



Finance Committee

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

Monday, June 5, 2017

Immediately Following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on Monday, May 1, 2017.*

☐

RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 1ST QUARTER 2017 FINANCIAL INFORMATION**
(File Ref. No.) (REDMS No.)

FIN-7

See Page FIN-7 for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on the first quarter Financial Information ended March 31, 2017 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

☐

FINANCE AND CORPORATE SERVICES DIVISION

2. **2016 ANNUAL REPORT AND 2016 ANNUAL REPORT – HIGHLIGHTS**

(File Ref. No.) (REDMS No. 5387148)

FIN-13

See Page FIN-13 for full report

Designated Speakers: Jerry Chong & Ted Townsend

STAFF RECOMMENDATION

That the reports titled, “City of Richmond 2016 Annual Report” and the “2016 Annual Report – Highlights” be approved.



3. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2017**

(File Ref. No.) (REDMS No. 5373330 v. 3)

FIN-94

See Page FIN-94 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 1st Quarter March 31, 2017”, dated May 11, 2017 from the Director, Finance be received for information.



4. **2018-2022 BUDGET PROCESS**

(File Ref. No. 03-0970-01) (REDMS No. 5355131)

FIN-126

See Page FIN-126 for full report

Designated Speaker: Jerry Chong

STAFF RECOMMENDATION

- (1) *That the staff report titled “2018-2022 Budget Process” dated May 4, 2017 from the Director, Finance be received for information, and*
- (2) *That the services as presented in Attachment 2 of the staff report be approved as the base for the 2018 budget.*



Finance Committee Agenda – Monday, June 5, 2017

Pg. #

ITEM

ADJOURNMENT





Finance Committee

Date: Monday, May 1, 2017

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Derek Dang
Councillor Carol Day
Councillor Ken Johnston
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Absent: Councillor Chak Au

Call to Order: The Chair called the meeting to order at 4:56 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the Finance Committee held on April 3, 2017, be adopted as circulated.

CARRIED

DELEGATION

1. 2016 Audit findings on the City's Financial Statements

Archie Johnston, Client Relationship and Quality Review Partner, KPMG, and C.J. James, Engagement Partner, KPMG, presented the 2016 Audit findings on the City's Financial Statements.

Ms. James thanked City staff for their assistance during the annual audit process and highlighted that the audit is an unqualified opinion.

Finance Committee
Monday, May 1, 2017

In reply to a query from the Chair, Ms. James stated that as the Library has moved towards the use of more eBooks versus actual books, it was more appropriate re-classify eBooks as prepaid expenses as oppose to tangible assets.

RICHMOND OLYMPIC OVAL CORPORATION

2. **RICHMOND OLYMPIC OVAL CORPORATION 2016 AUDITED FINANCIAL STATEMENTS AND Q4 - 2016**
(File Ref. No.) (REDMS No. 5377625)

It was moved and seconded

That the report on the 2016 audited Financial Statements and Financial Information on the fourth quarter ended December 31, 2016 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

3. **2016 FINANCIAL STATEMENTS FOR THE RICHMOND PUBLIC LIBRARY**
(File Ref. No. 03-0905-01) (REDMS No. 5378201)

It was moved and seconded

That the 2016 Richmond Public Library audited financial statements for the year ended December 31, 2016, as presented in the attached report from the Chief Librarian, be received for information.

CARRIED

LULU ISLAND ENERGY COMPANY

4. **2016 FINANCIAL STATEMENTS FOR THE LULU ISLAND ENERGY COMPANY**
(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 5368673 v. 2)

It was moved and seconded

That the Lulu Island Energy Company audited financial statements for the year ended December 31, 2016, in the report titled, "2016 Financial Statements for the Lulu Island Energy Company," dated April 10, 2017 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

CARRIED

2.

Finance Committee
Monday, May 1, 2017

FINANCE AND CORPORATE SERVICES DIVISION

5. **2016 CONSOLIDATED FINANCIAL STATEMENTS**

(File Ref. No. 03-0905-01) (REDMS No. 5373449 v. 2)

It was moved and seconded

That the City's audited consolidated financial statements for the year ended December 31, 2016 be approved.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:02 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 1, 2017.

Mayor Malcolm D. Brodie
Chair

Hanieh Berg
Legislative Services Coordinator



City of Richmond

Report to Committee

To: Finance Committee

Date: May 18, 2017

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

File:

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

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2017 Financial Information**

Staff Recommendation

That the report on the first quarter Financial Information ended March 31, 2017 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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

DATE: May 18, 2017

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
Chief Operating Officer, Richmond Olympic Oval Corporation

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

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2017 Financial information**

Origin

This staff report deals with the first quarter financial results for the 3 months ended March 31, 2017 ("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.

Community Use

Several community groups used the Oval facility in Q1. Some of the community groups from Richmond include, but are not limited to: DRIVE Basketball, Richmond Minor Hockey Association, Seafair Minor, Richmond Ringette, Richmond Rockets, Connaught Figure Skating, Richmond Ravens, UBC Boathouse, Air Attack Volleyball Club, Brazilian Soccer School, Aura Rhythmic Gymnastics, Kajaks Track and Field, 655 Air Cadets, 609 Steveston Squadron, Shoseikan Karate, Richmond FC, and Richmond Girls Soccer. Additionally, over 15 new soccer groups from Richmond and the surrounding area used the Oval in Q1. At the end of Q1 2017, a total of 82% of Oval members were Richmond residents.

Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q1 included the Rehab Expo, BC Sports Rep Association trade show, Fencing World Cup, 2017 Canadian Fencing Federation Canada Cup West, Harry Jerome track meet, BC high school basketball lower mainland championships, 5th annual Mardi Parti Cheer Extravaganza, Pacific Judo International, Sheraton Vancouver Airport Atom/PeeWee spring classic tournament, 2017 Belfry Hockey Network Training-to-Game transfer festival, wheelchair rugby national team training, and the Wheelchair Rugby Vancouver Invitational.

Some of the events secured by Events/Sport Hosting in Q1 included: Vancouver International Home Show, Canada Bread Run, Panther Cheer's 3rd event Snowflake, Apex Jiu Jitsu Tournament, ISKF BC Junior Karate Championship, Vancouver Whitecaps March Tournament, CCES Meeting, and the 2017 Golf Canada tournament administration and rules seminar.

Q1 was busy for the Oval's High Performance (HP) department once again. In addition to ongoing program delivery and servicing of community, provincial and national team athletes, Oval HP was involved in coordinating and/or delivering the following events and training camps: Western Elite #2 short track speed skating competition, Field Hockey Canada women's national team testing camp, Special Olympics BC Powerlifting training camp, BC Speed Skating Association Academy, Squash BC High Performance training camp, Judo BC training camp, BC Wheelchair Sports athletics clinic, BC Table Tennis Association Richmond Open Table Tennis Tournament, Vroom Short Track Speed Skating Competition, and Volleyball BC Atomic Jamboree.

The RBC Training Ground Finals were held at the Oval on March 4th. In collaboration with the Canadian Sport Institute Pacific, Canadian Olympic Committee, CBC and various national and provincial sport organizations, over 100 athletes completed performance tests to assess power, speed, strength and endurance. The goal of the initiative was to identify athletic potential and Canada's next great future Olympian. The winner, Avalon Wasteneys will be joining RBC & CBC at the 2018 Olympics in Pyeongchang.

Notable athlete successes during Q1 included:

- Ian Ryder, Richmond Resident, won Silver at Judo Canada National Championships held in Montreal, Jan 7-8;
- The Western Elite #2 Speed Skating Competition on Jan 13th to 15th had 49 registered competitors from BC, Alberta, Manitoba, NWT, and the Yukon. Oval Athletes competed very well, including Kiersten Hagen finishing 3rd overall and Chris Poljer-So finished 6th overall;
- The BC Table Tennis Association hosted the Richmond Open on Saturday Feb 18th. Nathan Uy, a 16-year-old table tennis player who trains with Oval Coach Khen Ng weekly, won 1st in U200 and was runner up in U400;
- Six Speed Skating Performance athletes raced in the final competition of the Western Elite Circuit, Feb 17th to 19th at the Calgary Olympic Oval.

Governance

Meetings of the Corporation's Business and Budget Planning Committee and the Board of Directors took place during Q1.

Financial

Q1 was a successful quarter for the Corporation. The Q1 results were budgeted at an income before transfers to reserves/provisions of \$213,000 and the actual results show income of \$410,000 indicating a favorable variance of \$198,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2017 and page 5 for the statement of operations). In Q1, \$335,000 was allocated to the reserves/provisions.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2016 Games Operating Trust Fund ("GOT") distribution of \$714,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,077,000 in Q1 and other revenue of \$480,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

Expenses

Memberships, admissions and program services costs for Q1 2017 were \$1,394,000 which is \$78,000 (5%) favorable to budget. Facility Operations costs for Q1 were \$1,010,000 which was \$83,000 (8%) favorable to budget. Marketing expenses for Q1 were \$148,000 which was \$20,000 (12%) favorable to budget. Administration and Finance expenses for Q1 were \$775,000 being \$29,000 (4%) favorable to budget.



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

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

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at March 31, 2017****Unaudited, prepared by management**

		Mar 31, 2017
ASSETS		
Financial Assets		
Cash	\$	1,269,217
Investments		7,248,715
Inventory		129,534
GOT receivable		714,000
Accounts receivable		1,326,770
		10,688,237
Financial Liabilities		
Accounts payable and accrued liabilities		1,563,323
Deferred revenue		5,668,964
Rental deposits		9,263
		7,241,550
Net financial assets		3,446,687
Non-Financial Assets		
Tangible capital assets		11,673,550
Deferred lease costs		95,650
Prepaid expenses and other deposits		309,971
		12,079,171
Accumulated Surplus (Note 1)	\$	15,525,858

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

Investment in capital assets	9,022,761
Reserves/Provisions	5,217,144
Common Shares	1
Surplus	1,285,952
	15,525,858

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended March 31, 2017

Unaudited, prepared by management

	QTR 1 2017			QTR 1 2016			2017 BUDGET	
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL		\$ Variance Fav/(Unfav)
REVENUES								
2010 Games Operating Trust Fund	714,000	714,000	-	0%	700,000	700,000	-	0%
Contribution from City of Richmond	844,286	844,286	-	0%	827,732	827,732	-	0%
Memberships, admissions and programs	2,099,235	2,077,027	(22,208)	-1%	2,079,171	2,016,856	(62,315)	-3%
Other	467,797	480,392	12,595	3%	473,491	481,559	8,068	2%
	4,125,318	4,115,706	(9,613)	0%	4,080,394	4,026,147	(54,247)	-1%
EXPENSES								
Memberships, admissions, and program services	1,471,905	1,393,928	77,977	5%	1,354,203	1,267,154	87,049	6%
Facility Operations	1,093,727	1,010,242	83,485	8%	1,064,176	961,056	103,120	10%
Marketing	167,369	147,857	19,512	12%	159,494	93,153	66,341	42%
Admin/Finance	804,420	775,033	29,387	4%	807,467	740,777	66,690	8%
	3,537,421	3,327,060	210,361	6%	3,385,340	3,062,140	323,200	10%
Income before amortization and transfers								
Amortization	587,897	788,646	200,749	34%	695,054	964,007	268,953	39%
	375,000	378,174	(3,174)	-1%	212,535	330,341	(117,806)	-55%
Income after amortization and before transfers								
Transfers to reserves/provisions (Note 1)	-	335,013	335,013	0%	300,000	430,205	130,205	43%
Net after amortization and transfers								
	212,897	75,459	(137,438)		182,519	203,461	20,942	

Note 1 - In Q1, \$335,000 was transferred into reserves/provisions. The total transfers to capital reserves vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement.

Numbers may be off due to rounding.



City of Richmond

Report to Committee

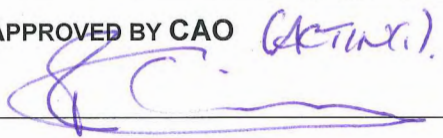
To: Finance Committee
From: Andrew Nazareth
General Manager, Finance and Corporate
Services
Date: May 15, 2017
File:
Re: 2016 Annual Report and 2016 Annual Report - Highlights

Staff Recommendation

That the reports titled, "City of Richmond 2016 Annual Report" and the "2016 Annual Report – Highlights" be approved.

Andrew Nazareth
General Manager, Finance and Corporate Services Department
(4095)

Att.

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS:
APPROVED BY CAO  (ACTING)	

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) Make the report available for public inspection at a Council or other public meeting

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 from 2016, in support of Council's Term Goals and objectives.

Two versions of the Annual Report are produced each year in order to reach the different audiences interested in this information. The comprehensive 2016 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 2016, 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 2016 Annual Report – Highlights. This shorter version which is designed to be accessible and easily understandable to the general public provides information about the City of Richmond, its services, highlights from 2016 and the City's financial condition. New for this year is a pullout, 4-page centrespread that includes key financial information and other statistical data at a glance. This condensed version will also be available through the City's website and limited copies will be mailed out and available for the general public at Richmond City Hall and Front of House.

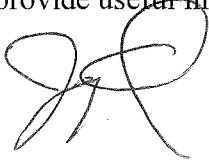
Both copies will be submitted to the Government Finance Officers Association for consideration in their annual award program.

Financial Impact

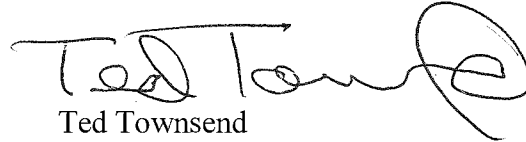
None.

Conclusion

The City of Richmond 2016 Annual Report and the 2016 Annual Report – Highlights satisfy Community Charter requirements for financial reporting and provide important tools in ensuring public transparency and accountability for the management of City finances. The reports also provide useful information on the City's achievements during the 2016 fiscal year.



Jerry Chong
Director, Finance
(4064)



Ted Townsend
Senior Manager, Corporate Communications
(4399)

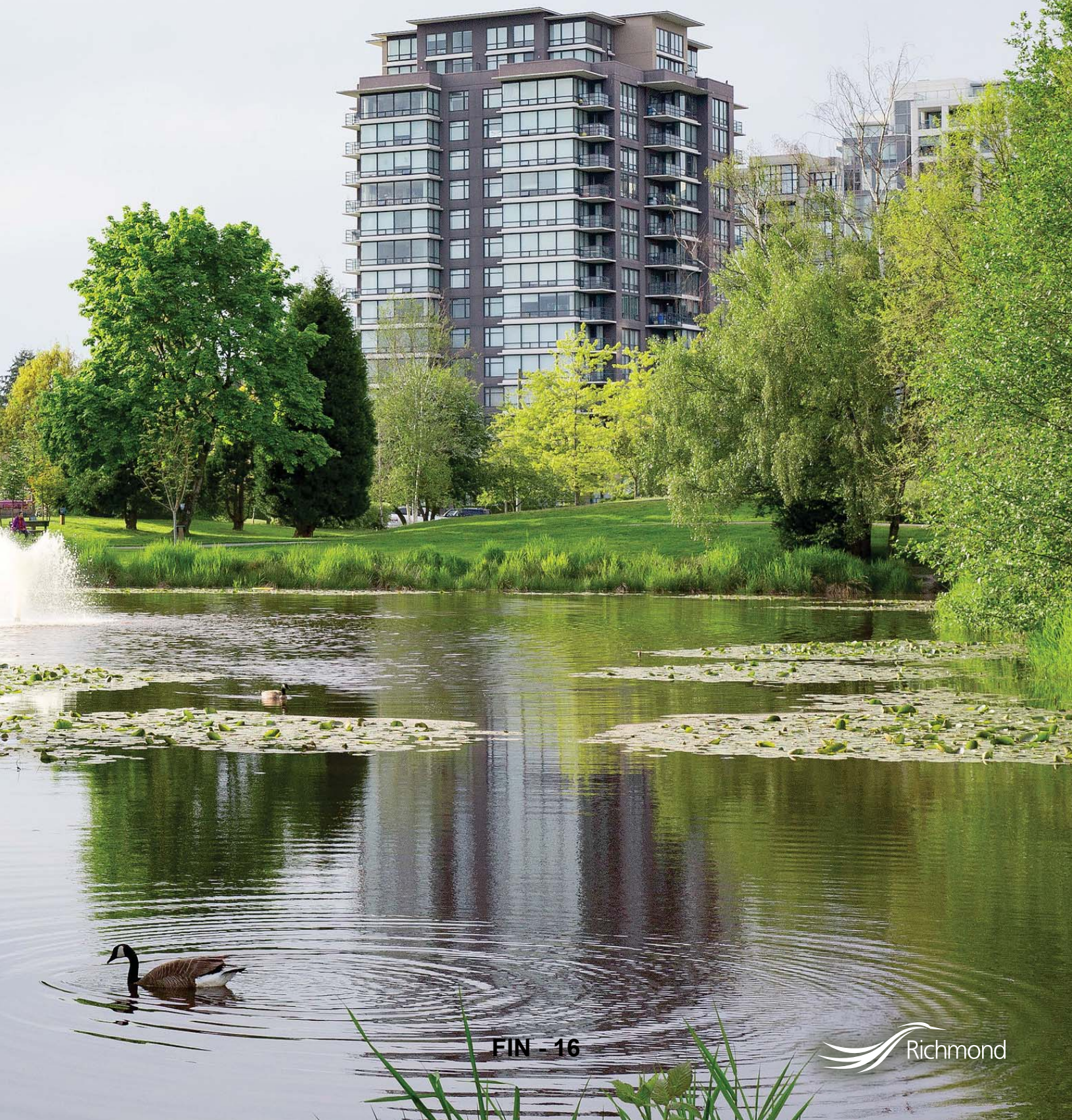


City of
Richmond

British Columbia, Canada

2016 Annual Report

For the year ended December 31, 2016





City of Richmond

British Columbia, Canada

2016 Annual Report

For the year ended December 31, 2016

*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 photo: Garden City Park. Photo by Kai Jacobson.

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Message from the Mayor



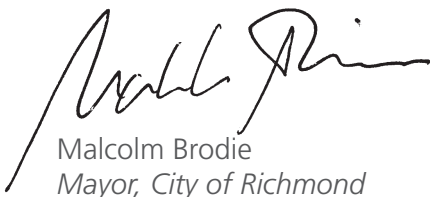
Richmond is extremely proud of our history. From a small rural community based around farming and fishing, we've grown to become BC's fourth largest city and a modern, culturally-diverse and economically-robust international crossroads. Throughout the ongoing evolution of Richmond, we've remained proud of where we came from, while fishing and farming remain vital parts of our community today.

With our history in mind, Richmond City Council has placed great importance on heritage preservation and protection. That commitment was honoured in 2016 when Richmond received the prestigious Prince of Wales Award, the highest honour for heritage in Canada. The award recognized the City's comprehensive heritage programs together with our ongoing efforts to protect, preserve and celebrate our community's history.

Richmond is home to one of the largest collections of heritage sites in BC. Britannia Shipyards National Historic Site is one of the jewels of our heritage collection. In 2016, five new permanent exhibits were opened in the recently restored Seine Net Loft, one of a dozen historic buildings on the Britannia site. The exhibits contain vivid examples of innovation and human ingenuity within the fishing and boat-building industries. Council also approved funding to support extended public opening hours for the site and further restoration.

While proud of our past, our sights are also focused on meeting the needs of community for today and for the future. For example, in 2016, our internationally award-winning district energy program continued to expand, adding new customers across the city. Council approved the hiring of 12 new police officers in 2016 and funding was approved for another 11 new positions in 2017 to ensure Richmond remains a safe community. Richmond enjoyed another strong year for new construction and our second-straight record-breaking year for filming. Agreement was also reached for an increased hotel room tax, which will fund further development of Richmond as a tourism destination.

Our Council, staff, our community partners and volunteers continue to work hard to meet the evolving needs of our residents, businesses and visitors. To find out more about our achievements and plans for the future, please contact the Mayor's Office.



Malcolm Brodie
Mayor, City of Richmond

Richmond City Council



Front row, left to right:

Councillor Carol Day, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Linda McPhail, Councillor Harold Steves

Back row, left to right:

Constable Adam Carmichael, Richmond RCMP, Councillor Chak Au, Councillor Derek Dang, Councillor Ken Johnston, Councillor Alexa Loo, Captain Jack Beetstra, Richmond Fire-Rescue

City of Richmond organizational chart

as of December 31, 2016

Chief Administrative Office		
George Duncan, CAO		
Deputy Chief Administrative Office		
Robert Gonzalez, Deputy CAO		
Community Services	Engineering and Public Works	Finance and Corporate Services
Cathy Volkering Carlile, GM	Robert Gonzalez, GM	Andrew Nazareth, GM
Law and Community Safety	Planning and Development	
John McGowan, GM (Acting)	Joe Erceg, GM	

Civic officials

Chief Administrative Officer	George Duncan
Deputy Chief Administrative Officer	Robert Gonzalez
General Manager, Community Services	Cathy Volkering Carlile
General Manager, Engineering and Public Works	Robert Gonzalez
General Manager, Finance and Corporate Services	Andrew Nazareth
General Manager, Planning and Development.....	Joe Erceg
General Manager, Interagency Programs and Steveston Waterfront Initiatives	Dave Semple
General Manager, Law and Community Safety.....	Phyllis Carlyle to Aug. 25, 2016
General Manager, Law and Community Safety (Acting).....	John McGowan from Aug. 25, 2016
Director, City Clerk’s Office.....	David Weber
City Solicitor	Doug Long
Chief, Richmond Fire-Rescue	John McGowan to Aug. 25, 2016
Chief, Richmond Fire-Rescue (Acting).....	Tim Wilkinson from Aug. 25, 2016

Affiliated agencies

Officer in Charge, Royal Canadian Mounted Police	Rendall Nessett
Chief Operating Officer, Richmond Olympic Oval	John Mills
Chief Librarian, Richmond Public Library.....	Greg Buss
Chief Executive Officer, Lulu Island Energy Company Ltd.	Robert Gonzalez

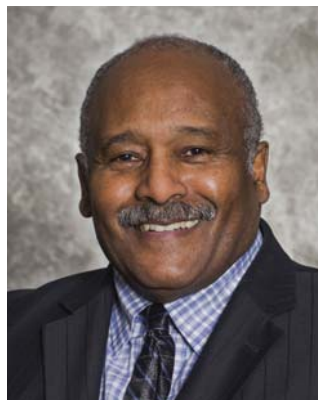
Banker

Auditors

Scotiabank

KPMG

Message from the Chief Administrative Officer



I am pleased to present our Annual Report for the year 2016, which details our many achievements and our continued strong financial position.

The City of Richmond has continued to honour its past, while providing outstanding service today and ensuring we are ready to meet the emerging future needs of our community.

A major focus of the year was the further implementation of the City's Digital Strategy, which is designed to put Richmond in the forefront of local governments for innovative use of technology. The strategy is aimed at improving customer service and staff efficiency and making our community more connected. Digital Strategy initiatives in 2016 included providing free public Wi-Fi service at nearly 20 civic facilities, converting many of our development application plans from paper documents to electronic files, introducing a smart phone app for building inspections and allowing property owners to pay their taxes by credit card.

Tourism continues to be a growing economic sector within Richmond. The City successfully negotiated a new 5-year agreement that expands the local hotel room tax. The revenues from this tax will be used to further enhance important City-owned tourist destinations including the Olympic Experience at the Richmond Olympic Oval and Britannia Shipyards National Historic Site. It also secures ongoing funding for our highly successful Richmond Sport Hosting program.

Our innovative and award-winning district energy program also made major strides in 2016. The Alexandra District Energy Utility now serves over 1,100 residential units and 280,000 square feet in other buildings. In addition, over 1,100 residential units are now connected to the Oval Village District Energy Utility. The next initiative is to launch a district energy system in City Centre North to connect 9 million square feet of additional buildings.

As our corporate culture evolves through significant generational change, we've put a renewed emphasis on organizational development. A new Organizational Development initiative was launched in 2016 to emphasize our focus on customer service, developing new leaders and being a values-based organization. Our organization has a long-standing record of excellence in local government service delivery and leadership. The Organizational Development Program will ensure we maintain that high standard and sustain our commitment to continuous improvement.

Our financial position and local economy remain extremely positive. Development activity remained strong in 2016 and we continue to enjoy a robust economy with an enviable employment base. Richmond taxpayers enjoy some of the lowest taxes in the region and we maintain a favourable balance between residential and commercial property taxes. We continue to limit tax increases and build our financial reserves, while maintaining and expanding civic services and infrastructure.

A stylized, handwritten signature in black ink, appearing to read 'George Duncan'.

George Duncan
Chief Administrative Officer



Richmond World Festival.

2016 awards

A meaningful measure of civic success lies in the number of awards the City of Richmond receives from its peers and others. In 2016, the City received a number of significant awards, including:

- The National Trust for Canada Prince of Wales Award for Municipal Heritage Leadership.
- Richmond's district energy implementation initiatives received the Union of BC Municipalities' Community Excellence Award in Best Practices, Excellence in Action category.
- The Alexandra District Energy Utility received the System of the Year Award from the International District Energy Association.
- E3 Fleet Certification – Platinum Level Certification from the Fraser Basin Council. Richmond is the only city in Canada to have received this certification, which honours environmentally-friendly practices in managing large vehicle fleets.
- The Canadian Wood Council Award for use of sustainable materials on the Mary's Barn project—a 3,500 square foot barn located at Terra Nova named after community leader, Mary Gazetas. Mary's Barn supports the Sharing Farm Society's mission to provide fresh, sustainably-grown produce for local low-income families.
- The 2016 Richmond World Festival was named as one of three finalists in *Special Event* magazine's prestigious international awards competition for Best/Fair Festival.
- The Richmond Maritime Festival received an honourable mention in the Cultural Events category at the Creative City Network of Canada Awards of Excellence.
- Two awards were received from the Government Finance Officers Association for financial reporting for the City's 2015 Annual Report. The Canadian Award for Financial Reporting was received for the 14th consecutive year. The Award for Outstanding Achievement in Popular Annual Financial Reporting was received for the 7th consecutive year.
- The Silver Award for Excellence in Policy Planning from the Planning Institute of BC for Richmond's Ecological Network Management Strategy. This strategy is our guide in preserving and protecting Richmond's natural areas.
- An Award of Recognition by Creative BC for "outstanding contributions to the success and sustainability of British Columbia's film and television production industry."

Council Term Goals: 2014 to 2018

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

The City of Richmond's objectives and success indicators are expressed through the Council Term Goals. With the beginning of a new four-year term of Council, a term goal setting process was undertaken to help Council fulfil its governance role and achieve a successful term of office. The new Council adopted a revised set of nine Term Goals, which will provide the framework for the City's programs and services through 2018.

1. A Safe Community

Maintain emphasis on community safety to ensure Richmond continues to be a safe community.

2016 Achievement

Council approved the hiring of 12 additional police officers for Richmond RCMP.

Richmond Fire-Rescue opened a new live fire training centre.



Richmond Fire-Rescue Live Training Centre.



12 new police officers hired.

2. A Vibrant, Active and Connected City

Continue the development and implementation of an excellent and accessible system of programs, services and public spaces that reflect Richmond's demographics, rich heritage, diverse needs and unique opportunities, and that facilitate active, caring and connected communities.

2016 Achievement

Five permanent exhibit zones were opened in the Seine Net Loft at Britannia Shipyards National Historic Site. The exhibits contain vivid examples of innovation and human ingenuity within the fishing and boat-building industries.

The City's first artist-in-residence, Rhonda Wepler, conducted a year-long series of popular, public art workshops and initiatives from her base in historic Branscombe House.

New memorial street signs, incorporating a poppy motif were installed on City streets named after Richmond soldiers killed in military service.



Seine Net Loft exhibits. Photo by Joel Baziuk.

3. A Well-Planned Community

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our city and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

2016 Achievement

A Police Services Review was undertaken to consider the most appropriate model for police service delivery for Richmond. Council decided to continue its contract with the RCMP over creating a municipal police force.

The City adopted a new Arterial Roads Policy allowing for greater density along most of Richmond's main roadways, helping to address housing affordability. Further regulations governing residential building massing and height were also adopted to address livability concerns.

4. Leadership in Sustainability

Continue advancement of the City's sustainability framework and initiatives to improve the short and long term livability of our city that maintain Richmond's position as a leader in sustainable programs, practices and innovations.

2016 Achievement

The Alexandra District Energy Utility was expanded to serve over 1,100 residential units and 280,000 square feet in other buildings. This includes the first Walmart in North America to be served by a district energy utility. In addition, over 1,100 residential units are now connected to the Oval Village District Energy Utility.

The new City Centre Community Centre received gold certification through the Leadership in Energy and Environmental Design (LEED) program.



Memorial street signs.

5. Partnerships and Collaboration

Continue development and utilization of collaborative approaches and partnerships with intergovernmental and other agencies to help meet the needs of the Richmond community.

2016 Achievement

The City, together with Tourism Richmond and the Richmond Hotels Association, secured approval to raise the local hotel room tax to 3% to provide additional funding for tourism marketing and attraction development.

6. Quality Infrastructure Networks

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth and environmental impact.

2016 Achievement

Construction began on the \$79.6 million Minoru Centre for Active Living, which will house a new aquatics and seniors centre and other recreational services. Construction was also launched on the new Brighthouse and Cambie fire halls.

7. Strong Financial Stewardship

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

2016 Achievement

The City secured \$16.6 million in provincial funding to support further improvements to the City's critical network of dikes and pump stations.

