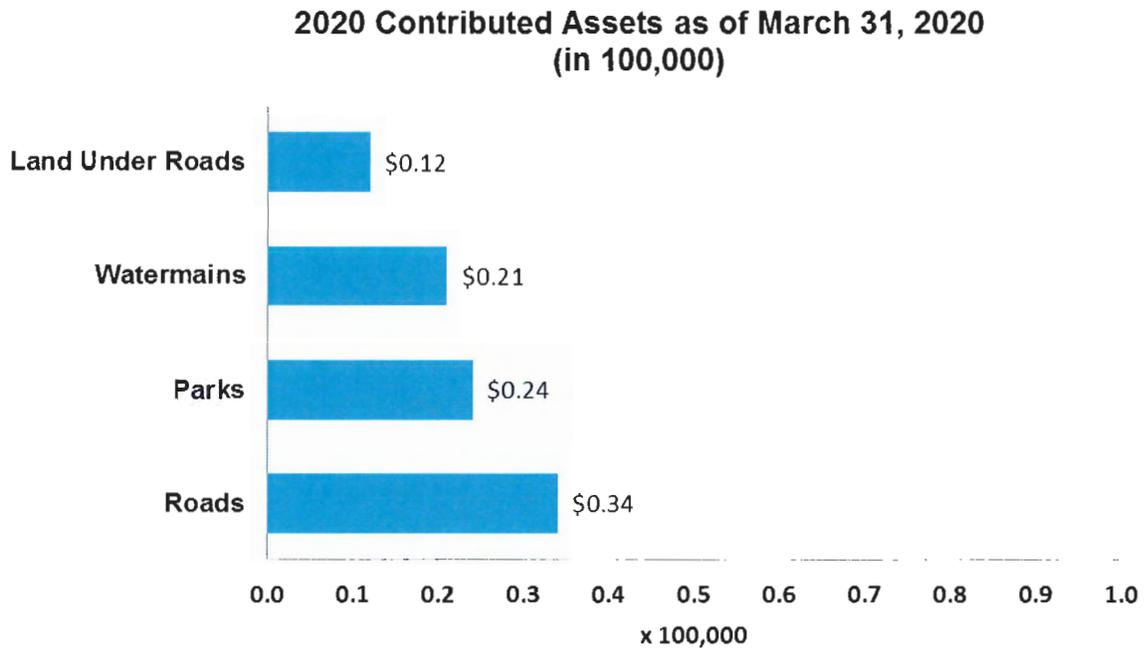
Table 6: Projects Closed in the Quarter Ended March 31, 2020 (in \$'000s)

Project Name	Adjusted Budget	Actuals as at March 31, 2020	Remaining Budget*
Affordable Housing Property Acquisition (2017)	\$6,250	\$6,170	\$80
City Centre Infrastructure Upgrades (2017)	3,240	2,925	315
City Centre Sanitary Sewer Rehabilitation (2016)	1,160	1,144	16
Minoru Artificial Turf Retrofit (2015)	660	660	-
Park Road Drainage Upgrade (2017)	650	427	223
Watermain Tie-in and Restoration (2017)	650	649	1
Affordable Housing Projects - City Wide (2016)	585	160	425
Project Development Advanced Design 2015 (2015)	383	376	7
Fire Rescue Records Management System (2004, 2005)	361	352	9
Minoru Latrace Backstop Upgrades (2017)	300	299	1
Transportation Planning, Functional and Preliminary Design (2018)	280	280	-
LED Street Name Sign Program (2018)	266	266	-
Transit-Related Roadway Improvement Program (2018)	256	256	-
Public Works Minor Capital - Traffic (2019)	250	250	-
Affordable Housing 2018 Operating Initiatives (2018)	220	-	220
Building Renovations - Fire Hall 2 (2019)	110	66	44
Affordable Housing Homelessness Strategy (2017)	75	50	25
Child Care Projects - City-wide (Capital Grants) (2020)	50	50	-
Total	\$15,746	\$14,380	\$1,366

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

Contributed Assets

Included in the 2020-2024 Financial Plan Bylaw is an estimate of \$50.0M for assets that are transferred to the City by developers. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. The following assets totalling \$91K have been recorded as of March 31, 2020:



Developer community contributions of child care amenities with a combined total of 77,000 sq. ft. are underway. Please see Attachment 1 for the Q1 2020 Construction Update.

Financial Impact

None.

Conclusion

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

Melissa Shiau, CPA, CA
Manager, Financial Planning and Analysis
(604-276-4231)

MS:sx

- Att. 1: Q1 2020 Construction Update
- 2: Capital Highlights

Q1 2020 Construction Update

Flood Protection

Culvert Replacement at Westminster Highway and Gilley Road

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

Drainage Pump Station and Diking Upgrades – Provincial Grant

The City secured \$16.6 million from the Provincial Government under the Flood Protection Program. This project includes the upgrades of four drainage pump stations and diking upgrades. Construction for the South Dike upgrade (Gilbert Road to No. 3 Road) is substantially complete. Construction for the Horseshoe Slough drainage pump station, No. 7 Road South drainage pump station, and Shell Road North drainage pump station upgrade are underway. Contractor procurement for the No. 2 Road South drainage pump station upgrade is on hold.

Burkeville Area Drainage, Watermain and Sanitary Sewer Upgrades

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

Roads

River Parkway Extension

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

Sanitary Sewers

Hamilton Sanitary Pump Station

This project includes the construction of the new Hamilton Sanitary Pump Station located at the southeast corner of Hamilton VLA Park and installation of new sanitary utility in the area. The purpose of the project is to provide sanitary service for the Willet sanitary catchment in order to support population densities projected by the Hamilton Official Community Plan Update. This area does not have an existing City sanitary system and is currently serviced by septic systems. The Construction contract is awarded and construction is scheduled to commence Spring 2020.

Sanitary Sewer Replacement – 6000 Block Buswell Street

During maintenance of the sanitary sewers around Buswell Street and Cooney Road, staff discovered a section of failed sanitary sewer in the 6000 Block of Buswell Street. Measures have been put in place to provide continuous sewer service to the surrounding properties. Design has been completed and the award of the construction contract is underway.

Water

Watermain Replacement Program

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

Buildings

Minoru Centre for Active Living

The Minoru Centre for Active Living project remains on budget. Omicron Construction is progressing with Lap Pool 1 reconstruction with all costs paid by insurance. Civil claims responses are being coordinated with the Law department and external counsel. The aquatics part of the facility is expected to open in the Fall of 2020. The Seniors Centre and Event Centre opened to the public on March 11, 2019 and the Fitness Centre opened on January 1, 2020. As a result of COVID-19 precautions, the entire facility was closed to the public on March 18, 2020.

Fire Hall 1

In support of the Solar Friendly Richmond Framework, photovoltaic panels will be installed on the roof of Brighthouse Fire Hall No. 1 facility. The contract for design and construction services has been awarded, however, as a result of COVID-19 precautions, construction is on hold.

Childcare Centres

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

- River Green Child Care - Aspac Development Ltd. (in design)
- Brighthouse Early Childhood Development Hub - Keltic Canada Development Co. Ltd. (under construction)
- Capstan Village - Pinnacle International (in construction)
- River Run Early Care and Learning Centre (Completed April 2020)

City Centre Community Police Office (CPO)

The City Centre CPO project remains on budget with construction now complete. Occupancy of the facility was granted March 6, 2020 and subsequently handed over to the RCMP for move in. Deficiency correction work is in progress and will be completed with no impact to current RCMP operations within the facility.

Gateway Theatre

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

Minoru Place Activity Centre

The Minoru Place Activity Centre will be repurposed to a Community Arts Program and Education space. The detailed design phase of the project has been completed. Tender documents were prepared; however, as a result of COVID-19 precautions, tendering for construction services is on hold.

Works Yard Recycling Depot – Eco Centre

Configuration changes and site improvements to update ageing infrastructure and improve operations will include a new site, a classroom for environmental programs, expansion of the hazardous waste materials area inclusive of tent covering, new steel awning spanning the centralized large recycling bins and new heavy equipment. The award of contract recommendation for construction services has been awarded.

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
INFRASTRUCTURE - ENGINEERING				
ROADS				
1	Streetlight LED Upgrade Program (2019)	Year 3 - Continuation of LED replacement program	\$430	Q3 2020
2	Neighbourhood Walkway Program (2019)	Cambie Road to Bridgeport Road	\$500	Q3 2020
3	River Parkway - Gilbert Road to Cambie Road (Phase 1) - Design (2017) River Parkway Road Extension - Gilbert Road to Cambie Road (2018) Cambie Road Improvement, River Road to No. 3 Road (2018) Leslie Road Improvement, River Parkway to approximately 150m to the east (2018) Watermain Replacement River Parkway (2018)	River Parkway Road Extension - Gilbert Road to Cambie Road	\$15,045	Q3 2020
4	Railway Crossings and Environmental Works (2018)	Westminster and Nelson rail crossings and environmental works at Woodward's Slough	\$3,384	Q3 2020
5	Transit-Related Roadway Improvement Program (2020)	Various locations Citywide including Westminster Hwy at No. 8 Road, Railway Avenue at Linfield Gate, Railway Avenue at Lancing Road, and Railway Avenue at Maple Road.	\$500	Q4 2020
6	Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018)	Alderbridge Way Multi-Use Pathway - Shell Road to No. 4 Road	\$1,200	Q4 2020
7	Arterial Roadway Improvement Program (2019)	Railway Greenway intersections at Blundell Road, Francis Road and Williams Road	\$450	Q4 2020
8	Garden City Road Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road (2019)	Garden City Pedestrian and Cyclist Enhancements - Westminster Highway to Lansdowne Road	\$1,000	Q4 2020
9	Annual Asphalt Re-Paving Program - MRN (2020)	Annual asphalt re-paving	\$1,554	Q4 2020
10	Annual Asphalt Re-Paving Program - Non-MRN (2020)	Annual asphalt re-paving	\$3,288	Q4 2020

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
11	Arterial Roadway Improvement Program (2018)	River Road Sidewalk - No. 6 Road to Burdette Street, Sidewalk Upgrades - Lucas at No. 3 Road	\$350	Q1 2021
12	Street Light LED Upgrade Program (2020)	Year 4 - Continuation of LED replacement program	\$400	Q2 2021
13	Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (2019)	Steveston Highway Multi-Use Pathway - Shell Road to Mortfield Gate	\$2,000	Q2 2021
14	No. 4 Road Reconstruction from Blundell Road to Granville Ave (2018) Box Culvert Repair (2018)	Granville Avenue to Blundell Road	\$3,286	Q3 2021
15	Bridge Rehabilitation Program (2018)	Various locations Citywide including West Dikes Bridge and Bird Road Bridge	\$290	Q3 2021
16	Active Transportation Improvement Program (2018) Active Transportation Improvement Program (2019)	Odlin Road Bike Route, Westminster Highway Multi-Use Pathway - No. 6 Road to No. 7 Road, and Charles Street Multi-Use Pathway - Sexsmith to Bridgeport Canada Line Station	\$2,000	Q4 2021
DRAINAGE				
17	Gilley and Westminster Hwy Culvert Replacement (2016)	Replacement of existing culvert at intersection	\$1,250	Complete
18	Burkeville Drainage Improvements (2018)	Burkeville Drainage Upgrades (First phase of construction)	\$2,000	Q3 2020
19	East Richmond Drainage & Irrigation Upgrades (2017)	Irrigation gate installation, ditch regrading and culvert upgrades at various locations Citywide including Steveston Hwy, Sidaway Rd and Palmberg Rd.	\$1,285	Q3 2020
20	Laneway Drainage Upgrade - Herbert East Lane (2019)	Laneway Drainage Upgrade in Herbert Road east Lane.	\$542	Q4 2020
21	Headwall Replacement and Ditch Infills (2018) Watercourse Crossing Rehabilitation & Replacement (2020)	Various Locations City Wide including the Steveston area, No. 9 Road and Dyke Road, and No. 7 Road and Cambie Road	\$800	Q4 2020
22	Heather Street Improvement (2019)	Neighbourhood improvement on Heather Street, from Francis Road to Dayton Avenue	\$1,757	Q4 2020
23	Burkeville Utility Improvements Drainage (2020)	Burkeville Drainage Upgrades (Second phase of construction)	\$2,236	Q1 2021

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
24	Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020)	First phase of drainage pump station upgrades and perimeter dike raising design as per the awarded Disaster Mitigation and Adaptation Fund including construction of dike upgrades from No. 3 Road to Finn Slough	\$4,516	Q3 2021
25	2016 Flood Protection Program (2016)	South dike upgrades - No. 3 Road to Gilbert Road, Horseshoe Slough Pump Station, No. 7 Road South Drainage Pump Station, Shell North Drainage Pump Station, No. 2 Road South Drainage Pump Station	\$28,229	Q3 2021
26	Canal Stabilization (2017) Canal Stabilization (2020)	Canal stabilization and assessments and geotechnical investigations for various sections of canal Citywide including No. 9 Road and No. 6 Road	\$800	Q4 2021
27	East Richmond Drainage & Irrigation Upgrades (2018)	Irrigation gate installation, ditch regrading and culvert upgrades at various locations City wide including Woodward Slough, Westminster Highway and No. 7 Road, and No. 7 Road and Granville Avenue; and to address general drainage and irrigation issues throughout the City.	\$1,466	Q4 2021
	East Richmond Drainage & Irrigation Upgrades (2020)			
28	Laneway Drainage Upgrade (2020)	Laneway drainage upgrade in Greenlees Road east lane, Bates Road east lane, and Bates Road south lane.	\$1,460	Q4 2021
SANITARY				
29	Sanitary Sewer Replacement - 6000 Block Buswell Street (2020)	Sanitary sewer replacement to address failed sewer sections in the 6000 Block of Buswell Street	\$1,500	Q3 2020
30	Burkeville Utility Improvements - Sanitary (2019)	Burkeville Utility Upgrades - Sanitary (First phase of construction)	\$1,133	Q4 2020
31	Burkeville Utility Improvements - Sanitary (2019)	Burkeville Utility Upgrades - Sanitary (Second phase of construction)	\$1,133	Q1 2021
32	Hamilton Area Sanitary Sewer and Pump Station (2020)	Sanitary Pump station located in Hamilton VLA Park	\$2,800	Q1 2021
33	Eckersley B Sanitary Pump Station (2020)	Eckersley B Sanitary Pump Station	\$5,100	Q1 2021

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
34	Sanitary Sewer Tie-in and Restoration (2020)	Sanitary Sewer Tie-in and Restoration	\$150	Q1 2021
35	Steveston Gravity Sewer Replacement and Rehabilitation (2018)	Steveston Gravity Sewer Assessment, Replacement and Rehabilitation	\$3,039	Q4 2021
WATER				
36	Watermain Replacement Program (2019)	Watermain Replacement Program - McDonald Road Area, Colbeck Area, Palmberg Area and Gilhurst/Bates Area	\$5,395	Q3 2020
37	Thompson Gate Pressure Reducing Valve Station (2017) Thompson Gate Pressure Reducing Valve Station (2020)	Water pressure reducing valve station to reduce Metro Vancouver's distribution pressure to local pressure to provide additional water service to the East Richmond area.	\$2,100	Q1 2021
38	Watermain Tie-in and Restoration (2020)	Watermain Tie-in and Restoration	\$400	Q1 2021
39	Water Metering Program (2020)	Upgrade touch pad meters to radio meters; volunteer multi-family dwelling meters	\$1,200	Q1 2021
40	Watermain Replacement Upgrades Program (2020)	Watermain Replacement Program - No. 4 Rd, Chatsworth/Chelmsford Area, Bridgeport/Olafsen Area and Monteith Area.	\$5,793	Q4 2021
BUILDINGS - PROJECT DEVELOPMENT				
41	Minoru Arenas Infrastructure Replacements (2017)	Low ammonia Refrigeration System and building envelope upgrade	\$1,859	Complete
42	Enhanced Community Centre Police Office (2018)	Construction of tenant improvement for support relocation of CPO to City Hall West	\$6,500	Complete
43	Building Renovations - Fire Hall 2 (2019)	Interior Additions - Dorm Rooms	\$110	Complete
44	East Richmond Community Hall Envelope and Mechanical System Renewals (2019)	Systems Renewal	\$402	Complete
45	Library Cultural Centre Conveyance Replacements (2019)	Conveyance Replacement	\$709	Q3 2020
46	Minoru Centre for Active Living (2014)	New Construction of an Aquatics Centre and Older Adults Centre	* \$83,100	Q3 2020

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
47	Minoru Centre for Active Living - Lap Pool 1 Reconstruction (2020)	Reconstruction of Lap Pool 1	\$3,000	Q3 2020
48	City Hall Annex Renovation (2018)	Renovation	\$5,700	Q3 2020
49	City Hall Annex Transformer Replacement (2019)	Transformer Replacement	\$500	Q4 2020
50	City Hall Upgrades and Repairs (2019)	Mechanical Upgrades and repairs	\$980	Q4 2020
51	Recycling Depot - Potential Eco Centre Upgrade Options (19) (2019)	Recycling Depot - Eco Centre	\$1,226	Q4 2020
52	Solar Energy Systems for Fire Hall 1 (2017)	Solar Photovoltaic Panels - Energy Systems	\$455	Q4 2020
53	Gateway Theatre (2016, 2018, 2019)	Main Stage Lighting Replacement, Infrastructure Replacements – Phase 1 and Phase 2, Lighting Infrastructure and System Renewal	\$8,095	Q4 2020
54	London Farm House Envelope Renewals (2019)	Envelope Renewals	\$376	Q4 2020
55	Minor Capital Buildings Project Development (2018)	76 projects (roof replacement, flooring, mechanical equipment, etc.)	\$4,334	Q4 2020
56	Community Safety Building - Mechanical Component Replacements and Associated Works (2020)	Components Replacement	\$1,350	Q1 2021
57	Lawn Bowling Club Replacement (2018)	Replacement of Clubhouse	\$5,300	Q3 2021
58	Minoru Arena System Renewals (2019)	Systems Renewal	\$3,300	Q3 2021
59	Works Yard Salt Shed Repairs (2019)	Salt Shed Repair	\$266	Q3 2021
60	Works Yard Ageing Mechanical and Building Envelope Infrastructure Replacement (2018)	Design of site wide infrastructure replacements	\$2,515	Q3 2021
61	Works Yard Mechanical Replacements (2019)	Mechanical Systems Replacement	\$1,707	Q3 2021
62	Works Yard Electrical Service Upgrade and EV Infrastructure (2020)	Electrical Upgrade and EV Infrastructure	\$1,688	Q3 2021

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
63	Minoru Place Activity Centre Program – Implementation (2019)	Repurposing	\$2,511	Q4 2021
64	Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (2019)	Mechanical and Envelope Replacement	\$1,341	Q4 2021
65	Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works (2020)	Infrastructure Replacements	\$1,601	Q4 2021
66	City Hall - Replacement of Mechanical, Life/Safety, and Envelope Components and Associated Works (2020)	Replacement Components	\$2,630	Q4 2021
67	Phoenix Net Loft Design (2017)	Design	\$500	Q2 2022
68	Phoenix Net Loft Building Stabilization (2018)	Stabilization	\$19,440	Q3 2022
69	Animal Shelter Replacement (2018)	Replacement	\$8,000	Q4 2022
70	Richmond Ice Centre Infrastructure Renewals - Phase 1 (2020)	Renewals	\$6,850	Q3 2023

*Includes multi-project contingency

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

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

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

Aberdeen Park Phase 2 and 3:

Approved Budget: \$2,050,000 (2018 & 2019) 20% Complete

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

The Gardens Agricultural Park:

Approved Budget: \$1,100,000 (2015) 65% Complete

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

Parks Aging Infrastructure 2018:

Approved Budget: \$900,000 (2018) 80% Complete

- King George Spray Park Resurfacing was completed on June 22, 2018.
- No. 2 Road Pier – Structural Conditional Assessment was completed in August 2018. Planning and preparation for the construction repairs scheduled for 2020.
- Richmond Nature Park entry enhancements that included pathway replacement, fencing and a new bike rack were completed in Spring 2020. Tree and shrub planting to take place Fall 2020.
- No. 2 Road Pile Foundation Repairs currently underway and anticipated to be completed in the Summer.

Capital Highlights**Community
Services/Parks***Parks Identity Signage Program:*

Approved Budget: \$300,000 (2019 & 2020) 40% Complete

- The design and fabrication of various Park and Open Space signage including wayfinding and identity signs. Sites include the South Dike, Shell Road Trail, Horseshoe Slough, and various neighbourhood park locations.

Playground Improvement & Replacement:

Approved Budget: \$1,100,000 (2018 & 2020) 30% Complete

South Arm Community Park Playground

- Public engagement process took place in Fall 2019.
- Concept plan options and preliminary pricing is being developed.
- Request For Proposal and contract award process for design-build services to tentatively take place Fall 2020.
- Construction expected to start in early Spring 2021.

Talmey Neighbourhood School Park and Garnet Tot Lot Playgrounds

- Request For Proposal and contract award process for design-build services to tentatively take place in Spring/Summer 2020.
- Construction anticipated to start in Fall 2020.

Steveston Community Park Playground Partial Replacement

- On hold until the location for the future Steveston Community Centre has been determined .

London/Steveston Park Enhancements:

Approved Budget: \$550,000 (2017 & 2019) 80% Complete

- Construction of new landforms and pathways were completed in Summer 2019.
- Tree planting and grass establishment were completed in Fall 2019.
- The contract for design-build services for the children's playground was awarded in August 2019.
- Construction of the playground, half-court basketball plaza and park shelter are expected to start in June 2020 and be completed by Fall/Winter 2020.

Capital Highlights**Community
Services/Parks***Hollybridge Pier/Middle Arm:*

Approved Budget: \$2,350,000 (2010, 2012 & 2015) 30% Complete

- Continuation of the Oval West waterfront development as part of the Middle Arm waterfront with a new public pier at the end of Hollybridge Way.
- Contract for design services for the pier has been awarded to Amec Foster Wheeler.
- Contract for construction services for the pier has been awarded to Fraser River Pile & Dredge.
- **Project delayed.** Awaiting permitting/construction approvals from the Ministry of Forest, Lands and Resources Operations and First Nations consultation. The Musqueam Band is opposing the project and has requested further consultation with the City of Richmond.

Parks Aging Infrastructure 2019:

Approved Budget: \$550,000 (2019) 75% Complete

- McNair Sandfield Renewal – Upgrades to the soccer and rugby sized (70x120 m) sand field included new irrigation heads and replacement of the existing sand base and grass sod began in late-May 2019 and was completed in mid-June 2019.
- Minoru Tennis Courts – perimeter fence replacement on the Richmond Tennis Club facility was completed in July.
- Minoru Tennis Court Repairs and Resurfacing was completed in August.
- King George Tennis Court Repairs and Resurfacing was completed in August.
- King George Waterpark – UV System upgrades - the design build of a secondary UV filtration system as per the new standards/requirements from Vancouver Coastal Health Authorities. Anticipated installation in the Summer of 2020.
- London Steveston Sandfield Renewal scheduled for Spring/Summer 2020.

Hugh Boyd Fields – Artificial Turf Replacement 2019:

Approved Budget: \$1,800,000 (2019) 95% Complete

- Project substantially completed
- Minor landscaping and fencing upgrades underway

Alexandra Park (formerly West Cambie Park):

Approved Budget: \$1,704,000 (2010, 2016 & 2019) 55% Complete

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

Minoru Oval – Replacement of the Artificial Sports Surfacing System 2020:

Approved Budget: \$1,030,000 (2020) 15% Complete

- Tender evaluation currently underway
- Construction anticipated for June

Parks Aging Infrastructure 2020:

Approved Budget: \$590,000 (2020) 75% Complete

- Replacement of approximately 25 spectator bleacher units at various sports field locations - RFP preparation is underway
- Sandfield Renewal at London Steveston Park – Design underway with construction anticipated for Spring 2020
- Quotation evaluations for sports surfacing renewal at Hugh Boyd and South Arm tennis courts ongoing

Parks General Development 2020:

Approved Budget: \$400,000 (2020) 25% Complete

- Installation of new fence sections at South Arm Park, and installations of new and upgraded fence sections at Hugh Boyd Park for pickleball courts and tennis courts
- Supply and installation of drinking fountains at various locations

Lang Park Completion 2020:

Approved Budget: \$250,000 (2020) 35% Complete

- New table tennis tables purchased and awaiting public facilities to re-open prior to installation on site
- Book kiosk construction and installation on queue for City Carpenters
- Stainless steel canopy structure contract awarded and now on queue for installation, target completion in Fall 2020

Minoru Lakes Renewal 2020:

Approved Budget: \$6,060,000 (2018, 2019 & 2020) 10% Complete

- Detailed design and costing currently at 80% completion
- Detailed design and costing expected to be complete in June 2020
- Phase one construction tender and award process to tentatively take place in July 2020 pending COVID-19 related impacts and restrictions



City of Richmond

Report to Committee

To: Finance Committee

Date: May 20, 2020

From: Jerry Chong
Director, Finance

File: 03-0970-09-01/2020-
Vol 01

Re: Financial Information – 1st Quarter March 31, 2020

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2020”, dated May 20, 2020 from the Director, Finance be received for information.

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

Att: 5

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

Origin

Pre-audited financial information for the 1st quarter ended on March 31, 2020 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City) financial results throughout the year and before the annual audited financial statements are presented.

The COVID-19 pandemic began to impact the City's financial results mid-March. The City has closed many of its public facilities, including libraries, community and recreation centres, and cultural facilities. These closures and other reductions in revenue such as gaming revenues and investment income will have a significant impact on future quarterly results. The length of the economic disruption and recovery is uncertain at this time

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

5.1 Maintain a strong and robust financial position.

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

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

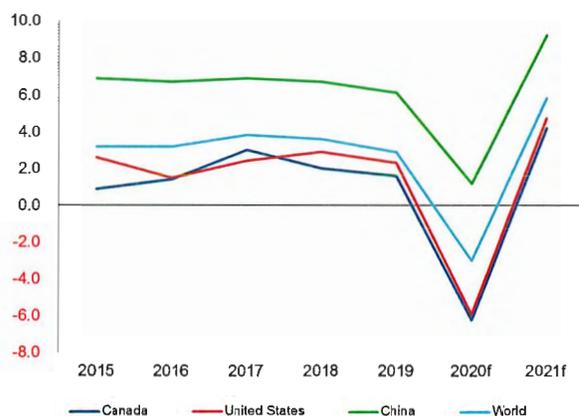
Analysis

Macroeconomic Indicators & Forecast

The COVID-19 pandemic continues to have a significant impact on regional, national and global economies as necessary public health protection measures are drastically impacting daily life and economic activity.

As the situation is evolving rapidly, it is difficult for economists to provide accurate forecasts of economic indicators such as Gross Domestic Product (GDP), interest rates and exchange rates. The statistics below are provided based on a point in time analysis and will be subject to change over the weeks and months to follow as the full impacts of the pandemic are measured and assessed.