Continued implementation of the City's Digital Strategy used technology to improve customer service and efficiency. This included allowing property owners to use credit cards to pay their property taxes.



Canadian women's volleyball team.



Record year for filming.

8. Supportive Economic Development Environment

Review, develop and implement plans, policies, programs and practices to increase business and visitor appeal and promote local economic growth and resiliency.

2016 Achievement

The Richmond Film Office recorded its second straight record-breaking year for filming activity. In 2016, filming activity occurred on three out of every four days.

Richmond Sport Hosting reached an agreement for Canada's national women's volleyball team to make the Richmond Olympic Oval its national training centre for 5 years beginning in 2017.

9. Well-Informed Citizenry

Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.

2016 Achievement

Online access was provided to an array of archival records and corporate information dating back to 1879. This adds to thousands of digitized photographs, Council minutes, bylaws and other City records now available online. An online Museum Collection was also launched, providing digital images of 2,100 artifacts.

Additional information on the success indicators in support of these objectives can be found at:

www.richmond.ca/cityhall/council/about/goals

Report from the General Manager, Finance and Corporate Services

I am pleased to submit the City of Richmond's consolidated financial statements for the year ended December 31, 2016, pursuant to Section 167 of the Community Charter. These statements contain the 2016 financial results for the "City," which includes the City of Richmond, Lulu Island Energy Company Ltd., Richmond Olympic Oval Corporation and the Richmond Public Library.

Management is responsible for the preparation of the financial statements and the external auditors, KPMG LLP, have conducted an independent examination and have expressed their opinion that the consolidated financial statements present fairly in all material respects, as at December 31, 2016 in accordance with Canadian public sector accounting standards.

The City continued to strengthen its financial position in 2016. The City's net worth reached \$2.8B (2015: \$2.7B) and cash and investments increased to \$997.0M (2015: \$951.4M). Net financial assets were \$662.7M (2015: \$664.0M) while reserve fund balances increased to \$471.8M (2015: \$461.2M).

Revenues for 2016 were \$484.9M (2015: \$527.1M) and expenses were \$379.4M (2015: \$373.6M). The change in revenue was mainly due to exceptional development activity during 2015 that returned to still elevated, but more standard levels in 2016. Developer contributed assets decreased by \$37.4M in 2016 to \$24.4M and developer community amenity contributions decreased by \$19.6M to \$10.1M. The expense increases were mainly due to increases to the RCMP policing contract, including a retroactive wage settlement, collective agreement increases and facility maintenance. The construction value of building permits issued in 2016 was \$715.8M (2015: \$983.4M), the third highest year on record.

These financial results are a reflection of City Council's commitment to ongoing financial sustainability through the Long Term Financial Management Strategy. This strategy ensures that the City delivers good value for taxpayers through its various services, while continuing to expand and renew infrastructure, contain costs, grow the investment lands and above all, ensure that we have a City in a secure financial condition for present and future generations.

In 2016, Richmond had the fifth lowest residential property taxes out of 21 municipalities in Metro Vancouver and was second lowest in our comparator group of the largest five municipalities by population.

Richmond's financial position and economic outlook remain strong. We continue to place significant emphasis on maintaining community livability through outstanding services, working on a resilient economy strategy in support of local businesses and implementing a digital strategy to propel the City to the forefront of innovation in North America.



Andrew Nazareth, BEc, CPA, CGA
General Manager, Finance and Corporate Services
May 8, 2017

City of Richmond audited financial statements

Year ended December 31, 2016



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 Canada
 Telephone (604) 527-3600
 Fax (604) 527-3636

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying consolidated financial statements of the City of Richmond, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2016, 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.

KPMG LLP

Chartered Professional Accountants

May 8, 2017
 Burnaby, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

CITY OF RICHMOND

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

December 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash and cash equivalents	\$ 18,335	\$ 21,800
Investments (note 3)	978,638	929,590
Accrued interest receivable	6,972	6,287
Accounts receivable (note 4)	27,766	30,162
Taxes receivable	9,422	8,010
Development fees receivable	16,712	21,135
Debt reserve fund - deposits (note 5)	508	508
	1,058,353	1,017,492
Liabilities		
Accounts payable and accrued liabilities (note 6)	96,720	87,701
Development cost charges (note 7)	117,597	111,591
Deposits and holdbacks (note 8)	72,796	58,896
Deferred revenue (note 9)	66,320	48,711
Debt, net of MFA sinking fund deposits (note 10)	42,181	46,583
	395,614	353,482
Net financial assets	662,739	664,010
Non-Financial Assets		
Tangible capital assets (note 11)	2,168,259	2,062,895
Inventory of materials and supplies	3,138	2,359
Prepaid expenses	2,525	1,930
	2,173,922	2,067,184
Accumulated surplus (note 12)	\$ 2,836,661	\$ 2,731,194

Commitments and contingencies (note 16)

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, 2016, with comparative information for 2015

	2016 Budget (Notes 2(n) and 22)	2016	2015
Revenue:			
Taxation and levies	\$ 197,965	\$ 198,612	\$ 189,136
Utility fees	98,773	97,819	94,290
Sales of services	33,692	38,231	34,186
Payments-in-lieu of taxes	13,473	14,770	15,109
Provincial and federal grants	7,376	9,101	8,654
Development cost charges	26,875	16,632	17,818
Other capital funding sources	69,115	26,601	72,575
Other revenues:			
Investment income	14,694	17,614	16,303
Gaming revenue	18,088	17,559	19,555
Licenses and permits	9,184	12,422	10,747
Other (note 19)	9,799	35,543	48,755
	499,034	484,904	527,128
Expenses:			
Law and community safety	93,357	89,752	85,386
Utilities: water, sewer and sanitation	85,159	84,183	83,650
Engineering, public works and project development	65,630	61,243	56,294
Community services	59,019	59,592	68,246
General government	53,665	44,583	43,438
Planning and development	14,324	14,233	13,211
Richmond Olympic Oval	14,890	15,120	13,395
Library services	9,754	9,788	9,463
Lulu Island Energy Company	939	943	491
	396,737	379,437	373,574
Annual surplus	102,297	105,467	153,554
Accumulated surplus, beginning of year	2,731,194	2,731,194	2,577,640
Accumulated surplus, end of year	\$ 2,833,491	\$ 2,836,661	\$ 2,731,194

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, 2016, with comparative information for 2015

	2016 Budget (Notes 2(n) and 22)	2016	2015
Surplus for the year	\$ 102,297	\$ 105,467	\$ 153,554
Acquisition of tangible capital assets	(121,102)	(139,781)	(86,941)
Contributed tangible capital assets	(55,000)	(24,441)	(61,807)
Amortization of tangible capital assets	55,347	55,933	53,966
Gain on disposal of tangible capital assets	-	(12,859)	(5,157)
Proceeds on sale of tangible capital assets	-	15,784	7,678
	(18,458)	103	61,293
Acquisition of inventories of supplies	-	(3,138)	(2,359)
Acquisition of prepaid expenses	-	(2,525)	(1,930)
Consumption of inventories of supplies	-	2,359	2,415
Use of prepaid expenses	-	1,930	1,971
Change in net financial assets	(18,458)	(1,271)	61,390
Net financial assets, beginning of year	664,010	664,010	602,620
Net financial assets, end of year	\$ 645,552	\$ 662,739	\$ 664,010

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Cash Flows (Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 105,467	\$ 153,554
Items not involving cash:		
Amortization	55,933	53,966
Gain on disposal of tangible capital assets	(12,859)	(5,157)
Contributions of tangible capital assets	(24,441)	(61,807)
Change in non-cash operating working capital:		
Accrued interest receivable	(685)	(924)
Accounts receivable	2,396	(2,112)
Taxes receivable	(1,412)	(529)
Development fees receivable	4,423	4,225
Debt reserve fund	-	200
Prepaid expenses	(595)	41
Inventories of supplies	(779)	56
Accounts payable and accrued liabilities	9,019	(608)
Deposits and holdbacks	13,900	(6,207)
Deferred revenue	17,609	6,888
Development cost charges	6,006	28,626
Net change in cash from operating activities	173,982	170,212
Capital activities:		
Cash used to acquire tangible capital assets	(139,781)	(86,941)
Proceeds on disposal of tangible capital assets	15,784	7,678
Net change in cash from capital activities	(123,997)	(79,263)
Financing activities:		
Decrease in debt	(4,402)	(4,232)
Principal payments on obligations under capital leases	-	(22)
Net change in cash from financing activities	(4,402)	(4,254)
Investing activities:		
Purchase of investments	(49,048)	(95,626)
Net change in cash and cash equivalents	(3,465)	(8,931)
Cash and cash equivalents, beginning of year	21,800	30,731
Cash and cash equivalents, end of year	\$ 18,335	\$ 21,800

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, 2016

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, environmental, recreational, water, and sewer.

2 Significant accounting policies:

These consolidated financial statements of the City are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

(a) Basis of consolidation:

These 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"), the Richmond Olympic Oval (the "Oval") and the Lulu Island Energy Company Ltd. ("LIEC"). The Library is consolidated as the Library Board is appointed by the City. The Oval and LIEC are consolidated as they are wholly-owned municipal corporations of the City and operate as other government organizations. Interfund transactions, fund balances and activities have been eliminated on consolidation.

(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 long-term 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 capital assets and long-term 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, 2016

2. Significant accounting policies (continued):

(b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are 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. At various times during the term of each individual investment, market value may be less than cost. Such declines in value are considered temporary for investments with known maturity dates as they generally reverse as the investments mature and therefore an adjustment to market value for these market declines is not recorded.

(f) Accounts receivable:

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

(g) 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.

(h) 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.

CITY OF RICHMOND

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

Year ended December 31, 2016

2. Significant accounting policies (continued):

(i) 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:

Natural resources that have been purchased are not recognized as assets in these consolidated financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(v) Interest capitalization:

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

CITY OF RICHMOND

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

Year ended December 31, 2016

2. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(vi) Labour capitalization:

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

(vii) 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.

(viii) 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.

(ix) 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.

(j) Revenue recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are 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 revenues.

(k) 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 or other related expenditures are incurred.

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

CITY OF RICHMOND

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

Year ended December 31, 2016

2. Significant accounting policies (continued):

(l) 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 expenditures are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenditures.

(m) Debt:

Debt is recorded net of related sinking fund balances.

(n) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's 5 Year Consolidated Financial Plan (2016-2020) ("Consolidated Financial Plan") and was adopted through Bylaw No. 9521 on March 14, 2016.

(o) 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.

(p) Use of accounting estimates:

The preparation of these 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 financial statements and the reported amount of revenue and expenditures during the reporting period.

CITY OF RICHMOND

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

Year ended December 31, 2016

2. Significant accounting policies (continued):

(p) Use of accounting estimates (continued):

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 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.

(q) 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:

	2016		2015	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 473,721	\$ 473,409	\$ 360,081	\$ 360,081
Government and government guaranteed bonds	213,542	216,895	220,228	227,567
Municipal Finance Authority Pooled Investment	44,172	43,834	43,212	43,212
Other bonds	247,203	249,235	306,069	307,385
	<u>\$ 978,638</u>	<u>\$ 983,373</u>	<u>\$ 929,590</u>	<u>\$ 938,245</u>

4. Accounts receivable:

	2016	2015
Water and sewer utilities	\$ 12,541	\$ 11,381
Casino revenues	3,951	4,532
Capital grant	2,345	2,482
Other trade receivables	8,929	11,767
	<u>\$ 27,766</u>	<u>\$ 30,162</u>

CITY OF RICHMOND

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

Year ended December 31, 2016

5. 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, 2016 are as follows:

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

6. Accounts payable and accrued liabilities:

	2016	2015
Trade and other liabilities	\$ 65,417	\$ 55,995
Post-employment benefits (note 14)	31,303	31,706
	\$ 96,720	\$ 87,701

7. Development cost charges:

	2016	2015
Balance, beginning of year	\$ 111,591	\$ 82,965
Contributions	20,886	44,934
Interest	1,752	1,510
Revenue recognized	(16,632)	(17,818)
Balance, end of year	\$ 117,597	\$ 111,591

CITY OF RICHMOND

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

Year ended December 31, 2016

8. Deposits and holdbacks:

	Balance, December 31, 2015	Deposit contributions	Refunds/ expenditures	Balance, December 31, 2016
Security deposits	\$ 40,326	\$ 22,129	\$ 11,485	\$ 50,970
Developer contribution	5,546	97	-	5,643
Contract holdbacks	2,809	6,822	3,867	5,764
Transit Oriented Development Fund	1,523	-	466	1,057
Other	8,692	36,720	36,050	9,362
	\$ 58,896	\$ 65,768	\$ 51,868	\$ 72,796

9. Deferred revenue:

	Balance, December 31, 2015	External restricted inflows	Revenue earned	Balance, December 31, 2016
Taxes and utilities	\$ 19,370	\$ 19,888	\$ 19,370	\$ 19,888
Building permits/development	12,085	5,952	5,030	13,007
Oval	5,598	10,098	9,877	5,819
Capital grants	4,596	18,856	2,358	21,094
Business licenses	2,509	2,070	2,094	2,485
Parking easement/leased land	2,417	48	44	2,421
Other	2,136	6,997	7,527	1,606
	\$ 48,711	\$ 63,909	\$ 46,300	\$ 66,320

10. Debt, net of MFA sinking fund deposits:

The interest rate for the year ended December 31, 2016 on the principal amount of the MFA debentures was 3.30% per annum. Interest expense incurred for the year on the long-term debt was \$1,676,895 (2015 - \$1,676,895).

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

CITY OF RICHMOND

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

Year ended December 31, 2016

10. Debt, net of MFA sinking fund deposits (continued):

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 2016	Net debt 2015
General Fund	\$ 50,815	\$ 8,634	\$ 42,181	\$ 46,583

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

2017	\$ 4,578
2018	4,761
2019	4,951
2020	5,149
2021	5,355
Thereafter	17,387
	\$ 42,181

11. Tangible capital assets:

Cost	Balance, December 31, 2015	Additions and transfers	Disposals	Balance, December 31, 2016
Land	\$ 803,645	\$ 43,966	\$ (1,706)	\$ 845,905
Buildings and building improvements	374,820	10,324	-	385,144
Infrastructure	1,644,206	48,218	(3,879)	1,688,545
Vehicles, machinery and equipment	110,120	8,271	(1,549)	116,842
Library's collections, furniture and equipment	9,670	374	(1,616)	8,428
Assets under construction	62,367	53,069	-	115,436
	\$ 3,004,828	\$ 164,222	\$ (8,750)	\$ 3,160,300

Accumulated amortization	Balance, December 31, 2015	Disposals	Amortization expense	Balance, December 31, 2016
Buildings and building improvements	\$ 141,680	\$ -	\$ 14,225	\$ 155,905
Infrastructure	728,117	(2,882)	33,198	758,433
Vehicles, machinery and equipment	66,805	(1,518)	7,482	72,769
Library's collections, furniture and equipment	5,331	(1,425)	1,028	4,934
	\$ 941,933	\$ (5,825)	\$ 55,933	\$ 992,041

CITY OF RICHMOND

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

Year ended December 31, 2016

11. Tangible capital assets (continued):

	2016	2015
	Net book value	Net book value
Land	\$ 845,905	\$ 803,645
Buildings and building improvements	229,239	233,140
Infrastructure	930,112	916,089
Vehicles, machinery and equipment	44,073	43,315
Library's collection, furniture and equipment	3,494	4,339
Assets under construction	115,436	62,367
Balance, end of year	\$ 2,168,259	\$ 2,062,895

(a) Assets under construction:

Assets under construction having a value of \$115,436,184 (2015 - \$62,367,664) 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 \$24,441,194 (2015 - \$61,806,695) comprised of infrastructure in the amount of \$17,308,488 (2015 - \$10,874,576), land in the amount of \$7,132,706 (2015 - \$50,606,219), and other assets in the amount of nil (2015 - \$325,900).

(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:

There were no write-downs of tangible capital assets during the year (2015 - nil).

CITY OF RICHMOND

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

Year ended December 31, 2016

12. Accumulated surplus:

	General Funds and reserve	Water utility fund	Sanitary Sewer Utility fund	Richmond Olympic Oval	Library services	Lulu Island Energy Co.	2016 Total	2015 Total
Investment in tangible capital assets	\$ 2,104,682	\$ -	\$ -	\$ 8,987	\$ 3,495	\$ 25,660	\$ 2,142,824	\$ 2,055,479
Reserves (note 13)	467,585	-	-	4,261	-	-	471,846	461,178
Appropriated surplus	153,551	30,930	14,998	1,099	388	-	200,966	195,050
Surplus	10,342	244	6,647	552	686	(470)	18,001	17,265
Other equity	3,024	-	-	-	-	-	3,024	2,222
Balance, end of year	\$ 2,739,184	\$ 31,174	\$ 21,645	\$ 14,899	\$ 4,569	\$ 25,190	\$ 2,836,661	\$ 2,731,194

CITY OF RICHMOND

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

Year ended December 31, 2016

13. Reserves:

	2015	Change during year	2016
Reserve funds:			
Affordable housing	\$ 24,934	\$ (1,208)	\$ 23,726
Arts, culture and heritage	4,449	89	4,538
Capital building and infrastructure	60,412	3,064	63,476
Capital reserve	157,778	(2,106)	155,672
Capstan station	9,508	5,449	14,957
Child care development	2,335	1,454	3,789
Community legacy and land replacement	16,994	(8,581)	8,413
Drainage improvement	52,922	2,981	55,903
Equipment replacement	16,882	1,689	18,571
Leisure facilities	5,275	293	5,568
Local improvements	6,767	(545)	6,222
Neighborhood improvement	6,975	(42)	6,933
Public art program	3,056	52	3,108
Sanitary sewer	41,687	2,840	44,527
Steveston off-street parking	299	6	305
Steveston road ends	458	(51)	407
Waterfront improvement	642	(27)	615
Watermain replacement	46,614	4,241	50,855
Oval	3,191	1,070	4,261
	\$ 461,178	\$ 10,668	\$ 471,846

14. Post-employment benefits:

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

	2016	2015
Balance, beginning of year	\$ 31,706	\$ 30,755
Current service cost	1,980	1,924
Interest cost	906	912
Past service cost (credit)	(868)	-
Amortization of actuarial loss (gain)	(473)	93
Benefits paid	(1,948)	(1,978)
Balance, end of year	\$ 31,303	\$ 31,706

CITY OF RICHMOND

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

Year ended December 31, 2016

14. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2016. The difference between the actuarially determined accrued benefit obligation of approximately \$31,556,000 and the liability of approximately \$31,303,000 as at December 31, 2016 is an unamortized net actuarial loss of \$253,000. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 10-years.

	2016	2015
Actuarial benefit obligation:		
Liability, end of year	\$ 31,303	\$ 31,706
Unamortized actuarial loss (gain)	253	(3,049)
Balance, end of year	\$ 31,556	\$ 28,657

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

	2016	2015
Discount rate	3.30%	3.10%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50%

15. 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, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

CITY OF RICHMOND

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

Year ended December 31, 2016

15. Pension plan (continued):

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The City of Richmond paid \$11,952,478 (2015 - \$11,766,393) for employer contributions while employees contributed \$9,827,790 (2015 - \$9,736,747) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

16. 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:

In addition to the obligations under capital leases, at December 31, 2016, the City was committed to operating lease payments for premises and equipment in the following approximate amounts:

2017	\$ 4,860
2018	4,483
2019	3,716
2020	2,301
2021 and thereafter	16,398

(c) Litigation:

As at December 31, 2016, 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.

CITY OF RICHMOND

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

Year ended December 31, 2016

16. Commitments and contingencies (continued):

(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.

On October 30, 2014, LIEC and Corix Utilities Inc. ("Corix") entered into a 30-year Concession Agreement (the "Agreement"), where Corix 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.

(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 28 Class A and 23 Class B shares issued and outstanding as at December 31, 2016). 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 a close relationship with the various community associations which operate the community centers throughout the City. While they are separate legal entities, the City does generally provide the buildings and grounds for the use of the community associations as well as pay the operating costs of the facilities. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive. The City provides the core staff for the facilities as well as certain additional services such as information technology services.

17. 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 financial statements.

	2016	2015
Richmond Community Associations	\$ 1,270	\$ 1,248

CITY OF RICHMOND

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

Year ended December 31, 2016

18. Collections for other authorities:

The City is obligated to collect certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements since they are not revenue of the City. Such taxes collected and remitted to the government bodies during the year are as follows:

	2016	2015
Province of British Columbia - Schools	\$ 149,518	\$ 146,405
Greater Vancouver Regional District and others	42,104	41,772
	<u>\$ 191,622</u>	<u>\$ 188,177</u>

19. Other revenues:

	2016	2015
Developer contributions	\$ 10,098	\$ 29,648
Tangible capital assets gain on sale of land	13,880	5,912
Taxes and fines	2,730	3,350
Parking program	2,153	2,108
Other	6,682	7,737
	<u>\$ 35,543</u>	<u>\$ 48,755</u>

20. 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:

	2016	2015
Operating:		
Province of BC	\$ 22,652	\$ 24,553
TransLink	2,595	2,329
Government of Canada	1,413	1,327
Capital:		
Government of Canada	941	3,098
TransLink	1,049	76
Province of BC	104	474
	<u>\$ 28,754</u>	<u>\$ 31,857</u>

CITY OF RICHMOND

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

Year ended December 31, 2016

21. Segmented reporting:

The City of Richmond 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) **Law and Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws along with sections responsible for legal and regulatory matters. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, protection of life and properties, and legal services.
- (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.
- (d) **Community Services** comprises of Parks, Recreation, Arts, Culture and Heritage Services and Community Social Development. 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, 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.
- (g) **Richmond Olympic Oval** 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. The financial statements include the Oval's 50% proportionate share of operations of VROX Sport Simulation Ltd. ("VROX"). VROX is a government partnership established to develop, manufacture and sell sport simulators to the Richmond Olympic Experience and third party customers.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.
- (i) **Lulu Island Energy Company Ltd.** is formed as a municipal corporation wholly-owned by the City. The business of the LIEC is to manage and operate energy utilities, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sale to customers.

CITY OF RICHMOND

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

Year ended December 31, 2016

21. Segmented reporting (continued):

	Law and community safety	Utilities	Engineering public works and project development	Community services	General government	Planning and development	Total City subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 198,612	\$ -	\$ 198,612
Utility fees	-	84,986	12,228	-	-	-	97,214
Sales of services	5,338	3,709	3,792	8,851	5,167	2,132	28,989
Payments-in-lieu of taxes	-	-	-	-	14,770	-	14,770
Provincial and federal grants	85	7	2,711	16	3,067	13	5,899
Development cost charges	-	1,671	3,747	7,761	2,361	1,092	16,632
Other capital funding sources	10	1,816	13,829	481	6,859	1,837	24,832
Other revenues:							
Investment income	-	542	-	-	17,072	-	17,614
Gaming revenue	657	-	-	-	16,902	-	17,559
Licenses and permits	294	-	61	-	3,816	8,201	12,372
Other	2,574	2,725	446	658	27,711	93	34,207
	8,958	95,456	36,814	17,767	296,337	13,368	468,700
Expenses:							
Wages and salaries	41,138	12,137	22,672	29,977	21,122	9,927	136,973
Public works maintenance	25	6,690	6,840	1,522	(1,380)	670	14,367
Contract services	43,338	8,460	2,957	2,868	3,587	1,402	62,612
Supplies and materials	2,395	27,860	1,370	13,233	7,916	610	53,384
Interest and finance	42	19,806	-	80	2,553	-	22,481
Transfer from (to) capital for tangible capital assets	274	963	2,383	5,511	185	259	9,575
Amortization of tangible capital assets	2,540	7,783	24,657	6,401	10,600	1,345	53,326
Loss on disposal of tangible capital assets	-	484	364	-	-	20	868
	89,752	84,183	61,243	59,592	44,583	14,233	353,586
Annual surplus (deficit)	\$ (80,794)	\$ 11,273	\$ (24,429)	\$ (41,825)	\$ 251,754	\$ (865)	\$ 115,114

CITY OF RICHMOND

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

Year ended December 31, 2016

21. Segmented reporting (continued):

	Total City (from above)	Richmond Olympic Oval	Richmond Public Library	Lulu Island Energy Company	2016 consolidated	2015 consolidated
Revenue:						
Taxation and levies	\$ 198,612	\$ -	\$ -	\$ -	\$ 198,612	\$ 189,136
Utility fees	97,214	-	-	605	97,819	94,290
Sales of services	28,989	9,218	114	-	38,231	34,186
Payments-in-lieu of taxes	14,770	-	-	-	14,770	15,109
Provincial and federal grants	5,899	2,800	402	-	9,101	8,654
Development cost charges	16,632	-	-	-	16,632	17,818
Other capital funding sources	24,832	-	-	1,769	26,601	72,575
Other revenues:						
Investment income	17,614	-	-	-	17,614	16,303
Gaming revenue	17,559	-	-	-	17,559	19,555
Licenses and permits	12,372	-	-	50	12,422	10,747
Other	34,207	1,085	251	-	35,543	48,755
	468,700	13,013	767	2,424	484,904	527,128
Expenses:						
Wages and salaries	136,973	8,684	6,629	-	152,286	147,996
Public works maintenance	14,367	-	1	-	14,368	15,294
Contract services	62,612	-	581	390	63,583	59,073
Supplies and materials	53,384	5,042	1,545	256	60,227	55,750
Interest and finance	22,481	-	8	113	22,602	21,391
Transfer from (to) capital for tangible capital assets	9,575	-	(158)	-	9,417	19,349
Amortization of tangible capital assets	53,326	1,394	1,029	184	55,933	53,966
Loss on disposal of tangible capital assets	868	-	153	-	1,021	755
	353,586	15,120	9,788	943	379,437	373,574
Annual surplus (deficit)	\$ 115,114	\$ (2,107)	\$ (9,021)	\$ 1,481	\$ 105,467	\$ 153,554

CITY OF RICHMOND

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

Year ended December 31, 2016

22. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated Financial Plan adopted by Council on March 14, 2016. The chart below reconciles the adopted Consolidated Financial Plan to the budget figures reported in these consolidated financial statements.

	Financial plan bylaw No. 9521	Financial statement budget
Revenues:		
Consolidated financial plan	\$ 499,034	\$ 499,034
Expenses:		
Consolidated financial plan	397,388	397,388
Add: Acquisition of tangible capital assets	-	1,020
Less: LIEC budget adjustment	-	(369)
	397,388	396,737
Annual surplus	101,646	102,297
Less: Acquisition of tangible capital assets	(441,608)	-
Less: Transfer to reserves	(62,222)	-
Less: Debt principal	(4,402)	-
	(406,586)	-
Add: Capital funding	403,510	-
Add: Transfer from surplus	3,076	-
Annual surplus per consolidated statement of operations	\$ -	\$ 102,297

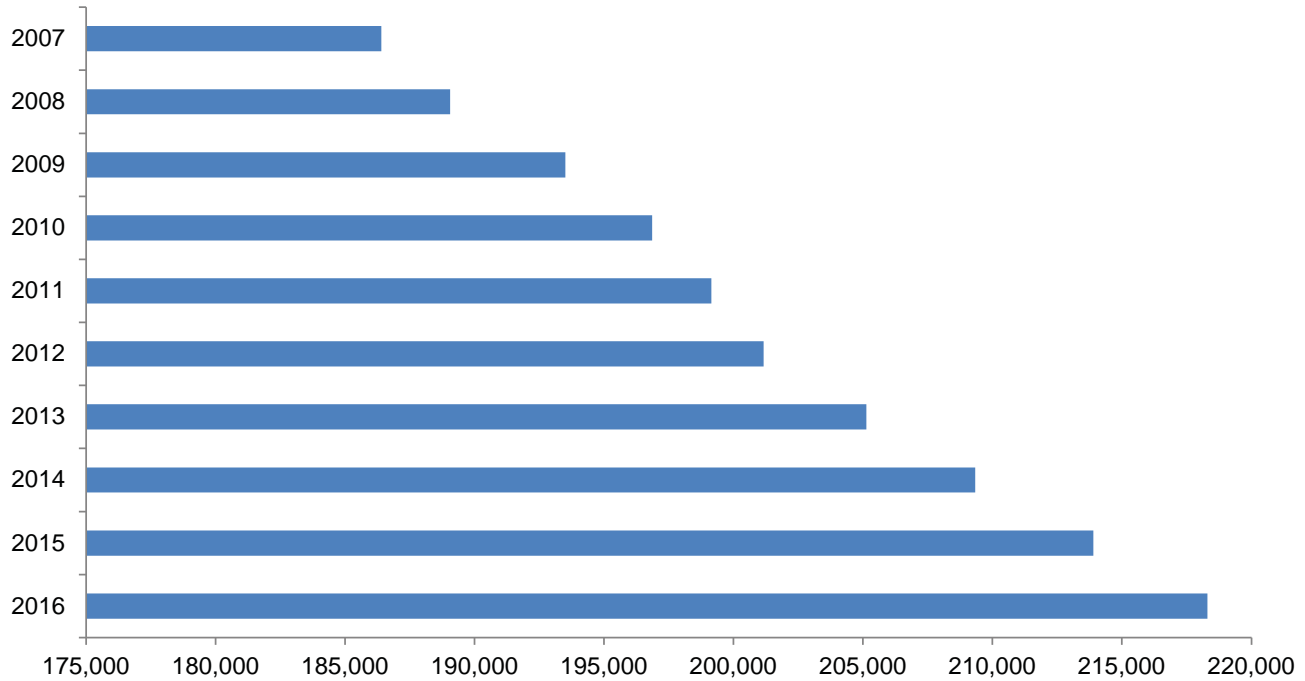
23. Comparative information:

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

City of Richmond statistical data

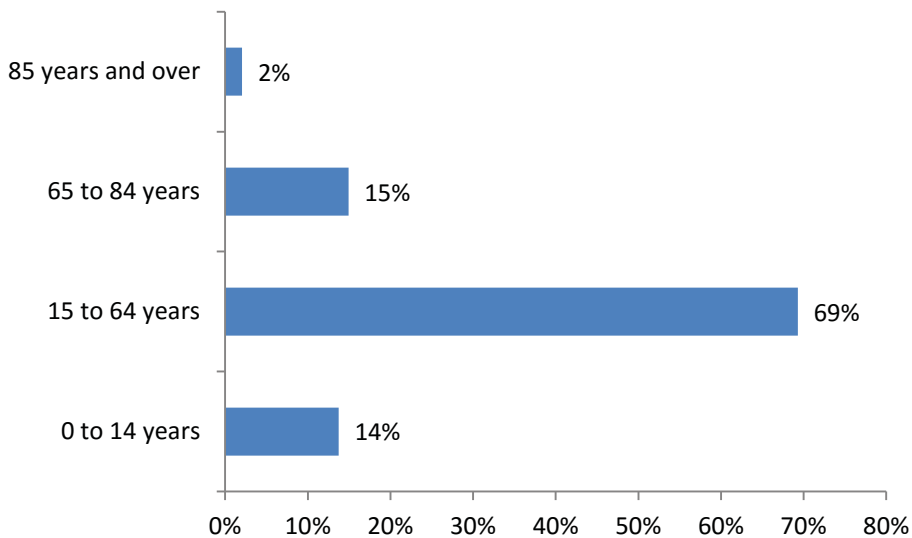
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City of Richmond population 2007–2016



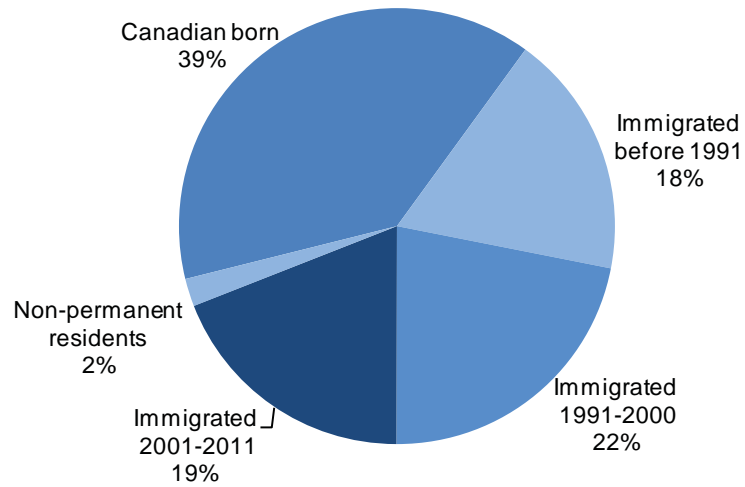
Source: City of Richmond Policy Planning Division

Total population by age groups



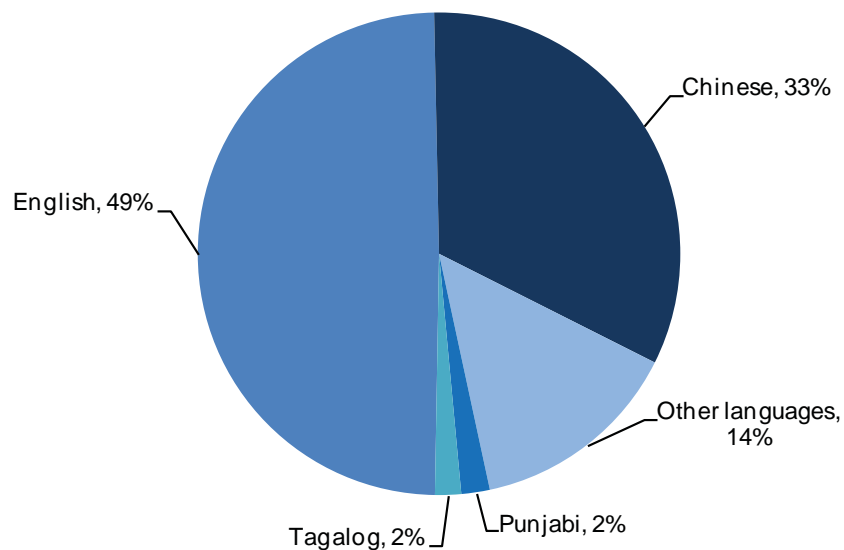
Source: Statistics Canada, 2016 Census of Population

Immigrant status of Richmond residents by period of immigration



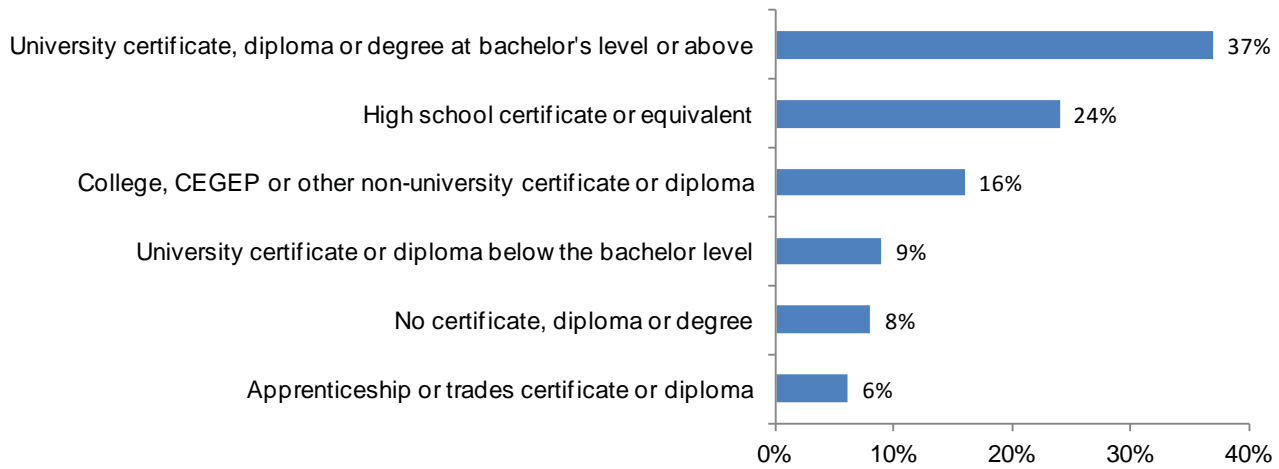
Source: Statistics Canada, 2011 National Household Survey (NHS)

Language spoken most often at home



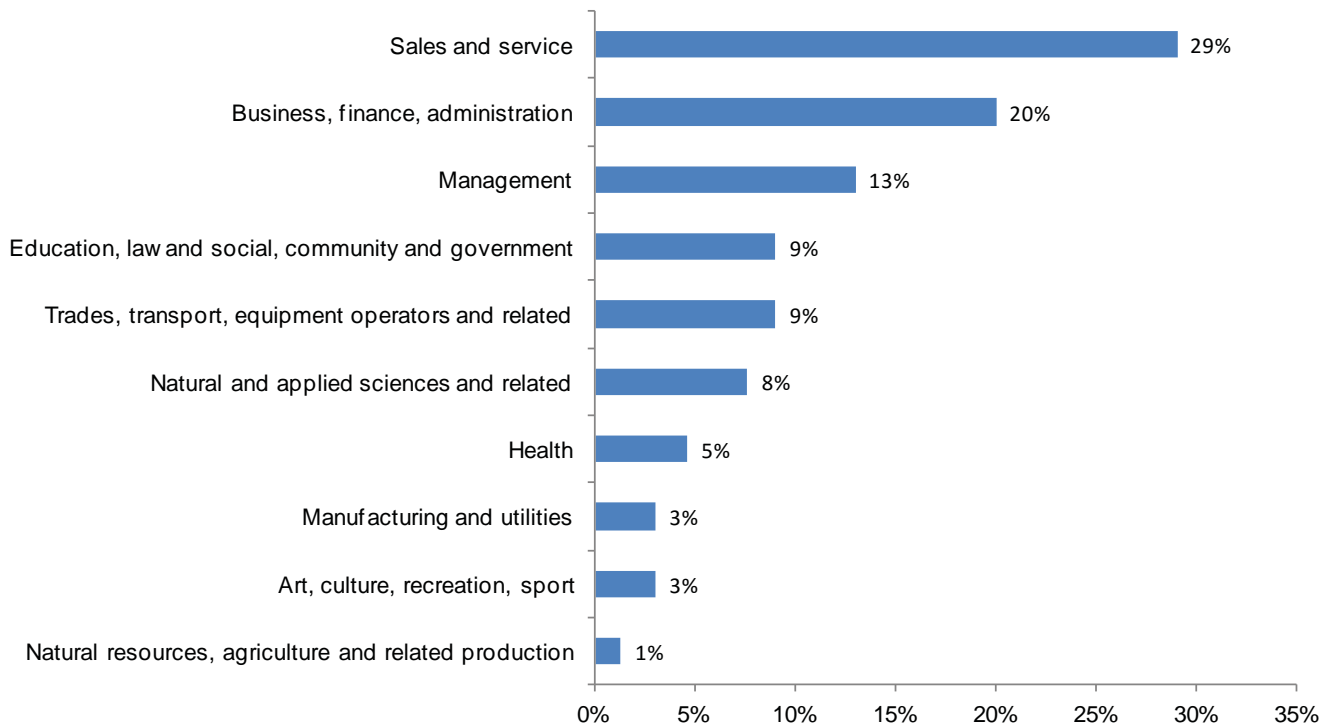
Source: Statistics Canada 2011 Census of Population

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



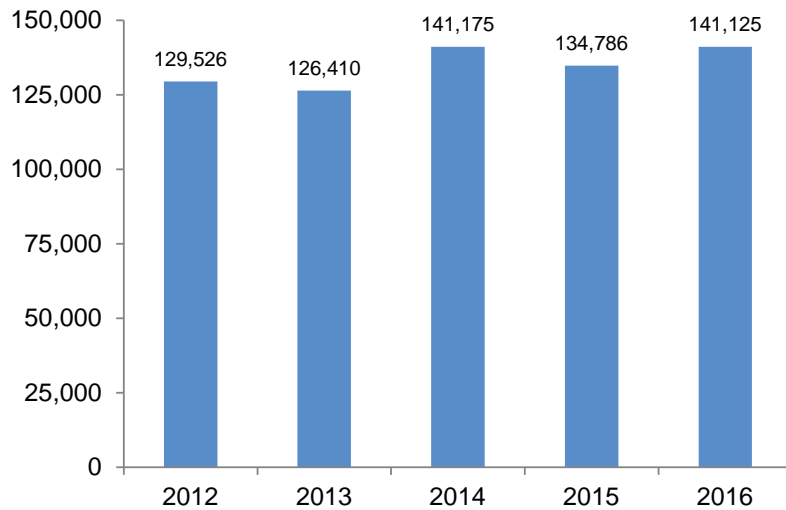
Source: Statistics Canada, 2011 National Household Survey (NHS)

Occupations of Richmond residents



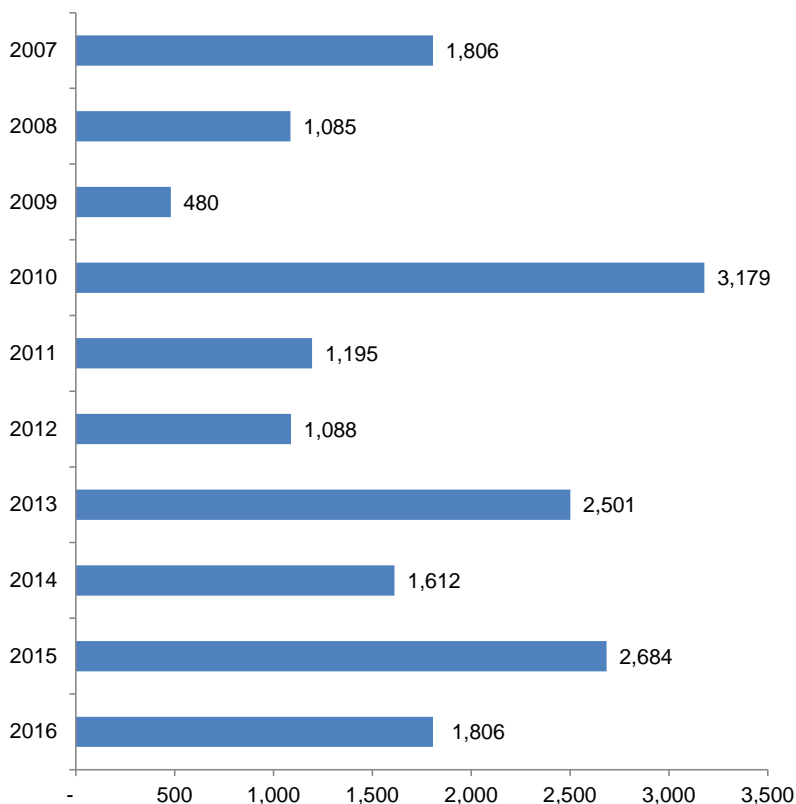
Source: Statistics Canada, 2011 National Household Survey (NHS)

Registration in Richmond Recreation and Cultural Services programs 2012–2016



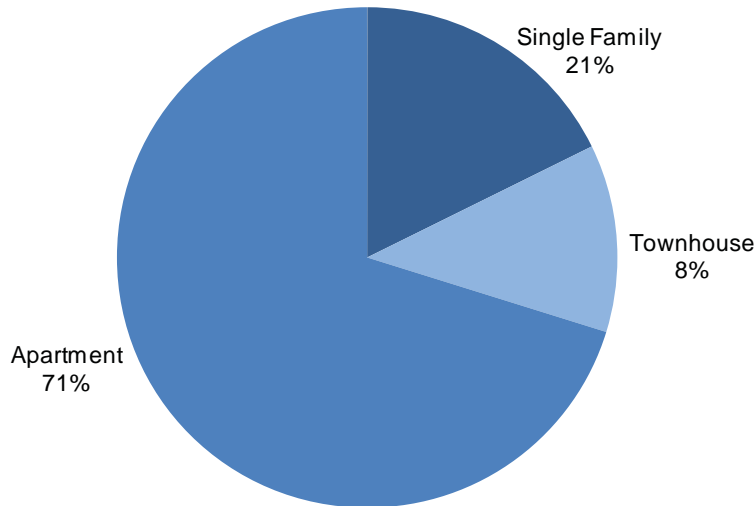
Source: City of Richmond Finance and Corporate Services

Housing starts in Richmond 2007–2016



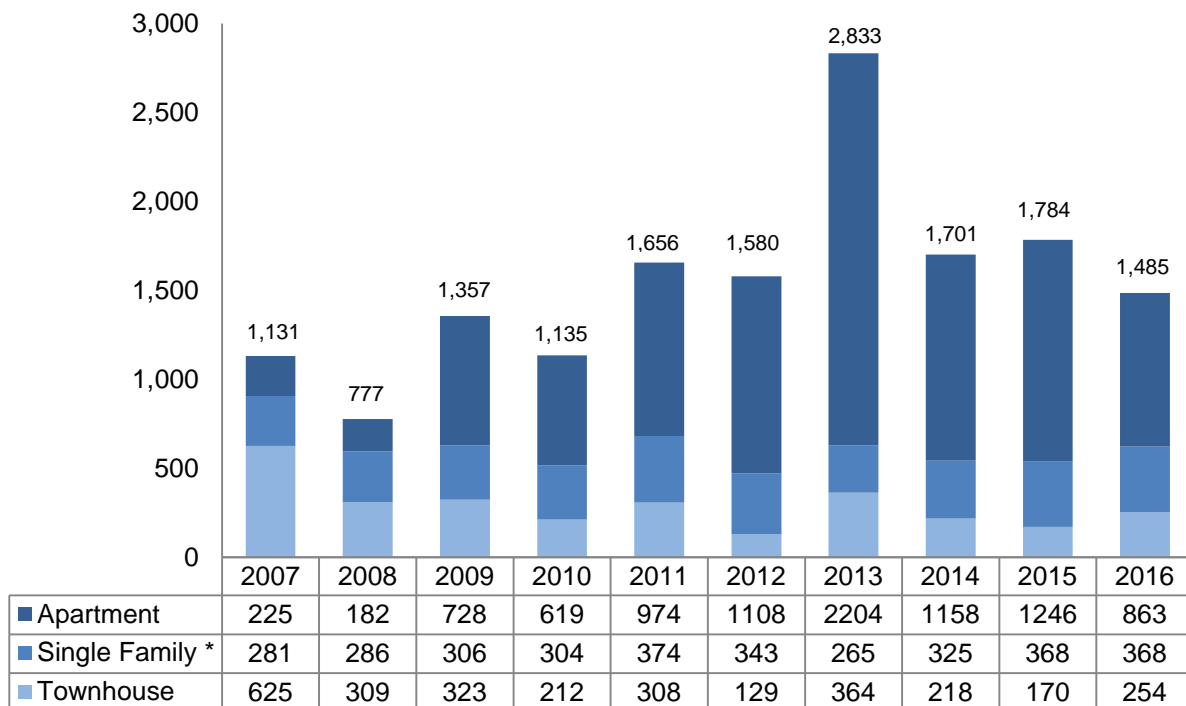
Source: City of Richmond building permit records. Includes only projects for new residential construction receiving final building permit in given year.

Richmond housing starts by type of units 2016



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

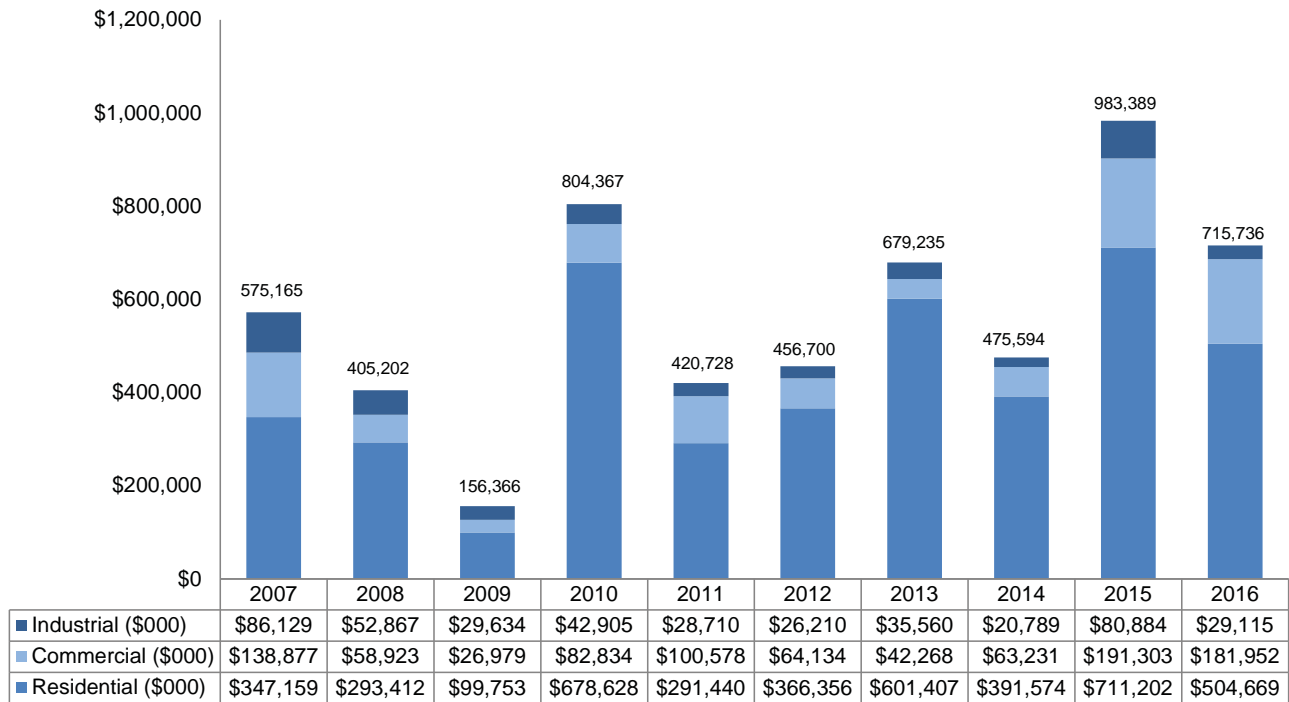
New dwelling units constructed 2007–2016



*Includes one family and two family dwellings

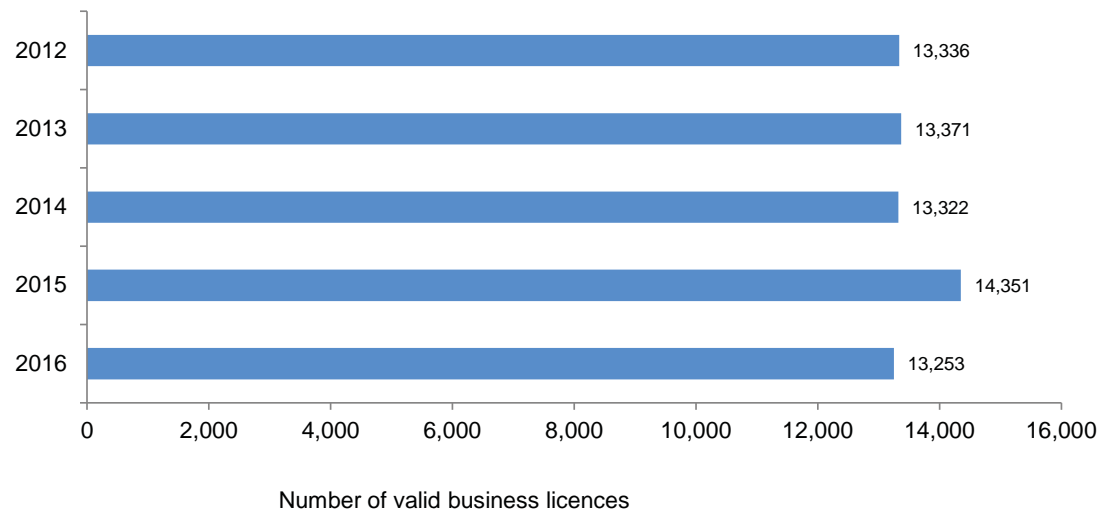
Source: City of Richmond building permit records. Includes only projects for new residential construction receiving final building permit in given year.

Construction value of building permits issued 2007–2016 (in \$000s)



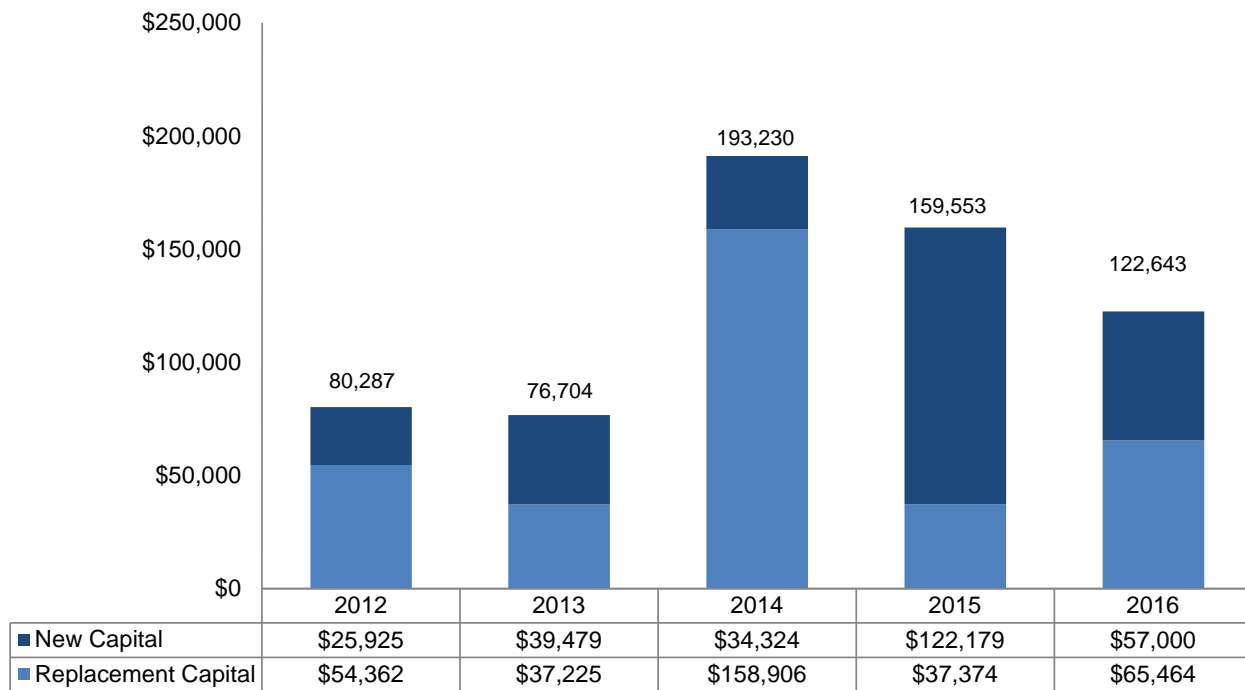
Source: City of Richmond building permit records.