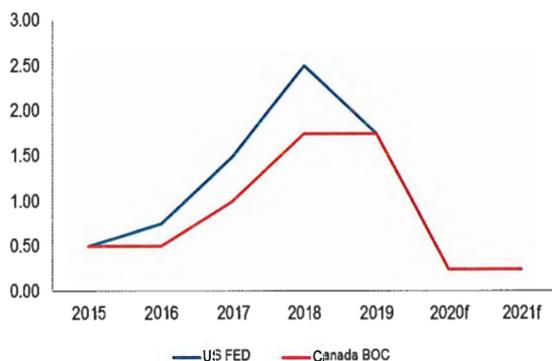
1) Global Growth – Real GDP % Change¹



- The International Monetary Fund (IMF) projects the global economy will contract by 3.0% in 2020, a sharper decline than during the 2008 financial crisis.
- In Canada, the GDP is forecast to decline by 6.2% in 2020. The U.S. economy is forecast to decline by 5.9% in 2020.
- Assuming containment efforts will gradually lift beginning in the second half of 2020, the global economy is projected to grow by 5.8% in 2021 while Canadian and the U.S. GDP growth are forecast to be 4.2% and 4.7%, respectively.
- These forecast figures are uncertain and are heavily dependent on the timing and extent of global and domestic economic recovery. It will also depend on the effectiveness of public health measures and the impact of targeted policy support.

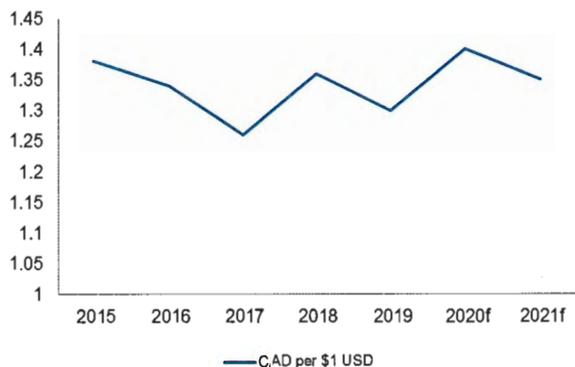
¹ International Monetary Fund, *World Economic Outlook (April 2020)*

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



- At the end of Q1 2020, the Bank of Canada (BoC) cut the overnight lending rate to 0.25%, its effective lower bound. This was part of the Canadian government’s monetary and fiscal policy measures to combat the economic conditions resulting from COVID-19.
- The BoC rate is forecast to remain at its lower bound at the end of 2020 and throughout 2021 as gradual economic recovery occurs.
- The U.S. Federal Reserve (US FED) rate was also reduced to 0.25% where it is expected to remain at the end of 2020 and throughout 2021.

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



- Prior to the global pandemic, declining oil prices had negatively impacted the Canadian currency.
- The Canadian dollar is expected to further depreciate against the US dollar, ending 2020 at \$1.40 CAD per \$1 USD and rebounding slightly in 2021 to \$1.35 CAD per \$1 USD.
- The weaker Canadian dollar may benefit non-commodity exports as the economy recovers.

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (April 2020)

³ Royal Bank Economic Research Forecast (April 2020)

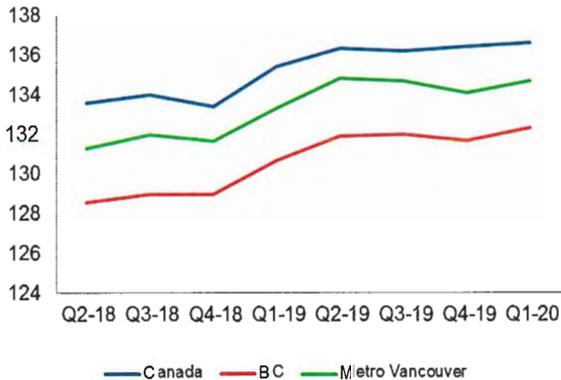
Regional & Local Economic Activity Indicators

4) Unemployment⁴



- The national unemployment rate increased by 2.2 basis points in March 2020, the largest monthly change since comparable data became available in 1976. This is largely due to necessary widespread business closures and resulting temporary layoffs.
- Jobs in aviation, accommodation, hospitality, entertainment and cultural industries have been most impacted.
- At the end of Q1 2020, Canada, BC and Metro Vancouver unemployment rates increased to 7.8%, 7.2% and 5.3%, respectively.
- The extent of the temporary and permanent job losses that will occur as a result of the economic downturn is not determinable at this time.

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

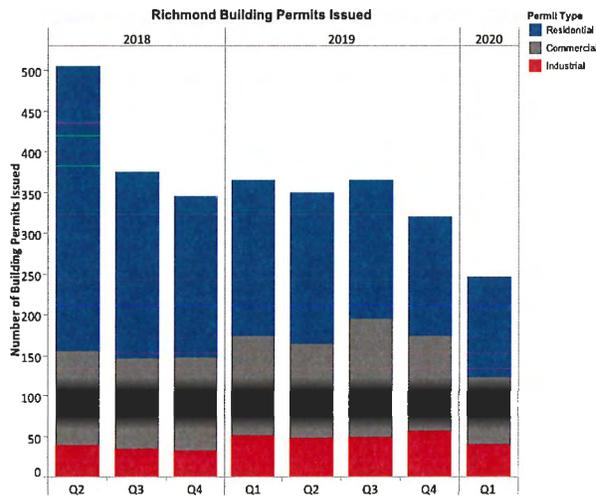


- At the end of Q1 2020, the CPI climbed by 0.9% in Canada, 1.2% in British Columbia and 1.1% in Metro Vancouver, compared to the same period last year.
- The direct and indirect effects of COVID-19 are expected to drag CPI inflation below BoC’s targeted range between 1 and 3 percent.
- In the near term, Canadians will see increases in prices of some items due to supply constraints. However, the decline in gasoline prices and the effects of lower demand are expected to weigh on the downside.

⁴ Statistics Canada

⁵ Statistics Canada

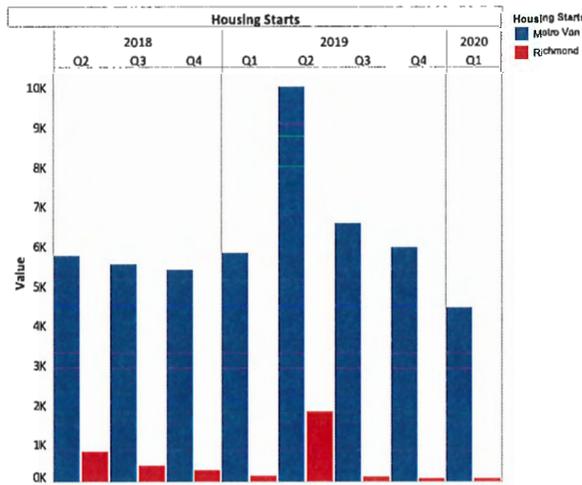
6) Building Permits – Richmond⁶



- In Q1 2020, there were 123 residential, 83 commercial, and 40 industrial building permits issued in Richmond.
- This represents a 33% decrease in the number of building permits issued over the same period last year, however, this is not indicative of the number of permits that are in-stream and under review as the number of applications received has increased over the same period in 2019.
- This data is also indicative of a trend for fewer, but larger and more complex multi-family project applications that take significantly longer to process. These applications may result in lower permit issuances in certain periods, but will ultimately result in more housing units and higher construction value.
- \$95 million in construction value was approved by permit issuance in Q1 2020. This is down from a record-breaking year in 2019 but is expected to increase throughout the year as in-stream projects are issued with full building permits, and constructed.

⁶ City of Richmond Building Permits

7) Housing Starts⁷



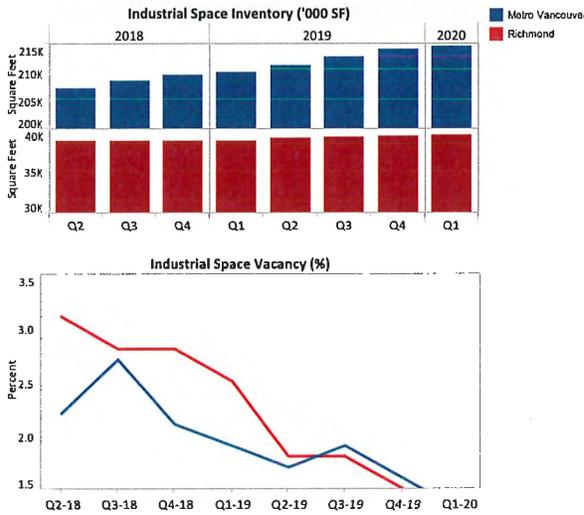
- In Q1 2020, there were 72 housing starts in Richmond and 4,380 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on their verification that construction work has commenced⁸.
- Housing starts in Richmond and Metro Vancouver declined by 49% and 24%, respectively, over the same period in 2019.
- Prior to the pandemic, the construction industry in Metro Vancouver was facing capacity constraints, such as a tight labour market, that were impacting some development activity.
- The change in CHMC’s housing start data for Richmond in Q1 2020 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.
- The impact of COVID-19 on residential construction activity is not yet determinable.

⁷ Canada Mortgage and Housing Corporation

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

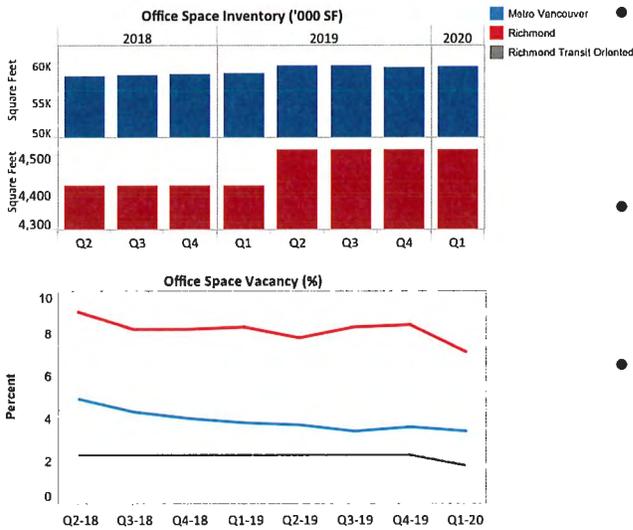
8) Commercial Space⁹

a) Industrial Space



- 620,000 square feet of industrial space has been added to Richmond’s inventory over the last year with projects in progress such as the Richmond Industrial Center phased development.
- Notwithstanding the addition of this new industrial product, the vacancy rate has declined to 1.2% in Q1 2020.
- Despite 4.6 million square feet of new industrial inventory added throughout Metro Vancouver over the past year, the region continues to face an acute shortage of industrial land.
- The industrial space vacancy rate for Metro Vancouver in Q1 2020 was at 1.3%.

b) Office Space

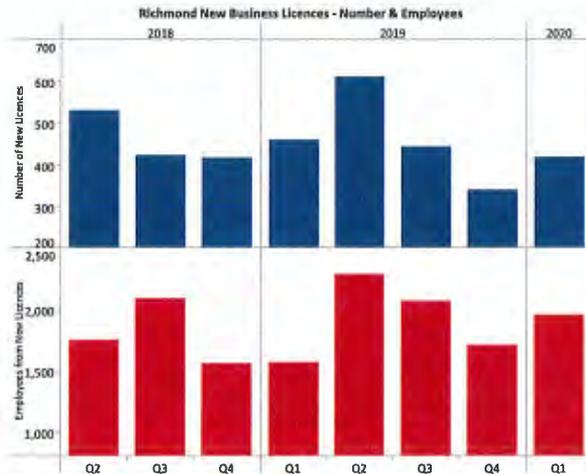


- No new office product was added to Richmond’s inventory during Q1 2020, but it was increased by 98,000 square feet since Q1 2019. Multiple projects are currently in the proposal or development stage.
- At the end of Q1 2020, Richmond’s office vacancy rate was 7.2%. In areas located near rapid transit stations or City Center amenities, office vacancy is lower at 1.8%.
- 925,000 square feet of office space has been added to Metro Vancouver’s inventory since Q1 2019. The regional vacancy rate for office space continues its downward trend and ended the first quarter of 2020 at 3.4%.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

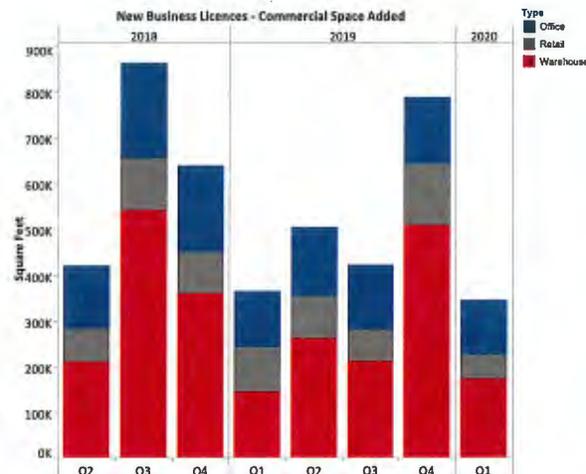
9) Business Growth – Richmond

a) New Business Licences



- 417 new business licences were issued by the City of Richmond in the first quarter of 2020, a decrease of 9.0% compared to the same period last year.
- The addition of 1,952 jobs was attributed to these new businesses.
- The number of total valid business licenses has dropped since Q4 2019 from 14,487 to 14,039. This is due to a larger share of businesses that have not yet applied to have their licences renewed, likely due to disruptions caused by COVID-19.
- The number of businesses that closed temporarily or permanently as a result of COVID-19 is not yet known.
- City staff are monitoring this situation and connecting local businesses with available support and resources, in an attempt to mitigate permanent business closures in the community.

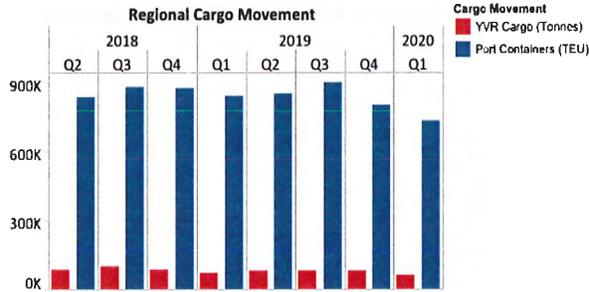
b) New Business Licences – Commercial Space



- Throughout the first quarter of 2020, the absorption of 345,200 square feet of commercial space was attributed to the 417 new business licences issued.
- As industrial users typically require more space, half of total commercial space absorption was warehouse-type industrial space.
- 35% of commercial absorption in the first quarter of 2020 was related to office-based businesses, while 15% of commercial space absorption throughout this period was from retail businesses.

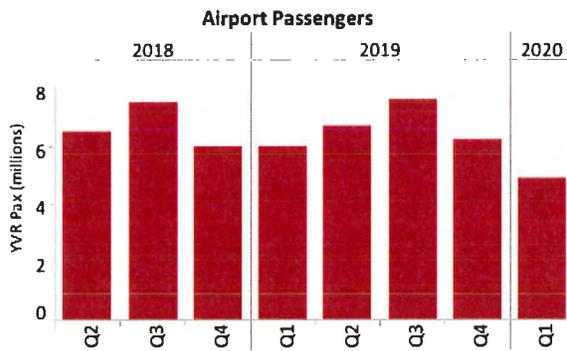
10) Goods and People Movement

a) Regional Cargo Movement¹⁰



- The Port of Vancouver experienced a decline in cargo volumes of 13% in Q1 2020 over the same period in 2019, as measured by Twenty Foot Equivalents (TEUs).
- At the Vancouver International Airport (YVR), 62,384 tonnes of air cargo was handled throughout the first three months of 2020, a decrease of 11% over the same period last year.
- Supply chain disruptions caused by the global pandemic will likely continue to affect cargo volumes in the short and medium terms.

b) Airport Passengers¹¹



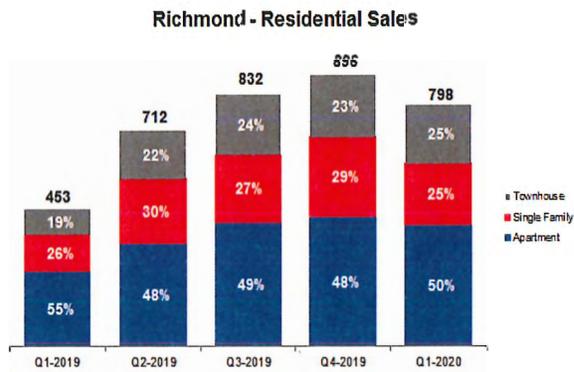
- After a record year of passenger volumes at YVR in 2019, 2020 took a turn as the global pandemic severely impacted air travel.
- Passenger volumes in the first three months of 2020 were 4.9 million, down by 18% over the same period last year.
- As of late May, YVR forecast that the airport will serve between 8 and 15 million passengers annually for the next three years, down from a record of 26.4 million passengers in 2019.

¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

Residential Real Estate¹²

The first three months of 2020 saw steady home buyer demand across Richmond. Many of the sales recorded in March were already in process prior to the provincial government declaring a state of emergency due to COVID-19. Residential sales in the second quarter may be reduced due to tightened rules and restrictions on public movement.

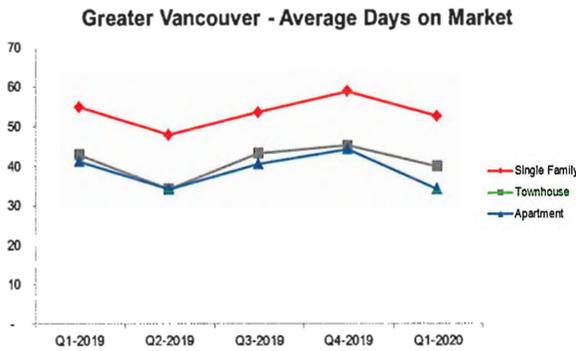


- Single family detached (SFD) home sales increased by 68% year-over-year.
- Apartment and townhouse sales increased by 61% and 132%, respectively, compared to Q1 2019.
- Apartment sales comprised half of the residential home sales in Richmond. Each of SFD and townhouse sales account for 25% of home sales in Richmond.
- There were 798 residential home sales in Richmond by the end of Q1 2020, a 76% increase compared to the same period last year.

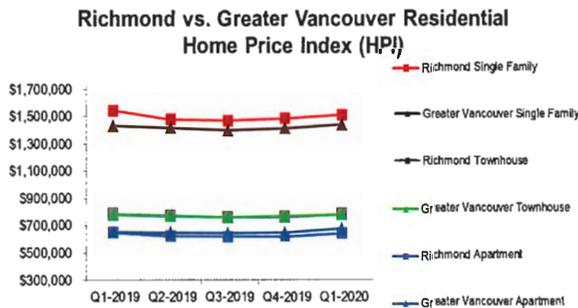


- Richmond residential properties had a sales-to-active listing ratio of 23% as at March 31, 2020 representing a steady market. SFD, however, are still in a buyer's market with sales-to-active listing ratio of 18%. The market is normalizing for both townhouses and apartments.

¹² Real Estate Board of Greater Vancouver



- At Q1 2020, SFD properties in GVRD had an average of 53 days on the market, which decreased by 3.6% compared to Q1 2019.
- Townhouses and apartments had an average of 40 and 34 days on the market, respectively, which represents a decrease of 7.0% and 17%, respectively, over the same period in 2019.

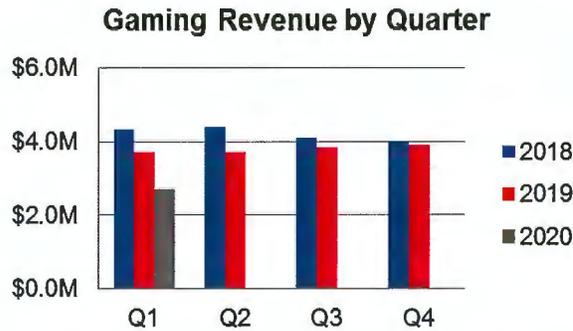


- The Home Price Index (HPI)¹³ for SFD properties in Richmond at Q1 2020 was \$1,522,800, a decrease of 1.6% compared to Q1 2019. The GVRD housing market has slightly increased with SFD properties priced at \$1,450,700, a 1.0% increase compared to the same quarter last year.
- At Q1 2020, the HPI for townhouse properties in Richmond was \$795,000, an increase of 0.4% compared to Q1 2019. The HPI for townhome properties in GVRD was \$791,800, which represented a 1.0% increase compared to the same quarter last year.
- The HPI for apartments was \$655,200, an increase of 0.3% compared to Q1 2019. GVRD's apartment prices increased to \$687,000, which was a 4.6% increase from Q1 2019.

Gaming Revenue

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

¹³ Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.



- Gaming revenue for Q1 2020 decreased by 26.9% to \$2.7M compared to \$3.7M in Q1 2019.
- Q1 2020 decreased by 30.7% compared to the previous quarter.
- At the end of Q1 2020, the City received 18.7% of the 2020 annual budgeted of \$14.5M for gaming revenue.

As of midnight on March 15, 2020, the River Rock Casino suspended all operations due to concerns over the spread of COVID-19. The decision to close was made by the gaming corporation in conjunction with the British Columbia Lottery Corporation.

As of April 29, 2020, River Rock Casino continues to suspend its operations. It is not known when operations may resume.

Prior to the pandemic, Council adopted the Consolidated 5 Year Financial Plan (2020-2024) on January 27, 2020, which included the budgeted gaming revenue allocation for 2020. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the Capital Building and Infrastructure Reserve. The distribution is consistent with the 2019 budgeted gaming revenue allocation.

Since it is likely that the City will receive significantly less gaming revenue than the \$14.5M included in the 2020 gaming revenue allocation, the allocations have been grouped by priority order where the highest priority items will receive the gaming allocation up to the prescribed distribution % allocation first, then the lower priority items will receive any remaining funds received in the year. The high priority items, ranked as 1 in Table 1 below are considered as such due to it being mandatory or already executed.

Table 1: *Distribution of the 2020 gaming revenue allocation*

	Distribution	Priority	2020 Budget
Capital Reserves	30%	3	\$4.3M
Grants	15%	1	2.2M
Council Community Initiatives Account	2%	3	0.3M
Debt Servicing	Fixed	1	5.0M
Operating (RCMP)	Four Officers	2	0.7M
Capital Building and Infrastructure Reserve	Remainder	4	2.0M
Total			\$14.5M

The City will continue to monitor the impact of COVID-19 and the allocation of gaming revenue accordingly.

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2020. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received. The impact of COVID-19 to the first quarter results does not represent the full impact of the pandemic event as many of the areas were starting to be impacted mid to late March.

Table 2: *Net Operational Activity for the period January 1, 2020 to March 31, 2020 (in \$000's)*

Net operational activity ¹	Unaudited 2020 results			
	2020 YTD Net Budget ³	2020 YTD Actuals and Commitments ⁴	Variance YTD (\$)	Variance YTD(%)
Division/Department ²				
Community Safety ⁵	(\$1,129)	(\$1,183)	\$54	5%
Community Services	12,267	12,254	13	0%
Corporate Administration	3,412	3,252	160	5%
Engineering and Public Works	9,746	9,103	643	7%
Finance and Corporate Services	6,260	5,870	390	6%
Fire Rescue	10,148	9,288	860	8%
Library	3,011	3,024	(13)	0%
Planning and Development	1,634	1,254	380	23%
Policing	14,974	14,656	318	2%
Fiscal	(59,136)	(59,266)	130	0%
Total Operating	\$1,187	(\$1,748)	\$2,935	
Water utility	(927)	(1,529)	602	65%
Sanitary sewer utility	(1,323)	(1,456)	133	10%
Sanitation and recycling utility	301	(255)	556	185%
Total Utilities	(\$1,949)	(\$3,240)	\$1,291	

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

²Based on organizational structure in place as of March 31, 2020

³The Net Budget is based on the operating budget approved by Council on December 9, 2019.

⁴Includes budgeted equity transactions such as transfer to reserves, transfer to provision etc. This does not reflect budget changes approved by Council on April 14, 2020.

⁵Includes Community Safety Administration, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2020 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by timing required to fill vacant positions and timing operating expenses, offset by lower parking and business licence revenues due to COVID-19 impacts.
- Community Services is on budget for the first quarter. There were marginal impacts due to the short duration of the COVID-19 impact within the Q1 timeframe with a decrease in Recreation revenue offset by vacant positions.

- Corporate Administration's favourable variance is mainly driven by vacant positions offset by legal fees incurred.
- Engineering and Public Works' favourable net operating variance is mainly due to less spending to date on contract expenses and higher than budgeted Servicing Agreement administration revenues.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is mainly due to timing required to hire the additional 12 firefighter positions, which were filled in early March 2020.
- The Library is on budget.
- Planning and Development's favourable variance is due to various vacant positions.
- Policing's favourable variance is due to a combination of timing required to fill the 12 officer positions, various municipal positions to support the RCMP detachment and slight increase in grow-op cost recoveries. The budget was subsequently revised and the 12 positions are deferred until a future year, therefore future projections will be adjusted accordingly.
- Fiscal is on budget.
- Water Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments.
- Sanitary Sewer Utility's favourable variance is mainly due to less spending on operating projects.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted revenue from Recycle BC, and lower garbage and recycling processing fees.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2020, with comparative figures for 2019 is included in Attachment 3.

Cash and Investment Portfolio

As of March 31, 2020, the City’s total cash and investment balance totalled \$1.19 billion with a weighted average yield of 2.05%. The overall cash and investment balance is comprised of \$841.3 million in investments and \$344.6 million in interest bearing cash account (Attachment 4).

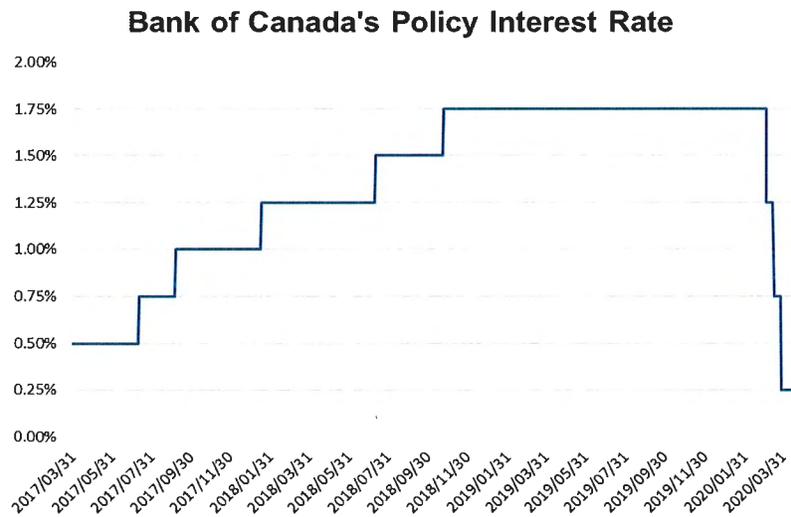
Table 3: *Market Interest Rates (for analytical purposes only)*

	March 31, 2020	December 31, 2019
2 Year Government of Canada Bonds	0.62%	1.67%
5 Year Government of Canada Bonds	0.78%	1.64%
10 Year Government of Canada Bonds	0.88%	1.61%

Source: Bank of Canada

The necessary efforts to contain the COVID-19 pandemic have caused a sudden and deep contraction in economic activity and employment worldwide. The Canadian economy was in a solid position ahead of the COVID-19 outbreak, but has since been hit by widespread shutdowns and lower oil prices.

The pandemic-driven contraction has prompted decisive policy actions from the Bank of Canada to support individuals and businesses and to lay the foundation for economic recovery. During its scheduled interest rate announcement on March 4 and in two subsequent unscheduled announcements on March 13 and March 27, the Bank of Canada lowered its target for the overnight rate by a total of 1.50%, to its effective lower bound of 0.25% (see chart below). This policy decision was one of the measures that the Bank of Canada has taken to improve market function by ensuring that households and businesses continue to have access to the credit they need to bridge this difficult time.