Richmond business licences 2012–2016



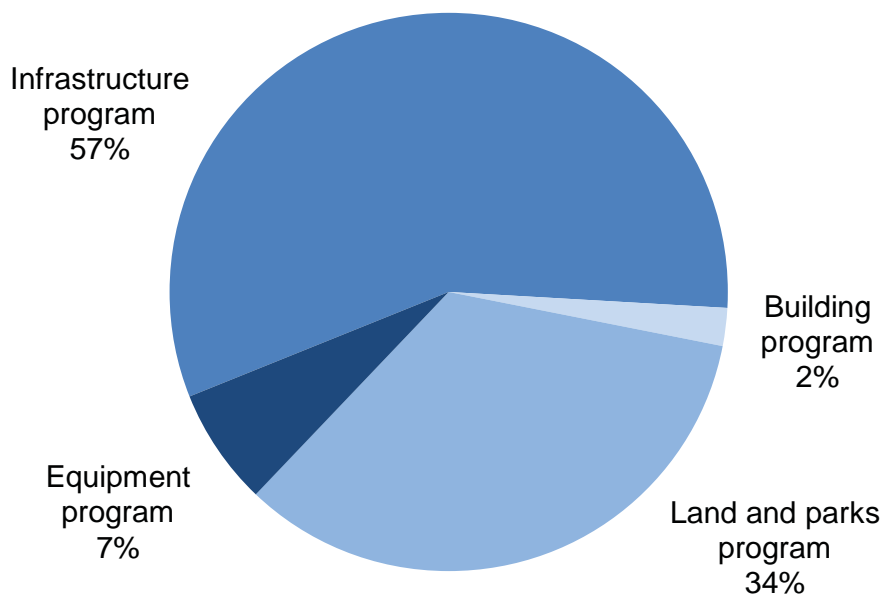
Source: City of Richmond Business Licences

City of Richmond budgeted capital construction costs 2012–2016 (in \$000s)



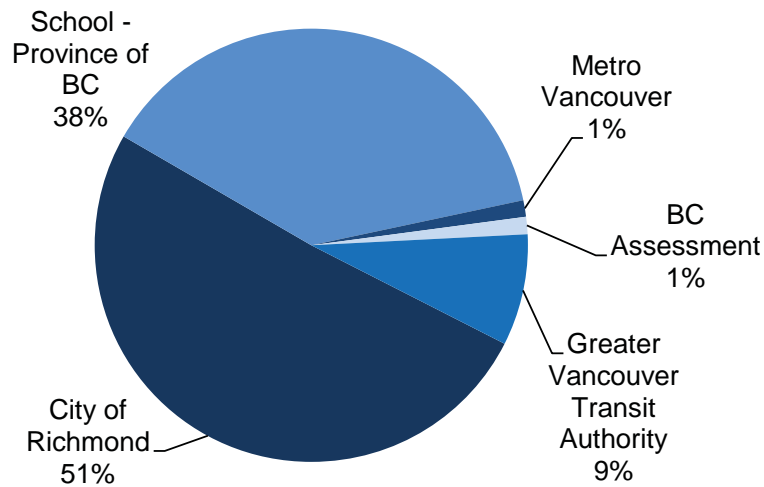
Source: City of Richmond Finance and Corporate Services

Capital program by type 2016



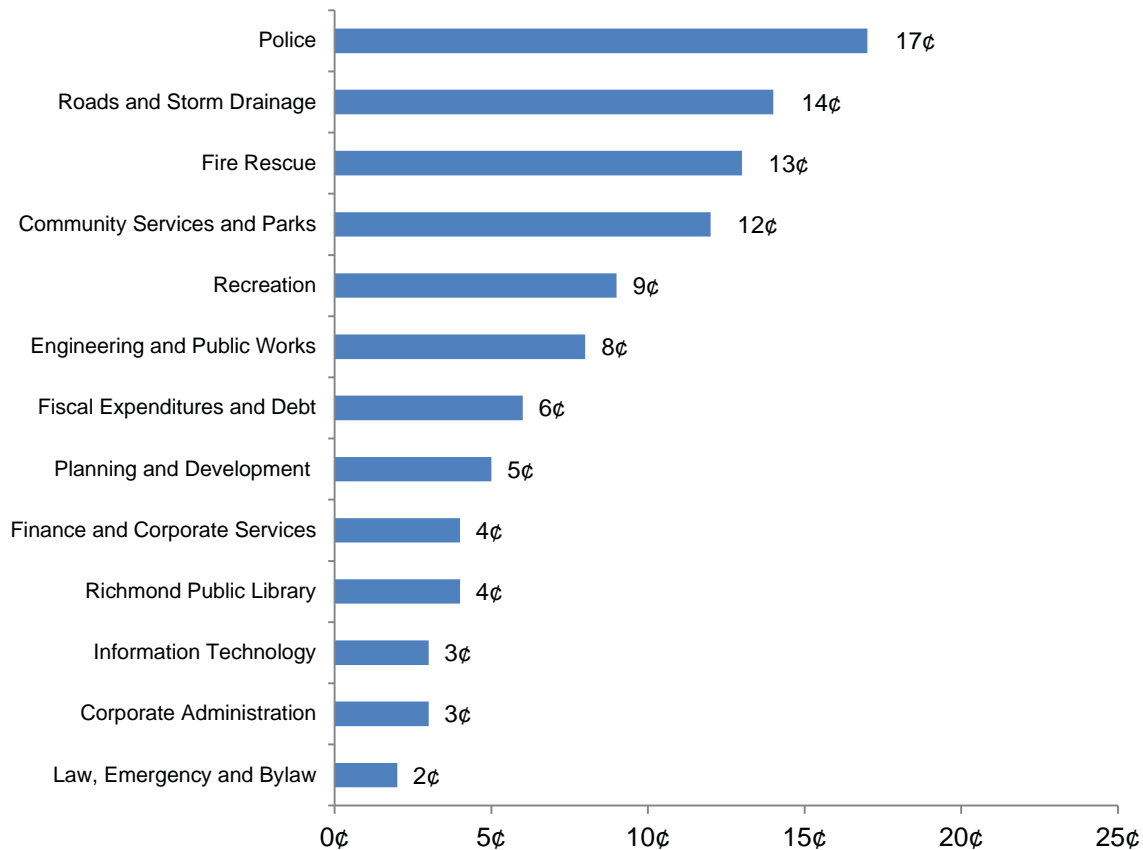
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2016



Source: City of Richmond Finance and Corporate Services

Breakdown of actual municipal tax dollar 2016



Source: City of Richmond Finance and Corporate Services

2016 tax rates

	City of Richmond	School - Province of BC	Metro Vancouver	BC Assessment	Municipal Finance Authority	TransLink
Residential	2.05383	1.43950	0.05073	0.05430	0.00020	0.28340
Business	6.66368	5.40000	0.12429	0.15750	0.00050	1.24200
Light industrial	6.66368	5.40000	0.17249	0.15750	0.00070	1.52110
Seasonal / Recreational	1.95275	3.10000	0.05073	0.05430	0.00020	0.25820
Major industrial	13.50329	2.16000	0.17249	0.49950	0.00070	1.92350
Farm	12.84412	3.45000	0.05073	0.05430	0.00020	0.36290
Utilities	38.64765	13.50000	0.17756	0.49950	0.00070	2.57430

Source: City of Richmond Finance and Corporate Services

2016 general revenue fund assessment and taxation by property class

	Assessment	% of assessment by class	Taxation	% of taxation by class
Residential	\$53,427,310,470	80.04%	\$109,730,613	54.94%
Business	10,669,182,553	15.98%	71,096,018	35.60%
Light industrial	2,338,871,400	3.51%	15,585,491	7.80%
Seasonal / Recreational	126,429,900	0.19%	246,886	0.12%
Major industrial	139,615,700	0.21%	1,885,271	0.94%
Farm	26,650,139	0.04%	342,298	0.17%
Utilities	22,181,408	0.03%	857,259	0.43%
Total	\$66,750,241,570	100.00%	\$199,743,836	100.00%

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

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

	2012	2013	2014	2015	2016
City of Richmond	\$167,529	\$176,283	\$183,687	\$190,074	\$199,744
School Board	128,610	133,660	133,539	147,087	150,420
Metro Vancouver	4,102	4,268	4,253	4,499	4,859
BC Assessment	4,593	4,667	4,843	4,973	5,087
TransLink	30,789	30,968	31,935	32,644	32,623
Other	14	15	15	16	18
Total Taxes	\$335,637	\$349,861	\$358,272	\$379,293	\$392,752

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

2012–2016 general assessment by property class (in \$000s)

	2012	2013	2014	2015	2016
Residential	\$45,026,858	\$44,663,439	\$44,543,518	\$47,402,471	\$53,427,310
Business	8,046,568	8,197,372	9,001,342	9,770,812	\$10,669,183
Light industrial	1,614,402	1,902,602	2,100,089	2,208,027	\$2,338,871
Seasonal / Recreational	111,935	120,715	97,338	144,622	\$126,430
Major industrial	111,752	115,791	125,716	137,265	\$139,616
Farm	26,572	26,618	26,112	26,364	\$26,650
Utilities	19,685	23,064	20,888	21,195	\$22,181
Total	\$54,957,772	\$55,049,601	\$55,915,003	\$59,710,756	\$66,750,242

Source: City of Richmond Finance and Corporate Services

Long-term debt repayments relative to expenditures 2012–2016 (in \$000s)

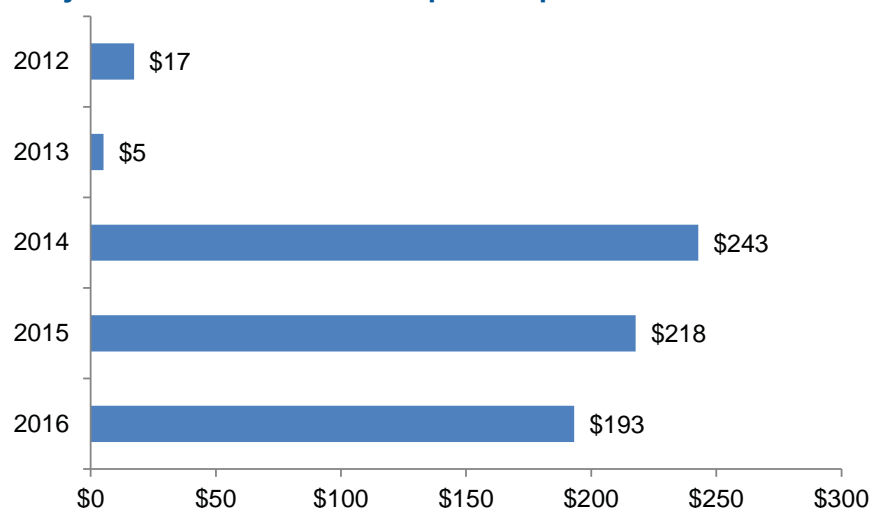
General revenue fund	2012	2013	2014	2015	2016
Long term debt repayments	\$2,972	\$2,267	\$4,232	\$4,232	\$4,402
General expenditures	\$227,773	\$234,089	\$280,736	\$297,065	\$276,497
Repayments as % of expenditures	1.3%	1.0%	1.6%	1.4%	1.6%

Sewerworks revenue fund	2012	2013	2014	2015	2016
Long term debt repayments	\$115	\$30	\$0	\$0	\$0
Sewer expenditures	\$23,789	\$26,916	\$22,409	\$26,457	\$28,966
Repayments as % of expenditures	0.5%	0.0%	0.0%	0.0%	0.0%

Note: Expenditures do not include capital and infrastructure investments.

Source: City of Richmond Finance and Corporate Services

City of Richmond debt per capita 2012–2016



Source: City of Richmond Finance and Corporate Services

Net debt 2012–2016 (in \$000s)

	2012	2013	2014	2015	2016
Net debt	\$3,488	\$1,056	\$50,815	\$46,583	\$42,181

Source: City of Richmond Finance and Corporate Services

Expenses by function 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Community Safety	\$75,193	\$77,649	\$83,820	\$85,386	\$89,752
Engineering and Public Works	53,164	53,268	55,899	56,294	61,243
Community Services	46,796	49,753	65,137**	68,246**	59,592
General government	38,570	41,061	42,582	43,438	44,583
Utilities	72,682	75,134	79,552	83,650	84,183
Planning and Development	11,961	11,854	13,301	13,211	14,233
Library services	9,245	9,390	9,563	9,463	9,788
Richmond Olympic Oval	9,826	10,509	11,065	13,395	15,120
Lulu Island Energy Corp	-	-	8	491	943
Total Expenses	\$317,437	\$328,618	\$360,927	\$373,574	\$379,437

* Amounts have been restated.

** Includes one-time affordable housing contributions.

Source: City of Richmond Finance and Corporate Services

Expenses by object 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Wages, salaries and benefits	\$129,981	\$137,648	\$142,169	\$147,996	\$152,286
Public works maintenance	20,901	14,246	14,548	15,294	14,368
Contract services	47,945	50,539	58,121	59,073	63,583
Supplies, materials	63,684	53,222	53,749	55,750	60,227
Interest and finance charges	4,495	19,783	21,367	21,391	22,602
Transfer from (to) capital for tangible capital assets	1,289	2,414	18,192	19,349	9,417
Amortization of tangible capital assets	49,565	50,333	52,106	53,966	55,933
Loss/(gain) on disposal of tangible capital assets	(423)	433	675	755	1,021
Total Expenses	\$317,437	\$328,618	\$360,927	\$373,574	\$379,437

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Revenue by source 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Taxation and levies	\$167,529	\$176,283	\$183,687	\$189,136	\$198,612
User fees	74,222	90,540	93,201	94,290	97,819
Sales of services	41,449	34,959	32,809	34,186	38,231
Licences and permits	8,734	9,241	9,819	10,747	12,422
Investment income	17,144	13,490	16,568	16,303	17,614
Grants including casino revenue	38,261	39,131	43,073	43,318	41,430
Development cost charges	10,480	11,730	18,765	17,818	16,632
Other capital funding sources	19,306	55,542	63,221	72,575	26,601
Other	23,186	23,946	35,194	48,755	35,543
Total Revenue	\$400,311	\$454,862	\$496,337	\$527,128	\$484,904

*Amounts have been restated

Source: City of Richmond Finance and Corporate Services

Accumulated surplus 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Accumulated surplus, beginning of year	\$2,221,134	\$2,304,008	\$2,442,230	\$2,577,640	\$2,731,194
Annual surplus	82,874	126,244	135,410	153,554	105,467
Accumulated surplus, end of year	\$2,304,008	\$2,430,252	\$2,577,640	\$2,731,194	\$2,836,661

*Amounts have been restated

Source: City of Richmond Finance and Corporate Services

Changes in net financial assets 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Change in net financial assets	\$53,436	\$79,838	\$53,623	\$61,390	\$(1,271)
Net financial assets, end of year	\$469,159	\$548,997	\$602,620	\$664,010	\$662,739

*Amounts have been restated

Source: City of Richmond Finance and Corporate Services

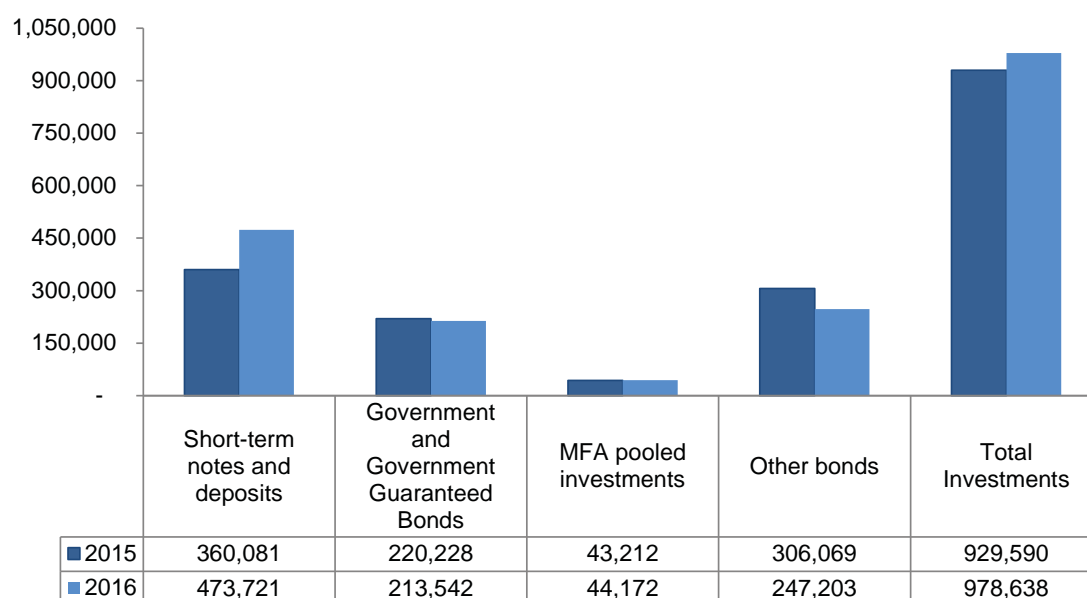
Reserves 2012–2016 (in \$000s)

	2012	2013	2014*	2015	2016
Affordable housing	\$18,082	\$20,696	\$12,551	\$24,934	\$23,726
Arts, culture and heritage	-	4,379	4,362	4,449	4,538
Capital building and infrastructure	36,686	46,394	55,651	60,412	63,476
Capital reserve	78,254	101,834	103,806	157,778	155,672
Capstan Station	-	3,862	8,241	9,508	14,957
Child care development	1,995	2,696	2,201	2,335	3,789
Community legacy and land replacement	16,681	16,353	16,720	16,994	8,413
Drainage improvement	27,948	35,555	44,505	52,922	55,903
Equipment replacement	16,579	17,820	17,241	16,882	18,571
Leisure facilities	3,177	3,551	3,621	5,275	5,568
Local improvements	6,428	6,527	6,643	6,767	6,222
Neighbourhood improvement	6,011	6,335	6,724	6,975	6,933
Public art program	1,967	2,282	2,554	3,056	3,108
Sanitary sewer	33,672	37,233	39,504	41,687	44,527
Steveston off-street parking	282	287	293	299	305
Steveston road ends	1,347	684	623	458	407
Waterfront improvement	112	104	659	642	615
Watermain replacement	41,680	42,481	46,375	46,614	50,855
Richmond Olympic Oval	4,100	4,732	4,328	3,191	4,261
Total reserves	\$295,001	\$353,805	\$376,602	\$461,178	\$471,846

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Investment portfolio per type 2015–2016 (\$000s)



Source: City of Richmond Finance and Corporate Services

Ratio analysis indicators of financial condition

	2015	2016
Sustainability ratios		
Assets to liabilities (times)	8.7	8.2
Financial assets to liabilities (times)	2.9	2.7
Net debt to total revenues	8.8%	8.7%
Net debt to the total assessment	0.1%	0.1%
Expenses to the total assessment	0.6%	0.6%
Flexibility ratios		
Public debt charges to revenues	0.3%	0.3%
Net book value of capital assets to its cost	68.7%	68.6%
Own source revenue to the assessment	0.7%	0.7%
Vulnerability ratios		
Government transfers to total revenues	5.4%	5.5%

Source: City of Richmond Finance and Corporate Services

2016 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 2016. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

Property / Organization	Address	2016 Municipal tax exempted
Churches and Religious Properties		
Aga Khan Foundation Canada	4000 May Drive	\$ 32,812
BC Muslim Association	12300 Blundell Road	90
Bakerview Gospel Chapel	8991 Francis Road	2,504
Beth Tikvah Congregation	9711 Geal Road	7,766
Bethany Baptist Church	22680 Westminster Highway	14,708
Brighthouse United Church	8151 Bennett Road	5,915
Broadmoor Baptist Church	8140 Saunders Road	7,282
Canadian Martyrs Parish	5771 Granville Avenue	9,430
Christian and Missionary Alliance	3360 Sexsmith Road	6,876
Christian Reformed Church	9280 No. 2 Road	7,987
Church in Richmond	4460 Brown Road	5,328
Church of Latter Day Saints	8440 Williams Road	10,922
Cornerstone Evangelical Baptist Church	12011 Blundell Road	717
Dharma Drum Mountain Buddhist Temple	8240 No. 5 Road	2,529
Emmanuel Christian Community	10351 No. 1 Road	4,866
Faith Evangelical Church	11960 Montego Street	3,240
Fraserview Mennonite Brethren Church	11295 Mellis Drive	9,004
Fujian Evangelical Church	12200 Blundell Road	5,311
Gilmore Park United Church	8060 No. 1 Road	5,630
I Kuan Tao (Fayi Chungder) Association	8866 Odlin Crescent	3,463
Immanuel Christian Reformed Church	7600 No. 4 Road	3,654
India Cultural Centre	8600 No. 5 Road	5,653
International Buddhist Society	9160 Steveston Highway	3,954
Johrei Fellowship Inc	10380 Odlin Road	5,895
Lansdowne Congregation Jehovah's Witnesses	11014 Westminster Highway	2,771
Larch St. Gospel Meeting Room	8020 No. 5 Road	2,902
Ling Yen Mountain Temple	10060 No. 5 Road	3,364
Nanaksar Gurdwara Gursikh Temple	18691 Westminster Highway	3,589
North Richmond Alliance Church	9140 Granville Avenue	2,404
Our Savior Lutheran Church	6340 No. 4 Road	4,540
Parish of St. Alban's	7260 St. Albans Road	5,448

Churches and Religious Properties continued . . .

Patterson Road Assembly	9291 Walford Street	\$ 924
Peace Evangelical Church	8280 No. 5 Road	6,093
Peace Mennonite Church	11571 Daniels Road	10,293
Richmond Alliance Church	11371 No. 3 Road	3,634
Richmond Baptist Church	6560 Blundell Road	1,455
Richmond Baptist Church	6640 Blundell Road	5,274
Richmond Bethel Mennonite Church	10160 No. 5 Road	10,570
Richmond Chinese Alliance Church	10100 No. 1 Road	7,183
Richmond Chinese Evangelical Free Church	8040 No. 5 Road	3,326
Richmond Emmanuel Church	7451 Elmbridge Way	10,719
Richmond Pentecostal Church	9300 Westminster Highway	9,689
Richmond Pentecostal Church	9260 Westminster Highway	824
Richmond Presbyterian Church	7111 No. 2 Road	4,755
Richmond Sea Island United Church	8711 Cambie Road	10,428
Salvation Army Church	8280 Gilbert Road	3,370
Science of Spirituality SKRM Inc	11011 Shell Road	1,499
Shia Muslim Community	8580 No. 5 Road	2,162
South Arm United Church	11051 No. 3 Road	1,935
St. Anne's Anglican Church	4071 Francis Road	4,163
St. Edward's Anglican Church	10111 Bird Road	4,273
St. Gregory Armenian Apostolic Church	13780 Westminster Highway	2,150
St. Joseph the Worker Roman Catholic Church	4451 Williams Road	9,947
St. Monica's Roman Catholic Church	12011 Woodhead Road	6,514
St. Paul's Roman Catholic Parish	8251 St. Albans Road	8,517
Steveston Buddhist Temple	4360 Garry Street	10,043
Steveston Congregation Jehovah's Witnesses	4260 Williams Road	4,890
Steveston United Church	3720 Broadway Street	3,326
Subramaniya Swamy Temple	8840 No. 5 Road	1,331
Thrangu Monastery Association	8140 No. 5 Road	4,671
Thrangu Monastery Association	8160 No. 5 Road	1,458
Towers Baptist Church	10311 Albion Road	6,760
Trinity Lutheran Church	7100 Granville Avenue	7,866
Trinity Pacific Church	10011 No. 5 Road	5,315
Ukrainian Catholic Church	8700 Railway Avenue	2,257
Vancouver Airport Chaplaincy	3211 Grant McConachie Way	572
Vancouver International Buddhist Progress Society	6690 - 8181 Cambie Road	9,016
Vancouver International Buddhist Progress Society	8271 Cambie Road	6,360
Vedic Cultural Society of BC	8200 No. 5 Road	2,974
West Richmond Gospel Hall	5651 Francis Road	2,997

Recreation, Child Care, and Community Service Properties

Canadian Sport Institute Pacific Society	2005 - 6111 River Road	\$ 5,264
City Centre Community Centre	5900 Minoru Boulevard	59,280
Cook Road Children's Centre	8300 Cook Road	1,635
Cranberry Children's Centre	23591 Westminster Highway	3,149
Girl Guides of Canada	4780 Blundell Road	2,576
Girl Guides of Canada	11551 Dyke Road	14,863
Navy League of Canada	7411 River Road	9,846
Richmond Animal Protection Society	12071 No. 5 Road	10,295
Richmond Caring Place	7000 Minoru Boulevard	160,915
Richmond Centre for Disabilities	100 - 5671 No. 3 Road	17,040
Richmond Family Place	8660 Ash Street	8,894
Richmond Ice Centre	14140 Triangle Road	158,502
Richmond Lawn Bowling Club	6131 Bowling Green Road	9,031
Richmond Olympic Oval	6111 River Road	1,549,046
Richmond Public Library	11580 Cambie Road	3,432
Richmond Public Library	11688 Steveston Highway	6,144
Richmond Rod and Gun Club	7760 River Road	20,469
Richmond Tennis Club	6820 Gilbert Road	13,360
Richmond Watermania	14300 Entertainment Boulevard	186,930
Richmond Winter Club	5540 Hollybridge Way	157,589
Riverside Children's Centre	5862 Dover Crescent	980
Scotch Pond Heritage	2220 Chatham Street	6,313
Terra Nova Children's Centre	6011 Blanchard Drive	1,970
Treehouse Learning Centre	100 - 5500 Andrews Road	1,392
West Cambie Childcare Centre	4033 Stolberg Street	3,140

Private Educational Properties

Choice Learning Centre	20411 Westminster Highway	2,233
Richmond Christian School Association	5240 Woodward's Road	87

Senior Citizen Housing

Richmond Legion Senior Citizen Society	7251 Langton Road	17,983
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Community Care Facilities

Canadian Mental Health Association	8911 Westminster Highway	\$	9,402
Development Disabilities Association	6531 Azure Road		2,331
Development Disabilities Association	8400 Robinson Road		2,902
Development Disabilities Association	7611 Langton Road		2,763
Greater Vancouver Community Service	4811 Williams Road		2,415
Pinegrove Place, Mennonite Care Home Society	11331 Mellis Drive		16,673
Richmond Lions Manor	9020 Bridgeport Road		20,306
Richmond Society for Community Living	303 - 7560 Moffatt Road		692
Richmond Society for Community Living	4433 Francis Road		1,780
Richmond Society for Community Living	5635 Steveston Highway		5,817
Richmond Society for Community Living	9 - 11020 No. 1 Road		955
Richmond Society for Community Living	9580 Pendleton Road		2,608
Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Road		35,689
Western Recovery Foundation	10411 Odlin Road		2,265

2016 City Centre Area transitional tax exemptions

Organization	Address	2016 Municipal tax exempted
0737293 BC Ltd	4711 Garden City Road	21,577
2725312 Canada Inc	5900 No. 2 Road	45,100
2725312 Canada Inc	6191 Westminster Highway	25,209
2725312 Canada Inc	6751 Westminster Highway	37,850
3500 Richmond Holdings Ltd	3500 No. 3 Road	34,125
AAA Self Storage Depot Inc	8520 Cambie Road	17,612
Bene (Oval) Development Ltd	6851 Elmbridge Way	22,203
Bene (Oval) Development Ltd	6871 Elmbridge Way	19,065
Centro Ovalsquare Development Ltd	6791 Elmbridge Way	47,112
China Cereals & Oils Corp	8777 Odlin Road	11,362
Conway Richmond Estates Ltd	4800 No. 3 Road	20,744
ELG Alderbridge Investments Inc	7851 Alderbridge Way	48,738
Grand Long Holdings Canada Ltd	8091 Park Road	42,814
Hallmark Holdings Ltd	7811 Alderbridge Way	46,286
HGL Investments Ltd	4940 No. 3 Road	34,011
Jiatai Realty Inc	5400 Minoru Boulevard	22,643
Marisco Holdings Ltd	7680 River Road	18,559
McDonald's Restaurants of Canada Ltd	7120 No. 3 Road	21,890
Minoru Plaza Inc	5660 Minoru Boulevard	14,087
Minoru Plaza Inc	5560 Minoru Boulevard	15,993
PLR Holdings Ltd	5840 Minoru Boulevard	24,189
Richmond Holdings Ltd	7880 Alderbridge Way	34,871
Richmond Holdings Ltd	7111 Elmbridge Way	19,538
Richmond Holdings Ltd	7671 Alderbridge Way	29,467
Richmond Holdings Ltd	5003 Minoru Boulevard	17,659
Three Road Plaza Inc	4551 No. 3 Road	49,478
UEM Sunrise (Canada) Alderbridge Ltd	7960 Alderbridge Way	28,434
UEM Sunrise (Canada) Alderbridge Ltd	5333 No. 3 Road	26,828
Vancouver Soho Holding Ltd	5740 Minoru Boulevard	19,365
Vancouver Soho Holding Ltd	5740 Minoru Boulevard	20,551

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, Lulu Island Energy Company and Gateway Theatre. For more information on City services contact:

City of Richmond

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

 /CityofRichmondBC

 @Richmond_BC

 /CityofRichmondBC




Gateway Theatre

6500 Gilbert Road
Phone: 604-270-6500
Box Office: 604-270-1812
www.gatewaytheatre.com



 /Gateway-Theatre

 @Gateway_Theatre

Richmond Public Library

Hours: 604-231-6401
www.YourLibrary.ca
 /yourlibraryRichmond
 @RPLBC
 /YourLibraryRichmond

Richmond Olympic Oval

6111 River Road
Phone: 778-296-1400
www.richmondoval.ca
 /RichmondOval
 @RichmondOval

Lulu Island Energy Company

6911 No. 3 Road
Richmond, British Columbia
V6Y 2C1 Canada
Phone: 604-276-4011
www.luluislandenergy.ca

Major services provided by the City of Richmond

Administration

Includes the office of the Chief Administrative Officer (CAO) who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officer, human resources, intergovernmental relations and protocol (IGR), communications and marketing and the Corporate Planning and Programs Management Group.

Law and Community Safety

Brings together the City's public safety providers including police, fire-rescue and emergency programs as well as bylaw enforcement, legal and regulatory matters.

Community Services

Coordinates, supports and develops Richmond's community services including recreation, arts, heritage, sports, social planning, affordable housing, diversity, youth, childcare and seniors services. Oversees City owned public facilities and the design, construction and maintenance of City parks, trails and green spaces. Works with community partners and coordinates special events and filming in the city.

Finance and Corporate Services

Includes customer service, information technology, finance, economic development, real estate services, City Clerk, enterprise services, business licences and administration and compliance.

Engineering and Public Works

Comprises engineering planning, design, construction and maintenance services for all utility and City building infrastructure. Responsible for local water supply, sewer and drainage, dikes and irrigation system, roads and construction services, street lighting, environmental services, garbage and recycling services, corporate sustainability and district, corporate and community energy programs.

Planning and Development

Incorporates the policy planning, transportation, planning, development applications and the building approvals 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.



City of Richmond

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

2016 Annual Report Highlights

For the year ended December 31, 2016



Richmond City Council



Front row, left to right:

Councillor Carol Day, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Linda McPhail, Councillor Harold Steves

Back row, left to right:

Constable Adam Carmichael, Richmond RCMP, Councillor Chak Au, Councillor Derek Dang, Councillor Ken Johnston, Councillor Alexa Loo, Captain Jack Beetstra, Richmond Fire-Rescue

City of Richmond's Vision:

To be the most appealing, livable and well-managed community in Canada

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This report features highlights from Richmond's 2016 Annual Report. For the detailed 2016 Annual Report that meets legislated requirements, please visit www.richmond.ca (City Hall > Finance, Taxes & Budgets > Budgets & Financial Reporting > Annual Reports).

Cover photo: Garden City Park. Photo by Kai Jacobson.

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Message from the Mayor



Richmond is extremely proud of our history. From a small rural community based around farming and fishing, we've grown to become BC's fourth largest city and a modern, culturally-diverse and economically-robust international crossroads. Throughout the ongoing evolution of Richmond, we've remained proud of where we came from, while fishing and farming remain vital parts of our community today.

With our history in mind, Richmond City Council has placed great importance on heritage preservation and protection. That commitment was honoured in 2016 when Richmond received the prestigious Prince of Wales Award, the highest honour for heritage in Canada. The award recognized the City's comprehensive heritage programs together with our ongoing efforts to protect, preserve and celebrate our community's history.

Richmond is home to one of the largest collections of heritage sites in BC. Britannia Shipyards National Historic Site is one of the jewels of our heritage collection. In 2016, five new permanent exhibits were opened in the recently restored Seine Net Loft, one of a dozen historic buildings on the Britannia site. The exhibits contain vivid examples of innovation and human ingenuity within the fishing and boat-building industries. Council also approved funding to support extended public opening hours for the site and further restoration.

While proud of our past, our sights are also focused on meeting the needs of community for today and for the future. For example, in 2016, our internationally award-winning district energy program continued to expand, adding new customers across the city. Council approved the hiring of 12 new police officers in 2016 and funding was approved for another 11 new positions in 2017 to ensure Richmond remains a safe community. Richmond enjoyed another strong year for new construction and our second-straight record-breaking year for filming. Agreement was also reached for an increased hotel room tax, which will fund further development of Richmond as a tourism destination.