This sudden stop to economic activity is unprecedented. The recent decline in interest rate to the historical low level is projected to reduce the City’s investment income by around 20% to 25% in

2020 as compared to prior year's level. The current interest rate has been recorded only once before, during the 2008-2009 recession.

The COVID-19 pandemic has impacted the world's economies and the changes in credit markets and government intervention have impacted interest rates and issuers' credit quality. The City has responded accordingly by reviewing its investment holdings and strategically repositioning its cash and investments to ensure that, amongst its investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions. In conjunction with advice from our investment managers, the City executed a series of investment transactions to ensure that the investment portfolio is adjusted to reduce potential risk exposure and to enhance flexibility and liquidity in order to support the City's ongoing operations during this unprecedented time of uncertainty.

To increase the City's liquidity while maintaining an optimal level of interest yield, the repositioning activities have resulted in the City holding approximately 51.71% of investments in Canadian banks as at March 31, 2020, which was over the permitted limit of 50% under the City's Investment Policy 3703. This slight deviation from the prescribed issuer's limit is temporary and is expected to be adjusted over the next few months as staff work to reposition the City's investment portfolio in response to the rapidly changing market conditions and policy decisions, which have direct impacts to the City's projected cash-flow requirements.

The City's overall credit risk exposure remains low because the City continues to maintain a diversified portfolio of strong credit quality investments. The City's primary investment objectives of capital preservation, liquidity, risk diversification and yield enhancement will continue to be the guiding principles as staff reposition the City's investment portfolio.

Contract Awards

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the first quarter, 32 contracts greater than \$75,000 were awarded totalling over \$9.1 million (Attachment 5).

Financial Impact

None.

Conclusion

At the end of the first quarter, the City maintained a sound financial position with minor impacts from COVID-19. Staff are closely monitoring the situation and making adjustments where applicable to mitigate the impacts. Building approvals are still underway and construction activities are expected to resume when public movement restrictions are lifted.



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

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

Economic Indicators**March 31, 2020****Macroeconomic Indicators & Forecast**

	2018	2019	Change	2020f	2021f
1) Real GDP (% at YE)					
Canada	2.0*	1.6	(20.0%)	(6.2)	4.2
United States	2.9	2.3	(20.7%)	(5.9)	4.7
China	6.7*	6.1	(9.0%)	1.2	9.2
World	3.6	2.9	(19.4%)	(3.0)	5.8
2) Interest Rates (at YE)					
Bank of Canada	1.75	1.75	0.0%	0.25	0.25
US FED	2.50	1.75	(30.0%)	0.25	0.25
3) Exchange Rate (at YE)					
CAD per \$1 USD	1.36	1.30	(4.4%)	1.40	1.35

Regional and Local Market Indicators

4) Unemployment (% at QE)	Q1-2020	Q4-2019	Change	Q1-2019	Change
Canada	7.8	5.6	39.3%	5.8	34.5%
BC	7.2	4.8	50.0%	4.6	56.5%
Metro Vancouver	5.3	4.8	10.4%	4.8	10.4%
5) CPI (2002=100) (at QE)	Q1-2020	Q4-2019	Change	Q1-2019	Change
Canada	136.6	136.4	0.1%	135.4	0.9%
BC	132.3	131.7	0.5%	130.7	1.2%
Metro Vancouver	134.7	134.1	0.4%	133.3	1.1%
6) Richmond Building Permits	Q1-2020	Q1-2019	Change		
Residential – New Construction [^]	31	73	(57.5%)		
Residential – Alterations	92	118	(22.0%)		
Residential Total	123	191	(35.6%)		
[^] Number of units from new residential construction	31	597	(94.8%)		
Residential	123	191	(35.6%)		
Commercial	83	123	(32.5%)		
Industrial	40	51	(21.6%)		
Building Permits Total	246	365	(32.6%)		
Construction Value (\$ million)	95.2	263.4	(63.9%)		
7) Housing Starts (Units)	Q1-2020	Q1-2019	Change		
Starts - Metro Vancouver	4,380	5,772	(24.1%)		
Starts - Richmond	72	142	(49.3%)		
8) Richmond Residential Sales Activity	Q1-2020	Q1-2019	Change		
Sales - Detached	201	120	67.5%		
Sales - Townhouse	195	84	132.1%		
Sales - Apartment	402	249	61.4%		
Sales - Total	798	453	76.2%		

Economic Indicators**March 31, 2020****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q1-2020	Q1-2019**	Change
Single Family Detached	18.4	6.3	192.1%
Tow nhouse	23.0	7.1	223.9%
Apartment	28.0	12.5	124.0%
Total	23.4	8.8	165.9%

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Single Family Detached	61	64	(4.7%)	53	55	(3.6%)
Tow nhouse	55	45	22.2%	40	43	(7.0%)
Apartment	43	51	(15.7%)	34	41	(17.1%)

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

Property Type	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Single Family Detached	1,523	1,547	(1.6%)	1,451	1,437	1.0%
Tow nhouse	795	792	0.4%	792	784	1.0%
Apartment	655	653	0.3%	687	657	4.6%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Office Vacancy (%)	7.2	8.3	(13.3%)	3.4	3.8	(10.5%)
Transit Oriented Office Vacancy (%)	1.8	2.3	(21.7%)	4.3	13.6	(68.4%)
Office Inventory (000 sf)	4,517	4,419	2.2%	59,594	58,669	1.6%
Industrial Vacancy (%)	1.2	2.5	(52.0%)	1.3	1.9	(31.6%)
Industrial Inventory (000 sf)	39,189	38,569	1.6%	214,565	209,930	2.2%

13) Richmond Business Growth

	Q1-2020	Q1-2019	Change
Total Valid Business Licences (at QE)	14,039	14,276	(1.7%)
New Licences - Number Issued	417	458	(9.0%)
New Licences - Employees	1,952	1,565	24.7%
New Licences - Office Added (sf)	120,642	122,384	(1.4%)
New Licences - Retail Added (sf)	51,896	97,704	(46.9%)
New Licences - Industrial Added (sf)	172,664	143,593	20.2%
Total Space Added (sf)/Avg. Change	345,202	363,681	(5.1%)

Economic Indicators**March 31, 2020****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2020	Q1-2019	Change
YVR Air Cargo (tonnes)	62,384	70,283*	(11.2%)
PMV Container Movement (TEUs)	734,855	843,039	(12.8%)
YVR Passengers (million)	4.9	6.0	(18.3%)

Notes:

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

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2020)
 2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (April 2020)
 4) & 5) Statistics Canada
 6) City of Richmond Building Permits
 7) Canada Mortgage and Housing Corporation
 8), 9) 10) & 11) Real Estate Board of Greater Vancouver
 12) Cushman & Wakefield Office and Industrial Market Beat Reports
 13) City of Richmond Business Licences
 14) Port of Vancouver Monthly Cargo Statistics
 YVR monthly statistics

Financial and Key Indicators**March 31, 2020**

(All dollar amounts in \$000's)

	Q1-2020	Q1-2019	Change
1) Development Cost Charges Contributions			
Roads, Water, Sewer DCC's Received	\$10,809	\$10,904	(0.9%)
Parks DCC's Received	\$5,707	\$5,631	1.3%
Total DCC Fees Received	\$16,516	\$16,535	(0.1%)
DCC Reserves – Uncommitted balance at QE	\$131,803	\$105,856	24.5%
2) Uncommitted Reserves (at QE)	Q1-2020	Q1-2019	Change
Capital Funding Reserves	\$147,478	\$140,554	4.9%
Utility Reserves	\$74,000	\$101,912	(27.4%)
Affordable Housing Reserves	\$4,233	\$3,315	27.7%
Other Reserves	\$61,867	\$84,137	(26.5%)
Total Uncommitted Reserves	\$287,578	\$329,918	(12.8%)
3) Taxes to date	Q1-2020	Q1-2019	Change
Taxes Collected	\$12,009	\$11,167	7.5%
City Portion of Taxes Collected	\$5,884	\$5,472	7.5%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,555	\$8,763	(2.4%)
No. of Participants on Pre-authorized withdrawal (at QE)	6,477	6,321	2.5%
Pre-authorized withdrawals payments	\$10,128	\$8,859	14.3%
Interest rate % paid	1.95%	1.95%	0.0%
<i>Sources: All data is from City of Richmond records</i>			
4) Cash and Investments	Q1-2020	Q1-2019	Change
Investments	\$841,271	\$906,266	(7.2%)
Cash (includes high interest savings accounts)	\$344,576	\$218,693	57.6%
Total Cash and Investments	\$1,185,847	\$1,124,959	5.4%
Average City Rate of Return on Investments %	2.05%	2.47%	(17.0%)

Financial and Key Indicators**March 31, 2020**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2020	Q1-2019	Change
Building Permit Fees Collected	\$2,229	\$2,875	(22.5%)
Development Applications Received	50	38	31.6%
Development Applications Fees	\$183	\$193	(5.2%)

6) Business Licences	Q1-2020	Q1-2019	Change
Revenue Received for Current Year Licences	\$1,834	\$1,937	(5.3%)
Revenue Received for Next Year (Deferred)	\$89	\$60	48.3%

Total Licence Revenue \$1,923 \$1,997 (3.7%)
Year to date valid licences and revenue include current year licences issued in the prior year.

7) Other Revenues	Q1-2020	Q1-2019	Change
Parking Program Revenue	\$442	\$532	(16.9%)
Gaming Revenue	\$2,705	\$3,699	(26.9%)
Traffic Fine Revenue	\$1,779	\$0	100.0%

8) Employees	Q1-2020	Q1-2019	Change
Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i>	1,609	1,577	2.0%

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

9) Operating Indicators	Q1-2020	Q1-2019	Change
Fire Rescue Responses	2,202	2,286	(3.7%)
RCMP - Calls for Service Handled	15,806	18,333	(13.8%)
Public Works calls for Service	3,197	3,128	2.2%

Financial and Key Indicators

March 31, 2020

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q1-2020	Q1-2019	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	529	449*	17.8%
Affordable Rental (LEMR**) (units)	798	798*	0.0%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	776	726	6.9%
Secondary Suite / Coach House (units)	292	274*	6.6%
Total Housing Units	2,457	2,309	6.4%

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

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

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

11) Richmond Population Estimate Year End	2020f	2019
	231,690	212,276

Population figures provided by City of Richmond – Policy Planning

Notes:

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

Unaudited Statement of Operations¹

For the Three Month Period Ended March 31, 2020, with comparative figures for 2019.

(Expressed in thousands of dollars)

	Budget March 31 2020	Actuals March 31 2020	Actuals ⁴ March 31 2019
Revenue:			
Taxes and levies	\$60,998	\$57,350	\$54,027
Utility fees	27,041	27,628	25,501
Sales of services	8,669	7,318	7,936
Payments-in-lieu of taxes	0	0	3,872
Provincial and federal grants	2,692	2,783	1,448
Development cost charges	10,219	6,369	6,414
Other capital funding sources	16,568	1,192	6,653
Other revenue:			
Investment income	4,778	4,882	5,807
Gaming revenue	3,625	2,705	3,699
Licences and permits	4,166	4,324	4,906
Other	2,052	5,939	13,145
Equity income	-	400	392
	140,808	120,890	133,800
Expenses:			
Community safety	29,937	27,655	26,122
Utilities: water, sewer and sanitation	24,386	23,535	21,388
Engineering, public works and project development	20,390	15,922	15,551
Community services	16,914	13,564	13,136
General government	16,529	16,215	13,400
Planning and development	6,200	4,568	4,447
Library services	2,877	2,751	2,662
	117,233	104,210	96,696
YTD Surplus (Annual Surplus) ²	23,575	16,680	37,104
Accumulated surplus, beginning of year	3,215,461	3,215,461	3,119,119
Accumulated surplus, end of March 31 ³	\$3,239,036	\$3,232,141	\$3,156,223

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

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

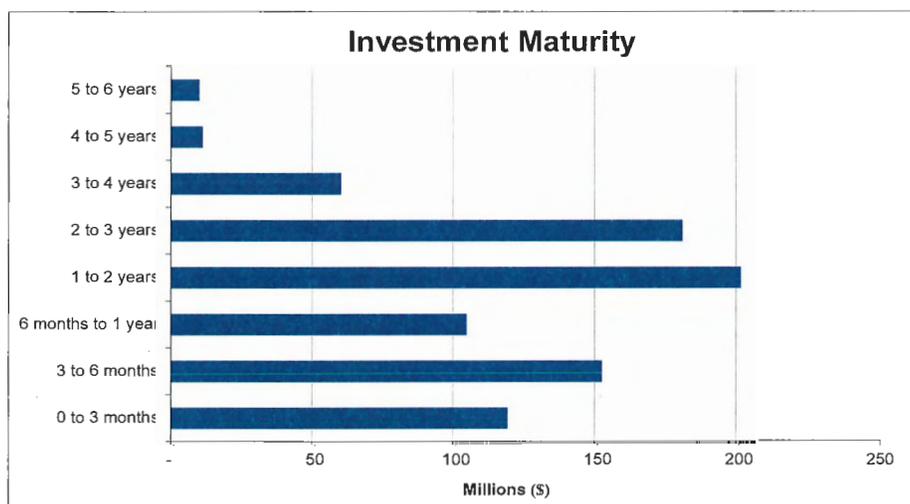
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴ Statement of Operation figures for 2019 were adjusted for comparative purposes.

Cash and Investment Portfolio

March 31, 2020 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (low)	Alberta	2022-2023	\$ 50,194	5.97%	
	A (high)	Manitoba	2020-2023	32,362	3.85%	
	AA (low)	Ontario	2022-2024	22,851	2.72%	
	AA (low)	Quebec	2022-2023	22,110	2.63%	
	A (high)	Nova Scotia	2021	20,734	2.46%	
	A (high)	New Brunswick	2021	15,405	1.83%	
	AA (high)	British Columbia	2021	14,880	1.77%	
	AA	Saskatchewan	2020	10,059	1.19%	
		Total		\$ 188,595	22.42%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2020-2022	\$ 147,472	17.53%	
	AA	Bank of Montreal	2020-2025	99,966	11.88%	
	AA (high)	Royal Bank	2020-2023	54,973	6.54%	
	AA (high)	TD Bank	2021-2023	41,141	4.89%	
	A (high)	HSBC Bank of Canada	2021-2023	32,067	3.81%	
	A (low)	Canadian Western Bank	2020	24,448	2.91%	
	AA	CIBC	2020-2022	19,969	2.37%	
	AA (low)	National Bank of Canada	2021	15,003	1.78%	
		Total		\$ 435,039	51.71%	50%
BC Credit Unions						
	BC	Vancity	2020-2021	\$ 73,040	8.75%	
	BC	Gulf and Fraser	2020-2021	42,612	5.06%	
	Federal	Coast Capital Savings	2020-2021	24,546	2.92%	
	BC	Westminster Savings	2020-2021	18,396	2.19%	
	BC	Blue Shore Financial	2020	10,898	1.30%	
		Total		\$ 170,068	20.22%	30%
Pooled Investments						
		MFA Pooled Investment Fund		\$ 47,569	5.65%	20%
Total Investment Portfolio Balance				\$ 841,271	100.00%	
Cash Balance (includes high interest saving products with terms less than 90 days)				\$ 344,576		
Total Cash and Investment Balance				\$ 1,185,847		



Contract Awards greater than \$75,000January 1st to March 31st, 2020

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Annual Subscription Licence Renewal for Identity Management and Single Sign-on Software	ForgeRock US Inc.	133,119	Finance & Corporate Services
2	No. 7 Road South Drainage Pump Station Bypass Pumping	Xylem Canada Company	196,789	Engineering & Public Works
3	Sanding, Salting, Snow and Ice Removal	Mainroad Maintenance Products	200,000	Engineering & Public Works
4	Supply and Delivery of Three (3) New Flygt Submersible Pumps	Xylem Canada Company	280,568	Engineering & Public Works
5	Supply and Installation of Structural Stainless Steel Frame Assembly for Lang Park Canopy	O.T. Fabricating Ltd.	168,500	Community Services
6	Video Conferencing Briefing Room - RCMP City Centre Community Policing Office	Telus Communications Inc.	75,000	Community Safety
7	2020 PerfectMind Annual Subscription	PerfectMind Inc.	175,036	Finance & Corporate Services
8	Richmond Ice Centre Mechanical Upgrades	Ashton Service Group Ltd.	128,428	Engineering & Public Works
9	Amanda 7 Upgrade Project	Calytera Software, Inc.	463,095	Finance & Corporate Services
10	2020 OpenText Contract Renewal	Open Text Corporation	195,735	Finance & Corporate Services
11	Media Monitoring Service	Meltwater News Canada Inc.	79,560	Corporate Administration
12	Supply and Delivery of One (1) Solar Arc Unit Charging Station	Envision Solar International Inc.	114,720	Engineering & Public Works
13	Land Clearing and Scrubbing for Dike Maintenance	Fireball Excavating and Transport	255,150	Engineering & Public Works
14	Minoru Centre for Active Living Lap Pool 1 Reconstruction	HCMA Architecture + Design	153,400	Engineering & Public Works
15	Desktop Hardware	Island Key Computer Ltd.	78,030	Finance & Corporate Services
16	6300 Birch St. Multi-Family Water Meter Installation	Ashton Services Group Ltd.	162,600	Engineering & Public Works
17	No. 2 Road Pier Repairs	El Burro Equipment Ltd.	181,200	Community Services

Contract Awards greater than \$75,000 (continued)January 1st to March 31st, 2020

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Consulting Services - Works Yard Relocation Feasibility Study	Omicron Canada Inc.	190,420	Engineering & Public Works
19	Road Safety Study	ISL Engineering and Land Services Ltd.	95,800	Planning & Development
20	Supply and Delivery of Automated CPR Devices and Accessories	Stryker Canada ULC	100,000	Community Safety
21	Fire Hall No. 1 Photo Voltaic Panel Installation	Hakai Energy Solutions	174,994	Engineering & Public Works
22	Supply and Delivery of Adobe Licences	Bleumore Consulting Ltd.	79,692	Finance & Corporate Services
23	Fabrication and Supply of Pump Tubes for No. 7 Road South and Shell Road North Drainage Pump Station Upgrades	Marcon Metalfab Inc.	220,705	Engineering & Public Works
24	Supply and Delivery of Two (2) Hook Lifts on City provided Chassis	Commercial Emergency Equipment Co.	79,960	Community Safety
25	Traffic Control Services	Ansan Traffic Group Lane Safe Traffic Control Traffic Pro Services	1,291,100	Engineering & Public Works
26	Consulting Services to Update Cycling Network Plans	Steer Group	206,706	Planning & Development
27	Provision of Engineering Quality Assurance Program	Golder Associates Ltd.	181,760	Engineering & Public Works
28	Willet Sanitary Pump Station Construction	JJM Construction Ltd.	1,969,125	Engineering & Public Works
29	Contract Life Cycle Management System	Esolutions Group Ltd.	114,211	Finance & Corporate Services
30	Supply and Delivery of Three (3) One Ton Crew Cab Dump Trucks	Mainland Ford Ltd.	342,698	Engineering & Public Works
31	Supply and Delivery of Accessible Pedestrian Signals (APS)	Astrographics Industries Ltd.	720,480	Planning & Development
32	Supply and Delivery of Vehicle and Equipment Tires and Certified Tire Services	Kal Tire Fountain Tire	263,456	Engineering & Public Works
Total contracts awarded greater than \$75,000			\$9,072,037	



City of Richmond

Report to Committee

To: Finance Committee **Date:** May 8, 2020
From: Andrew Nazareth **File:** 03-0905-01/2020-Vol
 General Manager, Finance and Corporate 01
 Services
Re: 2019 Annual Report and 2019 Annual Report Highlights

Staff Recommendation

That the reports titled, "2019 Annual Report and 2019 Annual Report – Highlights" be approved.

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

Att. 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
SENIOR MANAGEMENT TEAM	INITIALS: CA
APPROVED BY CAO 	

Staff Report

Origin

Pursuant to Section 98 of the Community Charter, before June 30th, in each year, a Council must:

- a) Prepare an annual report
- b) Make the report available for public inspection
- c) Have the report available for public inspection at a Council or other public meeting

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.

5.1 Maintain a strong and robust financial position.

This report supports Council's Strategic Plan 2018-2022 Strategy #8 An Engaged and Informed Community:

Ensure that the citizenry of Richmond is well-informed and engaged about City business and decision-making.

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

Analysis

The City of Richmond's annual report formally presents the audited financial statements and other relevant financial, economic and demographic indicators to the public. The report also highlights many of the City's significant achievements and milestones from 2019.

Two versions of the Annual Report are produced each year in order to reach the different audiences interested in this information. The comprehensive 2019 Annual Report meets all legislative requirements for financial reporting as required under the Community Charter for British Columbia's local governments. This version will be publicly available through the City's website at www.richmond.ca and printed only on a demand basis. The comprehensive version includes the City's audited consolidated financial statements; the City's corporate objectives and success indicators, as identified through Council's Term Goals; and a listing of permissive exemptions. In addition to the statutorily required information, the comprehensive version provides information on the City's milestones from 2019, including awards and achievements and a variety of key corporate financial and community demographic statistical data for the year.

For a broader audience, the City also produces a condensed financial reporting document known as the 2019 Annual Report – Highlights. This shorter version, which is designed to be accessible

and easily understandable for a general audience, provides information about the City of Richmond, its services, highlights from 2019 and the City's financial condition. In order to support sustainable practices the condensed version is available through the City's website and distribution will be done electronically. There will be limited printed copies for presentation purposes and to fulfill statutory obligations. This year, the layout has been enhanced to allow for an expanded section highlighting the City's safe, sustainable and culturally diverse initiatives.

Both copies will be submitted to the Government Finance Officers Association for consideration in their annual awards program.

The reports are produced entirely in house through the joint efforts of the Finance Department and the Corporate Communications and Marketing Department.

Financial Impact

None.

Conclusion

The City of Richmond 2019 Annual Report and the 2019 Annual Report – Highlights satisfy the Community Charter requirements for financial reporting and are important instruments in ensuring public transparency and accountability for the management of City finances. The reports also provide useful information on the City's achievements and milestones during the 2019 fiscal year.



Jerry Chong
Director, Finance

(4064)



Clay Adams
Director, Corporate Communications and
Marketing

(4399)

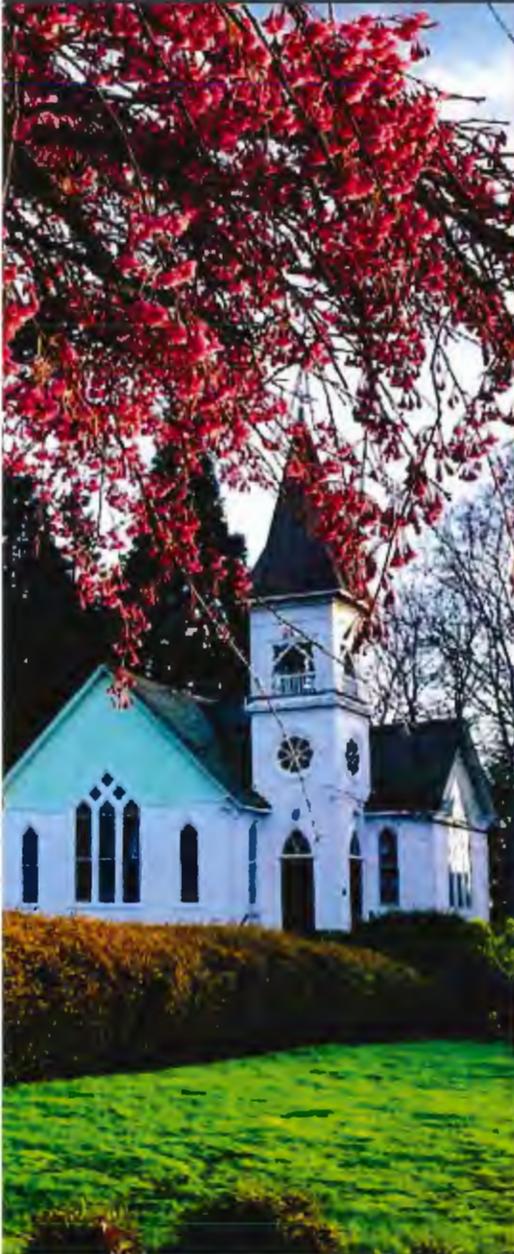
- Att. 1: 2019 Annual Report
- 2: 2019 Annual Report – Highlights



City of
Richmond
British Columbia, Canada

2019 Annual Report

For the year ended December 31, 2019



DRAFT



City of Richmond

British Columbia, Canada

2019 Annual Report

For the year ended December 31, 2019

Our vision is to be the most appealing, livable and well-managed community in Canada

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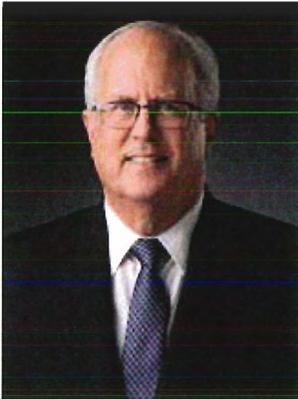
For an online copy of this report, please visit www.richmond.ca
(City Hall > Finance, Taxes & Budgets > Budgets & Financial Reporting > Annual Reports).

Cover photos: Minoru Chapel, West Dyke Trail and “Together” public art work in front of Minoru Centre for Active Living - three of the winning submissions in the City’s annual Street Banner Contest.

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. ©2020 City of Richmond

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Message from the Mayor



The City of Richmond's 2019 Annual Report reflects another year of innovation and success as we move towards achieving our vision of being Canada's most livable and well-managed community.

Council entered 2019 with a four-year strategy to guide us through the challenges and opportunities that lie ahead. To make that plan a reality, we identified eight strategic initiatives that focus on the areas essential to our growth, security and prosperity.

The City of Richmond has always provided a high quality of life and worked hard to preserve this standard far into the future. 2019 was no exception.

We know safety and security is a priority so by building a strong foundation of first responders and other programs, Richmond can continue to boast one of the lowest rates of violence and property crime in the Lower Mainland.

Recognizing the impact of climate change, Richmond joined many others in declaring a climate emergency. While not a substitute for action, it reinforced the importance of the extensive environmental programs that we have undertaken for decades. As a local government leader in climate action, we are committed to implementing practices to build a sustainable and environmentally-conscious city for our 212,000 residents.

Richmond was also among the first to propose bylaws banning single-use plastics—a step that could keep around 650 tonnes of non-recyclable plastic from the waste system. At the same time, our Community Energy and Emissions Plan guides us in reducing greenhouse gas emissions by up to 50% over the next decade despite growth in density and population.

In terms of growth, City staff issued building permits for over \$980 million in construction in 2019. We are constantly working with developers and stakeholders to find new and innovative partnerships so we can create strong, connected communities that build a sense of pride, family and belonging.

The City of Richmond is one community. It is a place of resiliency, identity and belonging. Our diversity makes Richmond truly unique and the impacts are visible throughout the city. Differences in cultural heritage strengthen our sense of neighborhood and community, and our Cultural Harmony Plan—the first such municipal plan in Canada—demonstrates our leadership in building on social inclusion practices. Our City's first painted rainbow crosswalk is a lasting reminder that Richmond is a place of inclusion, respect and support.

Our success is a credit to those who contribute to making Richmond a better place, including our staff, volunteers, business, and community and government partners. This Annual Report contains examples of our goals and achievements and, as always, I invite your comments and questions through my office.

Malcolm Brodie
Mayor, City of Richmond

Richmond City Council



Front row, left to right:

Councillor Michael Wolfe, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Linda McPhail, Councillor Kelly Greene

Back row, left to right:

Deputy Fire Chief Kevin Gray, Richmond Fire-Rescue, Councillor Harold Steves, Councillor Carol Day, Councillor Chak Au, Councillor Alexa Loo, Constable Leah Riske, Richmond RCMP

Connect with Richmond City Council

To contact Council, email mayorandcouncillors@richmond.ca or call 604-276-4000.

For Council Meetings agendas and minutes, visit www.richmond.ca/cityhall/council/agendas.

To watch Council meetings on live streaming or view videos of past meetings, visit www.richmond.ca/watchonline.

City of Richmond Senior Management Team 2019

Chief Administrative Office

George Duncan, CAO

Community Safety

Cecilia Achiam, GM

Community Services

Serena Lusk, GM

Engineering and Public Works

John Irving, GM

Finance and Corporate Services

Andrew Nazareth, GM

Planning and Development

Joe Erceg, GM

Chief Administrative Officer	George Duncan
General Manager, Community Safety.....	Cecilia Achiam
General Manager, Community Services	Serena Lusk
General Manager, Engineering and Public Works (effective October, 2019)	John Irving
General Manager, Finance and Corporate Services	Andrew Nazareth
General Manager, Planning and Development.....	Joe Erceg
Deputy Chief Administrative Officer (until September*).....	Robert Gonzalez

Public safety agencies

Chief, Richmond Fire-Rescue	Tim Wilkinson
Officer in Charge, Royal Canadian Mounted Police	Will Ng

Banker

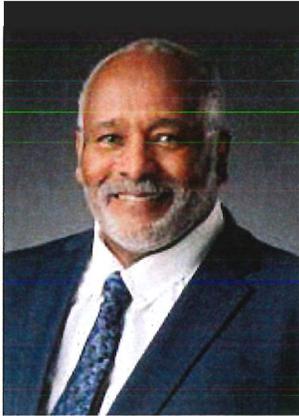
Scotiabank

Auditors

KPMG

* Mr. Gonzalez held the positions of Deputy Chief Administrative Officer and General Manager, Engineering and Public Works before passing away in September 2019

Message from the Chief Administrative Officer



I am pleased to present the City of Richmond's Annual Report for 2019. It details our strong financial position, and outlines many of the initiatives we are undertaking to achieve our vision of making Richmond Canada's best managed city.

During this past year, our administration made significant progress in implementing Council's new strategic plan, which is comprised of eight initiatives. Many of those achievements are highlighted throughout this report.

Our city has long been recognized as a leader in environmental action and sustainability, while supporting development and building strong and connected communities. Our award-winning District Energy Utility continued to expand, as did our commitment to encourage clean energy transportation through further implementation of electric vehicle charging stations.

As Richmond continued to grow, so did the need for services to support our community which is rich in both cultural and economic diversity. While Richmond was one of the few Metro Vancouver cities to exceed its annual net new home housing target in 2019, we also acted to ensure a variety of housing options were maintained. The City worked with the development community to create more affordable rental housing, securing agreements for 179 new units for low and moderate income Richmond households. We also secured over \$2.4 million cash-in-lieu contributions to be applied towards future affordable housing options.

Providing support for young families remained a focus, with our award-winning five-year child care strategy continuing to be recognized as a municipal leader in fostering conditions for a comprehensive child care system.

One of the foundations for any successful organization is its ability to demonstrate strong financial stewardship. Our City's long term financial strategy remained a hallmark of our administration and enabled us to continue to limit property tax increases, while still making significant investments in infrastructure and programs. Richmond's property taxes were again among the lowest in the region and our sound fiscal management positioned us well to address future challenges and opportunities.

The City of Richmond is committed to strengthening our community and encouraging growth within a framework of diversity, sustainability and value for our taxpayers.

A handwritten signature in black ink, appearing to read 'George Duncan'. The signature is stylized and fluid, with a long horizontal line extending to the right.

George Duncan
Chief Administrative Officer

Council Strategic Plan: 2018 to 2022

The Community Charter requires all BC municipalities to include a statement in the Annual Report of their objectives for the current and future years, along with measures to track success towards those objectives.

The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. Soon after the new Council began its four-year term in October 2018, it undertook a strategic planning process to help it fulfill its governance role and achieve a successful term of office. Through that process, Council adopted a revised set of eight Strategic Focus areas, which provided the framework for the City's programs and services through 2019.

1. A Safe and Resilient Community

Enhance and protect the safety and well-being of Richmond.

2019 Achievement

As part of our Safe Community Priority Program, 19 new RCMP officers and 12 firefighters were added to strengthen our existing first responder resources. More recruits for each are expected over the next two years.



In 2019, 19 new RCMP officers and 12 firefighters were added to strengthen existing first responder resources.



The Richmond World Festival brings everyone together to celebrate the city's significant cultural diversity.

2. A Sustainable and Environmentally Conscious City

Environmentally conscious decision-making that demonstrates leadership in implementing innovative, sustainable practices and supports the City's unique biodiversity and island ecology.

2019 Achievement

Council developed bylaws banning single-use plastics such as straws, shopping bags and foam containers, potentially removing as many as 35 million items weighing 650 tonnes from the waste stream annually.

3. One Community Together

Vibrant and diverse arts and cultural activities and opportunities for community engagement and connection.

2019 Achievement

Richmond became the first community in Canada to develop a municipal Cultural Harmony Plan. The Plan demonstrates the City's leadership in building on its social inclusion practices and recognizes our unique cultural diversity.

4. An Active and Thriving Richmond

An active and thriving community characterized by diverse social and wellness programs, services and spaces that foster health and well-being for all.

2019 Achievement

Our first emergency shelter, temporary modular housing and a unique partnership with Richmond RCMP and Vancouver Coastal Health on a mental health car reinforced our commitment to support those in need.

5. Sound Financial Management

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

2019 Achievement

The acquisition of the Richmond Ice Centre, a 155,000 square foot multi-rink facility situated on over 3.0 strategically-located hectares in the Riverport area, turned a highly-used leased facility into a City-owned asset and another major investment in civic infrastructure for recreation.

6. Strategic and Well-Planned Growth

Leadership in effective and sustainable growth that supports Richmond's physical and social needs.

2019 Achievement

Through a unique partnership, the City forwarded \$28.1 million of developer funds to TransLink for construction of a new Canada Line transit station. This will support the rapidly-growing Capstan Village community and reflects the increasing ridership of the Canada Line.



The City acquired the Richmond Ice Centre, turning a highly-used leased facility into a City-owned asset.

7. A Supported Economic Sector

Facilitate diversified economic growth through innovative and sustainable policies, practices and partnerships.

2019 Achievement

Richmond's strong business sector boasts one of the highest job-to-worker ratios in the region, reflecting its important location as a gateway for people and goods movement such as transportation, warehousing and logistics, manufacturing, wholesale and tourism.

8. An Engaged and Informed Community

Ensure that the citizenry of Richmond is well-informed and engaged about City business and decision-making.

2019 Achievement

The City's LetsTalkRichmond.ca platform continues to connect and engage residents of all backgrounds from across our community on a diverse range of topics ranging from single-use plastics and sustainability, to cultural harmony and our Farming First strategy.

Richmond: safe, sustainable, culturally diverse

As this city grows, our commitment to its citizens grows with it.

In 2019, the City secured agreements for 179 new affordable housing units for low and moderate income Richmond households, and over \$2.4 million cash-in-lieu contributions for future affordable housing options. The opening of a 36-bed emergency shelter in Ironwood, as well as a 40-unit temporary supportive housing facility on Alderbridge Way, offered support to some of the city's most vulnerable as part of our first Homelessness Strategy approved by Council in late 2019.

As an established local government leader in climate action, Richmond is committed to implementing practices to build a sustainable and environmentally-conscious city that will benefit current and future generations. From bylaws to ban single-use plastics—removing 650 tonnes from the waste stream annually—to electric vehicles and circular economy principles, our actions are the importance of the extensive environmental programs that Richmond has undertaken for decades.



The new emergency shelter provides safe and secure shelter spaces in a supportive environment for up to 36 people—more than triple the number that existed previously.



The City engaged with the community to inform the public about the proposed bylaw to ban single-use plastics.



Richmond's Cultural Harmony Plan demonstrates the City's leadership in building on its social inclusion practices. It also signifies the City's role in responding to the evolving needs of Richmond's increasingly diverse population.



The diversity among our 212,000 residents is truly unique and makes us stronger as a community. We strengthened our sense of neighbourhood and community through Canada's first municipal Cultural Harmony Plan, which reinforces our leadership in building on our social inclusion practices. 2019 also saw the installation of our city's first painted rainbow crosswalk on Minoru Boulevard, a lasting reminder that Richmond is a city of inclusion, respect and support.



Richmond's first rainbow crosswalk on Minoru Boulevard.

Our many achievements during 2019 and expectations for the future will continue to improve the lives and affairs of our residents and businesses. The City of Richmond has always been a leader with bold, innovative programs and strategies that reflect our character and reputation as a safe, sustainable and culturally diverse city – the most appealing, livable and well-managed community in Canada.

2019 Awards

A measurement of the City's success in achieving its goals are the honours and recognition we received from our peers and others. In 2019, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

Climate Action

The City of Richmond's first-of-its-kind Electric Vehicle (EV) infrastructure requirement was recognized with a Climate and Energy Action Award from the Community Energy Association. Richmond was the first municipality to enact a policy requiring that 100 per cent of new residential parking spaces be equipped with Level 2 electric vehicle charging capacity. The Climate and Energy Action Award recognizes climate leadership of BC local governments.



Promoting low carbon personal vehicles and setting requirements for electric vehicle infrastructure helps the City reduce community energy use and greenhouse gas emissions.

Technological Innovation

Richmond is the first municipality in the Lower Mainland to regulate the quality of non-storm discharge water into its sewer system and watercourses using primarily field-measurable parameters, an innovation recognized by the BC Environmental Managers Association with the 2019 Technological Innovation Award. The implementation of a simplified non-storm water discharge management program safeguards the City's sewers and strengthens environmental protections.



The Alexandra District Energy Utility distribution pumps disburse thermal energy through the underground pipe network.

District Energy

The recipient of over a dozen awards in the past decade, Richmond's District Energy Program continues to collect accolades for its innovation, efficiency and green sustainability. Among its honours in 2019 was an Association of Energy Engineers, Canada Region – Project of the Year Award for an innovative renewable energy project and a Canadian Association of Municipal Administrators Award of Excellence – Environment Award for the commitment of a municipality to environmentally sustainable governance, to protecting the environment and to combating climate change.



Field monitoring instruments are used to confirm water quality prior to discharge to the City's storm sewer system.

Child care

The City received the Union of British Columbia Municipalities Community Excellence Award in Governance which recognized the City's 2017–2022 Richmond Child Care Needs Assessment and Strategy. Richmond's investment in a municipal child care strategy began in 1991. The vision for this five year strategy is for the City to build on those three decades of work to continue to be a municipal leader in fostering conditions for a comprehensive child care system.

Financial Reporting

Once again, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 17th year in a row and the Popular Financial Reporting Award for the 10th successive year for our 2018 Annual Report.



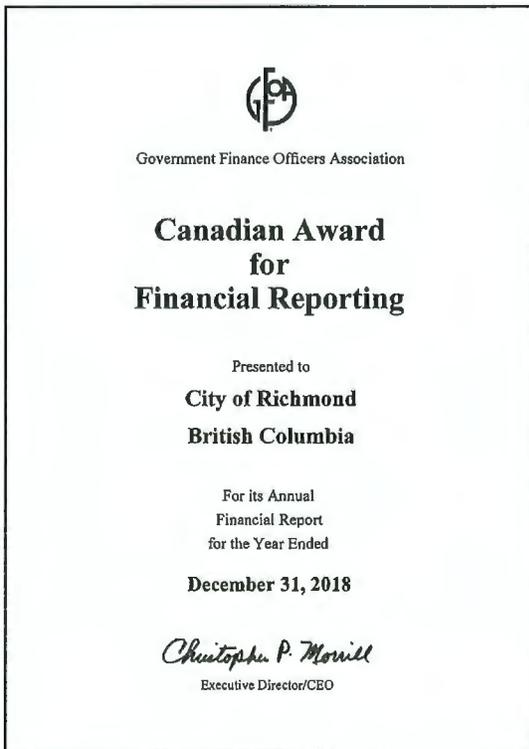
Britannia Heritage Shipyards National Historic Site

Flood Protection

The City was given the Award of Merit by the Association of Consulting Engineering Companies BC for the Britannia Heritage Shipyard Flood Protection Improvements Project, which upgraded flood prevention infrastructure for a national historic site that is located outside of Richmond's diking network.

Storeys Housing Project

The Storeys affordable housing project, a unique mixed-use community housing partnership between five non-profit agencies and the City of Richmond, received an Ovation Award from the Homebuilders Association of Vancouver for the Best Multi-Family High-rise Development.



The Canadian Award for Excellence in Financial Reporting Program encourages and assists Canadian local governments to go beyond the minimum requirements of generally accepted accounting principles.

Report from the General Manager, Finance and Corporate Services

Mayor Malcolm Brodie and members of Richmond City Council,

I am pleased to submit the Consolidated Financial Statements and Auditors' Report for the fiscal year ended December 31, 2019 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2019 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

These financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval, and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company, which is accounted for as a Government Business Enterprise.

Consolidated statement of financial position (in \$000s)

	2019 Actual	2018 Actual	Change
Financial assets	\$1,320,747	\$1,231,060	\$89,687
Liabilities	514,878	467,939	46,939
Net financial assets	805,869	763,121	42,748
Non-financial assets	2,433,473	2,377,969	55,504
Accumulated surplus	\$3,239,342	\$3,141,090	\$98,252

The City's overall financial position improved by \$98.3 million, with accumulated surplus totalling \$3.2 billion. A significant part of this increase is due to growth in financial assets, as well as additions to capital and statutory reserves. This is partially offset by an increase in liabilities, especially deferred revenue related to the collection of Development Cost Charges (DCCs).

The City's cash and investments have grown to \$1.2 billion while long-term debt continues to decline with an outstanding balance at the end of 2019 of \$27.9 million. Meanwhile, the City's tangible capital assets increased by \$56.1 million, which includes \$28.9 million of in-kind contributions from development as conditions of re-zoning.

Statutory reserves (in \$000s)

	2015	2016	2017	2018	2019
Total reserves	\$461,178	\$471,846	\$484,883	\$540,153	\$557,576

Statutory reserves are established by Bylaw for specific purposes, mainly capital expenditures.

The increase in the balance to \$557.6 million is mainly attributable to the timing of these capital expenditures and contributions. Each year, funds are largely transferred to the reserves through Council's Long Term Financial Management Strategy, with an additional focus towards infrastructure construction and renewal.

Consolidated statement of operations (in \$000s)

	2019 Budget	2019 Actual	2018 Actual
Revenue	\$541,121	\$581,942	\$599,417
Expenses	463,338	483,690	414,456
Annual surplus	\$77,783	\$98,252	\$184,961

The City's consolidated revenue for the year totaled \$581.9 million, a decrease of \$17.5 million from 2018 mainly due to significant development-related contributions received during 2018.

Expenses increased by \$69.2 million from prior year. 2019 expenses included an extraordinary contribution towards the Canada Line Capstan station of \$28.1 million.

The annual surplus for 2019 was \$98.3 million and represents the change in investment in tangible capital assets, reserves and other accumulated surplus.

Budget variance

Consolidated revenue of \$581.9M was greater than budgeted revenue by \$40.8M mainly due to:

- \$27.4M in developer cash contributions, \$18.2M in gain on sale of land and \$9.8M related to the fuel facility contribution that was not budgeted and was included under other revenue.
- \$24.2M lower than budgeted capital funding mainly due to developer contributed assets.
- \$9.1M higher than budgeted investment income mainly due to higher returns and the timing of capital expenditures.
- \$9.0M lower than budgeted DCC revenue due to the timing of capital expenditures. Revenue is recognized when the amounts are spent while the budget represents the 2019 allocation of DCCs towards capital projects that can be spent over multiple years.
- \$5.7M higher than budget for utility fees mainly due to construction related flat rate utility prepayments.

Consolidated expenses of \$483.7M were higher than budgeted by \$20.4M. The main variances include:

- \$28.1M contribution for the Canada Line Capstan station recorded under planning and development.
- \$8.9M lower than budgeted general government costs due to vacancies and timing of programs.
- \$6.4M higher than budgeted engineering and public works costs mainly due to rehabilitation and maintenance expenses funded by the capital program.
- \$6.3M favourable budget variance for community safety due to RCMP policing contract and salary vacancies.

The City's consolidated annual surplus of \$98.3 million exceeded the budgeted annual surplus of \$77.8 million by \$20.5 million, prior to transfers to reserves and other accumulated surplus.

Year over year change

Consolidated revenue of \$581.9M decreased by \$17.5M from 2018 mainly due to:

- a decrease of \$56.8M in capital funding due to the timing of developer contributed assets, which included \$28.9M in 2019 and \$88.0M in 2018.
- an increase of \$14.1M in other revenue mainly from gain on sale of land.
- an increase of \$13.3M in property taxes due to the approved rate increase and growth related to new development.
- an increase of \$8.6M in utility fees, including rate and volume increases.

Consolidated expenses of \$483.7M increased by \$69.2M over 2018 mainly due to:

- \$28.1M contribution for the Canada Line Capstan station.
- \$15.1M increase in contractual wage and other fringe costs.
- \$10.8M increase in rehabilitation and maintenance expenses funded by the capital program.
- \$5.6M increase in contract costs including policing costs and contract costs for E-Comm.

Financial sustainability

City Council's Long Term Financial Management Strategy has ensured prudent fiscal practices while maintaining the City's high service standards through balancing current and long term financial needs. The impact of this policy can be seen in the current financial health of the organization, which has placed the City in a strong position to mitigate some of the financial impacts of the COVID-19 pandemic.

Respectfully submitted,



Andrew Nazareth, BEc, CPA, CGA
General Manager, Finance and Corporate Services
May 11, 2020

City of Richmond audited financial statements

Year ended December 31, 2019



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Richmond

Opinion

We have audited the consolidated financial statements of the City of Richmond (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



City of Richmond
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 11, 2020

CITY OF RICHMOND

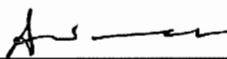
Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2019, with comparative information for 2018

	2019	2018
Financial Assets		
Cash	\$ 389,564	\$ 121,861
Investments (note 3)	830,896	1,004,928
Investment in Lulu Island Energy Company ("LIEC") (note 4)	31,414	29,780
Accrued interest receivable	7,781	7,443
Accounts receivable (note 5)	28,407	29,151
Taxes receivable	11,033	11,844
Development fees receivable	21,144	25,545
Debt reserve fund - deposits (note 6)	508	508
	<u>1,320,747</u>	<u>1,231,060</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	107,590	95,231
Development cost charges (note 8)	197,671	158,882
Deposits and holdbacks (note 9)	117,364	113,620
Deferred revenue (note 10)	64,362	67,364
Debt, net of MFA sinking fund deposits (note 11)	27,891	32,842
	<u>514,878</u>	<u>467,939</u>
Net financial assets	805,869	763,121
Non-Financial Assets		
Tangible capital assets (note 12)	2,427,798	2,371,694
Inventory of materials and supplies	2,961	3,602
Prepaid expenses	2,714	2,673
	<u>2,433,473</u>	<u>2,377,969</u>
Accumulated surplus (note 13)	<u>\$ 3,239,342</u>	<u>\$ 3,141,090</u>

Contingent demand notes (note 6)
Commitments and contingencies (note 18)
Subsequent event (note 26)

See accompanying notes to consolidated financial statements.



General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (notes 2(p) and 24)	2019	2018
Revenue:			
Taxation and levies (note 20)	\$ 229,903	\$ 230,198	\$ 216,908
Utility fees	105,805	111,472	102,915
Sales of services	41,977	42,747	39,111
Payments-in-lieu of taxes	14,200	16,277	15,489
Provincial and federal grants	8,362	10,687	10,355
Development cost charges (note 8)	22,764	13,802	17,432
Other capital funding sources	63,197	39,028	95,859
Other revenue:			
Investment income	16,062	25,142	20,705
Gaming revenue	16,500	15,140	16,837
Licenses and permits	11,107	13,030	13,637
Other (note 21)	11,244	62,785	48,678
Equity income in government business enterprise ("GBE") (note 4)	-	1,634	1,491
	<u>541,121</u>	<u>581,942</u>	<u>599,417</u>
Expenses:			
Community safety	112,526	106,209	98,500
Utilities: water, sewer and sanitation	95,067	98,653	89,959
Engineering, public works and project development	74,568	80,940	68,793
Community services	68,627	67,522	61,174
General government	64,603	55,689	52,549
Planning and development	20,273	48,104	18,076
Richmond Olympic Oval	16,595	15,972	15,424
Richmond Public Library	11,079	10,601	9,981
	<u>463,338</u>	<u>483,690</u>	<u>414,456</u>
Annual surplus	77,783	98,252	184,961
Accumulated surplus, beginning of year	3,141,090	3,141,090	2,956,129
Accumulated surplus, end of year	<u>\$ 3,218,873</u>	<u>\$ 3,239,342</u>	<u>\$ 3,141,090</u>

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Net Financial Assets
(Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (notes 2(p) and 24)	2019	2018
Annual surplus for the year	\$ 77,783	\$ 98,252	\$ 184,961
Acquisition of tangible capital assets	(118,551)	(93,154)	(92,851)
Contributed tangible capital assets	(50,350)	(28,867)	(88,021)
Amortization of tangible capital assets	61,513	64,228	60,542
Net loss (gain) on disposal of tangible capital assets	-	(17,637)	324
Proceeds on sale of tangible capital assets	-	19,326	213
	(29,605)	42,148	65,168
Acquisition of inventory of materials and supplies	-	(2,961)	(3,602)
Acquisition of prepaid expenses	-	(2,714)	(2,673)
Consumption of inventory of materials and supplies	-	3,602	3,762
Use of prepaid expenses	-	2,673	2,376
Change in net financial assets	(29,605)	42,748	65,031
Net financial assets, beginning of year	763,121	763,121	698,090
Net financial assets, end of year	\$ 733,516	\$ 805,869	\$ 763,121

See accompanying notes to consolidated financial statements.

CITY OF RICHMONDConsolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 98,252	\$ 184,961
Items not involving cash:		
Amortization	64,228	60,542
Loss (gain) on disposal of tangible capital assets	(17,637)	324
Contributions of tangible capital assets	(28,867)	(88,021)
Equity income in GBE	(1,634)	(1,491)
Change in non-cash operating working capital:		
Accrued interest receivable	(338)	(792)
Accounts receivable	744	(2,115)
Taxes receivable	811	(2,868)
Development fees receivable	4,401	(3,169)
Inventory of materials and supplies	641	160
Prepaid expenses	(41)	(297)
Accounts payable and accrued liabilities	12,359	(3,805)
Development cost charges	38,789	28,198
Deposits and holdbacks	3,744	30,834
Deferred revenue	(3,002)	1,077
Net change in cash from operating activities	172,450	203,538
Capital activities:		
Cash used to acquire tangible capital assets	(93,154)	(92,851)
Proceeds on disposal of tangible capital assets	19,326	213
Net change in cash from capital activities	(73,828)	(92,638)
Financing activities:		
Repayments of debt	(4,951)	(4,761)
Investing activities:		
Net sale (purchase) of investments	174,032	(32,145)
Net change in cash	267,703	73,994
Cash, beginning of year	121,861	47,867
Cash, end of year	\$ 389,564	\$ 121,861

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

1. Operations:

The City of Richmond (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, infrastructure, environmental, recreational, water, sewer, and drainage.

2. Significant accounting policies:

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of consolidation:

The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks, and Reserve Funds consolidated with the Richmond Public Library (the "Library") and the Richmond Olympic Oval (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly owned municipal corporation of the City. Interfund transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly owned government business enterprise ("GBE"), is accounted for using the modified equity method.

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, policing, and servicing general debt.

(ii) General Capital and Loan Fund:

This fund is used to record the City's tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related tangible capital assets and debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund and developer contributions plus interest earned on fund balances.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(b) Basis of accounting:

The City follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90 days from date of acquisition.

(e) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(f) Investment in government business enterprises:

Government business enterprises are recorded using the modified equity method of accounting. The City's investment in the GBE is recorded as the value of the GBE's shareholder's equity. The investment's income or loss is recognized by the City when it is earned by the GBE. Inter-organizational transactions and balances are not eliminated, except for any gains or losses on assets remaining within the City.

(g) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(h) Development cost charges:

Development cost charges are restricted by legislation to expenditures on capital infrastructure. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(i) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employee plan, contributions are expensed as incurred.

Post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the assets. The cost, less the residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and building improvements	10 - 75
Infrastructure	5 - 100
Vehicles, machinery and equipment	3 - 40
Library's collections, furniture and equipment	4 - 20

Amortization is charged over the asset's useful life commencing when the asset is acquired. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources, works of art, and cultural and historic assets:

Natural resources, works of art, and cultural and historic assets are not recorded as assets in the consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the construction of a tangible capital asset.

(v) Labour capitalization:

Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized.

(vi) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(viii) Inventory of materials and supplies:

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

(k) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.

(l) Property taxes:

The City establishes property tax rates based on assessed market values provided by the British Columbia Assessment Authority (BCA). Market values are determined as of July 1st of each year. The City records taxation revenue at the time the property tax bills are issued. The City is entitled to collect interest and penalties on overdue taxes.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(m) Deferred revenue:

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed, other related expenses are incurred or services are provided.

Deferred revenue also represents funds received from external parties for specified purposes. This revenue is recognized in the period in which the related expenses are incurred.

(n) Deposits:

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as deposits and are refundable under certain circumstances. When qualifying expenses are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenses.

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2019-2023) ("Consolidated Financial Plan") and was adopted through Bylaw No. 9979 on March 11, 2019.

(q) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material of live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The City is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(r) Use of accounting estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the value of contributed tangible capital assets, value of developer contributions, useful lives for amortization, determination of provisions for accrued liabilities, performing actuarial valuation of employee future benefits, allowance for doubtful accounts, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(s) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of segments as well as presented financial information in segment format.

3. Investments:

	2019		2018	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 409,759	\$ 409,874	\$ 577,416	\$ 577,060
Government and government guaranteed bonds	192,314	194,229	164,943	165,401
Municipal Finance Authority pooled investment fund	47,306	46,123	46,150	44,716
Other bonds	181,517	182,039	216,419	213,577
	<u>\$ 830,896</u>	<u>\$ 832,265</u>	<u>\$ 1,004,928</u>	<u>\$ 1,000,754</u>

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

4. Investment in Lulu Island Energy Company Ltd:

The City owns 100% of the issued and outstanding shares of LIEC, which was incorporated under the British Columbia Business Corporations Act on August 19, 2013. LIEC develops, manages and operates district energy utilities in the City of Richmond, on the City's behalf, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sales to customers, customer service, profit generation, financial management and advisory services for energy and infrastructure.