Our Council, staff, our community partners and volunteers continue to work hard to meet the evolving needs of our residents, businesses and visitors. To find out more about our achievements and plans for the future, please contact the Mayor's Office.

A handwritten signature in black ink, reading "Malcolm Brodie". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Malcolm Brodie
Mayor, City of Richmond

Message from the Chief Administrative Officer

I am pleased to present our Annual Report for the year 2016, which details our many achievements and our continued strong financial position.

The City of Richmond has continued to honour its past, while providing outstanding service today and ensuring we are ready to meet the emerging future needs of our community.

A major focus of the year was the further implementation of the City's Digital Strategy, which is designed to put Richmond in the forefront of local governments for innovative use of technology. The strategy is aimed at improving customer service and staff efficiency and making our community more connected. Digital Strategy initiatives in 2016 included providing free public Wi-Fi service at nearly 20 civic facilities, converting many of our development application plans from paper documents to electronic files, introducing a smart phone app for building inspections and allowing property owners to pay their taxes by credit card.

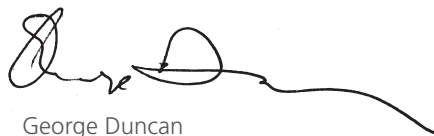
Tourism continues to be a growing economic sector within Richmond. The City successfully negotiated a new 5-year agreement that expands the local hotel room tax. The revenues from this tax will be used to further enhance important City-owned tourist destinations including the Olympic Experience at the Richmond Olympic Oval and Britannia Shipyards National Historic Site. It also secures ongoing funding for our highly successful Richmond Sport Hosting program.

Our innovative and award-winning district energy program also made major strides in 2016. The Alexandra District

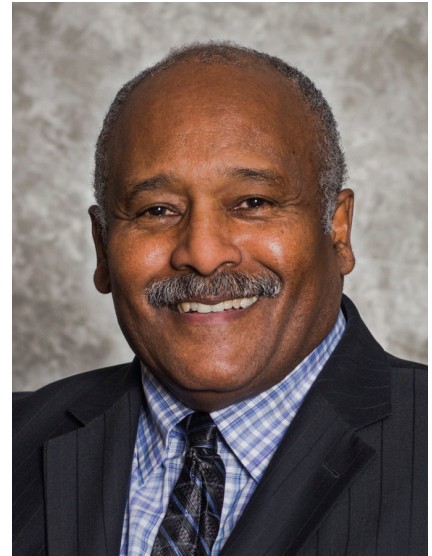
Energy Utility now serves over 1,100 residential units and 280,000 square feet in other buildings. In addition, over 1,100 residential units are now connected to the Oval Village District Energy Utility. The next initiative is to launch a district energy system in City Centre North to connect 9 million square feet of additional buildings.

As our corporate culture evolves through significant generational change, we've put a renewed emphasis on organizational development. A new Organizational Development initiative was launched in 2016 to emphasize our focus on customer service, developing new leaders and being a values-based organization. Our organization has a long-standing record of excellence in local government service delivery and leadership. The Organizational Development Program will ensure we maintain that high standard and sustain our commitment to continuous improvement.

Our financial position and local economy remain extremely positive. Development activity remained strong in 2016 and we continue to enjoy a robust economy with an enviable employment base. Richmond taxpayers enjoy some of the lowest taxes in the region and we maintain a favourable balance between residential and commercial property taxes. We continue to limit tax increases and build our financial reserves, while maintaining and expanding civic services and infrastructure.



George Duncan
Chief Administrative Officer



Report from the General Manager, Finance and Corporate Services

I am pleased to submit the City of Richmond's consolidated financial statements for the year ended December 31, 2016, pursuant to Section 167 of the Community Charter. These statements contain the 2016 financial results for the "City," which includes the City of Richmond, Lulu Island Energy Company Ltd., Richmond Olympic Oval Corporation and the Richmond Public Library.

Management is responsible for the preparation of the financial statements and the external auditors, KPMG LLP, have conducted an independent examination and have expressed their opinion that the consolidated financial statements present fairly in all material respects, as at December 31, 2016 in accordance with Canadian public sector accounting standards.

The City continued to strengthen its financial position in 2016. The City's net worth reached \$2.8B (2015: \$2.7B) and cash and investments increased to \$997.0M (2015: \$951.4M). Net financial assets were \$662.7M (2015: \$664.0M) while reserve fund balances increased to \$471.8M (2015: \$461.2M).

Revenues for 2016 were \$484.9M (2015: \$527.1M) and expenses were \$379.4M (2015: \$373.6M). The change in revenue was mainly due to exceptional development activity during 2015 that returned to still elevated, but more standard levels in 2016. Developer contributed assets decreased by \$37.4M in 2016 to \$24.4M and developer community amenity contributions decreased by \$19.6M to \$10.1M. The expense increases were mainly due to increases to the RCMP policing contract, including a retroactive wage settlement,

Minoru Centre for Active Living. 2016 building permit construction value was third highest ever.



collective agreement increases and facility maintenance. The construction value of building permits issued in 2016 was \$715.8M (2015: \$983.4M), the third highest year on record.

Additional financial information is available in the City's comprehensive Annual Report available on the City's website at www.richmond.ca.

These financial results are a reflection of City Council's commitment to ongoing financial sustainability through the Long Term Financial Management Strategy. This strategy ensures that the City delivers good value for taxpayers through its various services, while continuing to expand and renew infrastructure, contain costs, grow the investment lands and above all, ensure that we have a City in a secure financial condition for present and future generations.

In 2016, Richmond had the fifth lowest residential property taxes out of 21 municipalities in Metro Vancouver and was second lowest in our comparator group of the largest five municipalities by population.

Richmond's financial position and economic outlook remain strong. We continue to place significant emphasis on maintaining community livability through outstanding services, working on a resilient economy strategy in support of local businesses and implementing a digital strategy to propel the City to the forefront of innovation in North America.

A handwritten signature in black ink, appearing to read 'Andrew Nazareth'.

Andrew Nazareth, BEc, CPA, CGA
General Manager, Finance and
Corporate Services
May 8, 2017

Richmond at a glance

The charts and tables on the following four pages provide highlights of City financial information and community demographics. For more information visit www.richmond.ca.

Balance Sheet (in \$000s)

	2016	2015
Financial Assets	\$ 1,058,353	\$ 1,017,492
Total Liabilities	395,614	353,482
Non-Financial Assets	2,173,922	2,067,184
Accumulated Surplus	\$ 2,836,661	\$ 2,731,194

A Balance Sheet provides a snapshot of what the City owns (assets) and owes (liabilities).

Financial assets are similar to cash resources and are fairly liquid. Non-financial assets are owned and will be utilized for future services, including tangible capital assets, inventories and prepaid expenses.

Accumulated surplus is an indicator of the City's overall financial health. It is equivalent to the net worth of an organization.

Income Statement (in \$000s)

	2016	2015
Total Revenue	\$ 484,904	\$ 527,128
Total Expenses	379,437	373,574
Annual Surplus	\$ 105,467	\$ 153,554

An Income Statement provides a summary of amounts received (revenues) and amounts spent (expenses).

The difference between revenue and expenses shows the City's net position (annual surplus). A positive change in net position indicates the City had enough revenues to cover its expenses.

The annual surplus represents the change in accumulated surplus on the Balance Sheet and includes amounts collected for transfer to reserves, recognition of restricted capital revenue and contributed assets.

Richmond stats

Total population.....	218,307
City area.....	129.6 sq km
Number of islands making up the city.....	17
Park land.....	1,950 Acres
Parks.....	145
Trails.....	73 Km
On-road cycling paths.....	60 Km
Community centres.....	8
Pool facilities.....	4
Arena facilities.....	3 (10 rinks)

City services

Recreation registrations.....	141,125
Fire-Rescue—calls for service.....	10,947
RCMP—calls for service.....	69,800
Public Works—calls for service.....	14,671

Building stats

Development applications received.....	235
Building permits issued.....	1,740
Business licences.....	13,253
Housing starts.....	1,806
Construction value of building permits issued.....	\$715M

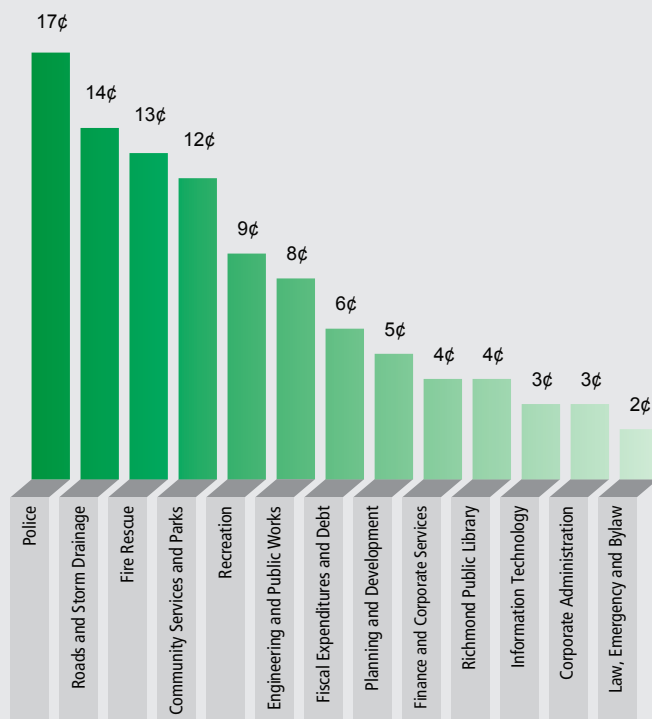


Britannia Shipyards National Historic Site. Photo by Clayton Perry.

Financial snapshot

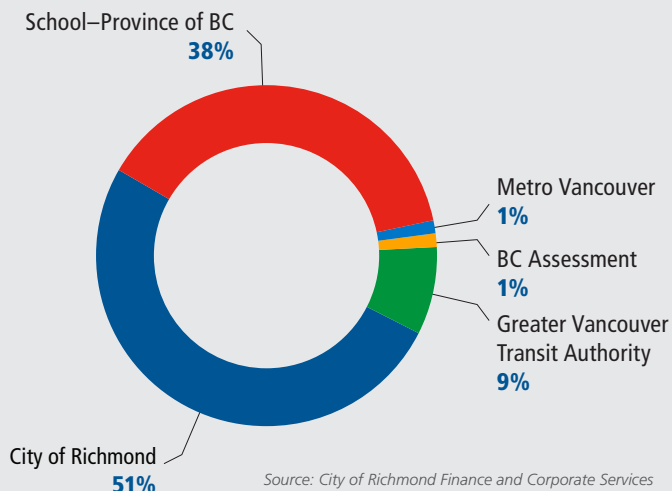
The charts and tables on these pages provide a snapshot of the City's financial information. For additional information, please visit www.richmond.ca (City Hall > Finance, Taxes and Budgets > Budgets and Financial Reporting > Annual Reports).

Breakdown of actual municipal tax dollar 2016



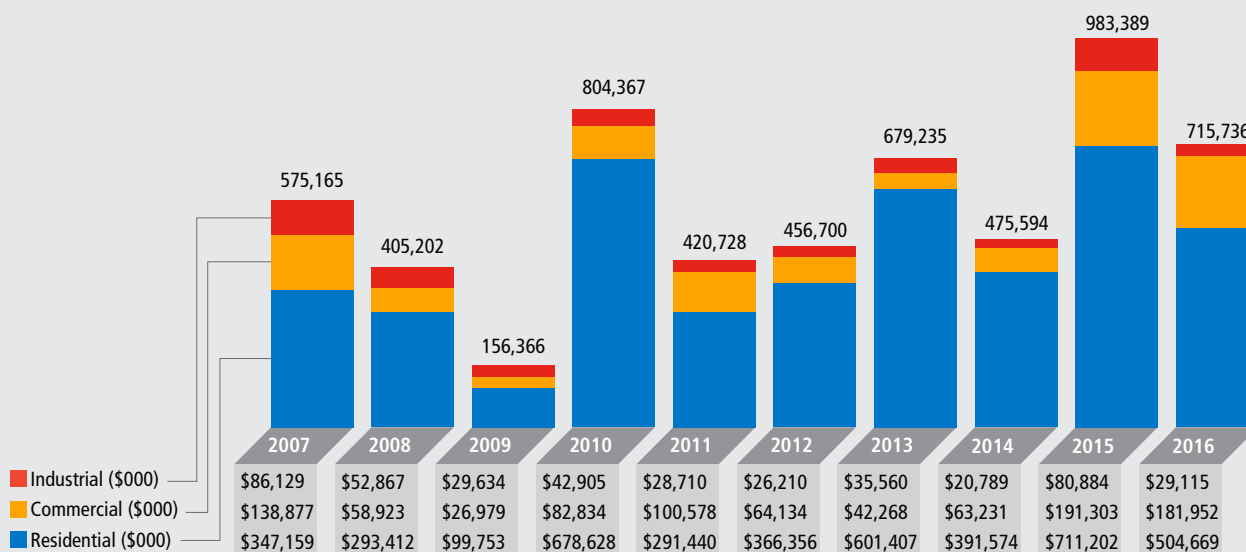
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2016



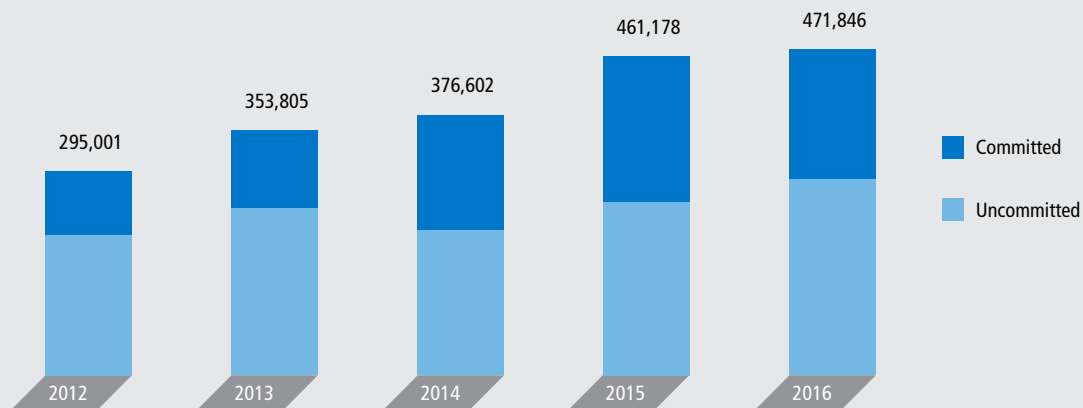
Source: City of Richmond Finance and Corporate Services

Construction value of building permits issued 2007–2016 (in \$000s)



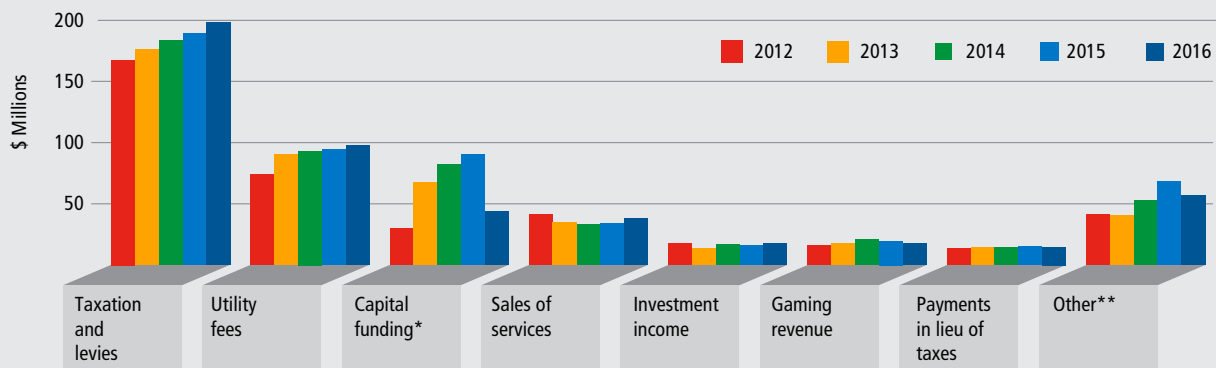
Source: City of Richmond building permit records

Reserves balance 2012–2016 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Revenue by source 2012–2016

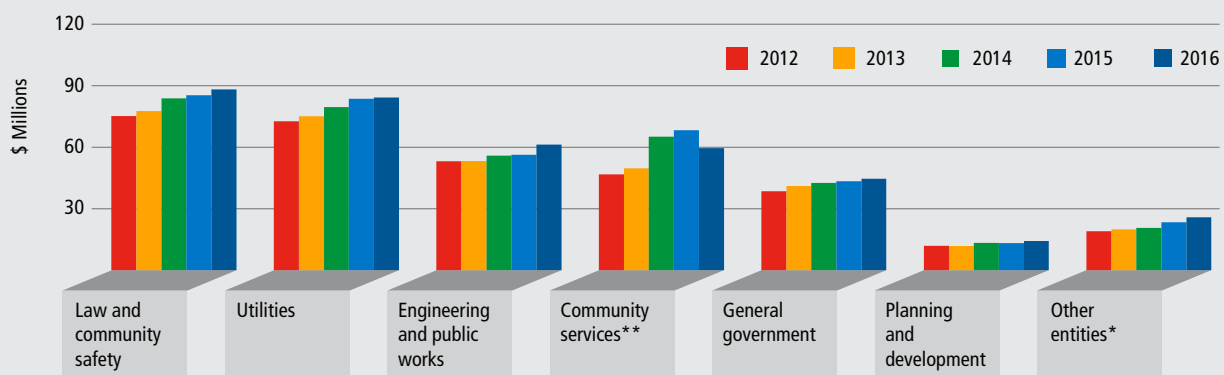


*Capital funding includes: Development cost charges and other capital funding sources

**Other includes: Provincial and federal grants, licences and permits and other

Source: City of Richmond Finance and Corporate Services

Expenses by function 2012–2016



*Other entities include: Richmond Olympic Oval, Richmond Public Library and Lulu Island Energy Company

** Expenses for Community Services include one time contributions towards affordable housing of \$11.8M in 2014 and \$12.3M in 2015

Source: City of Richmond Finance and Corporate Services

Richmond overview

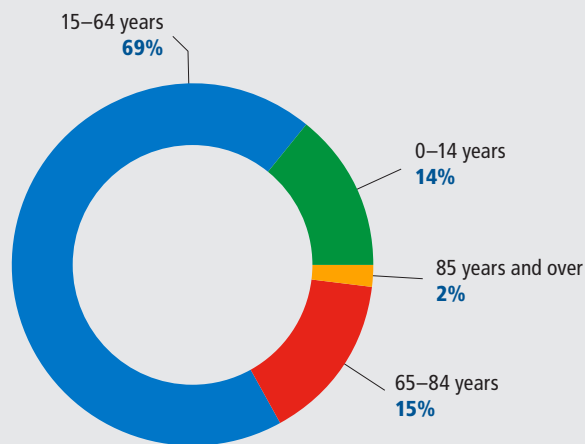
The charts and tables on this page provide a brief overview of key community and corporate indicators. For more information visit www.richmond.ca (Discover Richmond > About Richmond)

City of Richmond population 2007–2016 (in 000's)



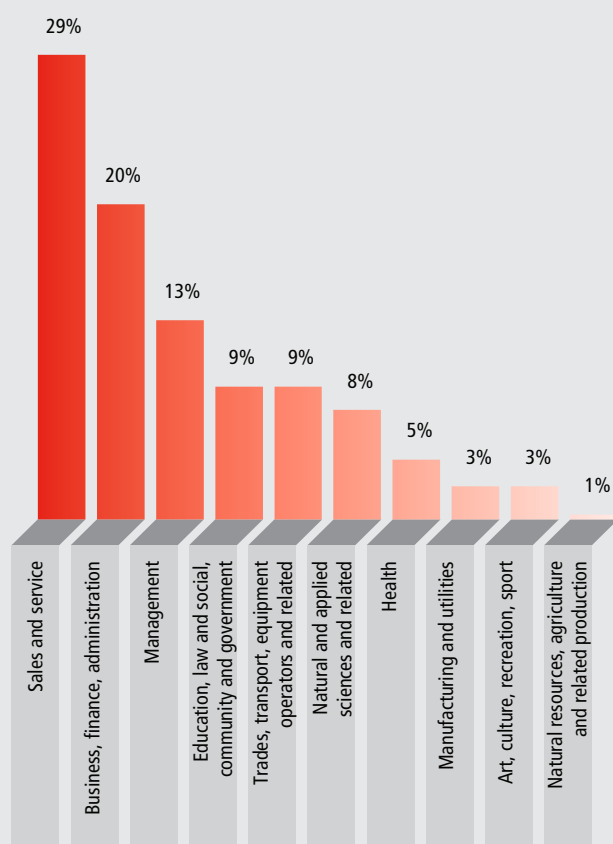
Source: City of Richmond Policy Planning Division

Total population by age groups



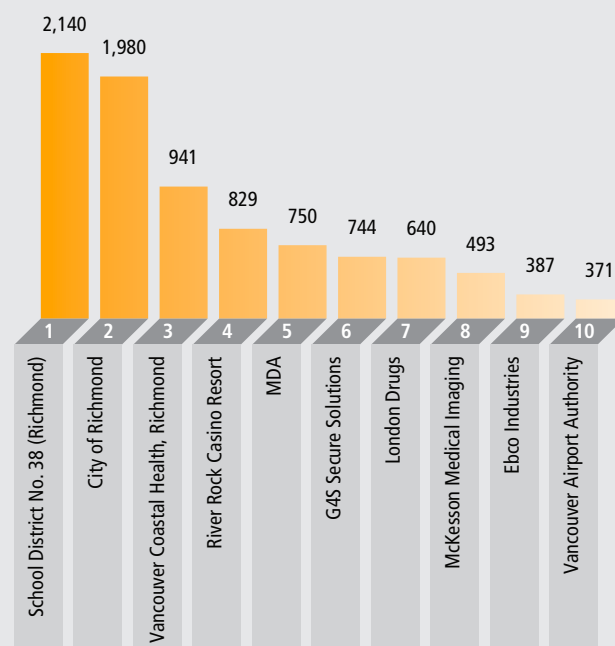
Source: Statistics Canada, 2016 Census of Population

Occupations of Richmond residents



Source: Statistics Canada, 2011 National Household Survey (NHS)

Top 10 largest employers in Richmond (by number of employees)



Source: City of Richmond Business Licences/Business In Vancouver

2016 awards



Green Fleet E3 Platinum certification.



Richmond World Festival.



Alexandra District Energy Utility phase 4 expansion.

A meaningful measure of civic success lies in the number of awards the City of Richmond receives from its peers and others. In 2016, the City received a number of significant awards, including:

- The National Trust for Canada Prince of Wales Award for Municipal Heritage Leadership.
- Richmond's district energy implementation initiatives received the Union of BC Municipalities' Community Excellence Award in Best Practices, Excellence in Action category.
- The Alexandra District Energy Utility received the System of the Year Award from the International District Energy Association.
- E3 Fleet Certification—Platinum Level Certification from the Fraser Basin Council. Richmond is the only city in Canada to have received this certification, which honours environmentally-friendly practices in managing large vehicle fleets.
- The Canadian Wood Council Award for use of sustainable materials on the Mary's Barn project—a 3,500 square foot barn located at Terra Nova named after community leader, Mary Gazetas. Mary's Barn supports the Sharing Farm Society's mission to provide fresh, sustainably-grown produce for local low-income families.
- The 2016 Richmond World Festival was named as one of three finalists in *Special Event* magazine's prestigious international awards competition for Best Fair/Festival.
- The Richmond Maritime Festival received an honourable mention in the Cultural Events category at the Creative City Network of Canada Awards of Excellence.
- Two awards were received from the Government Finance Officers Association for financial reporting for the City's 2015 Annual Report. The Canadian Award for Financial Reporting was received for the 14th consecutive year. The Award for Outstanding Achievement in Popular Annual Financial Reporting was received for the 7th consecutive year.
- The Silver Award for Excellence in Policy Planning from the Planning Institute of BC for Richmond's Ecological Network Management strategy. This strategy is our guide in preserving and protecting Richmond's natural areas.
- An Award of Recognition by Creative BC for "outstanding contributions to the success and sustainability of British Columbia's film and television production industry."

2016 highlights



Richmond Fire-Rescue Live Training Centre.



Seine Net Loft exhibits. Photo by Joel Baziuk.



12 new police officers hired.

Safe Community

- Council approved the hiring of 12 additional police officers for Richmond RCMP.
- Richmond Fire-Rescue opened a new live fire training centre.

Vibrant, Active and Connected City

- Five permanent exhibit zones were opened in the Seine Net Loft at Britannia Shipyards National Historic Site. The exhibits contain vivid examples of innovation and human ingenuity within the fishing and boat-building industries.
- The City's first artist-in-residence, Rhonda Weppler, conducted a year-long series of popular, public art workshops and initiatives from her base in historic Branscombe House.
- New memorial street signs, incorporating a poppy motif were installed on City streets named after Richmond soldiers killed in military service.

Well-Planned Community

- A Police Services Review was undertaken to consider the most appropriate model for police service delivery for Richmond. Council decided to continue its contract with the RCMP over creating a municipal police force.
- The City adopted a new Arterial Roads Policy allowing for greater density along most of Richmond's main roadways, helping to address housing affordability. Further regulations governing residential building massing and height were also adopted to address livability concerns.

Sustainability

- The Alexandra District Energy Utility was expanded to serve over 1,100 residential units and 280,000 square feet in other buildings. This includes the first Walmart in North America to be served by a district energy utility. In addition, over 1,100 residential units are now connected to the Oval Village District Energy Utility.
- The new City Centre Community Centre received gold certification through the Leadership in Energy and Environmental Design (LEED) program.

2016 highlights



Record year for filming.



Memorial street signs.



Canadian women's volleyball team.

Partnerships and Collaboration

- The City, together with Tourism Richmond and the Richmond Hotels Association, secured approval to raise the local hotel room tax to 3% to provide additional funding for tourism marketing and attraction development.

Quality Infrastructure Networks

- Construction began on the \$79.6 million Minoru Centre for Active Living, which will house a new aquatics and seniors centre and other recreational services. Construction was also launched on the new Brighthouse and Cambie fire halls.

Financial Stewardship

- The City secured \$16.6 million in provincial funding to support further improvements to the City's critical network of dikes and pump stations.
- Continued implementation of the City's Digital Strategy used technology to improve customer service and efficiency. This included allowing property owners to use credit cards to pay their property taxes.

Economic Development

- The Richmond Film Office recorded its second straight record-breaking year for filming activity. In 2016, filming activity occurred on three out of every four days.
- Richmond Sport Hosting reached an agreement for Canada's national women's volleyball team to make the Richmond Olympic Oval its national training centre for 5 years beginning in 2017.

Well-Informed Citizenry

- Online access was provided to an array of archival records and corporate information dating back to 1879. This adds to thousands of digitized photographs, Council minutes, bylaws and other City records now available online. An online Museum Collection was also launched, providing digital images of 2,100 artifacts.

Major services provided by the City of Richmond

Administration

Includes the office of the Chief Administrative Officer (CAO) who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officer, human resources, intergovernmental relations and protocol (IGR), communications and marketing and the Corporate Planning and Programs Management Group.

Law and Community Safety

Brings together the City's public safety providers including police, fire-rescue and emergency programs as well as bylaw enforcement, legal and regulatory matters.

Community Services

Coordinates, supports and develops Richmond's community services including recreation, arts, heritage, sports, social planning, affordable housing, diversity, youth, childcare and seniors services. Oversees City-owned public facilities and the design, construction and maintenance of City parks, trails and green spaces. Works with community partners and coordinates special events and filming in the city.



Engineering and Public Works Open House

Finance and Corporate Services

Includes customer service, information technology, finance, economic development, real estate services, City Clerk, enterprise services, business licences and administration and compliance.

Engineering and Public Works

Comprises engineering planning, design, construction and maintenance services for all utility and City building infrastructure. Responsible for local water supply, sewer and drainage, dikes and irrigation system, roads and construction services, street lighting, environmental services, garbage and recycling services, corporate sustainability and district, corporate and community energy programs.

Planning and Development

Incorporates the policy planning, transportation, planning, development applications and the building approvals 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.

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, Lulu Island Energy Company and Gateway Theatre. For more information on City services contact:

City of Richmond

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

604-276-4000
infocentre@richmond.ca
www.richmond.ca

 /CityofRichmondBC

 @Richmond_BC

 /CityofRichmondBC

Gateway Theatre

6500 Gilbert Road
Richmond, British Columbia

604-270-6500
Box Office: 604-270-1812
www.gatewaytheatre.com

 /GatewayTheatreBC

 @Gateway_Theatre

Richmond Public Library

Hours: 604-231-6401
www.yourlibrary.ca

 /YourLibraryRichmond

 @RPLBC

 /YourLibraryRichmond

City Centre Community Centre.



Richmond Olympic Oval

6111 River Road
Richmond, British Columbia

778-296-1400
www.richmondoval.ca

 /RichmondOval

 @RichmondOval

Lulu Island Energy Company

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

604-276-4011
www.luluslandenergy.ca



City of Richmond

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

Telephone: 604-276-4000

www.richmond.ca

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City of Richmond

Report to Committee

To: Finance Committee

Date: May 11, 2017

From: Jerry Chong
Director, Finance

File:

Re: Financial Information – 1st Quarter March 31, 2017

Staff Recommendation

That the staff report titled, "Financial Information – 1st Quarter March 31, 2017", dated May 11, 2017 from the Director, Finance be received for information.