Summarized financial information relating to LIEC is as follows:

	2019	2018
Cash, cash equivalents, and investments	\$ 11,826	\$ 8,596
Accounts receivable	1,303	2,242
Tangible capital assets	33,412	32,361
Total assets	46,541	43,199
Accounts payable and accrued liabilities	778	414
Deferred contributions	6,183	5,375
Concession liability	8,166	7,630
Total liabilities	15,127	13,419
Shareholder's equity	\$ 31,414	\$ 29,780
Total revenue	\$ 5,295	\$ 4,888
Total expenses	3,661	3,397
Net income	\$ 1,634	\$ 1,491

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$136,168 (2018 - \$1,375,799).

On October 30, 2014, LIEC and the Oval Village district energy utility developer ("the Concessionaire") entered into a 30-year Concession Agreement, which is a public-private partnership project ("P3"), where the Concessionaire will design, construct, finance, operate, and maintain the infrastructure for the district energy utility at the Oval Village community. As part of the Agreement, the infrastructure will be owned by LIEC.

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of LIEC's obligations under the Concession Agreement to a maximum of \$18.2 million (2018 - \$18.2 million).

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

5. Accounts receivable:

	2019	2018
Water and sewer utilities	\$ 13,671	\$ 11,999
Casino revenue	3,903	4,010
Capital grants	1,291	5,003
Other trade receivables	9,542	8,139
	\$ 28,407	\$ 29,151

6. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2018 and 2019 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 508	\$ 2,447

7. Accounts payable and accrued liabilities:

	2019	2018
Trade and other liabilities	\$ 73,403	\$ 64,917
Post-employment benefits (note 15)	34,187	30,314
	\$ 107,590	\$ 95,231

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

8. Development cost charges:

	2019	2018
Balance, beginning of year	\$ 158,882	\$ 130,684
Contributions	48,740	42,792
Interest	3,851	2,838
Revenue recognized	(13,802)	(17,432)
Balance, end of year	\$ 197,671	\$ 158,882

9. Deposits and holdbacks:

	Balance December 31, 2018	Deposit contributions/ interest earned	Refund/ expenditures	Balance December 31, 2019
Security deposits	\$ 89,557	\$ 25,949	\$ (21,342)	\$ 94,164
Developer contributions	7,313	222	-	7,535
Contract holdbacks	6,650	2,658	(3,891)	5,417
Other	10,100	6,184	(6,036)	10,248
	\$ 113,620	\$ 35,013	\$ (31,269)	\$ 117,364

10. Deferred revenue:

	Balance December 31, 2018	Externally restricted inflows	Revenue earned	Balance December 31, 2019
Taxes and utilities	\$ 20,450	\$ 22,836	\$ (20,450)	\$ 22,836
Building permits/development	15,598	9,454	(5,207)	19,845
Oval	1,876	10,625	(11,067)	1,434
Capital grants	19,558	2,728	(11,434)	10,852
Business licenses	2,523	2,251	(2,123)	2,651
Parking easement/leased land	2,430	58	(47)	2,441
Other	4,929	5,920	(6,546)	4,303
	\$ 67,364	\$ 53,872	\$ (56,874)	\$ 64,362

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
 (Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

11. Debt, net of MFA sinking fund deposits:

The interest rate for the year ended December 31, 2019 on the principal amount of the MFA debenture was 3.30% (2018 - 3.30%) per annum. Interest expense incurred for the year on the long-term debt was \$1,676,895 (2018 - \$1,676,895). The maturity date of the MFA debt is April 7, 2024.

The City obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures.

Gross amount for the debt less principal payments and actuarial adjustments to date are as follows:

	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2019	Net debt 2018
General Fund	\$ 50,815	\$ 22,924	\$ 27,891	\$ 32,842

Repayments on net outstanding debt over the next five years are as follows:

2020	\$ 5,149
2021	5,355
2022	5,570
2023	5,792
2024	6,025
	\$ 27,891

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

12. Tangible capital assets:

Cost	Balance December 31, 2018	Additions and transfers	Disposals	Balance December 31, 2019
Land	\$ 984,001	\$ 34,517	\$ (955)	\$ 1,017,563
Building and building improvements	442,181	45,398	(338)	487,241
Infrastructure	1,741,680	66,647	(7,436)	1,800,891
Vehicles, machinery and equipment	142,793	10,255	(3,163)	149,885
Library's collections, furniture and equipment	9,445	1,068	(575)	9,938
Assets under construction	151,296	(35,864)	-	115,432
	\$ 3,471,396	\$ 122,021	\$ (12,467)	\$ 3,580,950

Accumulated amortization	Balance December 31, 2018	Disposals	Amortization expense	Balance December 31, 2019
Building and building improvements	\$ 186,279	\$ (302)	\$ 16,332	\$ 202,309
Infrastructure	820,387	(6,919)	36,524	849,992
Vehicles, machinery and equipment	86,826	(2,982)	10,244	94,088
Library's collections, furniture and equipment	6,210	(575)	1,128	6,763
	\$ 1,099,702	\$ (10,778)	\$ 64,228	\$ 1,153,152

Net book value	December 31, 2019	December 31, 2018
Land	\$ 1,017,563	\$ 984,001
Buildings and building improvements	284,932	255,902
Infrastructure	950,899	921,293
Vehicles, machinery and equipment	55,797	55,967
Library's collection, furniture and equipment	3,175	3,235
Assets under construction	115,432	151,296
Balance, end of year	\$ 2,427,798	\$ 2,371,694

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

12. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$115,432,086 (2018 - \$151,295,702) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$28,866,769 (2018 - \$88,020,879) comprised of land in the amount of \$14,665,393 (2018 - \$69,654,386), infrastructure in the amount of \$14,191,349 (2018 - \$13,666,004), buildings had no contributed tangible capital assets in 2019 (2018 - \$4,700,489), and library collections in the amount of \$10,027 (2018 - nil).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including building, artifacts, paintings, and sculptures located at City sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

Tangible capital assets were written down by \$1,754,513 (2018 - nil) related to estimated repair costs associated with one of the lap pools at the Minoru Center for Active Living. The costs to repair the deficiencies will be recovered through insurance.

13. Accumulated surplus:

	General and Reserve Funds	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2019 Total	2018 Total
Investment in tangible capital assets	\$ 2,385,747	\$ -	\$ -	\$ 8,553	\$ 3,176	\$ 2,397,476	\$ 2,336,489
Reserves (note 14)	548,720	-	-	8,856	-	557,576	540,153
Appropriated surplus	193,455	18,316	10,420	1,471	390	224,052	207,173
Investment in LIEC	31,414	-	-	-	-	31,414	29,780
Surplus	17,717	446	6,276	604	951	25,994	24,029
Other equity	2,830	-	-	-	-	2,830	3,466
Balance, end of year	\$ 3,179,883	\$ 18,762	\$ 16,696	\$ 19,484	\$ 4,517	\$ 3,239,342	\$ 3,141,090

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

14. Reserves:

	Balance, December 31, 2018	Change during year	Balance, December 31, 2019
Affordable housing	\$ 10,836	\$ 869	\$ 11,705
Arts, culture and heritage	4,003	(277)	3,726
Capital building and infrastructure	81,763	18,923	100,686
Capital reserve	176,142	(4,166)	171,976
Capstan station	32,332	(14)	32,318
Child care development	6,806	2,116	8,922
Community legacy and land replacement	8,852	(7,542)	1,310
Drainage improvement	56,132	(487)	55,645
Equipment replacement	19,600	603	20,203
Hamilton area plan community amenity	752	968	1,720
Leisure facilities	18,765	(1,089)	17,676
Local improvements	7,155	172	7,327
Neighborhood improvement	7,520	340	7,860
Oval	6,324	2,532	8,856
Public art program	4,860	(2)	4,858
Sanitary sewer	44,107	3,624	47,731
Steveston off-street parking	317	8	325
Steveston road ends	155	(5)	150
Waterfront improvement	317	(115)	202
Watermain replacement	53,415	965	54,380
	<u>\$ 540,153</u>	<u>\$ 17,423</u>	<u>\$ 557,576</u>

15. Post-employment benefits:

The City provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2019	2018
Accrued benefit obligation, beginning of year	\$ 28,423	\$ 29,892
Current service cost	1,881	1,947
Interest cost	954	879
Past service cost (credit)	3,155	(397)
Benefits paid	(1,953)	(2,508)
Actuarial loss (gain)	2,724	(1,390)
Accrued benefit obligation, end of year	<u>\$ 35,184</u>	<u>\$ 28,423</u>

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

15. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2019. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 10 years (2018 - 10 years).

	2019	2018
Post-employment benefit liability:		
Post-employment benefit liability, end of year	\$ 35,184	\$ 28,423
Unamortized net actuarial (loss) gain	(997)	1,891
Balance, end of year	\$ 34,187	\$ 30,314

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2019	2018
Discount rate	2.40%	3.30%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

16. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

16. Pension plan (continued):

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$13,251,994 (2018 - \$12,759,865) for employer contributions while employees contributed \$11,120,458 (2018 - \$10,615,884) to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

17. Contingent assets and contractual rights:

(a) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the City's control occurs or fails to occur.

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2019. Contingent assets are not recorded in the consolidated financial statements.

In 2019, the City had requested payment from the Office of the Minister of Public Services and Procurement Canada, for outstanding payments-in-lieu of taxes in the amount of \$11,139,593. As of December 31, 2019, collectability of the requested amount is not determinable and has not been accrued for in the City's consolidated financial statements.

(b) Contractual rights:

The City has entered into contracts or agreements in the normal course of operations that it expects will result in revenue and assets in future fiscal years. The City's contractual rights are comprised of leases, licenses, grants and various other agreements, including the provision of police services with the Vancouver Airport Authority. The following table summarizes the expected revenue from the City's contractual rights:

2020	\$ 15,157
2021	11,574
2022	4,887
2023	3,437
2024	2,011
Thereafter	9,768

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

17. Contingent assets and contractual rights (continued):

(b) Contractual rights (continued):

The City is entitled to receive revenue from certain other agreements. The revenue from these agreements cannot be quantified and has not been included in the amounts noted above.

18. Commitments and contingencies:

(a) Joint and several liabilities:

The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Greater Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

The City is committed to operating lease payments for premises and equipment in the following approximate amounts:

2020	\$ 3,368
2021	3,311
2022	2,583
2023	2,569
2024	2,369
Thereafter	7,748

(c) Litigation:

As at December 31, 2019, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia ("Association"):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
 (Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

18. Commitments and contingencies (continued):

- (f) E-Comm Emergency Communications for Southwest British Columbia Incorporated ("E- Comm"):

The City is a shareholder of the E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 34 Class A and 20 Class B shares issued and outstanding as at December 31, 2019). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.

- (g) Community associations:

The City has agreements with the various community associations which operate the community centers throughout the City. The City generally provides the buildings and grounds, pays the operating costs of the facilities, and provides certain staff and other services such as information technology. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive.

19. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust fund is excluded from the City's consolidated financial statements.

	2019	2018
Richmond Community Associations	\$ 1,877	\$ 1,837

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

20. Taxation and levies:

	2019	2018
Taxes collected:		
Property taxes	\$ 463,679	\$ 433,319
Payment-in-lieu of taxes and grants	27,597	26,369
Local improvement levies	88	265
	491,364	459,953
Less transfers to other authorities:		
Province of British Columbia – School taxes	(190,650)	(177,521)
TransLink	(40,800)	(37,813)
Metro Vancouver	(7,224)	(6,178)
BC Assessment Authority	(6,185)	(6,016)
Other	(30)	(28)
	(244,889)	(227,556)
Less payment-in-lieu of taxes retained by the City	(16,277)	(15,489)
	\$ 230,198	\$ 216,908

21. Other revenue:

	2019	2018
Developer contributions	\$ 27,394	\$ 33,672
Tangible capital assets gain on sale of land	18,205	-
Penalties and fines	4,303	3,784
Parking program	2,091	2,054
Other	10,792	9,168
	\$ 62,785	\$ 48,678

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

22. Government transfers:

Government transfers are received for operating and capital activities. The operating transfers consist of gaming revenue and provincial and federal grants. Capital transfers are included in other capital funding sources revenue. The source of the government transfers are as follows:

	2019	2018
Operating		
Province of British Columbia	\$ 20,602	\$ 21,899
TransLink	3,666	3,593
Government of Canada	1,560	1,700
Capital		
Province of British Columbia	3,968	5,685
TransLink	1,010	1,666
Government of Canada	4,056	50
	\$ 34,862	\$ 34,593

23. Segmented reporting:

The City provides a wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows:

- (a) **Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, and protection of life and properties.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water and sewer networks and sanitation and recycling.
- (c) **Engineering, Public Works and Project Development** comprises of General Public Works, Roads and Construction, Storm Drainage, Fleet Operations, Engineering, Project Development, and Facility Management. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

23. Segmented reporting (continued):

- (d) **Community Services** comprises of Parks, Recreation, Arts, and Culture and Heritage Services. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the economic, arts, culture, and community issues that the City encounters.
- (e) **General Government** comprises of Mayor and Council, Corporate Administration, and Finance and Corporate Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, legal services, providing sound management of human resources, information technology, City finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and Development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City including the City's transportation systems, and community social development.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

23. Segmented reporting (continued):

	Community safety	Utilities	Engineering, public works and project development	Community services	General government	Planning and development	Total City subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 230,198	\$ -	\$ 230,198
User fees	-	99,426	12,046	-	-	-	111,472
Sales of services	6,732	4,235	2,476	9,917	7,786	2,284	33,430
Payments-in-lieu of taxes	-	-	-	-	16,277	-	16,277
Provincial and federal grants	99	-	3,707	37	3,545	40	7,428
Development cost charges	-	668	2,412	2,988	2,203	5,531	13,802
Other capital funding sources	-	3,432	11,448	3,783	14,666	5,689	39,018
Other revenue:							
Investment income	-	542	-	-	24,580	-	25,122
Gaming revenue	706	-	-	-	14,434	-	15,140
Licenses and permits	4,588	42	1,009	-	15	7,376	13,030
Other	2,652	3,608	1,202	1,173	51,453	153	60,241
Equity income	-	-	-	-	1,634	-	1,634
	14,777	111,953	34,300	17,898	366,791	21,073	566,792
Expenses:							
Wages and salaries	45,582	13,962	25,595	33,372	29,366	12,425	160,302
Public works maintenance	22	7,465	7,060	1,894	(1,481)	337	15,297
Contract services	55,027	8,944	4,978	4,446	3,673	1,585	78,653
Supplies and materials	2,719	33,219	1,397	13,056	10,748	1,035	62,174
Interest and finance	78	22,918	-	72	3,017	-	26,085
Transfer from (to) capital for tangible capital assets	(27)	3,140	12,829	5,695	275	30,621	52,533
Amortization of tangible capital assets	2,765	8,778	28,888	8,930	10,088	2,023	61,472
Loss (gain) on disposal of tangible capital assets	43	227	193	57	3	78	601
	106,209	98,653	80,940	67,522	55,689	48,104	457,117
Annual surplus (deficit)	\$ (91,432)	\$ 13,300	\$ (46,640)	\$ (49,624)	\$ 311,102	\$ (27,031)	\$ 109,675

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

23. Segmented reporting (continued):

	Total City subtotal	Richmond Olympic Oval	Richmond Public Library	2019 Consolidated	2018 Consolidated
Revenue:					
Taxation and levies	\$ 230,198	\$ -	\$ -	\$ 230,198	\$ 216,908
User fees	111,472	-	-	111,472	102,915
Sales of services	33,430	9,228	89	42,747	39,111
Payments-in-lieu of taxes	16,277	-	-	16,277	15,489
Provincial and federal grants	7,428	2,883	376	10,687	10,355
Development cost charges	13,802	-	-	13,802	17,432
Other capital funding sources	39,018	-	10	39,028	95,859
Other revenue:					
Investment income	25,122	-	20	25,142	20,705
Gaming revenue	15,140	-	-	15,140	16,837
Licenses and permits	13,030	-	-	13,030	13,637
Other	60,241	2,289	255	62,785	48,678
Equity income	1,634	-	-	1,634	1,491
	566,792	14,400	750	581,942	599,417
Expenses:					
Wages and salaries	160,302	9,298	7,763	177,363	162,331
Public works maintenance	15,297	-	2	15,299	13,405
Contract services	78,653	-	445	79,098	73,479
Supplies and materials	62,174	5,042	1,585	68,801	67,919
Interest and finance	26,085	-	4	26,089	23,149
Transfer from (to) capital for tangible capital assets	52,533	-	(289)	52,244	13,307
Amortization of tangible capital assets	61,472	1,628	1,128	64,228	60,542
Loss (gain) on disposal of tangible capital assets	601	4	(37)	568	324
	457,117	15,972	10,601	483,690	414,456
Annual surplus (deficit)	\$ 109,675	\$ (1,572)	\$ (9,851)	\$ 98,252	\$ 184,961

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2019

24. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated Financial Plan adopted by Council on March 11, 2019. The table below reconciles the adopted Consolidated Financial Plan to the budget amounts reported in these consolidated financial statements.

	Financial plan Bylaw No. 9979	Financial statement budget
Consolidated financial plan:		
Revenue	\$ 541,121	\$ 541,121
Expenses	463,338	463,338
Annual surplus	77,783	77,783
Less:		
Acquisition of tangible capital assets	(399,171)	-
Contributed tangible capital assets	(50,350)	-
Transfer to reserves	(69,403)	-
Debt principal	(4,951)	-
Add:		
Capital funding	417,161	-
Transfer from surplus	28,931	-
Annual surplus	\$ -	\$ 77,783

25. Comparative information:

Certain comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

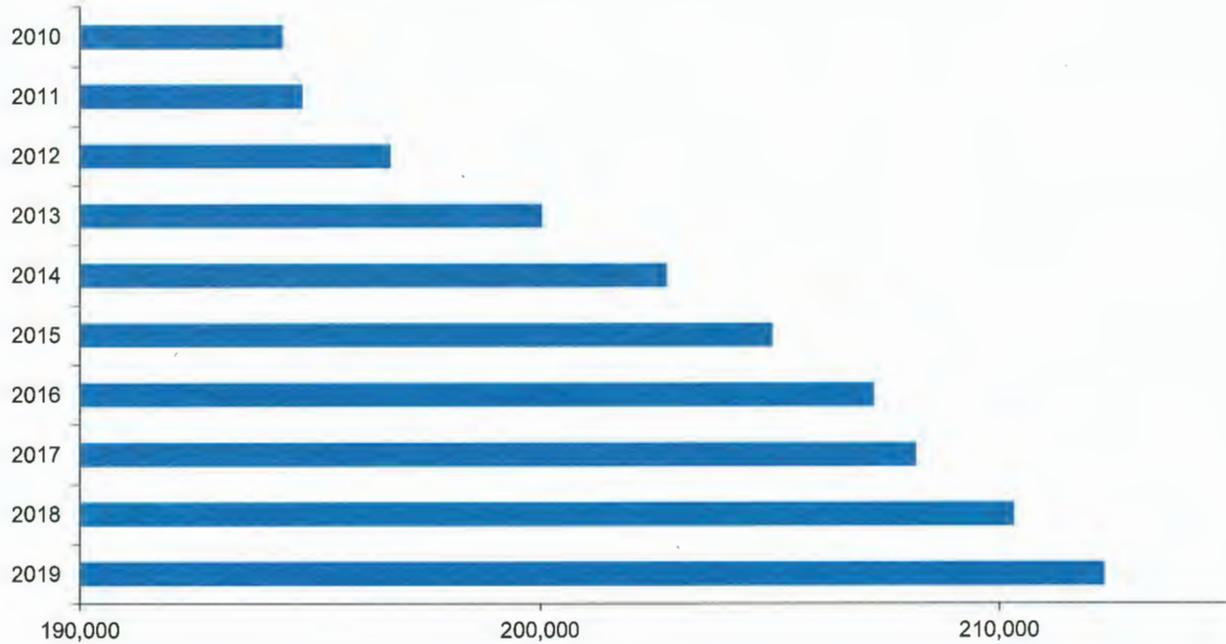
26. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This situation presents uncertainty over the City's future cash flows, and may have a significant impact on the City's future operations. In response to the outbreak, the City has temporarily closed some of its facilities. Potential impacts on the City's business could include future decreases in revenue and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the City is not practicable at this time.

City of Richmond statistical data

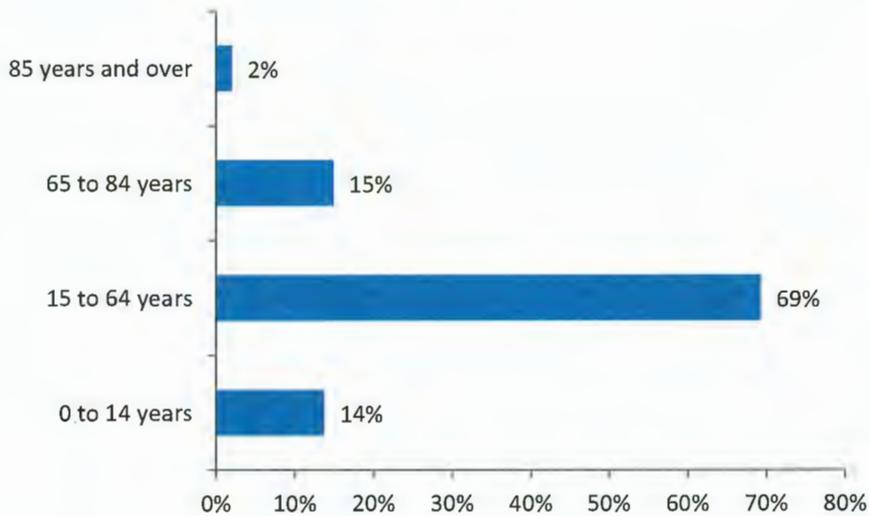
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City of Richmond population 2010–2019



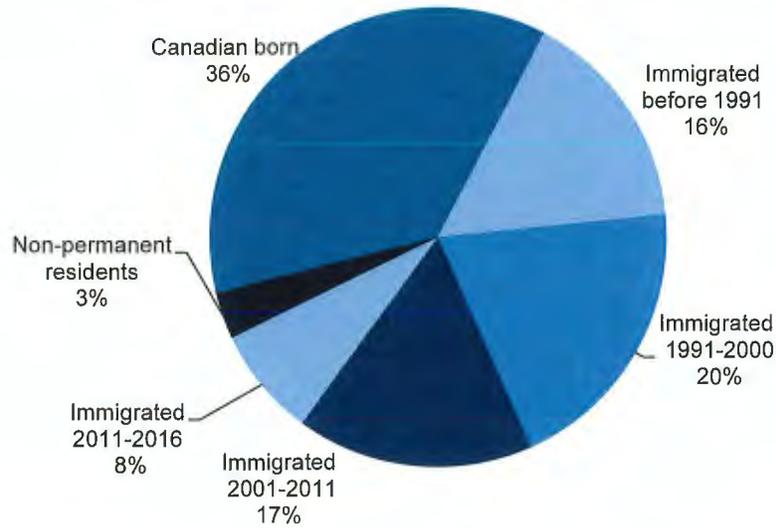
Source: BC Stats

Total population by age groups



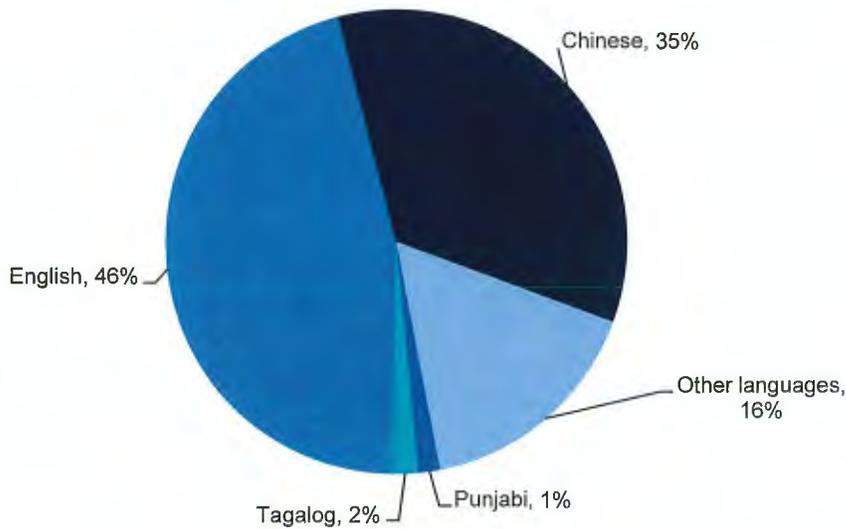
Source: Statistics Canada, 2016 Census of Population

Immigrant status of Richmond residents by period of immigration



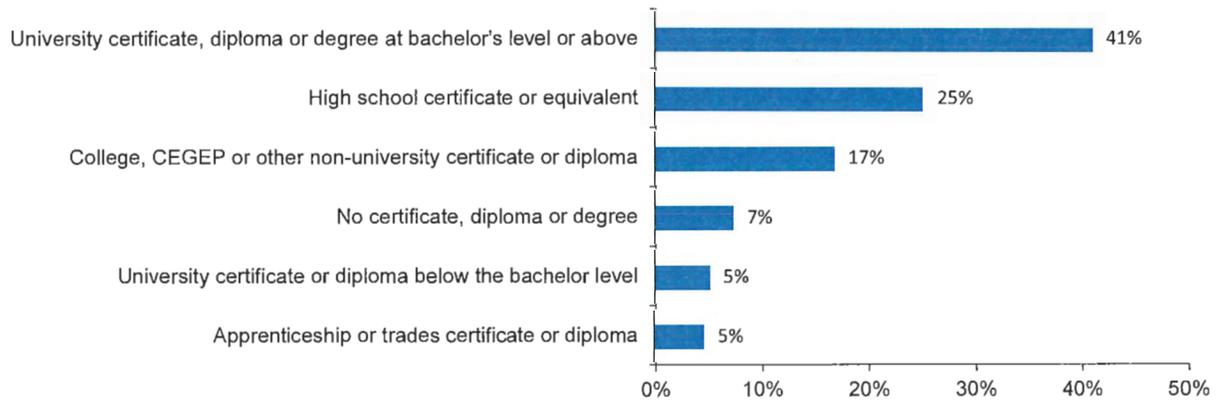
Source: Statistics Canada, 2016 Census of Population

Language spoken most often at home



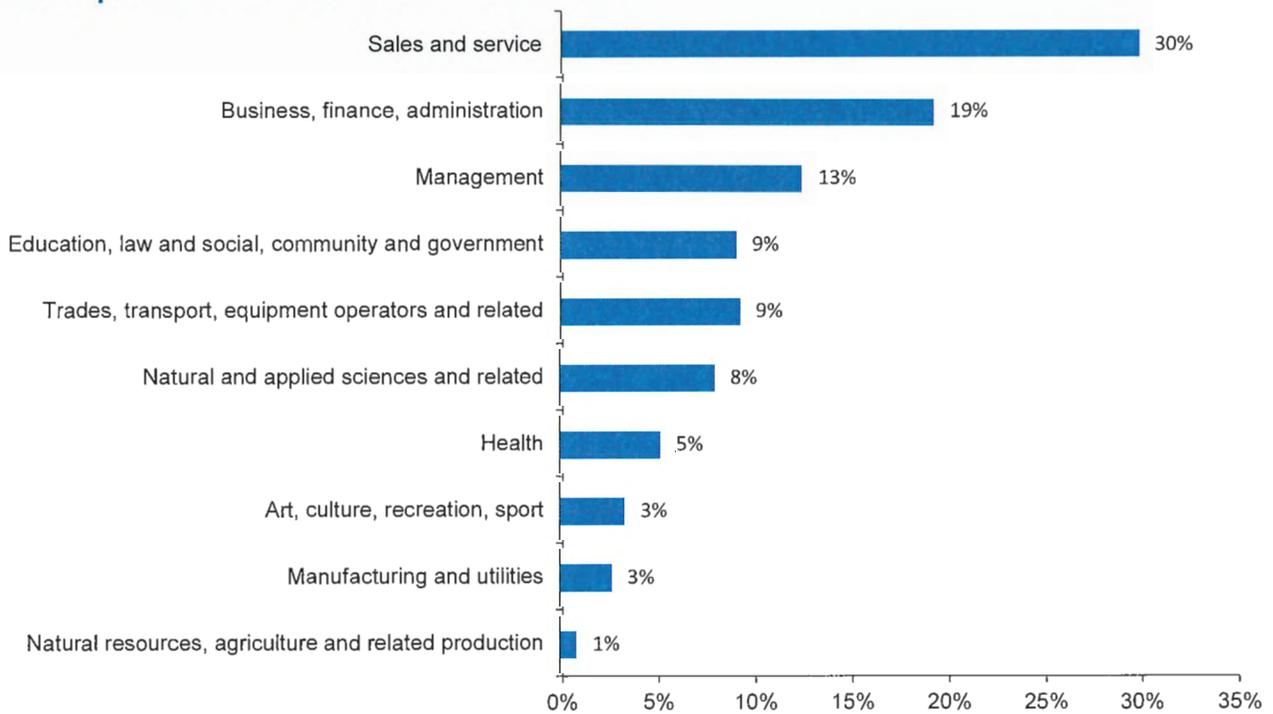
Source: Statistics Canada, 2016 Census of Population

Highest level of education attainment for the population aged 25 to 64



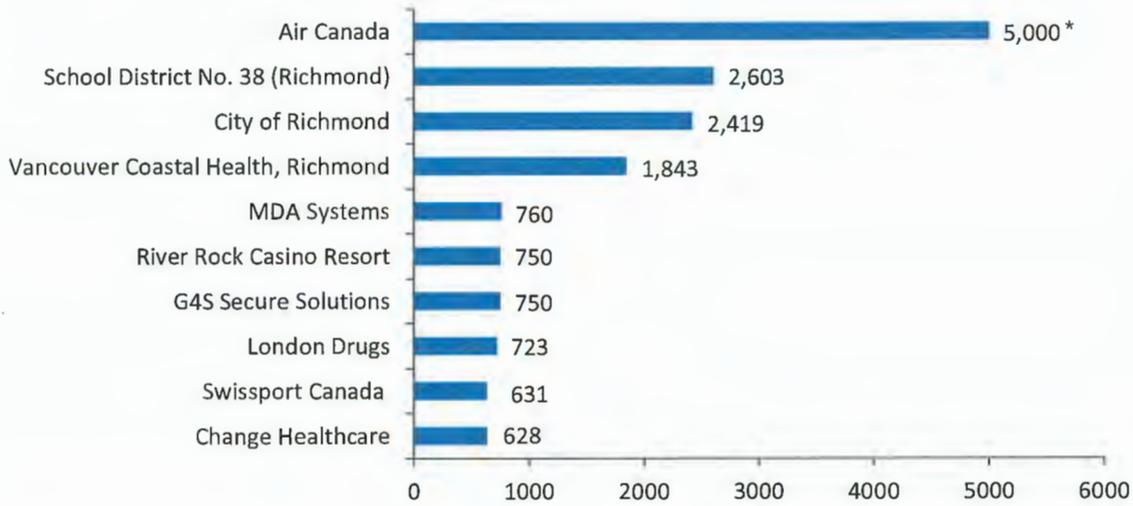
Source: Statistics Canada, 2016 Census of Population

Occupations of Richmond residents



Source: Statistics Canada, 2016 Census of Population

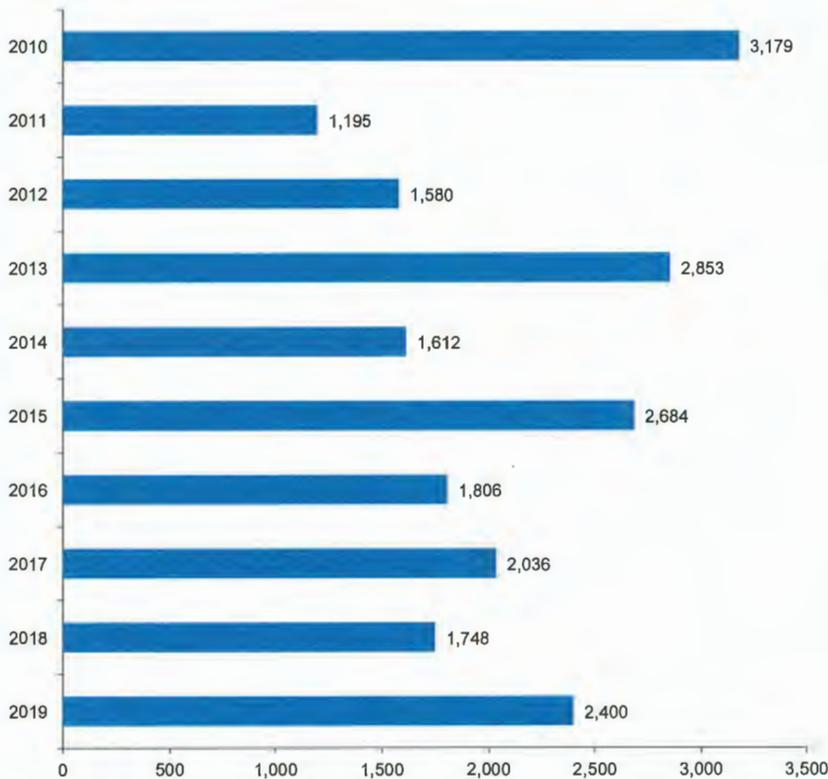
Top 10 Largest employers in Richmond



Source: 2019 City of Richmond Business Licences

* Approximate

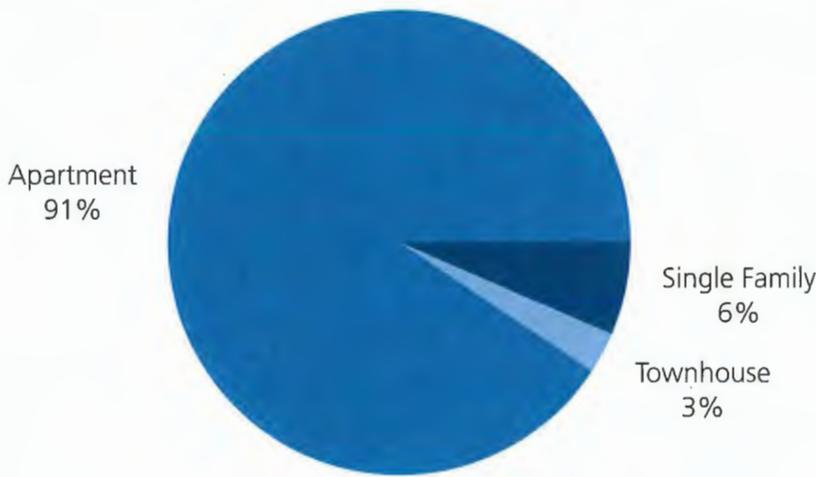
Housing starts in Richmond 2010–2019



Source: City of Richmond building permit records

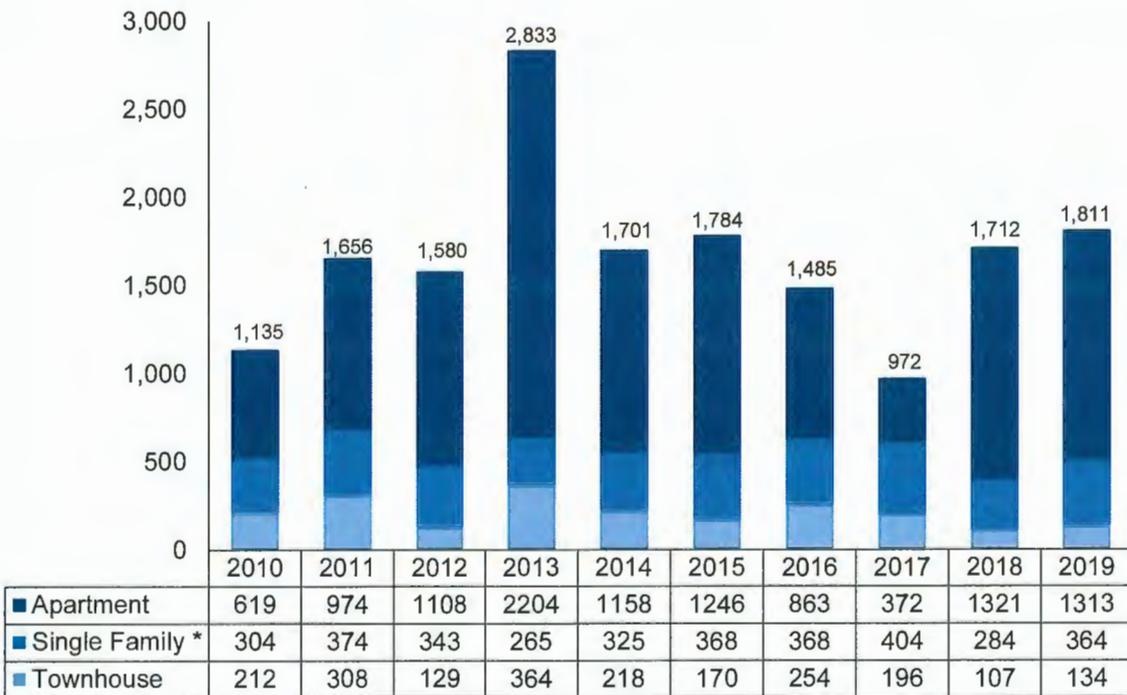
Includes only projects for new residential construction receiving final building permit in given year.

Richmond housing starts by type of units 2019



Source: City of Richmond building permit records
Includes only projects for new residential construction receiving final building permit in given year.

New dwelling units constructed 2010–2019



* Includes one family and two family dwellings

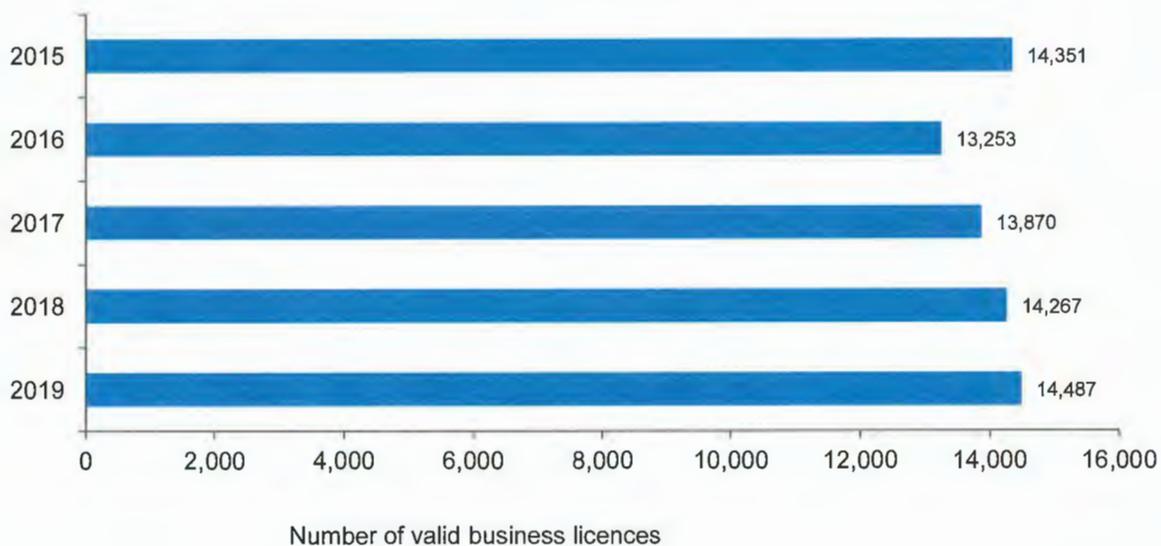
Source: City of Richmond building permit records
Includes only projects for new residential construction receiving final building permit in given year.

Construction value of building permits issued 2010–2019 (in \$000s)



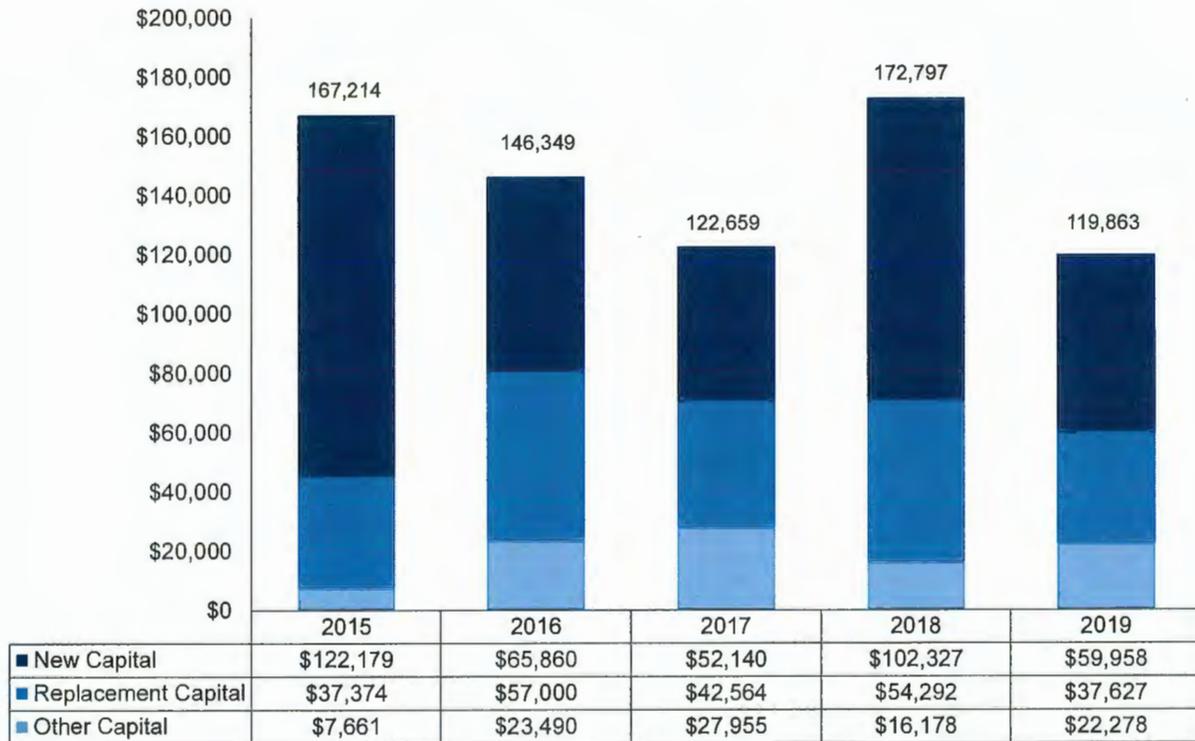
Source: City of Richmond building permit records

Richmond business licences 2015–2019



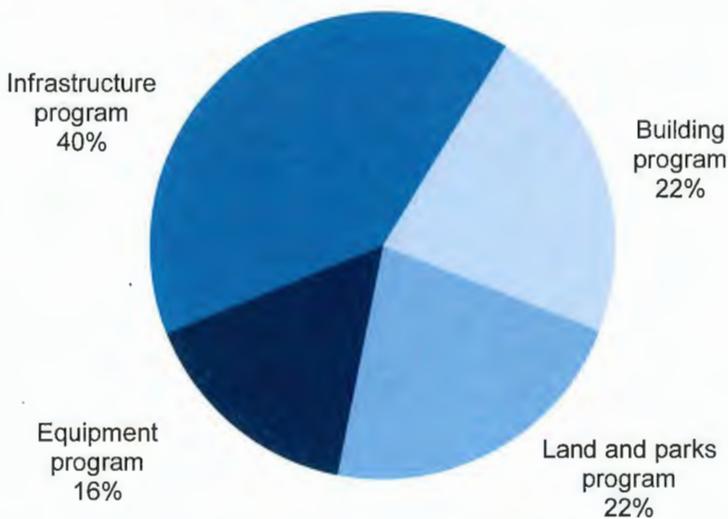
Source: 2019 City of Richmond Business Licences

City of Richmond budgeted capital costs 2015–2019 (in \$000s)



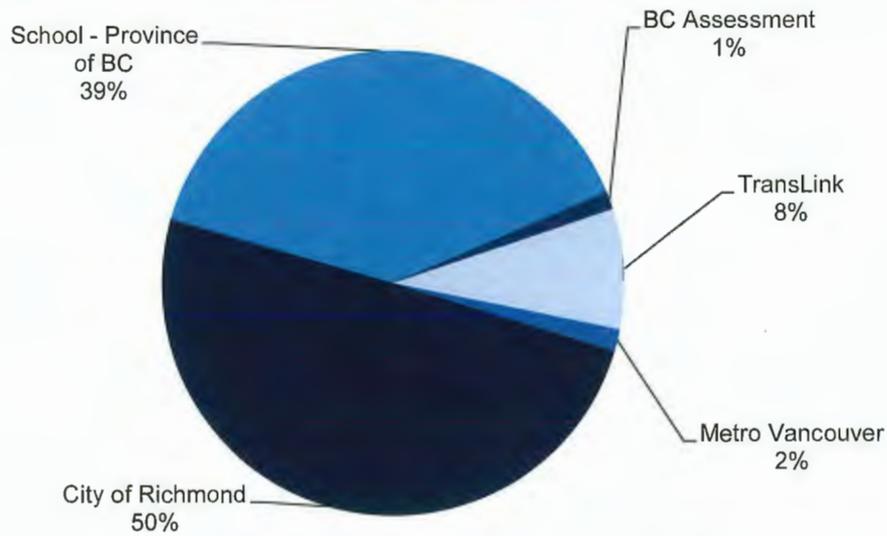
Source: City of Richmond Finance and Corporate Services

Capital program by type 2019



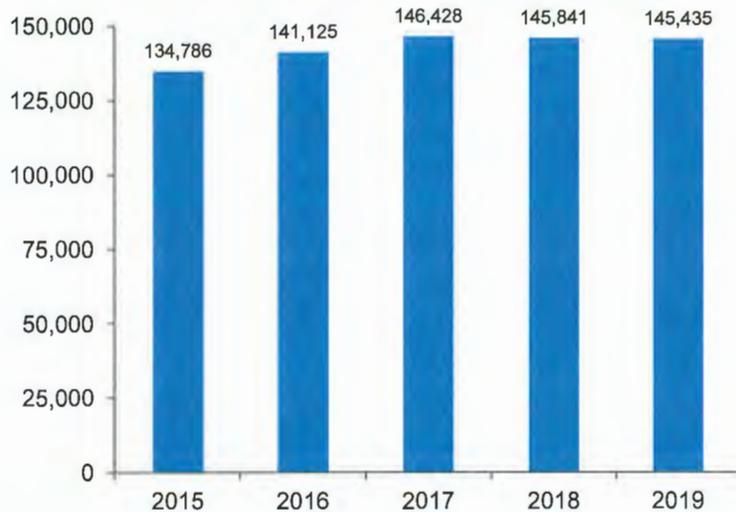
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2019



Source: City of Richmond Finance and Corporate Services

Registration in Richmond Recreation and Cultural Services programs 2015–2019



Source: City of Richmond Finance and Corporate Services

2019 tax rates

	City of Richmond	School - Province of BC	Metro Vancouver	BC Assessment	Municipal Finance Authority	TransLink
Residential	1.54934	1.05480	0.04130	0.03890	0.00020	0.22160
Business	4.27024	3.70000	0.10118	0.10820	0.00050	0.83900
Light industrial	4.27024	3.70000	0.14042	0.10820	0.00070	1.02480
Seasonal / Recreational	1.42729	2.30000	0.04130	0.38900	0.00020	0.17340
Major industrial	9.88478	1.48000	0.14042	0.48300	0.00070	1.56130
Farm	13.90198	3.55000	0.04130	0.38900	0.00020	0.35100
Utilities	29.49075	13.20000	0.14455	0.48300	0.00070	2.30930

Source: City of Richmond Finance and Corporate Services

2019 general revenue fund assessment and taxation by property class (in \$000s)

	Assessment	% of assessment by class	Taxation	% of taxation by class
Residential	\$84,391,147	78.56%	\$130,751	56.58%
Business	18,964,170	17.65%	80,982	35.04%
Light industrial	3,528,011	3.28%	15,065	6.52%
Seasonal / Recreational	221,291	0.21%	316	0.14%
Major industrial	259,457	0.24%	2,565	1.11%
Farm	26,166	0.02%	364	0.16%
Utilities	35,869	0.03%	1,058	0.46%
Total	\$107,426,111	100.00%	\$231,101	100.00%

Source: City of Richmond Finance and Corporate Services
Amounts are based on billing.

Taxes levied on behalf of taxing authorities (in \$000s)

	2015	2016	2017	2018	2019
City of Richmond	\$190,074	\$199,744	\$207,802	\$216,908	\$231,100
School Board	147,087	150,420	162,120	169,005	181,863
Metro Vancouver	4,499	4,859	5,216	5,915	6,922
BC Assessment	4,973	5,087	5,517	5,737	5,894
TransLink	32,644	32,623	34,380	35,991	38,863
Other	16	18	23	26	29
Total Taxes	\$379,293	\$392,751	\$415,058	\$433,582	\$464,671

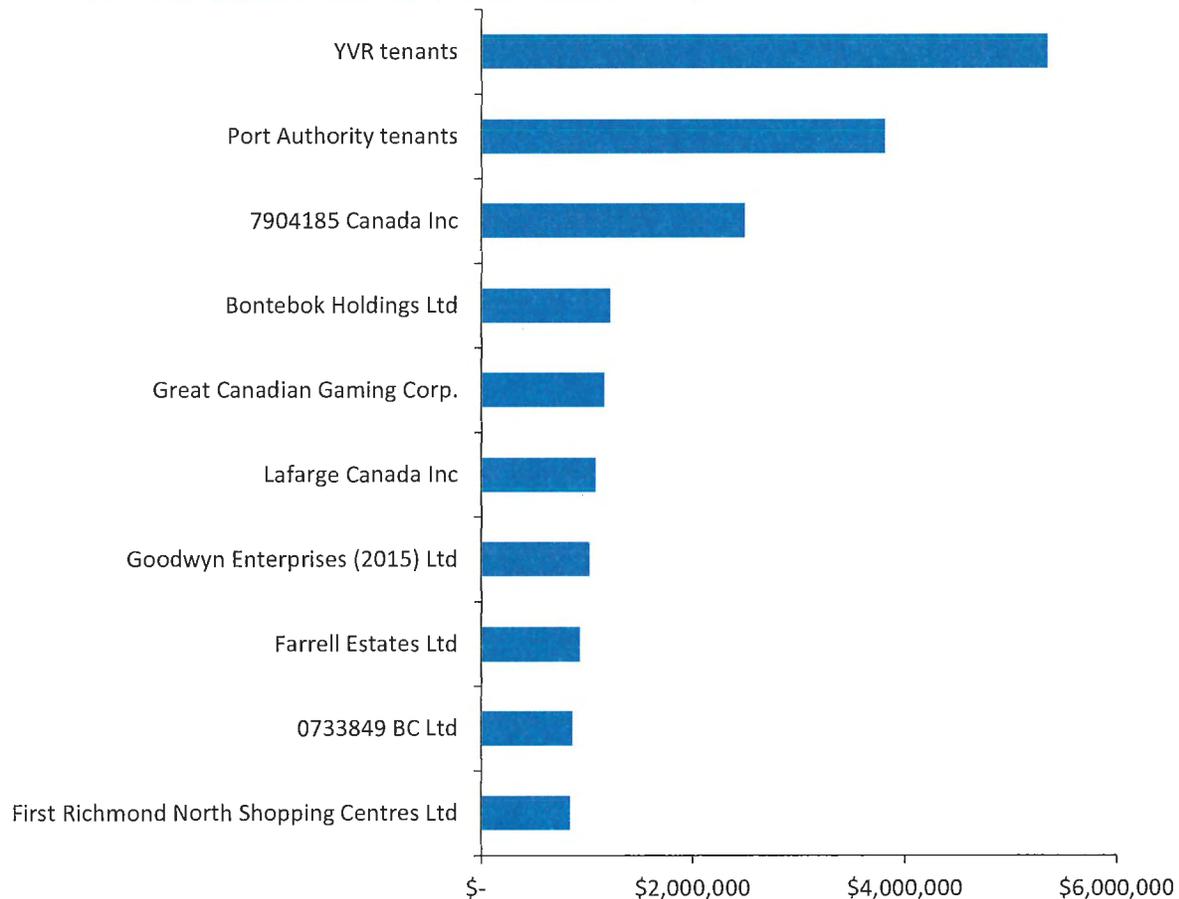
Source: City of Richmond Finance and Corporate Services
Amounts are less supplementary adjustments.

2015–2019 general assessment by property class (in \$000s)

	2015	2016	2017	2018	2019
Residential	\$47,402,471	\$53,427,310	\$73,414,252	\$80,530,838	\$84,391,147
Business	9,770,812	10,669,183	13,093,222	15,848,533	18,964,170
Light industrial	2,208,027	2,338,871	2,624,855	2,998,757	3,528,011
Seasonal / Recreational	144,622	126,430	183,360	200,893	221,291
Major industrial	137,265	139,616	215,246	204,542	259,457
Farm	26,364	26,650	26,566	26,297	26,166
Utilities	21,195	22,181	26,541	29,250	35,869
Total	\$59,710,756	\$66,750,241	\$89,584,042	\$99,839,110	\$107,426,111

Source: City of Richmond Finance and Corporate Services

Top 10 corporate taxpayers in Richmond



Source: City of Richmond Finance and Corporate Services

Debt servicing costs compared to general taxation revenue 2015–2019 (in \$000s)

	2015	2016	2017	2018	2019
Debt servicing costs	5,931	5,916	5,909	5,909	6,628
General taxation revenue	\$189,136	\$198,612	\$206,901	\$216,908	\$230,198
Debt servicing costs as a % of general taxation revenue	3.14%	2.98%	2.86%	2.72%	2.88%

Source: City of Richmond Finance and Corporate Services

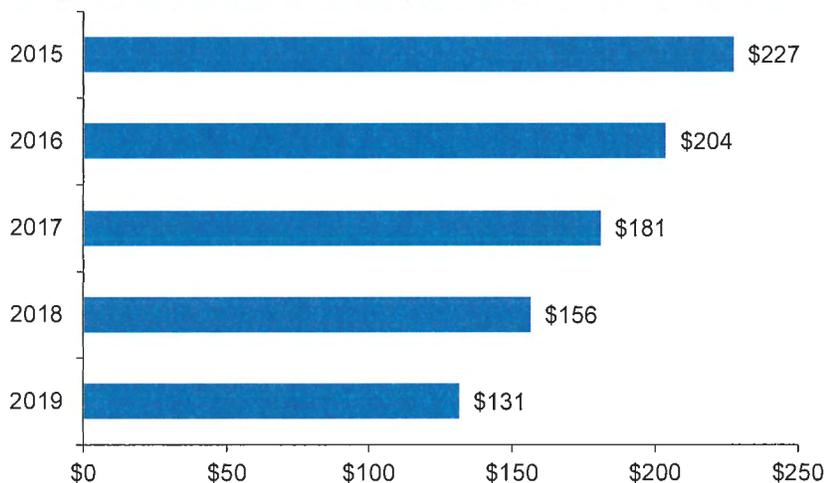
Liability servicing limit 2015–2019 (in \$000s)

	2015	2016	2017	2018	2019
Liability servicing limit	102,323	103,514	107,316	112,425	117,239

The liability servicing limit is a calculated amount based on 25% of specific municipal revenues.