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

Att: 6

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"/>	
Parks Services	<input checked="" type="checkbox"/>	
Project Development	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
Recreation Services	<input checked="" type="checkbox"/>	
Library Services	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

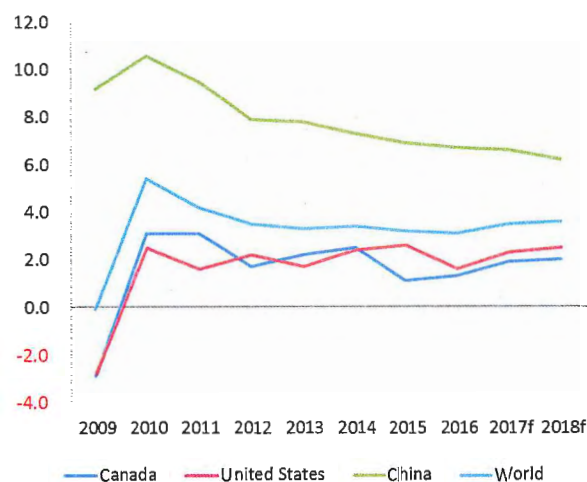
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2017 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 a general sense of the City's financial results throughout the year and before the annual audited financial statements are presented.

Analysis

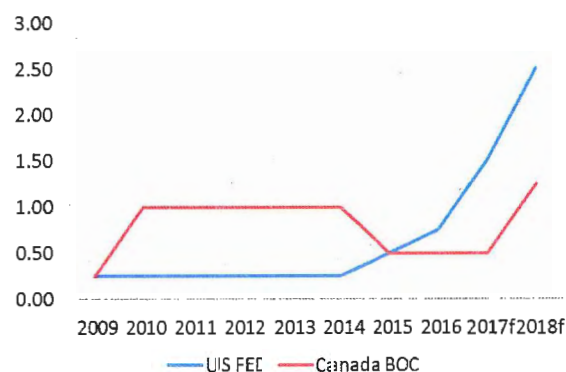
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change ¹



- British Columbia led GDP growth in Canada last year, which saw overall growth of 1.4% in 2016, compared to 1.6% in the U.S. and 3.1% worldwide.
- The outlook for Canada remained unchanged over the last forecast, with real GDP expected to grow by 1.9% in 2017 and 2.0% in 2018.
- World output is forecasted to grow by 3.5% and 3.6% in the same periods; U.S. GDP is expected to grow by 2.3% and 2.5%; while predictions peg China's economic expansion at 6.6% and 6.2%.

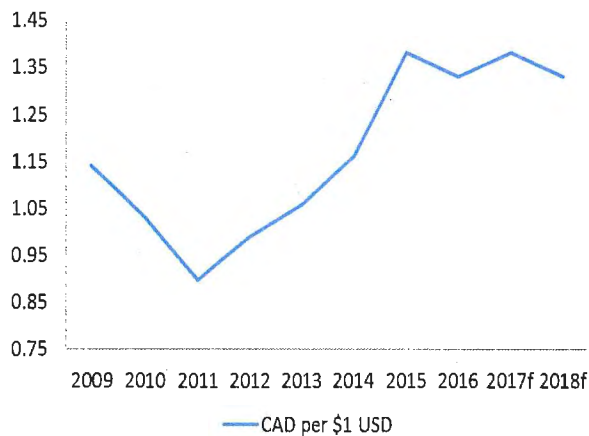
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End²



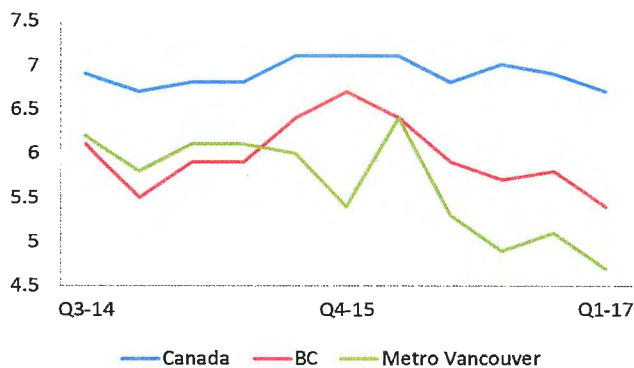
- The Bank of Canada (BOC) held the overnight rate at 0.5% in Q1 2017, citing "significant uncertainties" driving Canada's economic outlook.
- The U.S. Federal Reserve (US FED) continued normalization of monetary policy by raising short-term rates again in Q1 2017 to 1%.
- Both the BOC and US FED rates are expected to rise in the long term, to 1.25% and 2.5% by the end of 2018, respectively.

¹ International Monetary Fund, World Economic Outlook (April 2017)

² US Federal Reserve, Bank of Canada and Royal Bank Research

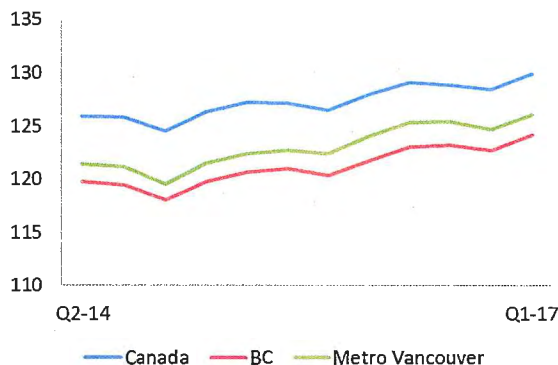
3) Exchange Rates – CAD/USD at Year-End ³

- The Canadian dollar (CAD) held relatively steady throughout Q1 2017 despite fluctuations in energy prices, ending the quarter at \$1.33 CAD per \$1 U.S. dollar (USD).
- The USD is expected to further strengthen throughout 2017, with forecasted USD/CAD exchange rates for 2017 and 2018 at \$1.38 CAD and \$1.33 CAD per \$1 USD, respectively.

Regional & Local Economic Activity Indicators4) Unemployment ⁴

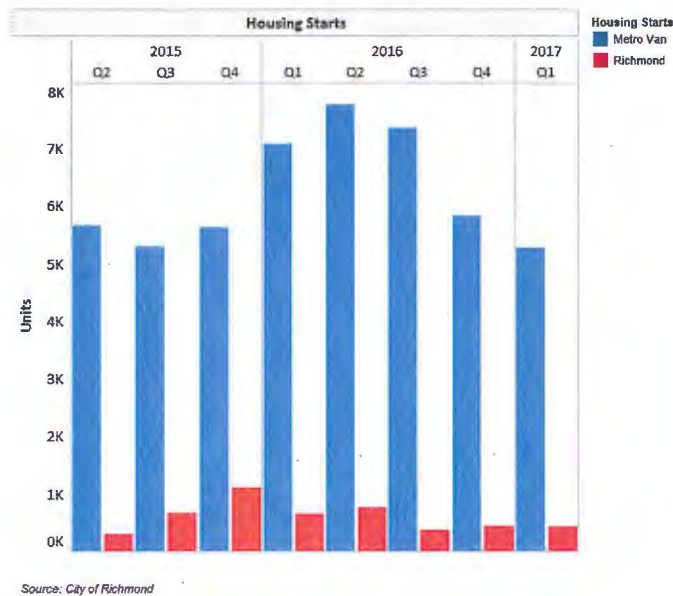
- The unemployment rate for Metro Vancouver, B.C. and Canada dropped again in the first quarter of 2017, ending at 4.7%, 5.4% and 6.7% respectively.
- British Columbia continues to have the lowest unemployment of all Canadian provinces.

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

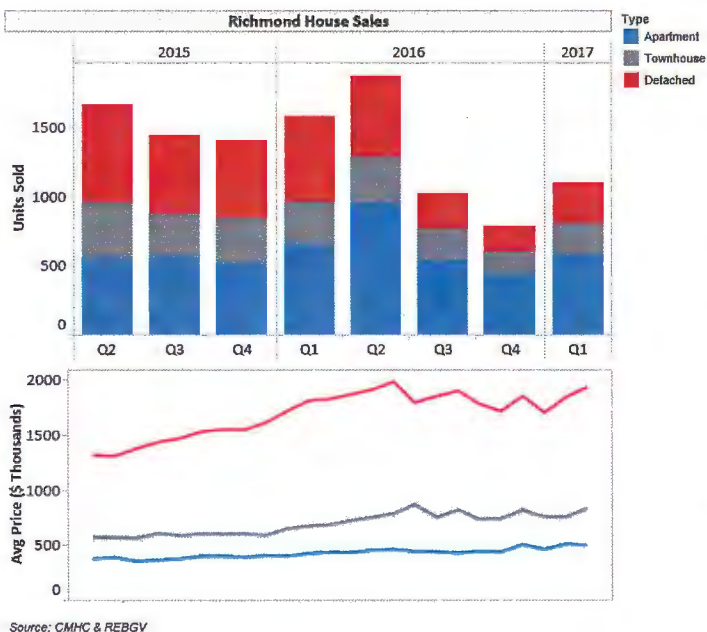


- With rising oil prices worldwide, Canada-wide gas prices rose on a year-over-year basis by 15.2% in March.
- Increases in the Consumer Price Index were balanced by lower costs of groceries and other goods.
- Overall, the annual inflation rate for Q1 2017 rose over Q1 2016 by 1.6% in Canada, 2.0% in B.C. and 1.7% in Metro Vancouver.

³ Bank of Canada, Monetary policy Report (April 2017)⁴ Statistics Canada

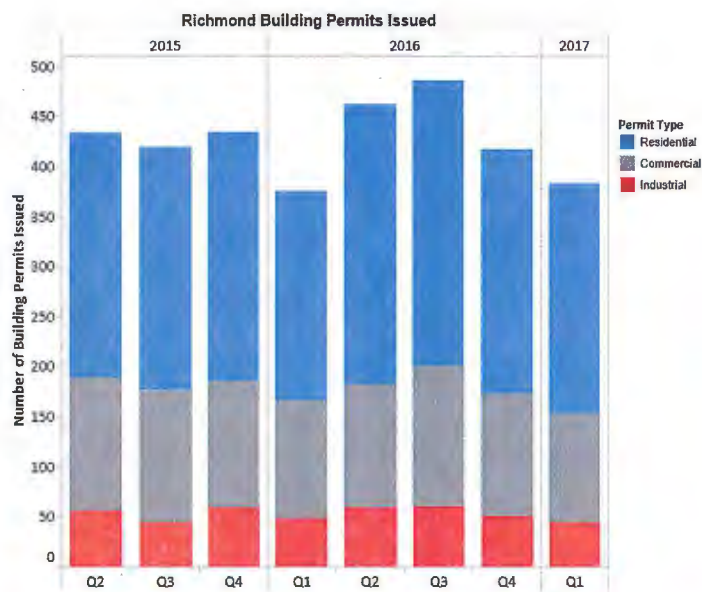
6) Housing Starts⁵

- New housing starts in Richmond and Metro Vancouver eased in the first quarter of 2017 after a very strong 2016 that saw a 34% increase over the previous year.
- New home construction is cooling in part due to housing market interventions introduced in the second half of 2016, including a 15% tax on foreign buyers. This has slowed market activity in Metro Vancouver and shifted demand to other parts of the province and elsewhere in Canada.
- Throughout Q1 2017 there were 422 housing starts in Richmond and 5,269 throughout Metro Vancouver.

7) Richmond House Sales and Prices⁶

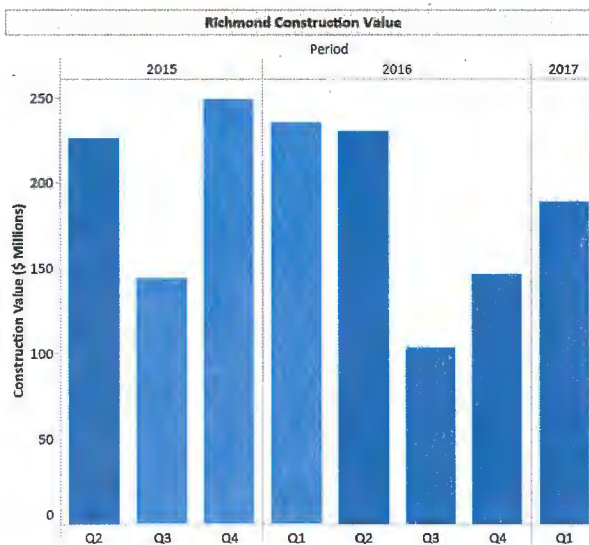
- A slowdown in real estate sales activity continued throughout Richmond and Metro Vancouver in Q1 2017 following the implementation of a 15% foreign home buyer tax introduced in B.C. last August.
- 1,098 homes were sold in Richmond throughout the first quarter of 2017, which is a 31% decline over the same period last year. This is a 39.7% increase, however, from the 786 homes sold in Q4 2016.
- Despite dropping initially following the foreign home buyer tax implementation, the average price of real estate continued to bounce back in the first quarter of 2017. Year over year real estate prices increased for detached homes, townhouses and apartments by 6%, 22% and 15%, respectively

⁵ BC Statistics⁶ Real Estate Board of Greater Vancouver

8) Building Permits – Richmond ⁷

Source: City of Richmond

- The number of building permits issued in Richmond throughout Q1 2017 rose by 3% over Q1 2016.
- Commercial and industrial building permits issued each decreased by approximately 8% in the same period.
- Residential construction continues to drive permit activity as new multi-family projects in the City Centre continue to move along the development cycle.



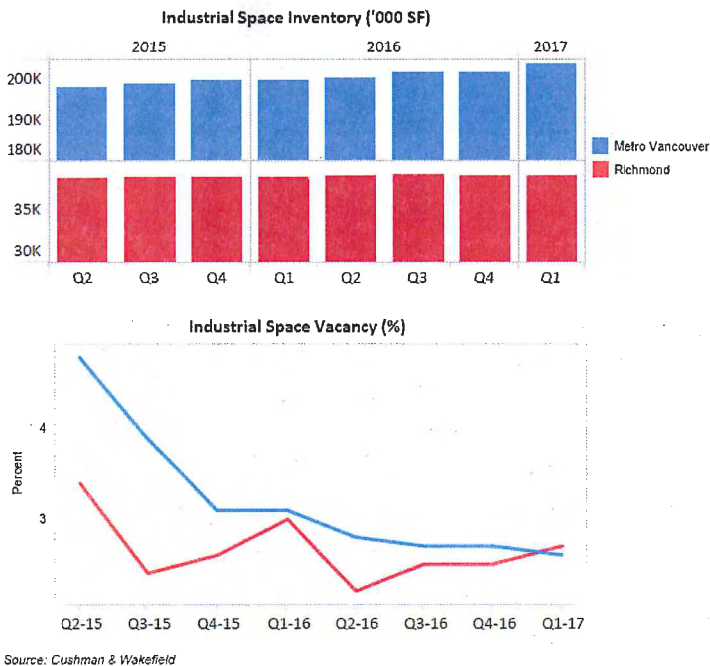
Source: City of Richmond

- The total value of new construction in the first quarter of 2017 was approximately \$189 million, down almost 20% over the same quarter last year.

⁷ City of Richmond Building Permits

9) Commercial Space ⁸

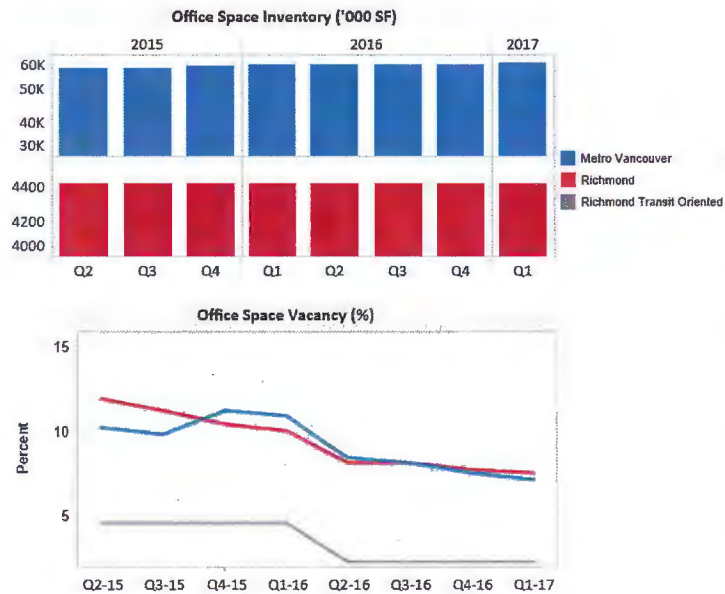
a) Industrial Space



- Despite a net addition of 81,000 square feet of industrial space in Richmond in Q1 2016, rapid absorption has kept the vacancy rate at a low 2.7% in a supply constrained market.
- Nearly 2 million square feet of industrial space has been added in Metro Vancouver over the past year. Recent trends include development of owner-occupier strata product and building in more affordable suburban markets.
- Even with new inventory added, Metro Vancouver continues to face an acute shortage of industrial land, with a region-wide vacancy rate of just 2.6%.
- Film productions benefiting from a low Canadian dollar and government incentives, as well as other non-industrial uses such as indoor recreation are absorbing a fair amount of space throughout Metro Vancouver.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

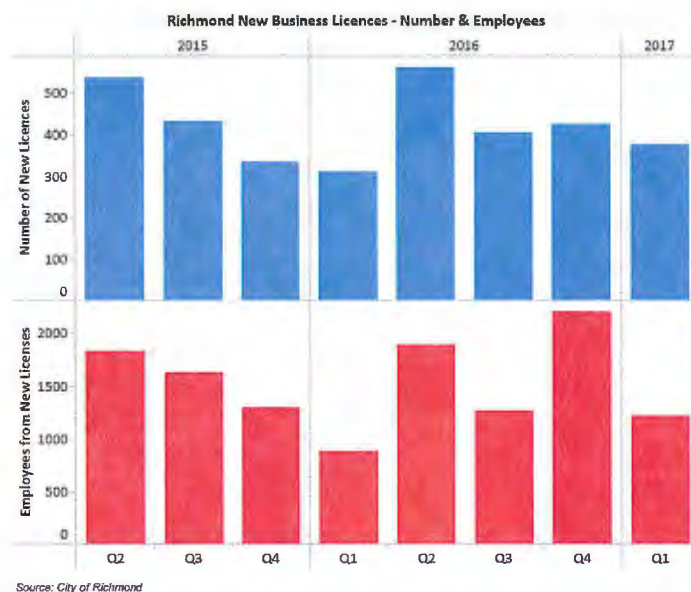
b) Office Space



- Richmond's office vacancy rate continued its steady decline, ending Q1 2017 at 7.6%, a decrease of 25% over the same period last year.
- Despite multiple projects currently in the proposal stage, there has been no significant new non-stratified office space added in Richmond since 2008.
- Metro Vancouver saw office inventory increase only slightly, by 1.1%, in Q1 2017 over Q1 2016. The regional office vacancy rate dropped to 7.2% from 11% over this same period.
- Demand for office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts. Large contiguous spaces are difficult to find in these locations.

10) Business Growth – Richmond⁹

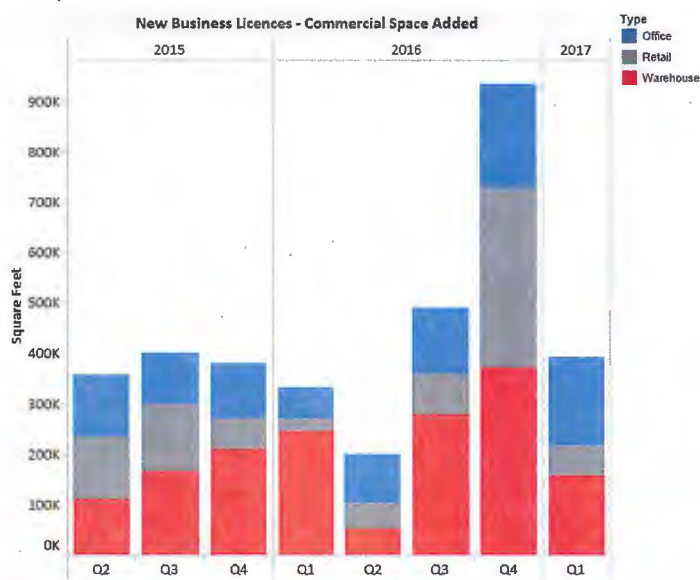
a) Total Valid Business Licences



- 375 new City of Richmond business licences were issued throughout the first quarter of 2017, an increase of 22% over the same period last year.
- The addition of 1,219 local jobs and almost half a million square feet of commercial space absorption were attributed to these new businesses.

⁹ City of Richmond Business Licences

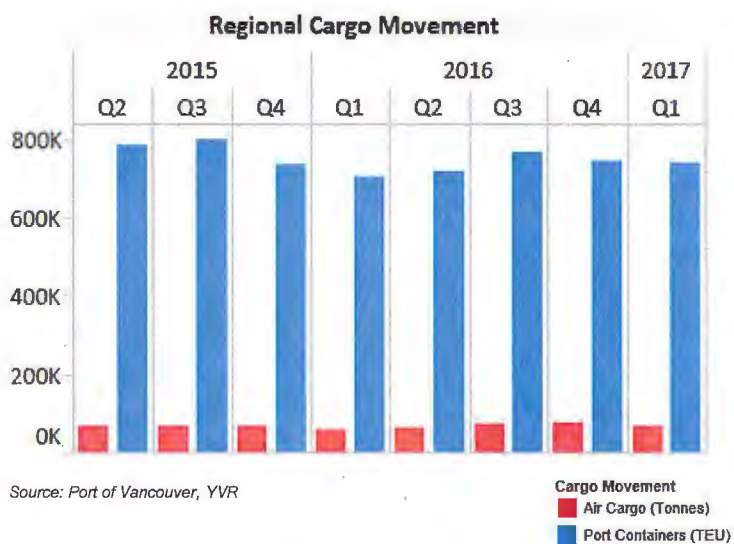
b) New Business Licences Issued



Source: City of Richmond

- Commercial space absorption was evenly divided between office, retail and industrial uses in Q1 2017.
- At the end of Q1 2017, there were 13,242 valid business licences issued in the city of Richmond. This is a 2% increase over the same period last year.

11) Goods and People Movement

a) Regional Cargo Movement¹⁰

Source: Port of Vancouver, YVR

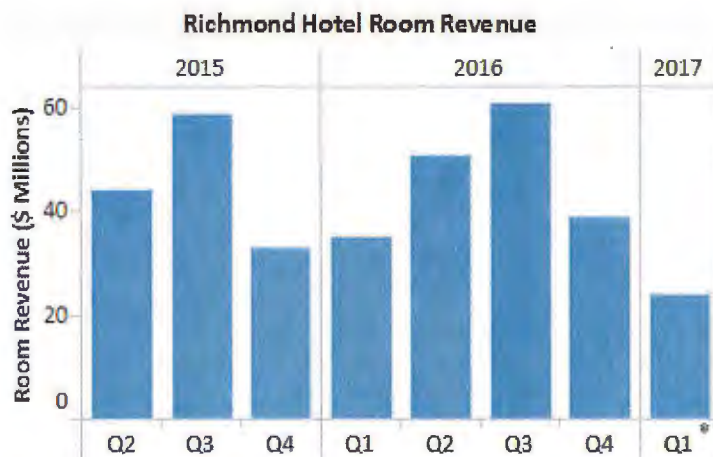
- After a tumultuous 2016 for major shipping lines and port activity, the first quarter of 2017 has seen a 5% increase in container movements at the Port of Vancouver over Q1 2016.
- Private-sector investment in port infrastructure is creating new capacity in the port.
- Air cargo data was also strong in Q1 2017, with YVR reporting an increase of 8%, measured in tonnes, over Q1 2016 figures.

¹⁰ Port of Vancouver Monthly Cargo Statistics

b) Airport Passengers¹¹

Source: Vancouver Airport Authority

- 2016 was another record breaking year for YVR as 22.3 million passengers flew through the airport.
- This year is off to a strong start, with Q1 2017 registering a 6% increase in passengers over the same period last year.
- Leading this growth are expanded international route offerings from domestic carriers.
- The airport also continues to lure new international airlines and has more flights by China-based carriers than any other airport in Europe and the Americas.

c) Richmond Hotel Room Revenue¹²

* Q1 data for 2017 includes January and February only. March figures not yet available.

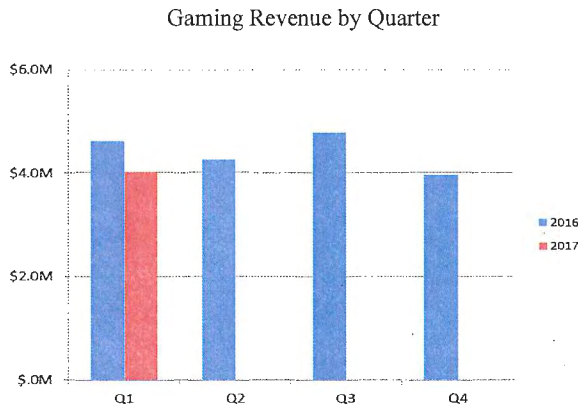
Source: City of Richmond

- The tourism industry continues to benefit from a weaker Canadian dollar, and climbed by 11.6% in 2016, as measured by annual increase in hotel room revenue.
- \$24.2 million dollars of hotel room revenue was earned in Richmond in the first two months of 2017, a 3% increase over the same period in 2016.
- Richmond hotels experienced an overall occupancy rate of 81% in 2016 - this is the highest in B.C. and continues to be among the highest in Canada.

¹¹ YVR Monthly Statistics¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC

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. 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.



- Gaming revenue for Q1 2017 was down 12.8% at \$4.01M compared to \$4.60M in Q1 2016.
- Q1 2017 increased by 1.5% compared to the previous quarter Q4 2016 from \$3.95M to \$4.01M.

River Rock's total revenues increased by 15.9% to \$88.9M compared to Q4 2016, but decreased by 2.4% when compared to the same quarter in 2016. The decline compared to the same quarter last year was mainly due to a decrease in table hold percentage¹³ and was offset by an increase in slot revenues.¹⁴

BCLC's facility operating expenses increased substantially from \$1.8M in Q4 2016 to \$7.0M in Q1 2017. This represents a 276.3% increase from Q4 2016 and a 169.5% increase from Q1 2016. BCLC's corporate overhead and support expense also increased to \$7.6M, a 30.1% increase from Q4 2016.

At the February 14, 2017 Council meeting, the 2017 Budget was approved which included the gaming revenue allocation for 2017. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building and Infrastructure Reserve). This is aligned with the 2016 gaming revenue allocation.

Table 1: *Distribution of the 2017 gaming revenue allocation*

	Distribution	2017 Budget
Capital Reserves	30%	\$5.4M
Grants	15%	2.7M
Council Community Initiatives Account	2%	0.4M
Debt Servicing	Fixed	5.0M
Operating (RCMP)	Four Officers	0.7M
Capital Building Infrastructure Reserve	Remainder	3.9M
Total		\$18.1M

At end of Q1 2017, the City received \$4.01M or 22.2% of the annual budgeted amount.

¹³ Hold percentage refers to the percentage of buy-in money (or chip money) that a table game keeps.

¹⁴ Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month Period Ended March 31, 2017

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2017. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: *Net Operational Activity for the period January 1, 2017 to March 31, 2017 (in \$000's)*

Net operational activity	Unaudited 2017 results			
Division/Department ¹	2017 YTD budget	Actuals and commitments	Variance YTD (\$)	Variance YTD(%)
Community services	\$11,308	\$10,461	\$847	7%
Corporate administration	2,755	2,712	43	2%
Engineering and public works	5,211	5,164	47	1%
Finance and corporate services	5,671	4,826	845	15%
Fire rescue	8,859	8,840	19	0%
Law and community safety	908	672	236	26%
Library	2,313	2,239	74	3%
Planning and development	1,453	(128)	1,581	109%
Policing	12,124	10,100	2,024	17%
Fiscal	(57,572)	(57,856)	284	0%
Capital transfers and one-time funding	58,470	62,568	(4,098)	7%
Total Operating	\$51,500	\$49,598	\$1,902	4%
Water utility	(3,072)	(3,219)	147	5%
Sanitary sewer utility	(834)	(968)	134	16%
Sanitation and recycling utility	125	(75)	200	161%
Total Utilities	(\$3,781)	(\$4,262)	\$481	13%

¹Based on organizational structure in place as of March 31, 2017.

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2017 Financial Plan:

- Community Services variance in the first quarter is primarily a result of a focus on capital-related work by the Parks Department. Operational expenditures will increase in the upcoming months as weather improves and regular seasonal duties increase.
- Corporate administration is on budget.
- Engineering and public works incurred more costs within snow and ice control due to the winter snow storms, these costs were offset by the favourable variance in Project Development, due to the timing of projects.

- Finance and corporate services' year to date variance is due to the favourability in salaries due to vacant positions within Finance and IT and higher than expected business licence revenue.
- Richmond fire rescue is on budget.
- Law & community safety's favourable variance is due to higher revenues in Bylaws for licences and false alarms and expenses which are expected to be incurred later in the year.
- The Library is projected to be on budget for the year.
- Planning and Development's favourable variance is primarily from higher than expected building permit revenue, lower than expected expenses in traffic maintenance operations and salary savings from vacant positions which are in the process of recruitment.