Source: City of Richmond Finance and Corporate Services

City of Richmond debt per capita 2015–2019



Source: City of Richmond Finance and Corporate Services

Net debt 2015–2019 (in \$000s)

	2015	2016	2017	2018	2019
Net debt	46,583	42,181	37,603	32,842	27,891

Source: City of Richmond Finance and Corporate Services

Expenses by function 2015–2019 (in \$000s)

	2015	2016*	2017	2018	2019
Community Safety	\$85,386	\$88,702	\$89,933	\$98,500	\$106,209
Engineering and Public Works	56,294	61,243	66,120	68,793	80,940
Community Services	68,246**	59,618	77,387**	63,882	67,522
General government	43,438	45,634	51,720	52,549	55,689
Utilities	83,650	84,183	87,757	89,959	98,653
Planning and Development	13,211	14,233	15,417	15,368	48,104***
Library services	9,463	9,788	9,619	9,981	10,601
Richmond Olympic Oval	13,395	15,120	15,331	15,424	15,972
Lulu Island Energy Company	491	943	-	-	-
Total expenses	\$373,574	\$379,464	\$413,284	\$414,456	\$483,690

* Amounts have been restated.

** Includes one-time affordable housing contributions.

*** Includes one-time TransLink contribution for Capstan Station.

Source: City of Richmond Finance and Corporate Services

Expenses by object 2015–2019 (in \$000s)

	2015	2016*	2017	2018	2019
Wages, salaries and benefits	\$147,996	\$152,286	\$159,576	\$162,331	\$177,363
Public works maintenance	15,294	14,368	14,973	13,405	15,299
Contract services	59,073	63,583	64,912	73,479	79,098
Supplies and materials	55,750	60,227	65,959	67,919	68,801
Interest and finance	21,391	22,602	23,216	23,149	26,089
Transfer from (to) capital for tangible capital assets	19,349	9,417	25,712	13,307	52,244
Amortization of tangible capital assets	53,966	55,960	58,012	60,542	64,228
Loss/(gain) on disposal of tangible capital assets	755	1,021	924	324	568
Total expenses	\$373,574	\$379,464	\$413,284	\$414,456	\$483,690

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Revenue by source 2015–2019 (in \$000s)

	2015	2016*	2017	2018	2019
Taxation and levies	\$189,136	\$198,612	\$206,901	\$216,908	\$230,198
User fees	94,290	97,819	99,493	102,915	111,472
Sales of services	34,186	38,231	39,430	39,111	42,747
Licences and permits	10,747	12,422	13,011	13,637	13,030
Investment income	16,303	17,614	17,832	20,705	25,142
Grants including casino revenue	43,318	41,430	40,676	42,681	42,104
Development cost charges	17,818	16,632	15,710	17,432	13,802
Capital funding	72,575	34,283	57,570	95,859	39,028
Other	48,755	35,543	32,544	50,169	64,419
Total revenue	\$527,128	\$492,586	\$523,167	\$599,417	\$581,942

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Accumulated surplus 2015–2019 (in \$000s)

	2015	2016*	2017**	2018	2019
Accumulated surplus, beginning of year	\$2,577,640	\$2,735,306	\$2,846,246	\$2,956,129	\$3,141,090
Annual surplus	153,554	113,122	109,883	184,961	98,252
Accumulated surplus, end of year	\$2,731,194	\$2,848,428	\$2,956,129	\$3,141,090	\$3,239,342

* Amounts have been restated.

** Opening adjustment for change in accounting treatment for a government business enterprise.

Source: City of Richmond Finance and Corporate Services

Changes in net financial assets 2015–2019 (in \$000s)

	2015	2016*	2017	2018	2019
Change in net financial assets	\$61,390	(\$1,271)	\$35,351	\$65,031	\$42,748
Net financial assets, end of year	\$664,010	\$662,739	\$698,090	\$763,121	\$805,869

* Amounts have been restated.

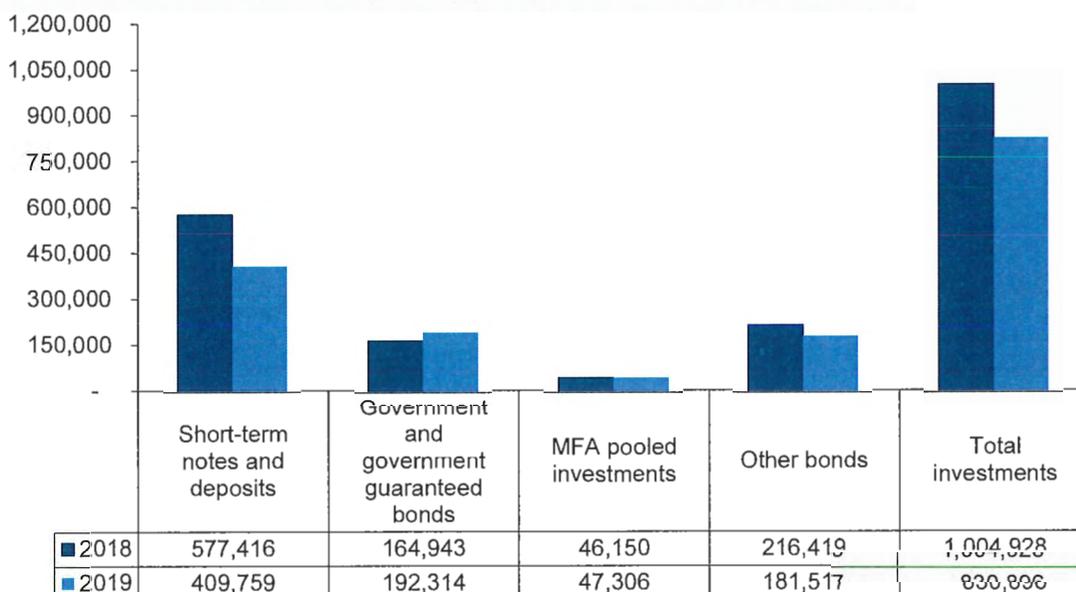
Source: City of Richmond Finance and Corporate Services

Reserves 2015–2019 (in \$000s)

	2015	2016	2017	2018	2019
Affordable housing	\$24,934	\$23,726	\$10,168	\$10,836	\$11,705
Arts, culture and heritage	4,449	4,538	4,183	4,003	3,726
Capital building and infrastructure	60,412	63,476	69,731	81,763	100,686
Capital reserve	157,778	155,672	163,599	176,142	171,976
Capstan Station	9,508	14,957	19,725	32,332	32,318
Child care development	2,335	3,789	3,006	6,806	8,922
Community legacy and land replacement	16,994	8,413	8,623	8,852	1,310
Drainage improvement	52,922	55,903	56,956	56,132	55,645
Equipment replacement	16,882	18,571	22,168	19,600	20,203
Hamilton area plan community amenity	-	-	735	752	1,720
Leisure facilities	5,275	5,568	6,765	18,765	17,676
Local improvements	6,767	6,222	6,047	7,155	7,327
Neighbourhood improvement	6,975	6,933	7,100	7,520	7,860
Richmond Olympic Oval	3,191	4,261	4,749	6,324	8,856
Public art program	3,056	3,108	3,861	4,860	4,858
Sanitary sewer	41,687	44,527	42,909	44,107	47,731
Steveston off-street parking	299	305	310	317	325
Steveston road ends	458	407	211	155	150
Waterfront improvement	642	615	344	317	202
Watermain replacement	46,614	50,855	53,693	53,415	54,380
Total reserves	\$461,178	\$471,846	\$484,883	\$540,153	\$557,576

Source: City of Richmond Finance and Corporate Services

Investment portfolio per type 2018–2019 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Ratio analysis indicators of financial condition

	2019	2018
Sustainability ratios		
Assets to liabilities (times)	7.3	7.7
Financial assets to liabilities (times)	2.6	2.6
Net debt to total revenues	4.8%	5.5%
Net debt to the total assessment	0.03%	0.03%
Expenses to the total assessment	0.5%	0.4%
Flexibility ratios		
Public debt charges to revenues	0.3%	0.3%
Net book value of capital assets to its cost	67.8%	68.3%
Own source revenue to the assessment	0.5%	0.5%
Vulnerability ratios		
Government transfers to total revenues	4.4%	4.5%

Source: City of Richmond Finance and Corporate Services

2019 permissive property tax exemptions

In accordance with Section 98 (2)(b) of the Community Charter, we disclose that the following properties were provided permissive property tax exemptions by Richmond City Council in 2019. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

Property / Organization	Address	2019 Municipal tax exempted
Churches and religious properties		
Aga Khan Foundation Canada	4000 May Drive	\$ 20,729
BC Muslim Association	12300 Blundell Road	1,953
Bakerview Gospel Chapel	8991 Francis Road	3,452
Beth Tikvah Congregation	9711 Geal Road	20,951
Bethany Baptist Church	22680 Westminster Highway	11,552
Brighthouse United Church	8151 Bennett Road	18,310
Broadmoor Baptist Church	8140 Saunders Road	12,074
Canadian Martyrs Parish	5771 Granville Avenue	28,211
Christian and Missionary Alliance	3360 Sexsmith Road	7,966
Christian Reformed Church	9280 No. 2 Road	25,059
Church in Richmond	4460 Brown Road	2,895
Church of Latter Day Saints	8440 Williams Road	23,859
Cornerstone Evangelical Baptist Church	12011 Blundell Road	646
Dharma Drum Mountain Buddhist Temple	8240 No. 5 Road	1,050
Emmanuel Christian Community	10351 No. 1 Road	11,491
Faith Evangelical Church	11960 Montego Street	4,760
Fraserview Mennonite Brethren Church	11295 Mellis Drive	7,561
Fujian Evangelical Church	12200 Blundell Road	2,702
Gilmore Park United Church	8060 No. 1 Road	3,721
I Kuan Tao (Fayi Chungder) Association	8866 Odlin Crescent	5,197
Immanuel Christian Reformed Church	7600 No. 4 Road	3,072
India Cultural Centre	8600 No. 5 Road	2,655
International Buddhist Society	9160 Steveston Highway	4,327
Johrei Fellowship Inc.	10380 Odlin Road	6,170
Lansdowne Congregation Jehovah's Witnesses	11014 Westminster Highway	2,656
Larch St. Gospel Meeting Room	8020 No. 5 Road	2,240
Ling Yen Mountain Temple	10060 No. 5 Road	4,576
Nanaksar Gurdwara Gursikh Temple	18691 Westminster Highway	2,465
North Richmond Alliance Church	9140 Granville Avenue	6,435
Our Saviour Lutheran Church	6340 No. 4 Road	2,942
Parish of St. Alban's	7260 St. Albans Road	18,617

Churches and religious properties continued . . .

Patterson Road Assembly	9291 Walford Street	\$ 1,068
Peace Evangelical Church	8280 No. 5 Road	1,058
Peace Mennonite Church	11571 Daniels Road	16,768
Richmond Alliance Church	11371 No. 3 Road	2,042
Richmond Baptist Church	6560 Blundell Road	4,460
Richmond Baptist Church	6640 Blundell Road	14,813
Richmond Bethel Mennonite Church	10160 No. 5 Road	3,638
Richmond Chinese Alliance Church	10100 No. 1 Road	18,485
Richmond Chinese Evangelical Free Church	8040 No. 5 Road	2,175
Richmond Emmanuel Church	7451 Elmbridge Way	8,618
Richmond Pentecostal Church	9300 Westminster Highway	3,744
Richmond Pentecostal Church	9260 Westminster Highway	2,229
Richmond Presbyterian Church	7111 No. 2 Road	14,613
Richmond Sea Island United Church	8711 Cambie Road	25,375
Salvation Army Church	8280 Gilbert Road	4,633
Science of Spirituality SKRM Inc.	11011 Shell Road	1,119
Shia Muslim Community	8580 No. 5 Road	1,666
South Arm United Church	11051 No. 3 Road	1,023
St. Anne's Anglican Church	4071 Francis Road	7,748
St. Gregory Armenian Apostolic Church	13780 Westminster Highway	976
St. Joseph the Worker Roman Catholic Church	4451 Williams Road	5,640
St. Monica's Roman Catholic Church	12011 Woodhead Road	10,190
St. Paul's Roman Catholic Parish	8251 St. Albans Road	20,633
Steveston Buddhist Temple	4360 Garry Street	30,535
Steveston Congregation Jehovah's Witnesses	4260 Williams Road	13,029
Steveston United Church	3720 Broadway Street	5,419
Subramaniya Swamy Temple	8840 No. 5 Road	1,350
Thrangu Monastery Association	8140 No. 5 Road	3,184
Thrangu Monastery Association	8160 No. 5 Road	1,381
Towers Baptist Church	10311 Albion Road	11,898
Trinity Lutheran Church	7100 Granville Avenue	20,195
Trinity Pacific Church	10011 No. 5 Road	9,134
Ukrainian Catholic Church	8700 Railway Avenue	6,885
Vancouver Airport Chaplaincy	3211 Grant McConachie Way	578
Vancouver International Buddhist Progress Society	6690 - 8181 Cambie Road	7,728
Vancouver International Buddhist Progress Society	8271 Cambie Road	9,554
Vedic Cultural Society of BC	8200 No. 5 Road	3,167
West Richmond Gospel Hall	5651 Francis Road	8,869

Recreation, child care and community service properties

Atira Women's Resource Society	650 - 5688 Hollybridge Way	\$ 5,062
Canadian Sport Institute Pacific Society	2005 - 6111 River Road	4,371
Cook Road Children's Centre	8300 Cook Road	2,048
Cranberry Children's Centre	23591 Westminster Highway	3,580
Gardens Children's Centre	10640 No. 5 Road	3,909
Girl Guides of Canada	4780 Blundell Road	6,907
Girl Guides of Canada	11551 Dyke Road	18,982
Navy League of Canada	7411 River Road	8,274
Richmond Animal Protection Society	12071 No. 5 Road	11,628
Richmond Caring Place	7000 Minoru Boulevard	122,893
Richmond Centre for Disability	100 - 5671 No. 3 Road	26,976
Richmond Family Place	8660 Ash Street	9,029
Richmond Ice Centre	14140 Triangle Road	236,975
Richmond Lawn Bowling Club	6131 Bowling Green Road	47,107
Richmond Gymnastics Association	140 - 7400 River Road	10,192
Richmond Olympic Oval	6111 River Road	1,214,408
Richmond Public Library	11580 Cambie Road	2,700
Richmond Public Library	11688 Steveston Highway	11,983
Richmond Rod and Gun Club	7760 River Road	26,562
Richmond Rod and Gun Club	140 - 7400 River Road	5,096
Richmond Tennis Club	6820 Gilbert Road	55,318
Richmond Winter Club	5540 Hollybridge Way	250,541
Riverside Children's Centre	5862 Dover Crescent	1,052
Scotch Pond Heritage	2220 Chatham Street	5,762
Seasong Child Care Centre	10380 No. 2 Road	16,130
Terra Nova Children's Centre	6011 Blanchard Drive	2,001
Treehouse Learning Centre	100 - 5500 Andrews Road	1,960
Watermania	14300 Entertainment Boulevard	195,975
West Cambie Child Care Centre	4033 Stolberg Street	3,488

Senior citizen housing

Richmond Legion Senior Citizen Society	7251 Langton Road	\$ 23,890
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Community care facilities

Canadian Mental Health Association	8911 Westminster Highway	\$ 11,668
Developmental Disabilities Association	6531 Azure Road	2,443
Developmental Disabilities Association	8400 Robinson Road	3,140
Developmental Disabilities Association	7611 Langton Road	2,758
Greater Vancouver Community Service	4811 Williams Road	3,415
Pinegrove Place, Mennonite Care Home Society	11331 Mellis Drive	14,816
Richmond Lions Manor	9020 Bridgeport Road	19,863
Richmond Society for Community Living	5728 Woodwards Road	2,463
Richmond Society for Community Living	303 - 7560 Moffatt Road	910
Richmond Society for Community Living	4433 Francis Road	2,449
Richmond Society for Community Living	9 - 11020 No. 1 Road	1,110
Richmond Society for Community Living	9580 Pendleton Road	2,983
Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Road	40,127
Western Recovery Foundation	10411 Odlin Road	2,416

Major services provided by the City of Richmond

Administration

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officers, Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing, Corporate Planning and Organizational Development and the Corporate Programs Management Group.

Community Safety

Brings together the City's public safety providers including police, fire-rescue, emergency programs, community bylaws and business licences.

Community Services

Coordinates, supports and develops Richmond's community services including Parks Services, Recreation and Sport Services and Arts, Culture and Heritage Services.

Engineering and Public Works

The Engineering and Public Works Departments deliver public works services and utilities and engineering planning, design, construction and maintenance services for all utility and City building infrastructure.

Finance and Corporate Services

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services and Corporate Business Service Solutions.

Planning and Development

Includes the Policy Planning, Transportation, Development Applications, Building Approvals and Community Social Development Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

Legal and Legislative Services

Includes the Law Department and the City Clerk's Office.

Other City entities

Gateway Theatre

Operates the City's performing arts theatre.

Lulu Island Energy Company

Operates the City's district energy utilities.

Richmond Olympic Oval Corporation

Operates the Richmond Olympic Oval and the Richmond Sport Hosting program.

Richmond Public Library

Operates Richmond's public library, including four branches.

City of Richmond contacts

The City of Richmond offers many civic services to the community. Additional services to the community are provided through the Richmond Olympic Oval, Richmond Public Library, Gateway Theatre and Lulu Island Energy Company. For more information on City services contact:

City of Richmond

6911 No. 3 Road
 Richmond, BC V6Y 2C1
 Phone: 604-276-4000
 Email: infocentre@richmond.ca
www.richmond.ca

-  @cityofrichmondbc
-  @Richmond_BC
-  @cityofrichmondbc
-  /CityofRichmondBC

Gateway Theatre

6500 Gilbert Road
 Richmond, BC V7C 3V4
 Phone: 604-270-6500
 Box Office: 604-270-1812
www.gatewaytheatre.com

-  @GatewayThtr
-  @GatewayThtr
-  @gatewaythtr

Lulu Island Energy Company

6911 No. 3 Road
 Richmond, BC V6Y 2C1
 Phone: 604-276-4011
 Email: info@luluslandenergy.ca
www.luluslandenergy.ca

Richmond Public Library

100-7700 Minoru Gate (Brighthouse Branch)
 Richmond, BC V6Y 1R8
 Hours: 604-231-6401
www.YourLibrary.ca

-  @yourlibraryRichmond
-  @RPLBC
-  @rplbc
-  /YourLibraryRichmond
-  Account: RPLYourlibrary1

Richmond Olympic Oval

6111 River Road
 Richmond, BC V7C 0A2
 Phone: 778-296-1400
 Email: info@richmondoval.ca
www.richmondoval.ca

-  @richmondoval
-  @RichmondOval
-  @richmondoval



City of Richmond

6911 No. 3 Road, Richmond, BC V6Y 2C1
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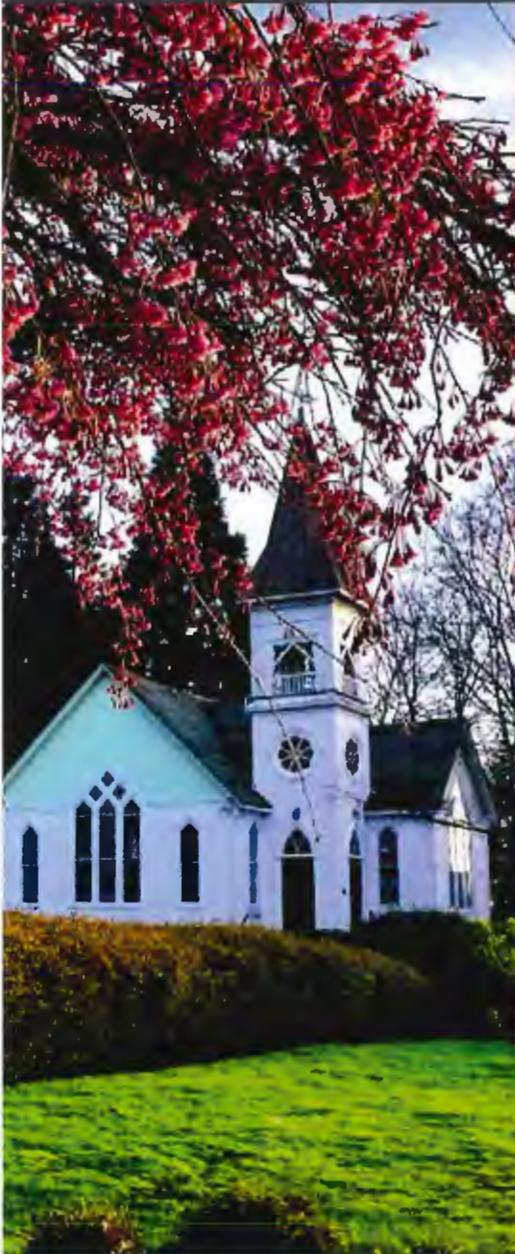
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City of
Richmond
British Columbia, Canada

2019 Annual Report Highlights

For the year ended December 31, 2019



DRAFT

RICHMOND CITY COUNCIL



Front row, left to right: Councillor Michael Wolfe, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Linda McPhail, Councillor Kelly Greene
Back row, left to right: Deputy Fire Chief Kevin Gray, Richmond Fire-Rescue, Councillor Harold Steves, Councillor Carol Day, Councillor Chak Au, Councillor Alexa Loo, Constable Leah Riske, Richmond RCMP

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For Council meeting agendas and minutes, visit www.richmond.ca/cityhall/council/agendas.
To watch Council meetings on live streaming or view videos of past meetings, visit www.richmond.ca/watchonline.

COVER PHOTOS: MINORU CHAPEL, WEST DYKE TRAIL AND "TOGETHER" PUBLIC ART WORK IN FRONT OF MINORU CENTRE FOR ACTIVE LIVING - THREE OF THE WINNING SUBMISSIONS IN THE CITY'S ANNUAL STREET BANNER CONTEST.

CITY OF RICHMOND, BRITISH COLUMBIA 2019 ANNUAL REPORT HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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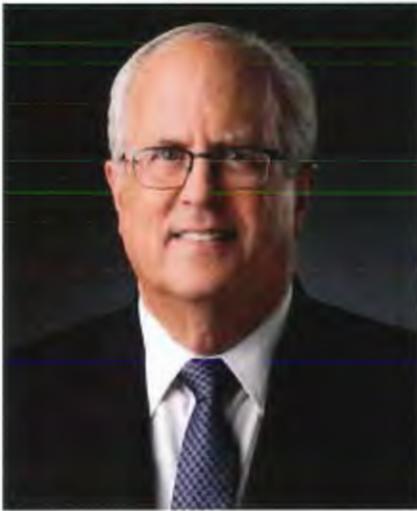
This report features highlights from Richmond's 2019 Annual Report. For the detailed 2019 Annual Report that meets legislated requirements, or for an online copy of this highlights report, please visit www.richmond.ca (City Hall > Finance, Taxes & Budgets > Financial Reporting > Annual Reports).

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. © 2020 City of Richmond.

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**"Our vision is
to be the most
appealing, livable
and well-managed
community in
Canada."**

MESSAGE FROM THE MAYOR



The City of Richmond's 2019 Annual Report reflects another year of innovation and success as we move towards achieving our vision of being Canada's most livable and well-managed community.

Council entered 2019 with a four-year strategy to guide us through the challenges and opportunities that lie ahead. To make that plan a reality, we identified eight strategic initiatives that focus on the areas essential to our growth, security and prosperity.

The City of Richmond has always provided a high quality of life and worked hard to preserve this standard far into the future. 2019 was no exception.

We know safety and security is a priority so by building a strong foundation of first responders and other programs, Richmond can continue to boast one of the lowest rates of violence and property crime in the Lower Mainland.

Recognizing the impact of climate change, Richmond joined many others in declaring a climate emergency. While not a substitute for action, it reinforced the importance of the extensive environmental programs that we have undertaken for decades. As a local government leader in climate action, we are committed to implementing practices to build a sustainable and environmentally-conscious City for our 212,000 residents.



RICHMOND CITY COUNCIL WORE PINK TO RAISE AWARENESS AND SHOW SUPPORT TO HELP ERASE BULLYING.

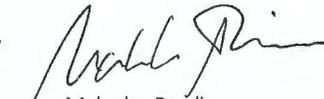
Richmond was also among the first to propose bylaws banning single-use plastics—a step that could keep around 650 tonnes of non-recyclable plastic from the waste system. At the same time, our Community Energy and Emissions Plan guides us in reducing greenhouse gas emissions by up to 50% over the next decade despite growth in density and population.

In terms of growth, City staff issued building permits for over \$980 million in construction in 2019. We are constantly working with developers and stakeholders to find new and innovative partnerships so we can create strong, connected

communities that build a sense of pride, family and belonging.

The City of Richmond is one community. It is a place of resiliency, identity and belonging. Our diversity makes Richmond truly unique and the impacts are visible throughout the City. Differences in cultural heritage strengthen our sense of neighborhood and community, and our Cultural Harmony Plan—the first such municipal plan in Canada—demonstrates our leadership in building on social inclusion practices. Our City's first painted rainbow crosswalk is a lasting reminder that Richmond is a place of inclusion, respect and support.

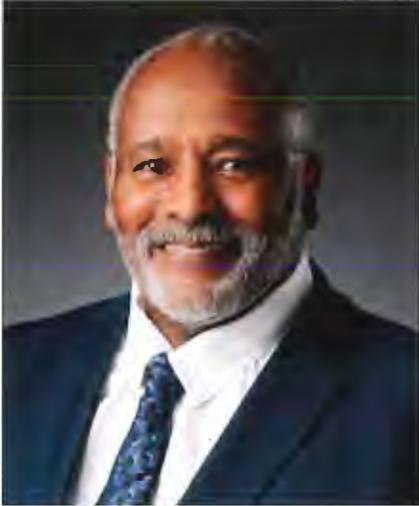
Our success is a credit to those who contribute to making Richmond a better place, including our staff, volunteers, business, and community and government partners. This Annual Report contains examples of our goals and achievements and, as always, I invite your comments and questions through my office.



Malcolm Brodie
Mayor, City of Richmond



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



I am pleased to present the City of Richmond's Annual Report for 2019. It details our strong financial position, and outlines many of the initiatives we are undertaking to achieve our vision of making Richmond Canada's best managed city.