Although there is a decrease in the construction value of building activity compared to 2016 which was a high year, 2017 building activity has remained stable. Building permit revenue is recognized as earned.

The Development Applications Department has realized slightly lower than anticipated application revenue for Q1 2017. It is anticipated the development revenues will increase through the year as a number of Servicing Agreement applications for large development projects advance to the approval stage

- Policing has a favourable variance mainly due to a lower actual RCMP staffing complement than budgeted.
- Fiscal is on budget.
- Transfer's year to date variance is mainly due to transfers from surplus to fund one-time expenditures and projects carried forward from prior years. The funding will be transferred when the corresponding expenses are incurred.
- Water utility's year to date variance is due to lower water purchase costs.
- Sanitary sewer utility's year to date variance is due to savings due to the timing of maintenance programs which will occur later in the year.
- Sanitation and recycling utility's year to date variance is mainly due to higher than expected garbage utility revenue.

The presentation of the figures for the Financial Statement, Statement of Operations is different than 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 surplus appropriations and

transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2017, with comparative figures for 2016 is included in Appendix 3.

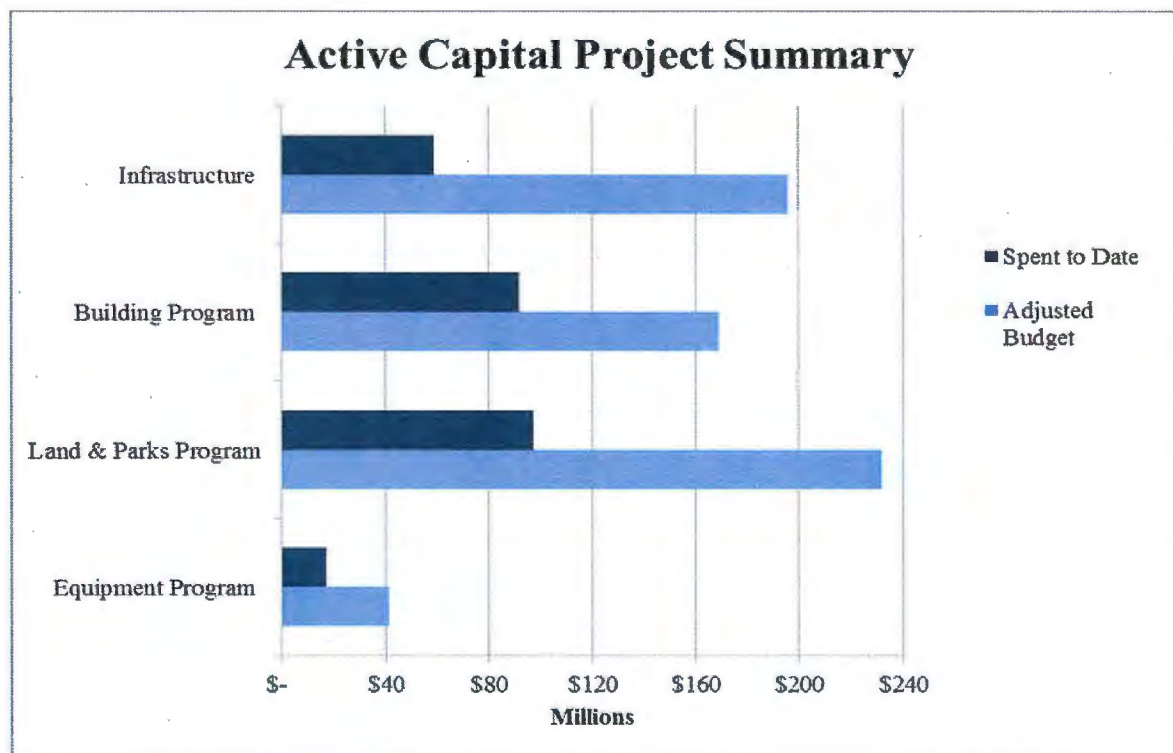
Active Capital Project Summary

Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2017 Capital Budget of \$107.9M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$373.5M.

Table 3: *Statement of Active Capital Project Expenditures- as at March 31, 2017 (in \$000's)*

Program	Adjusted Budget	Spent to date	Committed
Infrastructure	\$196,002	\$58,614	\$137,388
Building Program	168,835	91,608	77,227
Land & Parks Program	231,693	97,113	134,580
Equipment Program	40,974	16,633	24,341
Grand Total	\$637,504	\$263,968	\$373,536

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4. This includes percentage of project completion, which includes administrative staff time.

Active Capital Projects by Sub-Type

The following table summarizes the value of projects by project type.

Table 4: *Active Capital Projects by Sub-Type (in \$000's)*

Project Sub-Type	Adjusted budget	Actuals as at: March 31, 2017	Committed	% Spent
Affordable housing	\$46,356	\$14,614	\$31,742	32%
Art	7,386	4,403	2,983	60%
Building	168,835	91,608	77,227	54%
Childcare	3,887	2,386	1,501	61%
Drainage	61,631	13,164	48,467	21%
Equipment	9,421	5,385	4,036	57%
Information technology	15,998	5,850	10,148	37%
Land	120,574	48,550	72,024	40%
Parks	53,490	27,160	26,330	51%
Public works minor capital	9,778	3,442	6,336	35%
Roads	58,829	26,270	32,559	45%
Sanitary sewer	24,415	3,808	20,607	16%
Transportation	6,296	2,678	3,618	43%
Vehicles	15,555	5,398	10,157	35%
Water	25,053	9,252	15,801	37%
Contingency (grants, etc.)	10,000	-	10,000	0%
Grand Total	\$637,504	\$263,968	\$373,536	41%

Included in the 2017-2021 Financial Plan Bylaw is 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 approved projects.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee.

There were no capital budget reallocations made in the first quarter.

Contributed Assets

Included in the 2017-2021 Financial Plan Bylaw is an estimate of \$31.2M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following donated assets were recorded to the end of the first quarter.

Table 5: *Contributed Assets (in \$000's)*

Contributed Assets	Actuals as at: 2017-03-31
Land Under Roads	\$728
Roads	700
Storm Sewer	278
Street Lighting	113
Watermain	92
Sanitary Sewer	1,122
Total	\$3,033

The \$31.2M budget estimate was based on prior year trends. The contributed assets in 2016, excluding other entities amounted to \$22.8M and in 2015 to \$61.8M.

Investment Portfolio

The City's investment portfolio at March 31, 2017 was \$957.4 million, with an average yield on investment of 1.97%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

Table 6: *Market Interest Rates (for analytical purposes only)*

	March 31, 2017
2 Year Government of Canada Bonds	0.72%
5 Year Government of Canada Bonds	1.07%
10 Year Government of Canada Bonds	1.59%

Source: Bank of Canada

Global economic growth has strengthened for the first quarter of 2017, yet with still considerable uncertainty about the outlook. In the United States, some temporary factors weighed on economic activity in the first quarter but the drivers of growth remain solid. The US is close to full employment, unlike many other advanced economies, including Canada, where material slack remains.

The Bank of Canada once again held its key policy interest rate unchanged at 0.50% during the quarter. At its latest interest rate announcement on April 12, 2017, the Bank of Canada stated that recent gains in inflation are likely to be temporary and that core inflation continues to point to economic slack. Economic growth is anticipated to be moderate, partly reflecting a return to a more sustainable pace of housing activity and credit growth. Population aging and modest productivity growth restrict Canada's longer-term growth potential.

Slower trends in economic growth will also restrain the level of interest rates. Excess capacity is expected to be absorbed slowly, permitting the Bank of Canada to leave rates at their current 0.50% level until late 2018. Even as rates move higher, the overnight rate is anticipated to rise at a modest level of 0.50% a year beginning in year 2019.

The City continues to comply with its Investment Policy (3703) by carrying a diversified investment portfolio with strong credit quality, meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

Contract Awards

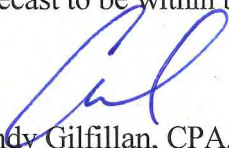
This report provides information on the formal contracts awarded by the City during the 1st quarter. In accordance with Policy 3104, 30 contracts greater than \$75,000 were awarded totalling over \$9.8M (Attachment 6).

Financial Impact

None.

Conclusion

The City of Richmond has begun 2017 on similar notes to that of 2016 with stable economic indicators. The City is maintaining its strong financial position through continued building construction and development activity and revenue collection. Capital projects are on-going and forecast to be within budget. It is expected that these trends will continue throughout 2017.



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- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Statement of Operations
- Att. 4: Capital Project Highlights
- Att. 5: Investment Portfolio
- Att. 6: Contract Awards > \$75,000

Economic Indicators**March 31, 2017****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2015	2016	Change	2017f*	2018f*
Canada	0.9	1.4	55.6%	1.9	2.0
United States	2.6	1.6	(38.5%)	2.3	2.5
China	6.9	6.7	(2.9%)	6.6	6.2
World	3.4	3.1	(8.8%)	3.5	3.6
2) Interest Rates (at YE)	2015	2016	Change	2017f*	2018f*
Bank of Canada	0.50	0.50	0.0%	0.50	1.25
US FED	0.50	0.75	50.0%	1.50	2.50
3) Exchange Rate	2015	2016	Change	2017f*	2018f*
CAD per \$1 USD	1.38	1.34	(2.9%)	1.38	1.33
<i>*f-forecast</i>					

Regional and Local Market Indicators

4) Unemployment (%)	Q1-2017	Q4-2016	Change	Q1-2016	Change
Canada	6.7	6.9	(2.9%)	7.1	(5.6%)
BC	5.4	5.8	(6.9%)	6.5	(16.9%)
Metro Vancouver	4.7	5.1	(7.8%)	6.4	(26.6%)
5) CPI (2002=100)	Q1-2017	Q4-2016	Change	Q1-2016	Change
Canada	129.9	128.4	1.2%	127.9	1.6%
BC	124.2	122.7	1.2%	121.8	2.0%
Metro Vancouver	126.1	124.7	1.1%	124.0	1.7%
6) Housing Starts (Units)	Q1-2017	Q1-2016	Change		
Starts - Metro Vancouver	5,269	7,081	(25.6%)		
Starts - Richmond	422	648	(34.9%)		
Richmond Residential Sales					
7) Activity	Q1-2017	Q1-2016	Change		
Sales - Detached	298	620	(51.9%)		
Sales - Townhouse	225	309	(27.2%)		
Sales - Apartment	575	651	(11.7%)		
Sales Total/Average Change	1,098	1,580	(30.5%)		
	Q1-2017	Q1-2016	Change		
Average Price - Detached (\$ at QE)	1,925,000	1,820,000	5.8%		
Average Price - Townhouse (\$ at QE)	832,000	685,000	21.5%		
Average Price - Apartment (\$ at QE)	500,000	436,000	14.7%		

Economic Indicators**March 31, 2017****Regional and Local Market Indicators (continued)**

8)	Richmond Building Permits	Q1- 2017	Q1- 2016	Change	YTD- 2017	YTD- 2016	Change
	Building Permits - Residential	232	209	11.0%	232	209	11.0%
	Building Permits - Commercial	109	118	(7.6%)	109	118	(7.6%)
	Building Permits - Industrial	44	48	(8.3%)	44	48	(8.3%)
	Building Permits Total	385	375	2.7%	385	375	2.7%
	Construction Value (\$ million)	189.3	235.2	(19.5%)	189.3	235.2	(19.5%)
9)	Commercial Space (at QE)	Richmond			Metro Vancouver		
		Q1- 2017	Q1- 2016	Change	Q1- 2017	Q1- 2016	Change
	Office Vacancy (%)	7.6	10.1	(24.8%)	7.2	11.0	(34.5%)
	Transit Oriented Office Vacancy (%)	2.3	4.6	(50.0%)	11.2	11.2	0.0%
	Office Inventory (000 sf)	4,419	4,470	(1.1%)	57,596	56,955	1.1%
	Industrial Vacancy (%)	2.7	3.0	(10.0%)	2.6	3.1	(16.1%)
	Industrial Inventory (000 sf)	37,994	37,913	0.2%	203,399	199,559	1.9%
10)	Richmond Business Growth	Q1- 2017	Q1- 2016	Change	YTD- 2017	YTD- 2016	Change
	Total Valid Business Licences	13,242	12,981	2.0%	13,242	12,981	2.0%
	New Licences - Number Issued	375	308	21.8%	375	308	21.8%
	New Licences - Employees	1,219	884	37.9%	1,219	884	37.9%
	New Licences - Office Added (sf)	175,200	63,732	174.9%	175,200	63,732	174.9%
	New Licences - Retail Added (sf)	155,789	24,495	536.0%	155,789	24,495	536.0%
	New Licences - Industrial Added (sf)	157,346	245,058	(35.8%)	157,346	245,058	(35.8%)
	Total Space Added (sf)/Avg. Change	488,335	333,285	46.5%	488,335	333,285	46.5%

Economic Indicators**March 31, 2017****Regional and Local Market Indicators (continued)**

	Q1- 2017	Q1- 2016	Change	YTD- 2017	YTD- 2016	Change
11) Goods & People Movement						
YVR Air Cargo (tonnes)	65,764	60,718	8.3%	65,764	60,718	8.3%
PMV Container Movement (TEUs)	740,240	704,388	5.1%	740,240	704,388	5.1%
YVR Passengers (million)	5.3	5.0	6.0%	5.3	5.0	6.0%
Richmond Hotel Revenue (\$ million)**	24.2	23.5	3.0%	24.2	23.5	3.0%

**Hotel Room Revenue data for Q1 excludes March figures.

Notes:

- a) QE indicates quarter end
- b) YTD indicates year to date

List of Sources:

- 1) International Monetary Fund, *World Economic Outlook*, April 2017
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada
- 4)&5) Statistics Canada
- 6) CMHC
- 7) Real Estate Board of Greater Vancouver
- 8) City of Richmond Building Permits
- 9) Cushman & Wakefield Office and Industrial Market Beat Reports
- 10) City of Richmond Business Licences
- 11) YVR & PMV Monthly Cargo Statistics; YVR monthly statistics; City of Richmond Additional Hotel Room Tax Ledger

Financial and Key Indicators**March 31, 2017**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Roads, Water, Sewer DCC's Received	\$3,525	\$4,821	(26.9%)	\$3,525	\$4,821	(26.9%)
Parks DCC's Received	\$1,679	\$2,333	(28.0%)	\$1,679	\$2,333	(28.0%)
Total DCC Fees Received	\$5,204	\$7,154	(27.3%)	\$5,204	\$7,154	(27.3%)
DCC Reserves to date – Uncommitted	66,253	63,212	4.8%	66,253	63,212	4.8%
2) Uncommitted Reserves	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Capital Funding Reserves	\$120,425	\$109,523	10.0%	\$120,425	\$109,523	10.0%
Utility Reserves	99,080	84,343	17.5%	99,080	84,343	17.5%
Affordable Housing Reserves	\$1,585	\$4,152	(61.8%)	\$1,585	\$4,152	(61.8%)
Other Reserves	\$57,847	\$49,301	17.3%	\$57,847	\$49,301	17.3%
Total Uncommitted Reserves	\$278,937	\$247,319	12.8%	\$278,937	\$247,319	12.8%
3) Taxes to date	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Taxes Collected	\$9,694	\$10,777	(5.7%)	\$9,694	\$10,777	(5.7%)
City Portion of Taxes Collected	\$4,750	\$5,036	(5.7%)	\$4,750	\$5,036	(5.7%)
Unpaid Taxes - Delinquent & Arrears	\$7,812	\$6,853	14.0%	\$7,812	\$6,853	14.0%
No. of Participants on Pre-authorized withdrawal	6,332	6,371	(0.6%)	6,332	6,371	(0.6%)
Pre-authorized withdrawals payments	\$8,312	\$8,145	2.1%	\$8,312	\$8,145	2.1%
Interest rate % paid	0.70%	0.70%	-	0.70%	0.70%	-
<i>Sources: All data is from City of Richmond records</i>						
4) Investments	Q1-2017	Q1-2016	Change			
Total Investments	\$957,422	\$884,478	8.2%			
Average City Rate of Return on Investments %	1.97%	1.97%	0%			

Financial and Key Indicators**March 31, 2017****Financial and Key Indicators (continued)**

5) Planning and Development	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Building Permit Fees Collected	\$2,404	\$2,650	(9.3 %)	\$2,404	\$2,650	(9.3 %)
Development Applications Received	40	58	(31.0 %)	40	58	(31.0 %)
Development Applications Fees	\$167	\$375	(55.4%)	\$167	\$375	(55.4%)
6) Business Licences	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Revenue Received for Current Year Licences	\$1,631	\$1,604	1.7%	\$1,631	\$1,604	1.7%
Revenue Received for Next Year (Deferred)	\$90	\$78	16.0%	\$90	\$78	16.0%
Total Licence Revenue	\$1,721	\$1,682	2.3%	\$1,721	\$1,682	2.3%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Parking Program Revenue	\$432	\$545	(20.7%)	\$432	\$545	(20.7%)
Gaming Revenue	\$4,008	\$4,596	(12.8%)	\$4,008	\$4,596	(12.8%)
Traffic Fine Revenue to date	n/a	n/a	n/a	n/a	n/a	n/a
8) Employees	Q1-2017	Q1-2016	Change			
Full Time Equivalent (FTE) Employees	1,488	1,455	2.3%			
<i>(City and Library)</i>						
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
9) Operating Indicators	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Fire Rescue Responses	2,818	2,546	10.7%	2,818	2,546	10.7%
RCMP - Calls for Service Handled	15,998	15,999	0.0%	15,998	15,999	0.0%
Public Works calls for Service	4,003	3,353	19.4 %	4,003	3,353	19.4 %

Financial and Key Indicators**March 31, 2017****Financial and Key Indicators (continued)**

10) Affordable Housing	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Subsidized Rental (units)	477	477	0.0%	477	477	0.0%
Affordable Rental (LEMR) (units)	423	320	32.2%	423	320	32.2%
Market Rental (units)	411	411	0.0%	411	411	0.0%
Entry Level Home ownership (units)	19	19	0.0%	19	19	0.0%
Secondary Suite / Coach House (units)	223	165	35.2%	223	165	35.2%
Total Affordable Housing	1,553	1,392	10.4%	1,553	1,392	10.4%
	Q1-2017	Q1-2016	Change			
Floor Space secured, unit mix & other (sq feet) *	119,069	119,069	0.0%			

* 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 **2016**
Estimate Year End *

218,307

* population figures provided by City of Richmond – Policy Planning

Notes:

a) All figures presented above are unaudited

Statement of Operations¹

For the Three Month Period Ended March 31, 2017, with comparative figures for 2016
(Expressed in thousands of dollars)

	Budget March 31 2017	Actuals March 31 2017	Actuals March 31 2016
Revenues:			
Taxes and levies	\$51,623	\$49,699	\$47,364
User fees	24,818	23,356	22,611
Sales of services	9,320	10,082	6,896
Payments-in-lieu of taxes	3,465	3,693	2,115
Provincial and federal grants	1,887	1,592	508
Development cost charges	4,733	6,659	6,317
Other capital funding sources	11,007	3,033	2,613
Other revenues:			
Investment income	3,674	4,677	4,607
Gaming revenue	4,522	4,008	4,596
Licences and permits	2,387	4,218	4,426
Other	2,516	7,159	5,940
	119,952	118,176	107,993
Expenses:			
Law and community safety	24,159	21,607	22,151
Engineering, public works and project development	17,043	14,658	12,687
General government	17,993	12,411	12,410
Parks, recreation and community services	15,840	12,402	11,391
Utilities:			
Water supply and distribution	10,315	8,338	8,117
Sewerage collection and disposal	7,693	7,136	7,727
Sanitation and recycling services	3,767	3,251	3,339
Planning and development	3,763	3,036	3,340
Library services	2,438	2,469	2,455
	103,011	85,309	83,617
YTD Surplus (Annual Surplus) ²	16,941	32,867	24,376
Accumulated surplus, beginning of year	2,741,540	2,741,540	2,717,164
Accumulated surplus, end of March 31 ³	\$2,758,481	\$2,774,407	\$2,741,540

¹ Statement of Operations for City and Library only, does not include Oval or LIEC figures

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.

Capital Highlights**Infrastructure***No 2. Road North Drainage Pump Station Upgrade:*

Approved Budget: \$4.4M (2014) 85% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. Construction is ongoing and completion is scheduled for Q2 2017.

No 2 Road Widening – Steveston Highway to Dyke Road

Approved Budget: \$7.3M (2016) 10% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5M from the Federal Government. The design of the required works is ongoing and construction works are anticipated to be completed for Q4 2018.

Watermain Replacement - Lulu Island North Area:

Approved Budget: \$2.87M (2017) 10% Complete

- This project consists of replacing ageing watermains that are at the end of their service life in the Leslie Road & Brown Road area. Construction by City forces has commenced.

Lansdowne Road Extension – Alderbridge Way to Minoru Boulevard

Approved Budget: \$3.0M (2012) 90% Complete

- This project involves the construction of a new interim vehicle, pedestrian and cycling connection along the Lansdowne corridor from Alderbridge Way to Minoru Boulevard. Construction is ongoing and completion is scheduled for Q2 2017.

Capital Highlights**Buildings***Minoru Major Facility (Integrated Minoru Aquatic Centre/Older Adults Centre):*

Approved Budget: \$79.6M (2014) + \$3.4M Contingency 45% Complete

- On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. The concrete superstructure is complete. Structural steel and glulam has progressed across the majority of the fitness and OAC. Interior steel stud, concrete block wall, electrical and plumbing rough-in are currently underway. Project completion is anticipated in early 2018. The public engagement process is continuing through to project completion.

Fire Hall No. 1:

Approved Budget: \$22.3M (2014) + \$2.1M Contingency 40% Complete

- On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. Majority of the concrete has been completed with only the hose tower remaining. Electrical and plumbing rough-in are underway and structural steel is to begin shortly for level three. Project completion is anticipated by the fall 2017.

Fire Hall No. 3:

Approved Budget: \$20.7M (2005-2009) + \$3.5M Contingency 99% Complete

- On July 23, 2012, Council approved construction of a new Fire Hall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Fire Hall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Fire Hall No. 3 through the 2005 - 2009 Capital Programs. The construction of Fire Hall No. 3 is complete and final deficiency items are underway.

Capital Highlights**Community Services/Parks***Railway Greenway:*

Approved Budget: \$2.9M (2013)

99% Complete

- Greenway path construction is complete between Granville Avenue and Garry Street.
- Installation of benches and receptacles is complete.
- Additional wayfinding signage has been installed and is complete.
- An additional 628 trees and over 15,800 shrubs have been planted adding significantly to Richmond's ecological network.
- A picnic area with tables, benches, and a public art piece is being planned. It will be located south of the Branscombe House and is expected to be in place in May of 2017.
- The City recently got awarded a Canada 150 grant to upgrade the trail on the east side of McCallan Road between Westminster Highway and River Road. Path construction is complete and trees will be planted in the median in Fall 2017.

Garden City Lands Phase 1 and 2:

Approved Budget: \$6.4M (2015, 2016, & 2017)

20% Complete

- The Garden City Lands - Legacy Landscape Plan was completed and endorsed by Council in June 2014. The Legacy Plan provides a vision statement, guiding principles, a land use framework, a concept plan and outlines objectives and actions to guide the development of the Lands. The in-depth study of the site's hydrological and ecological conditions has been completed, which has provided guidance for the refinement of the Legacy Landscape Plan. Further detailed design of water management infrastructure and perimeter trails has been completed and construction of these initial elements began in October of 2016 and will continue through 2017.
- Q1 2017: Perimeter trail construction proceeding along No.4 road and Alderbridge. Work to continue throughout 2017 with the anticipated completion of the perimeter trails, the clay seepage barrier and tree planting commencing this season.

Lang Park Development:

Approved Budget: \$876,000 (2015)

90% Complete

- UCC Contractors were appointed in August 2016 following a successful competitive tender bid in February 2016. ISL is the lead consultant appointed to administer the work.
- Construction commenced in September 2016 and is due to be completed by summer 2017. Works have been delayed by the inclement weather conditions that occurred December through March. The ongoing work involves the installation of a new concrete plaza, seat walls, water feature/fountains, play area, and artwork. Site furniture, receptacles, and lighting will also be upgraded. To date, the contractor has mobilized, installed the majority of the seat wall foundations, prepared the base, and commenced on the play area.

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

Approved Budget: \$3.6M (2010, 2012, 2015)

70% Complete

Middle Arm Waterfront Park

- Middle Arm Gateway and Oval West Waterfront Park development was completed in 2015.
- Hollybridge Pier Development currently underway and the scope of work includes: RFP for the construction services closed on March 30th, 2017. Evaluations of the bids underway. Applications for the tenure lease of the Crown Province's water lot where the pier will be situated on and the management plans associated with the development have been submitted to FLNRO, DFO, EC, and Diking Authority and approvals anticipated to be received by August 2017. Construction is expected to commence in September 2017, in association with ASPAC's Lot 9 construction.
- Construction work to the dyke and trail is anticipated to be completed by summer 2017. Work to the waterfront park will be undertaken in August 2017.

Cambie City Centre Park (Cambie Mueller):

Approved Budget: \$3.7M (2014, 2016 & 2017)

35% Complete

- Installation of the utilities and services started (storm, water, electrical, and sanitary).
- Application for water service permits submitted.
- The project obtained Tender pre-qualification in December 2016, with 6 Tenderers shortlisted.
- The project has been Tendered in March and 6 bids were returned within the tender timeline.
- Anticipated construction for park development to start during Summer 2017.

Parks Ageing Infrastructure

Approved Budget: \$140,000 (2016)

95% Complete

Included in Minoru Major Facility Integrated Project

- Thompson's lacrosse and tennis courts resurfacing is complete.
- Resurfacing of 6 tennis courts at South Arm Park completed.
- Hugh Boyd, King George, and Richmond High sports fields perimeter fencing repairs and replacement completed.
- Miscellaneous drainage repairs planned for late Spring 2017 (wet weather conditions has delayed start of construction).

Capital Highlights**Community Services/Parks***Minoru Latrace Field High Mast Netting System:*

Approved Budget: \$300,000 (2017) 10% Complete

- Design Build RFP process underway for an 80'-0 high x 320'-0 long high mast netting system
- Staff to review options for controlling errant/foul balls from crossing over to other sports fields and to protect spectators and pedestrians.

Playground Improvement:

Approved Budget: \$300,000 (2017) 0% Complete

- Engagement with staff and students at Garden City Elementary School for the new playground will start in Fall 2017. Input received will inform the scope of work to be included in a request for proposals for design-build services for the playground.
- City Park staff will commence design for expansion of the Richmond Nature Park playground late Spring 2017. An RFP for design-build services is expected to be issued early summer 2017. Construction is expected to commence Summer 2017.

Rideau Playground:

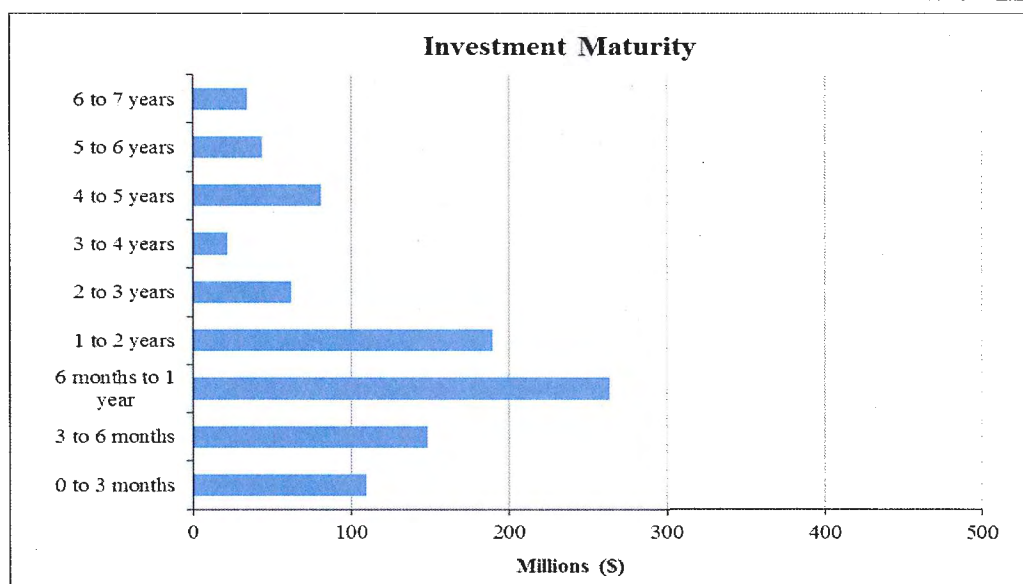
Approved Budget: \$200,000 (2017) 0% Complete

- City Park staff are currently working with the School District to get an agreement in place for the playground.
- A request for proposals for design-build services for the playground is expected to be issued in July 2017, with construction taking place in Fall 2017.