During this past year, our administration made significant progress in implementing Council's new strategic plan, which is comprised of eight initiatives. Many of those achievements are highlighted throughout this report.

Our city has long been recognized as a leader in environmental action and sustainability, while supporting

development and building strong and connected communities. Our award-winning District Energy Utility continued to expand, as did our commitment to encourage clean energy transportation through further implementation of electric vehicle charging stations.

As Richmond continued to grow, so did the need for services to support our community which is rich in both cultural and economic diversity. While Richmond was one of the few Metro Vancouver cities to exceed its annual net new home housing target in 2019, we also acted to ensure a variety of housing options were maintained. The City worked with



the development community to create more affordable rental housing, securing agreements for 179 new units for low and moderate income Richmond households. We also secured over \$2.4 million cash-in-lieu contributions to be applied towards future affordable housing options.

Providing support for young families remained a focus, with our award-winning five-year child care strategy continuing to be recognized as a municipal leader in fostering conditions for a comprehensive child care system.

One of the foundations for any successful organization is its ability to demonstrate strong financial stewardship.

Our City's long term financial strategy remained a hallmark of our administration and enabled us to continue to limit property tax increases, while still making significant investments in infrastructure and programs. Richmond's property taxes were again among the lowest in the region and our sound fiscal management positioned us well to address future challenges and opportunities.

The City of Richmond is committed to strengthening our community and encouraging growth within a framework of diversity, sustainability and value for our taxpayers.



George Duncan
Chief Administrative Officer



THE CITY'S 2017-2022 CHILD CARE NEEDS ASSESSMENT AND STRATEGY WON THE UNION OF BRITISH COLUMBIA MUNICIPALITIES EXCELLENCE AWARD IN GOVERNANCE





THE CITY ACQUIRED THE RICHMOND ICE CENTRE, TURNING A HIGHLY-USED LEASED FACILITY INTO A CITY-OWNED ASSET.



IN 2019, 19 NEW RCMP OFFICERS AND 12 FIREFIGHTERS WERE ADDED TO STRENGTHEN EXISTING FIRST RESPONDER RESOURCES.

2019 Highlights



The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. Soon after the new Council began its four-year term in October 2018, it undertook a strategic planning process to help it fulfill its governance role and achieve a successful term of office. Through that process, Council adopted a revised set of eight Strategic Focus areas, which provides the framework for the City's programs and services from 2018 to 2022.

For more detail, visit www.richmond.ca/cityhall/council/about/strategicplan.

The following achievements represent highlights of our work to fulfil these goals in 2019:

1. A SAFE AND RESILIENT COMMUNITY

As part of our Safe Community Priority Program, 19 new RCMP officers and 12 firefighters were added to strengthen our existing first responder resources. More recruits for each are expected over the next two years.

2. A SUSTAINABLE AND ENVIRONMENTALLY CONSCIOUS CITY

Council developed bylaws banning single-use plastics such as straws, shopping bags and foam containers, potentially removing as many as 35 million items weighing 650 tonnes from the waste stream annually.

3. ONE COMMUNITY TOGETHER

Richmond became the first community in Canada to develop a municipal Cultural Harmony Plan. The Plan demonstrates the City's leadership in building on its social inclusion practices and recognizes our unique cultural diversity.

4. AN ACTIVE AND THRIVING RICHMOND

Our first emergency shelter, temporary modular housing and a unique partnership with Richmond RCMP and Vancouver Coastal Health on a mental health car reinforced our commitment to support those in need.

THE 40-UNIT TEMPORARY MODULAR HOUSING PROJECT ON ALDERBRIDGE WAY OPENED TO HELP THOSE WHO ARE MOST VULNERABLE IN THE COMMUNITY.

5. SOUND FINANCIAL MANAGEMENT

The acquisition of the Richmond Ice Centre, a 155,000 square foot multi-rink facility situated on over 3.0 strategically-located hectares in the Riverport area, turned a highly-used leased facility into a City-owned asset and another major investment in civic infrastructure for recreation.

6. STRATEGIC AND WELL-PLANNED GROWTH

Through a unique partnership, the City forwarded \$28.1 million of developer funds to TransLink for construction of a new Canada Line transit station. This will support the rapidly-growing Capstan Village community and reflects the increasing ridership of the Canada Line.

7. A SUPPORTED ECONOMIC SECTOR

Richmond's strong business sector boasts one of the highest job-to-worker ratios in the region, reflecting its important location as a gateway for people and goods movement such as transportation, warehousing and logistics, manufacturing, wholesale and tourism.

8. AN ENGAGED AND INFORMED COMMUNITY

The City's LetsTalkRichmond.ca platform continues to connect and engage residents of all backgrounds from across our community on a diverse range of topics ranging from single-use plastics and sustainability, to cultural harmony and our Farming First strategy.



THE RICHMOND WORLD FESTIVAL BRINGS EVERYONE TOGETHER TO CELEBRATE THE CITY'S SIGNIFICANT CULTURAL DIVERSITY.



Richmond: safe, sustainable, culturally diverse

As this city grows, our commitment to its citizens grows with it.

In 2019, the City secured agreements for 179 new affordable housing units for low and moderate income Richmond households, and over \$2.4 million cash-in-lieu contributions for future affordable housing options. The opening of a 36-bed emergency shelter in Ironwood, as well as a 40-unit temporary supportive housing facility on Alderbridge Way, offered support to some of the city's most vulnerable as part of our first Homelessness Strategy approved by Council in late 2019.

As an established local government leader in climate action, Richmond is committed to implementing practices to build a sustainable and environmentally-conscious city that will benefit current and future generations. From bylaws to ban single-use plastics—removing 650 tonnes from the waste stream annually—to electric vehicles and circular economy principles, our actions are the importance of the extensive environmental programs that Richmond has undertaken for decades.



ABOVE: THE CITY ENGAGED WITH THE COMMUNITY TO INFORM THE PUBLIC ABOUT THE PROPOSED BYLAW TO BAN SINGLE-USE PLASTICS.



ABOVE: RICHMOND'S FIRST RAINBOW CROSSWALK ON MINORU BOULEVARD.



ABOVE: THE NEW EMERGENCY SHELTER PROVIDES SAFE AND SECURE SHELTER SPACES IN A SUPPORTIVE ENVIRONMENT FOR UP TO 36 PEOPLE—MORE THAN TRIPLE THE NUMBER THAT EXISTED PREVIOUSLY.

RICHMOND'S CULTURAL HARMONY PLAN DEMONSTRATES THE CITY'S LEADERSHIP IN BUILDING ON ITS SOCIAL INCLUSION PRACTICES. IT ALSO SIGNIFIES THE CITY'S ROLE IN RESPONDING TO THE EVOLVING NEEDS OF RICHMOND'S INCREASINGLY DIVERSE POPULATION.



The diversity among our 212,000 residents is truly unique and makes us stronger as a community. We strengthened our sense of neighbourhood and community through Canada's first municipal Cultural Harmony Plan, which reinforces our leadership in building on our social inclusion practices. 2019 also saw the installation of our city's first painted rainbow crosswalk on Minoru Boulevard, a lasting reminder that Richmond is a city of inclusion, respect and support.

Our many achievements during 2019 and expectations for the future will continue to improve the lives and affairs of our residents and businesses. The City of Richmond has always been a leader with bold, innovative programs and strategies that reflect our character and reputation as a safe, sustainable and culturally diverse city—the most appealing, livable and well-managed community in Canada.



2019 Awards

A measurement of the City's success in achieving its goals are the honours and recognition we received from our peers and others. In 2019, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

CLIMATE ACTION

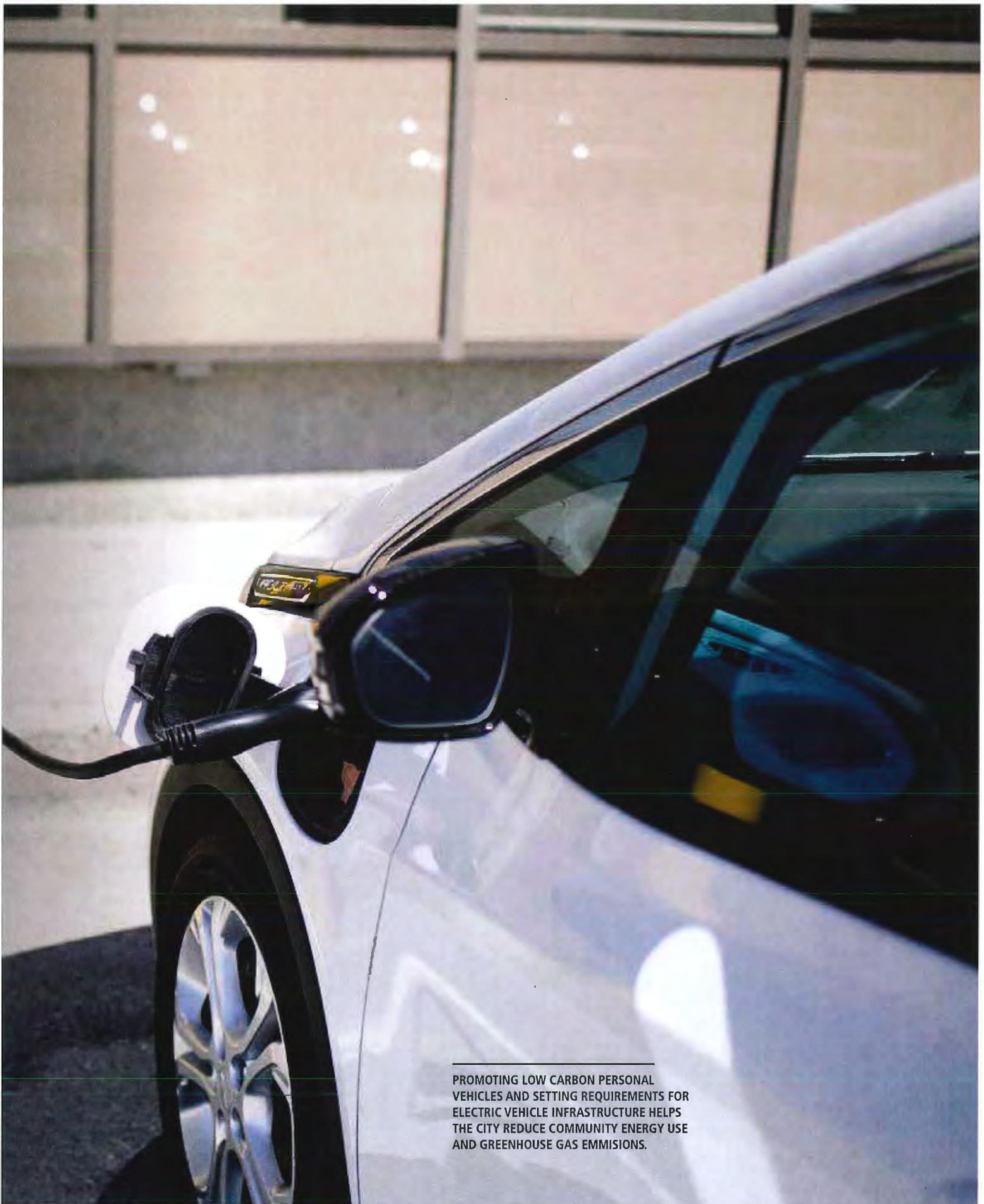
The City of Richmond's first-of-its-kind Electric Vehicle (EV) infrastructure requirement was recognized with a Climate and Energy Action Award from the Community Energy Association. Richmond was the first municipality to enact a policy requiring that 100 per cent of new residential parking spaces be equipped with Level 2 electric vehicle charging capacity. The Climate and Energy Action Award recognizes climate leadership of BC local governments.

TECHNOLOGICAL INNOVATION

Richmond is the first municipality in the Lower Mainland to regulate the quality of non-storm discharge water into its sewer system and watercourses using primarily field-measurable parameters, an innovation recognized by the BC Environmental Managers Association with the 2019 Technological Innovation Award. The implementation of a simplified non-storm water discharge management program safeguards the City's sewers and strengthens environmental protections.

DISTRICT ENERGY

The recipient of over a dozen awards in the past decade, Richmond's District Energy Program continues to collect accolades for its innovation, efficiency and green sustainability. Among its honours in 2019 was an Association of Energy Engineers, Canada Region – Project of the Year Award for an innovative renewable energy project and a Canadian Association of Municipal Administrators Award of Excellence – Environment Award for the commitment of a municipality to environmentally sustainable governance, to protecting the environment and to combating climate change.



PROMOTING LOW CARBON PERSONAL VEHICLES AND SETTING REQUIREMENTS FOR ELECTRIC VEHICLE INFRASTRUCTURE HELPS THE CITY REDUCE COMMUNITY ENERGY USE AND GREENHOUSE GAS EMISSIONS.

BRITANNIA HERITAGE SHIPYARDS
NATIONAL HISTORIC SITE

CHILD CARE

The City received the Union of British Columbia Municipalities Community Excellence Award in Governance which recognized the City's 2017–2022 Richmond Child Care Needs Assessment and Strategy. Richmond's investment in a municipal child care strategy began in 1991. The vision for this five year strategy is for the City to build on those three decades of work to continue to be a municipal leader in fostering conditions for a comprehensive child care system.

FINANCIAL REPORTING

Once again, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 17th year in a row and the Popular Financial Reporting Award for the 10th successive year for our 2018 Annual Report.



FLOOD PROTECTION

The City was given the Award of Merit by the Association of Consulting Engineering Companies BC for the Britannia Heritage Shipyard Flood Protection Improvements Project, which upgraded flood prevention infrastructure for a national historic site that is located outside of Richmond's diking network.

STOREYS HOUSING PROJECT

The Storeys affordable housing project, a unique mixed-use community housing partnership between five non-profit agencies and the City of Richmond, received an Ovation Award from the Homebuilders Association of Vancouver for the Best Multi-Family High-rise Development.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell
Executive Director/CEO

REPORT FROM THE GENERAL MANAGER, FINANCE AND CORPORATE SERVICES

I am pleased to submit the highlights of the Consolidated Financial Statements for the fiscal year ended December 31, 2019 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City

of Richmond as at December 31, 2019 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

These financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval, and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company, which is accounted for as a Government Business Enterprise.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN \$000S)

	2019 Actual	2018 Actual	Change
Financial assets	\$1,320,747	\$1,231,060	\$89,687
Liabilities	514,878	467,939	46,939
Net financial assets	805,869	763,121	42,748
Non-financial assets	2,433,473	2,377,969	55,504
Accumulated surplus	\$3,239,342	\$3,141,090	\$98,252

The City's overall financial position improved by \$98.3 million, with accumulated surplus totalling \$3.2 billion. A significant part of this increase is due to growth in financial assets, as well as additions to capital and statutory reserves. This is partially offset by an increase in liabilities, especially deferred revenue related to the collection of Development Cost Charges (DCCs).

The City's cash and investments have grown to \$1.2 billion while long-term debt continues to decline with an outstanding balance at the end of 2019 of \$27.9 million. Meanwhile, the City's tangible capital assets increased by \$56.1 million, which includes \$28.9 million of in-kind contributions from development as conditions of re-zoning.

CONSOLIDATED STATEMENT OF OPERATIONS (IN \$000S)

	2019 Budget	2019 Actual	2018 Actual
Revenue	\$541,121	\$581,942	\$599,417
Expenses	463,338	483,690	414,456
Annual surplus	\$77,783	\$98,252	\$184,961

The City's consolidated revenue for the year totaled \$581.9 million, a decrease of \$17.5 million from 2018 mainly due to significant development-related contributions received during 2018.

Expenses increased by \$69.2 million from prior year. 2019 expenses included an extraordinary contribution towards the Canada Line Capstan station of \$28.1 million.

The annual surplus for 2019 was \$98.3 million and represents the change in investment in tangible capital assets, reserves and other accumulated surplus.

FINANCIAL SUSTAINABILITY

City Council's Long Term Financial Management Strategy has ensured prudent fiscal practices while maintaining the City's high service standards through balancing current and long term financial needs. The impact of this policy can be seen in the current financial health of the organization, which has placed the City in a strong position to mitigate some of the financial impacts of the COVID-19 pandemic.

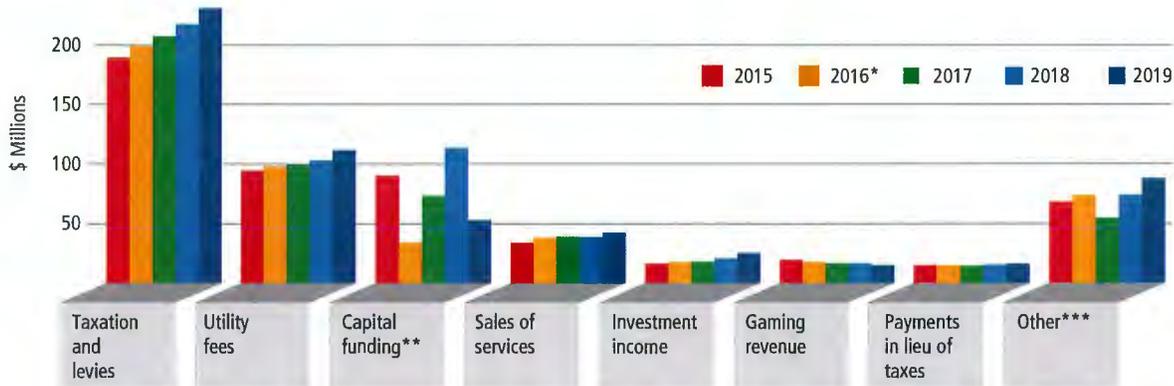
Respectfully submitted,



Andrew Nazareth, BEc, CPA, CGA
General Manager, Finance and Corporate Services
May 11, 2020



REVENUE BY SOURCE 2015–2019



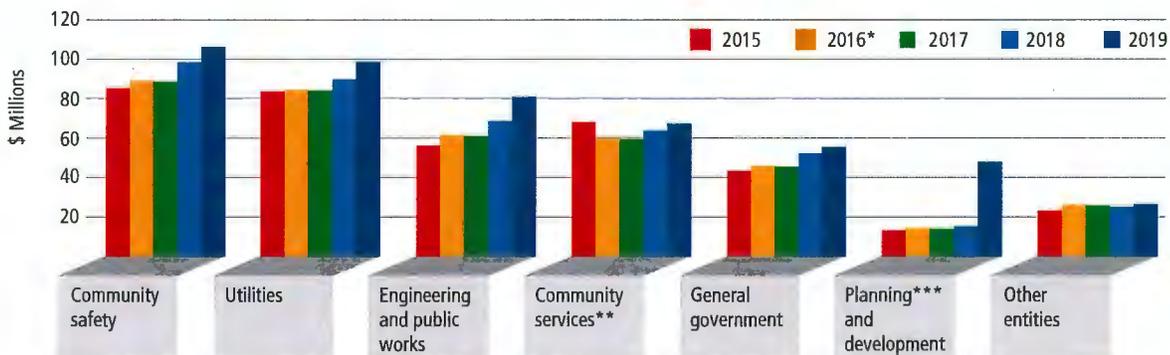
Source: City of Richmond Finance and Corporate Services

*Amounts have been restated

** Capital funding includes: Development Cost Charges and other capital funding sources

*** Other includes: provincial and federal grants, licences and permits and other sources

EXPENSES BY FUNCTION 2015–2019



Source: City of Richmond Finance and Corporate Services

* Amounts have been restated

** Expenses for Community Services include one-time contributions towards affordable housing of \$12.3m in 2015 and \$17.0m in 2017

*** Expenses for Planning and Development for 2019 include a one-time \$28.1m contribution towards the Canada Line Capstan Station.

Richmond at a glance

212,276
2019 POPULATION

November 10, 1879
INCORPORATED AS MUNICIPALITY

129.27
SIZE OF CITY IN
SQUARE KM

17
ISLANDS COMPRISING
THE CITY

December 3, 1990
DESIGNATED AS CITY OF RICHMOND

Fast facts

50.1 million

2019 CANADA LINE
BOARDINGS

85.79

AVERAGE LIFE EXPECTANCY,
LONGEST IN CANADA

\$981 million

CONSTRUCTION VALUE OF
BUILDING PERMITS ISSUED IN
2019

26.3 million

2019 PASSENGERS PASSING
THROUGH VANCOUVER
INTERNATIONAL AIRPORT IN
RICHMOND, A NEW RECORD

39.1 million

INVENTORY OF INDUSTRIAL
SPACE IN SQUARE FEET,
LARGEST IN THE REGION

807

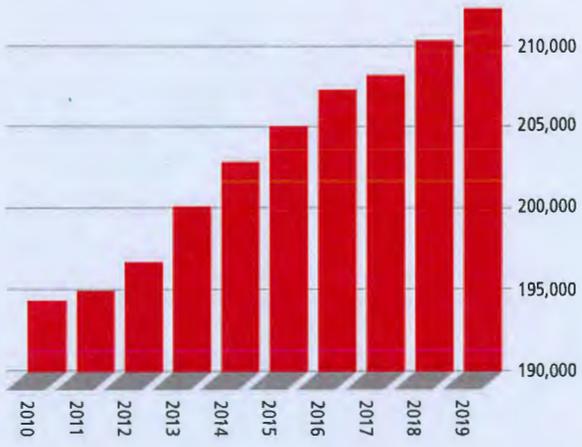
HECTARES OF CRANBERRY
FIELDS IN PRODUCTION

145,435

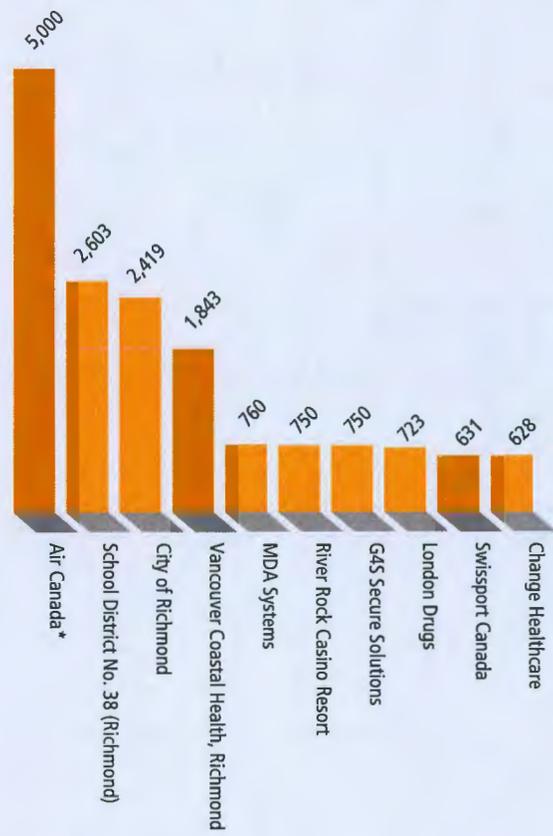
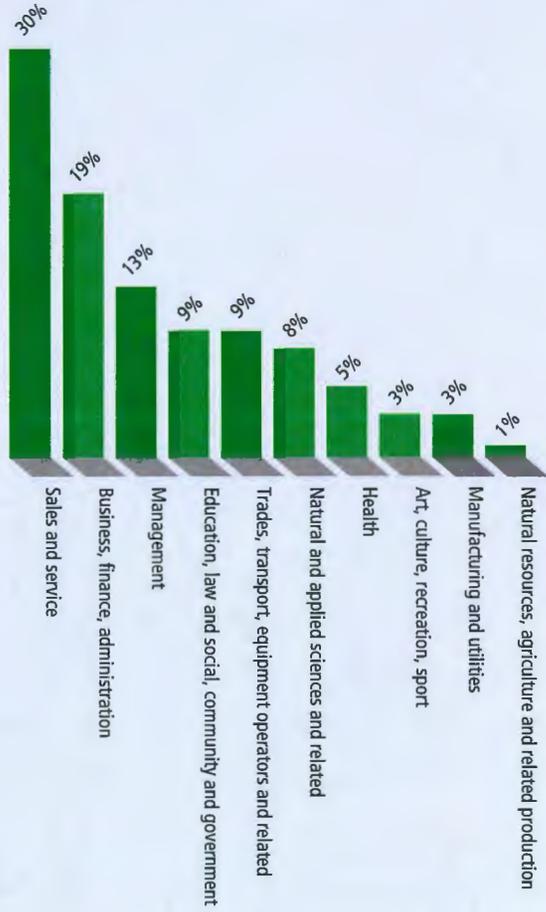
2019 REGISTRATIONS IN CITY
PARKS, RECREATION AND
CULTURE PROGRAMS

1.1 million

2019 SITE VISITS TO THE
RICHMOND OLYMPIC OVAL



OCCUPATIONS OF RICHMOND RESIDENTS



*Approximate



MAJOR SERVICES PROVIDED BY THE CITY OF RICHMOND

ADMINISTRATION

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officers, Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing, Corporate Planning and Organizational Development and the Corporate Programs Management Group.

COMMUNITY SAFETY

Brings together the City's public safety providers including police, fire-rescue, emergency programs, community bylaws and business licences.

COMMUNITY SERVICES

Coordinates, supports and develops Richmond's community services including Parks Services, Recreation and Sport Services and Arts, Culture and Heritage Services.

ENGINEERING AND PUBLIC WORKS

The Engineering and Public Works Departments deliver public works services and utilities and engineering planning, design, construction and maintenance services for all utility and City building infrastructure.

FINANCE AND CORPORATE SERVICES

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services and Corporate Business Service Solutions.

PLANNING AND DEVELOPMENT

Includes the Policy Planning, Transportation, Development Applications, Building Approvals and Community Social Development Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

LEGAL AND LEGISLATIVE SERVICES

Includes the Law Department and the City Clerk's Office.

GARRY POINT PARK



CITY OF RICHMOND CONTACTS

The City of Richmond offers many civic services to the community. Additional services to the community are provided through the Richmond Olympic Oval, Richmond Public Library, Gateway Theatre and Lulu Island Energy Company. For more information on City services contact:

CITY OF RICHMOND

6911 No. 3 Road
Richmond, BC V6Y 2C1
Phone: 604-276-4000
Email: infocentre@richmond.ca
www.richmond.ca
f @cityofrichmondbc
t @Richmond_BC
i @cityofrichmondbc
y /CityofRichmondBC

GATEWAY THEATRE

6500 Gilbert Road
Richmond, BC V7C 3V4
Phone: 604-270-6500
Box Office: 604-270-1812
www.gatewaytheatre.com
f @GatewayThtr
t @GatewayThtr
i @gatewaythtr

LULU ISLAND ENERGY COMPANY

6911 No. 3 Road
Richmond, BC V6Y 2C1
Phone: 604-276-4011
Email: info@luluslandenergy.ca
www.luluslandenergy.ca

RICHMOND PUBLIC LIBRARY

100-7700 Minoru Gate (Brighthouse Branch)
Richmond, BC V6Y 1R8
Hours: 604-231-6401
www.YourLibrary.ca
f @yourlibraryRichmond
t @RPLBC
i @rplbc
y /YourLibraryRichmond
m Account: RPLYourlibrary1

RICHMOND OLYMPIC OVAL

6111 River Road
Richmond, BC V7C 0A2
Phone: 778-296-1400
Email: info@richmondoval.ca
www.richmondoval.ca
f @richmondoval
t @RichmondOval
i @richmondoval





City of Richmond

6911 No. 3 Road, Richmond, BC V6Y 2C1

Telephone: 604-276-4000

www.richmond.ca

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