Investment Portfolio

March 31, 2017 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial (Fixed Income)						
	AA (high)	British Columbia	2019	\$ 65,339	6.82%	
	AA (low)	Ontario	2017	62,025	6.48%	
	AA (high)	Alberta	2019	39,745	4.15%	
	A (high)	Quebec	2017	35,367	3.69%	
	A (high)	Manitoba	2018	12,000	1.25%	
		Total		\$ 214,476	22.40%	50%
Chartered Banks (Fixed Income and Deposits)						
	AA	Bank of Nova Scotia	2017-2021	\$ 138,783	14.50%	
	AA	Bank of Montreal	2017	53,461	5.58%	
	AA (low)	National Bank of Canada	2018-2021	55,653	5.81%	
	AA	TD Bank	2016-2021	31,240	3.26%	
	AA	CIBC	2018	43,451	4.54%	
	AA	Royal Bank	2018	53,292	5.57%	
	A (high)	HSBC Bank of Canada	2017	22,331	2.33%	
	A (low)	Canadian Western Bank	2018	24,000	2.51%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	2.09%	
		Total		\$ 442,212	46.19%	50%
BC Credit Unions (Deposits)						
		Blue Shore Financial	2017-2018	\$ 45,000	4.70%	
		Coast Capital Savings	2016-2018	89,346	9.33%	
		Vancity	2017	52,335	5.47%	
		Westminster Savings	2017	20,000	2.09%	
		Gulf and Fraser	2017-2018	49,657	5.19%	
		Total		\$ 256,337	26.77%	30%
Pooled Investments (MFA Bond Fund)						
		MFA Pooled Investment Fund		\$ 44,397	4.64%	5%
Total Investment Portfolio Balance				\$ 957,422	100.00%	



Contract Awards greater than \$75,000

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5996S	Engineering, design, supply and installation of a prefabricated concrete washroom building at the Terra Nova Play Environment	Rectec Industries Inc	\$177,268	Community Services
2	5992F	Supply and Delivery of 2 (two) Automatic Irrigation Slide/Flap Gates	Smith Cameron Process Solutions	\$115,140	Engineering & Public Works
3	5991F	Fire Fighter Candidate Assessment	B. Leiren Associates Inc.	\$102,175	Law & Community Safety
4	5985F	Network Architecture - Consulting Services	Nettraffic Technologies Consulting Inc	\$75,000	Finance & Corporate Services
5	5979S	Annual Software Licence and Support Services for Tempest System	Tempest Development Group Inc	\$108,962	Finance & Corporate Services
6	5977S	TELUS User Collaboration/VoIP POC	Telus Communications Company Ltd	\$121,956	Finance & Corporate Services
7	5971J	South Arm Community Centre - Phase 1 - Roof & HVAC Upgrades	Ventana Construction Corporation	\$829,709	Engineering & Public Works
8	5970Q	Board Replacement at Richmond Ice Centre Gardens Arena	Cascadia Sport Systems	\$81,600	Engineering & Public Works
9	5967J	Watermania - Heating Plant Upgrade and Optimization Phase 2	ICE Development Ltd	\$138,163	Engineering & Public Works
10	5957F	Enhanced Community Participation in Organics Recycling & Related Initiatives	Dillon Consulting Inc	\$94,074	Engineering & Public Works
11	5954J	6100 Woodward Rd Multi-Family Water Meter Installation	Ashton Service Group	\$135,732	Engineering & Public Works
12	5950S	Cleaning, stabilizing, repair and/or restoration of historical artefacts due to flood at the River Road Artefact Storage Warehouse	Fraser Spafford Ricci Art & Archival Conservation Inc	\$142,840	Community Services
13	5946F	Webs Ax Security System Upgrade	Safe & Sound Security Systems Ltd	\$79,521	Engineering & Public Works

Contract Awards greater than \$75,000 (continued)

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
14	5944S	Project Management Services for Job Order Contracting (JOC) Projects	The Gordian Group	\$225,000	Engineering & Public Works
15	5940F	PeopleSoft 9.2 Upgrade Developer Support	Blackstone Consulting Group Inc	\$82,800	Finance & Corporate Services
16	5932S	Port Agent for Ships to Shore 2017 - Kaiwo Maru - Richmond Canada 150 Celebration	ACGI Shipping Inc.	\$146,066	Community Services
17	5931CM	Buswell Street Gravity Sewer Installation	Stuart Olson Construction Ltd	\$2,830,048	Engineering & Public Works
18	5925S	2017 Software Maintenance Contract Renewal	Open Text Corporation	\$184,810	Finance & Corporate Services
19	5922S	Exhibition Cases for use in Richmond Museum and City Hall Lobby	D Jensen & Associates Ltd	\$180,400	Community Services
20	5919F	Supply and Installation of Key Card Access	Safe & Sound Security Systems Ltd	\$187,240	Engineering & Public Works
21	5910F	Consulting Services for Fitness Renovation at South Arm Community Centre	SHAPE Architecture Inc	\$110,250	Engineering & Public Works
22	5876S	PeopleSoft Licence and Support services	Oracle Canada ULC	\$299,102	Finance & Corporate Services
23	5874P	Consulting Services - West Cambie Neighborhood Park Concept Plan	PWL Partnership Landscape Architects	\$135,042	Community Services
24	5871P	Pavement Data Collection	Englobe	\$110,871	Engineering & Public Works
25	5865EOI	Event Production Services - Ships to Shore Kaiwo Maru Festival	John Donnelly & Associates Event	\$80,000	Community Services

Contract Awards greater than \$75,000 (continued)

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
26	5840P	Provision of Civil Engineering Consulting Services for 2017 Traffic Calming, Multi-Use Pathway, Arterial Roadway and Transit Related Roadway Improvements	Opus International Consultants Ltd.	\$207,031	Engineering & Public Works
27	5839P	Provision of Civil Engineering Consulting Services for 2017 South Dike Upgrades	Opus International Consultants Ltd.	\$244,274	Engineering & Public Works
28	5807Q	Supply and Delivery of 2 (Two) Tandem Axle Cab and Chassis C/W Dump Box and Front Ploughs	Peterbilt Pacific Inc.	\$583,680	Engineering & Public Works
29	5765Q	Janitorial Services - Watermania	GDI Services (Canada) LP	\$90,668	Community Services
30	5732P	Supply and Delivery of 2 Fire Apparatus for RFR	WFR Wholesale Fire & Rescue Ltd.	\$1,945,332	Law & Community Safety



City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong, CPA, CA
Director, Finance
Re: 2018-2022 Budget Process



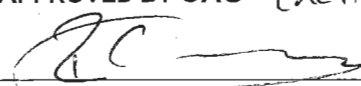
Date: May 4, 2017
File: 03-0970-01/2017-Vol
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Staff Recommendation

1. That the staff report titled "2018-2022 Budget Process" dated May 4, 2017 from the Director, Finance be received for information, and
2. That the services as presented in Attachment 2 of the staff report be approved as the base for the 2018 budget.

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

Att. 3

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 
APPROVED BY CAO (ACTING) 	

Staff Report

Origin

The purpose of this report is to provide Council with the framework that will be utilized for the preparation of the City's 5 Year Financial Plan (2018-2022) (5YFP).

The 2018-2022 budgets will be prepared in accordance with Council's policies and procedures relating to budgets.

Council Policies

Policy 3016 requires that a same service level budget, with only non-discretionary increases that can be clearly identified and supported, be put forward to Council. Non-discretionary costs mainly include incremental increases specified in contracts and salary increases associated with collective agreements. Therefore, the 2017 service levels form the basis of the 2018 base budget. Any enhanced or new levels of service are identified as an additional expenditure request by the respective departments and the operating budget impact (OBI) from capital projects will be separately identified for Council's consideration.

Policy 3707 requires that tax increases will be at or below the estimated Vancouver's Consumer Price Index (CPI) rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0% towards infrastructure replacement needs.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

- 7.1. *Relevant and effective budget processes and policies.*
- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. *Strategic financial opportunities are optimized.*

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.

- 9.1. *Understandable, timely, easily accessible public communication.*
- 9.2. *Effective engagement strategies and tools.*

Analysis

Budget Cycle Process

The budget cycle is summarized in Attachment 1. Table 1 outlines the process and the key dates for the preparation of the 2018-2022 Financial Plan.

Table 1 – Five Year Financial Plan (5YFP) Schedule

	Month	Responsibility	Task
1	April-May	Staff	Research financial indicators for 2018-2022 budget assumptions
2	June	Council	Establish Service Levels for 2018-2022 Budget Preparation
3	July-August	Staff	Prepare Department's 2018-2022 budget submissions
4	September	Staff	Review Division's 2018-2022 budget submissions
5	October	Staff	Gather Public Input
6	October	SMT/CAO	Review City 2018-2022 budget submissions
7	October-November	Staff	Prepare 2018-2022 budget package for Finance Committee review
8	November	SMT/CAO	Review and finalize all 2018-2022 budget recommendations to Finance Committee
9	November	Council	Review and approve 2018 Utility Budget and Rates
10	December	Council	Review and approve 2018-2022 capital budget submissions with associated Operating Budget Impacts
11	December	Council	Review and approve 2018 same level of service Operating Budgets
12	December	Council	Review and approve 2018 ongoing additional levels of service requests
13	December	Council	Review and approve 2018 one-time expenditure requests
14	December-January	Staff	Revise budget and prepare 5YFP (2018-2022) based on Council direction
15	January	Council	Review 5YFP (2018-2022)
16	January	Staff	Public Consultation on 5YFP (2018-2022)
17	February	Council	Adoption of 5YFP (2018-2022)

This report will further discuss some of the keys steps in this process.

Item #1 – Preliminary 2018-2022 Operating Budget Assumptions

Table 2 summarizes the budget assumptions based on current information contained in contracts, agreements and external economic publications.

Financial Planning & Analysis (FP&A) will continue to monitor these financial indicators and will provide updated indicators at the time the budget is presented, if there are significant changes to the forecasts.

Table 2 - Preliminary 2018-2022 Operating Budget Assumptions

Key Financial Drivers / Indicators	2018	2019	2020	2021	2022
Vancouver Consumer Price Index (CPI) ¹	2.0%	2.4%	2.1%	2.1%	2.1%
Richmond Municipal Price Index (MPI) ²	3.3%	4.1%	4.0%	4.1%	4.0%
User Fees ¹	2.0%	2.4%	2.1%	2.1%	2.1%
Salaries ³	TBD	TBD	TBD	TBD	TBD
Electricity ⁴	3.2%	3.8%	4.0%	4.0%	4.0%
Natural Gas ⁴	1.8%	1.9%	1.7%	1.5%	1.1%
RCMP Contract Increase ⁵	0.8%	2.2%	2.5%	2.9%	2.4%
Growth (Tax Base) ⁶	1.8%	1.5%	1.3%	1.0%	0.8%

Sources: ¹ The Conference Board of Canada Metropolitan Outlook Winter 2017; 2022 is projected based on 2021 forecasts;

² Finance Department, City of Richmond; ³ Salaries are based on collective agreements, which are to be negotiated; ⁴Energy Manager, City of Richmond; ⁵RCMP E Division; ⁶BC Assessment Authority/Revenue Manager, City of Richmond

Municipal Price Index (MPI)

Council policy 3707 requires that tax increases will be at or below the estimated Vancouver's CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0% towards infrastructure replacement needs.

CPI is a widely accepted measure of consumer goods inflation. Inflation is generally thought of as a rise in the prices of consumer goods and services over a period of time. This is based on an individual consumer basket of goods including food, shelter, transportation, clothing, recreation and household operations.

Municipal governments do not incur the same costs as consumers. Rather, they incur costs such as: salaries and benefits (covered by a collective agreement), policing services, materials and supplies to build and maintain City infrastructure, energy for community centres and recreation facilities and transferring funds to reserves to maintain ageing infrastructure.

Municipal Price Index (MPI) is calculated based on a combination of known contract increases as well as estimates for expected increases, including the settlement of collective agreements. As shown in Table 1 above, MPI is forecasted to be consistently higher than CPI and is presented merely as a benchmark.

The inflation of the above key financial drivers provides an estimate of the amount operating expenses will need to increase in order to maintain the same level of service and efficiencies and reductions will be necessary to ensure Council policy of CPI is adhered to.

Collective Agreements

IAFF 1286 agreement has been ratified with increases of 2.5% each year from 2014-2019. CUPE 394, 718 and 3966 are to be negotiated.

Item #2 – Establish Service Levels

Policy 3016 requires that a same service level budget be prepared. The types of services delivered by each division have been categorized as Core, Traditional or Discretionary as presented in Attachment 2.

In keeping with the policy, staff recommends that a same level of service budget be prepared for 2018, as the existing levels provide the ability to deliver on Council's Term Goals and are a reasonable basis for preparation of the budget. Consequently, staff is seeking Council's approval to continue providing the 2017 services as presented in Attachment 2 as the base for preparing the 2018-2022 budgets.

Council previously approved, with the 2014 Budget, an estimated Operating Budget Impact (OBI) for the City Centre Community Centre as well as expanded operations for the Minoru Complex. This is gradually being phased into the budget with a tax impact of approximately 0.34% each year until it is completely tax funded in 2020. The service levels for the new City Centre Community Centre entered its second full year of operations in 2017. The City Centre Community Centre OBI will be fully tax funded in the 2018 budget.

The details of the expanded service levels for the Minoru Complex were approved by Council on November 14, 2016. Since the OBI will not be fully tax funded until 2020, the remaining funding required for operations will be funded from Council's Rate Stabilization Account.

The new service levels for the City Centre Community Centre North are being phased in starting with the 2017 budget until 2020, when the community centre is expected to be operational.

Included in the 2017 Operating Budget were additional expenditures for policing which comprised of 11 RCMP officers and 3 administrative support staff. The costs for these items were funded by a combination of phasing and Council's Rate Stabilization Account. The ongoing costs will need to be addressed in 2018.

Environmental Scan

As service levels are established, it is prudent to review the economic environment and key City statistics (Table 3).

Table 3 – City of Richmond Statistics

Description	2013	2014	2015	2016	2017*
Population	205,133	209,338	213,891	218,401	222,945
# Residential Dwellings	65,585	67,186	68,192	69,998	71,743
# Business Licences	13,371	13,322	14,351	13,253	13,400
# Farms	680	679	678	682	665

Source: ¹ BC Stats, Ministry of Labour and Citizens Services; ² BC Assessment; ³ Business Licences; ⁴ BC Assessment

*2017 figures are estimates as of May 2017.

The population and demand for services continues to rise in Richmond as indicated in Table 4. The population in Richmond is expected to continue to climb to almost 243,000 in 2022.

Table 4 – Demand for City of Richmond Services

Demand for City Services	2013	2014	2015	2016	2017*
Population Growth (per annum)	1.82%	2.05%	2.17%	2.11%	2.08%
Budgeted Capital Costs (\$M) ¹	76.7	193.2	159.6	92.4	112.8
Registration in Rec. Programs ²	129,526	141,175	134,786	139,650	139,000
Fire Rescue Responses ³	9,710	9,643	10,326	10,947	12,040
Public Works Calls for Services ⁴	11,342	12,225	13,501	14,683	15,200

Source: ¹ Capital model; ² Registration Summary Report; ³ Fire Recue; ⁴ Hansen

* 2017 figures are estimates as of May 2017.

Item #3 – Gather Public Input

Staff will continue to engage citizens in the budget process by utilizing public consultation tools within the Let's Talk Richmond platform.

Items #4-13 – Budget Preparation

During July and August, staff will be working on preparing budget submissions (capital and additional levels) and reviewing operating budgets to ensure the most efficient allocation of resources. The budget will be revised based on public input gathered. Details of the key budget processes are summarized in Attachment 3.

The final proposed budget that has been presented to Finance Committee, typically in the month of December, goes through a rigorous review process by SMT and the CAO to ensure City wide priorities are met and that projects competing for the same funding sources are prioritized with recommendations made accordingly. All budget recommendations will be presented to the Finance Committee by December for approval.

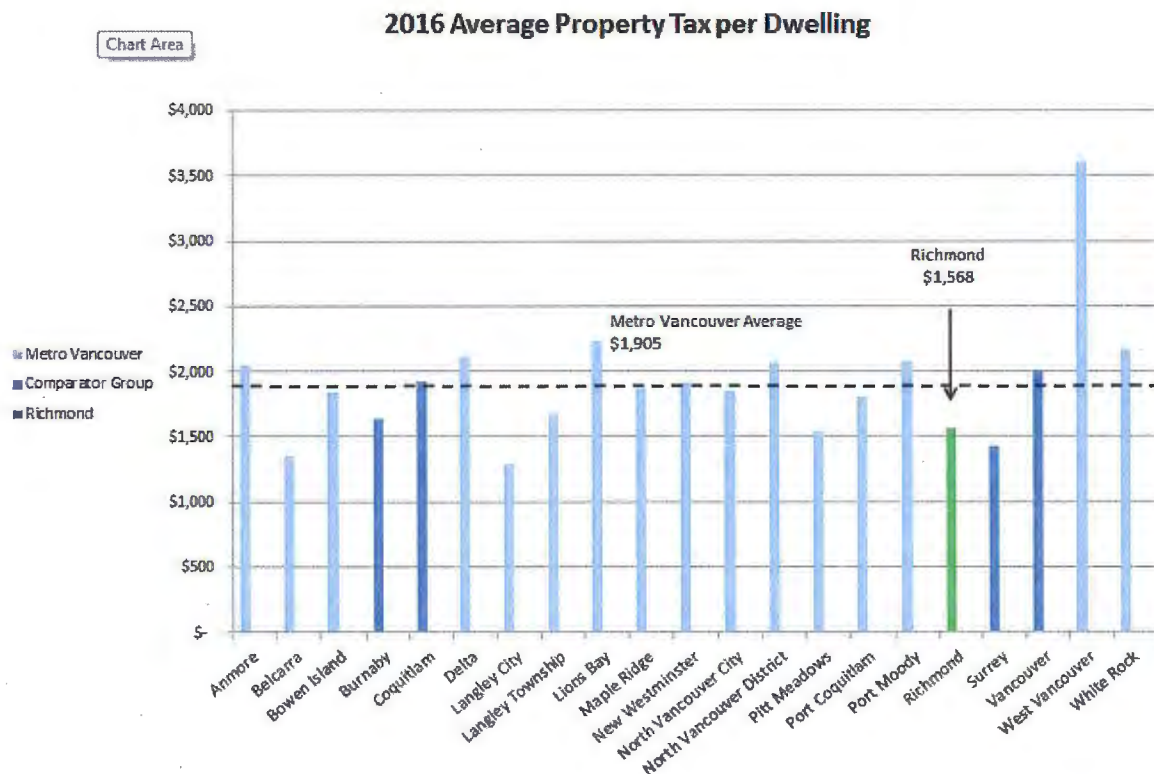
Items #14-15 – Public Consultation and Bylaw Adoption

Once the 2018-2022 5YFP receives preliminary approval from Council, the public consultation process will be initiated as required under the Community Charter, prior to adoption of the financial plan.

Tax Rates

Once the financial plan bylaw is adopted, the tax rates will be set accordingly. In 2016, the average property tax per dwelling in Richmond was \$1,568 which is below the average of \$1,905. 2017 averages for all Cities are not yet available, but will be provided with the 2018 Budget report.

Figure 5 – 2016 Average Residential Municipal Taxes in Comparative Metro Vancouver Cities



Financial Impact

None.

Conclusion

The 2018-2022 budget process adheres to Council's term goals concerning well-informed and sustainable financial decision making and transparent financial decisions that are appropriately

May 4, 2017

- 8 -

communicated to the public. The service levels from 2017 will establish the base for the 2018-2022 budgets.

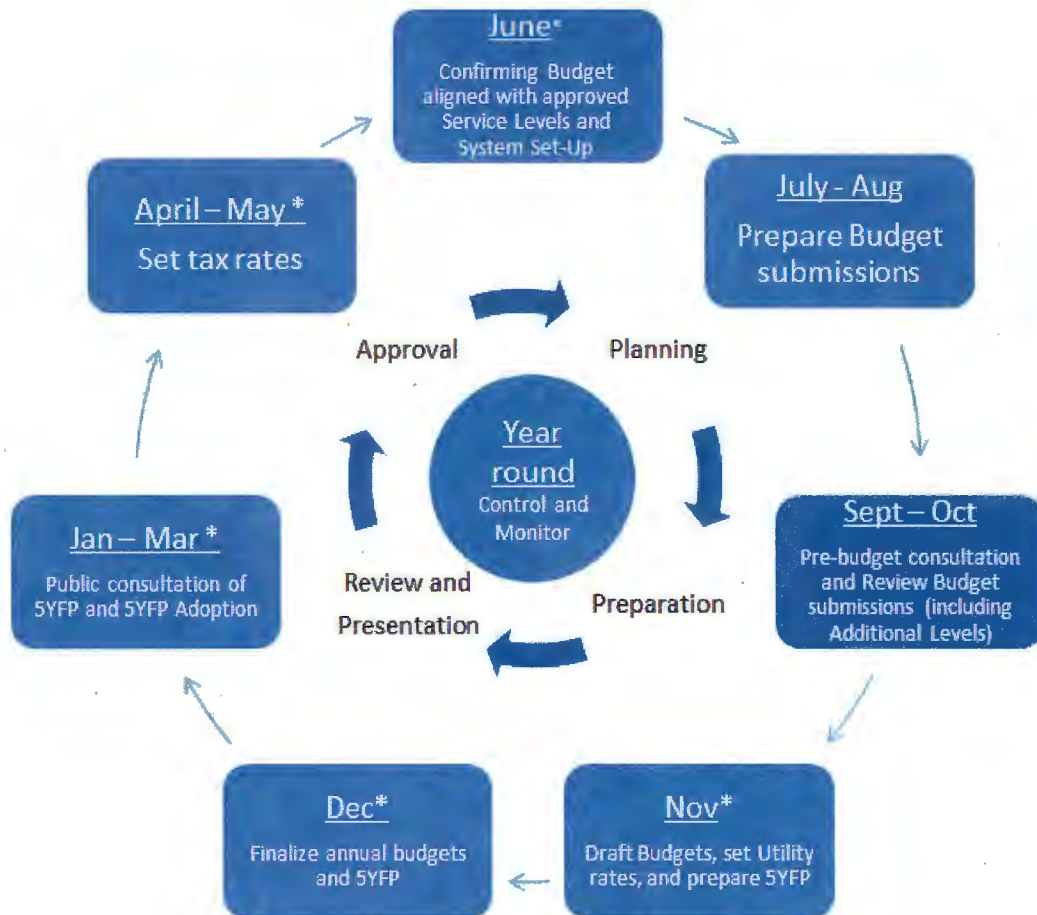


Melissa Shiau, CPA, CA
Manager, Financial Planning and Analysis
(604-276-4231)

MS:jy

- Att. 1: 2018 Budget Cycle
- 2: Types of Services
- 3: Budget Process Summary

2018 Budget Cycle



City of Richmond
Types of Service - Departments/Sections/Work Units by Division

Core: *Services required by legislation from the federal or provincial governments.*

Traditional: *Time-honoured services that are commonly considered essential or foundational.*

Discretionary: *Services that may have value but if the fiscal situation requires it, these services could be reduced, eliminated, or contracted out.*

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
CAO's Office (7)	CAO's Office			
	• Corporate Administration	√	√	
	• Administrative Support Services (including the Mayor's Office & Councillors' Office)		√	√
	• Intergovernmental Relations & Protocol Unit			√
	• Corporate Programs Management Group			√
	• Corporate Communications		√	
	• Production Centre			√
	• Corporate Planning		√	
Deputy CAO (4)	Human Resources			
	• Training & Development		√	
	• Employee & Labour Relations	√	√	
	• Compensation, Job Evaluation & Recognition	√	√	
	• Workplace Health, Safety & Wellness	√	√	

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
Community Services (20)	Parks			
	<ul style="list-style-type: none"> Parks Operations (includes Asset Management, Construction & Maintenance, Turf Management, Horticulture, Urban Forestry) 		✓	✓
	<ul style="list-style-type: none"> Parks Programs (includes Nature Park) 		✓	
	<ul style="list-style-type: none"> Britannia 			✓
	<ul style="list-style-type: none"> Parks Planning & Design 		✓	✓
	Recreation & Sport			
	<ul style="list-style-type: none"> Community Services Admin. 		✓	✓
	<ul style="list-style-type: none"> Community Recreation Services (includes community centres) 		✓	✓
	<ul style="list-style-type: none"> Aquatic, Arena & Fitness Services 		✓	✓
	<ul style="list-style-type: none"> Sport & Event Services (includes volunteer management) 			✓
	<ul style="list-style-type: none"> Planning & Project Services 			✓
	Arts, Culture & Heritage Services			
	<ul style="list-style-type: none"> Arts Services (includes Art Gallery, Art Centre, Cultural Centre) 			✓
	<ul style="list-style-type: none"> Heritage Services 			✓
	<ul style="list-style-type: none"> Richmond Museum 			✓
	<ul style="list-style-type: none"> Gateway Theatre (liaison) 			✓
	<ul style="list-style-type: none"> Richmond Public Library (liaison) 		✓	✓
	Community Social Development			
	<ul style="list-style-type: none"> Social Planning 			✓
	<ul style="list-style-type: none"> Affordable Housing 			✓

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
	• Diversity & Cultural Service			√
	• Child Care Services			√
	• Youth Services			√
	• Senior Services			√
Engineering & Public Works (10)	Engineering			
	• Engineering – Planning	√	√	
	• Engineering – Design & Construction	√	√	
	• Facility Services		√	
	• Capital Building Project Development			√
	• Sustainability (includes district energy, corporate energy, environmental sustainability)			√
	Public Works			
	• Public Works Administration		√	√
	• Fleet Operations & Environmental Programs		√	√
	• Roads & Construction Services	√	√	
	• Sewerage & Drainage	√	√	
	• Water Services	√	√	

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
Finance & Corporate Services (26)	Finance			
	• Finance Administration		✓	✓
	• Finance Systems		✓	✓
	• Financial Reporting	✓	✓	✓
	• Financial Planning & Analysis	✓	✓	✓
	• Revenue/Taxation	✓	✓	✓
	• Purchasing and Stores		✓	✓
	• Treasury & Financial Services	✓	✓	✓
	• Payroll		✓	✓
	Information Technology			
	• IT Administration		✓	✓
	• Business & Enterprise Systems		✓	✓
	• Innovation			✓
	• Infrastructure Services		✓	✓
	• GIS & Database Services		✓	✓
	• Customer Service Delivery		✓	✓
	City Clerk's Office			
	• Operations/Legislative Services	✓	✓	
	• Records & Information	✓	✓	
	• Richmond Archives		✓	✓

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
	Administration & Compliance			
	• Business Advisory Services		✓	✓
	• Risk Management			✓
	• Economic Development			✓
	• Corporate Partnerships			✓
	• Customer Service		✓	✓
	• Corporate Compliance			✓
	• Performance			✓
	Real Estate Services			✓
	Legal Services		✓	✓
Community Safety (9)	RCMP			
	• Administration (includes Telecommunications, Records, Crime Prevention, Information Technology, Victim Assistance, Finance, Risk Management, Court Liaison)	✓	✓	✓
	Fire-Rescue			
	• Administration	✓	✓	✓
	• Operations	✓	✓	✓
	• Fire Prevention	✓	✓	✓
	• Training & Education	✓	✓	✓
	Community Bylaws		✓	✓
	• Business Licenses		✓	✓

Division	Department/Sections/Work Units	Types of Service		
		Core	Traditional	Discretionary
	Emergency Programs	√	√	√
	Community Safety Administration		√	√
Planning & Development (10)				
	Planning and Development – Admin	√	√	
	Transportation			
	• Transportation Planning	√	√	
	• Traffic Operations		√	
	• Traffic Signal Systems		√	
	Building Approvals			
	• Plan Review	√	√	
	• Building, Plumbing & Gas Inspections	√	√	
	• Tree Preservation		√	√
	Development Applications			
	• Developments	√	√	√
	• Major Projects			√
	Policy Planning	√	√	
Total = 86		27	60	63

Budget Process Summary:

The key budget processes are summarized below.

- i. **Capital Project Ranking and Review**
 - Each capital submission includes a business case, unless an exception has been granted. An exception can be granted by Council or the CAO at the Capital Budget submission stage. The provision of a mechanism for an exception is important because the nature of some projects is such that the community benefit far outweighs the business case factors.
 - Each submission is first self-ranked using a common ranking criteria across all projects and the final ranking is decided upon by a Review Committee comprised of staff from each respective division to provide an objective review of all capital projects and the associated Operating Budget Impact (OBI).
 - After the capital projects are reviewed and ranked by the Review Committee, the list of capital projects and OBI will be forwarded to SMT for further review and CAO approval prior to submission of the recommended projects for Council decision.
- ii. **Operating Budget Impact (OBI)**
 - Capital projects will require a business case, with exceptions; therefore any OBI, operating or utility, should be analyzed and substantiated in the business case.
 - OBI can only be included on current capital projects. Any other OBI requests will be included as additional level requests.
 - OBI information will be broken down between labour and other expenditures and standard costs will be provided, which includes a 25% estimate for indirect costs.
 - FP&A will provide the initial review of the OBI submissions; however, comprehensive review will be conducted by the Review Committee in conjunction with the capital review, with final review by SMT and CAO prior to forwarding recommendations for Council decision.
- iii. **Operating Budget Process**
 - In order to ensure consistent application of budget assumptions, FP&A will input the budgets into the systems and departments will review and sign-off.
 - Departments will highlight any non-discretionary increases and provide supporting documentation to FP&A.
 - Salary and fringe benefits will be input by FP&A with instructions from Payroll and Human Resources Department (HR).
 - Only non-discretionary increases with sufficient documentation to support the increases will be allowed.
 - Each department's budget submission will be compiled and reviewed in conjunction with any Service Level Review Reports produced as a result of operational and service level reviews conducted in that area of the organization.
 - Each department's budget is to be signed-off by the respective GM in accordance with Council Policy 3016.
- iv. **Capital Budget Submissions and Close-outs**
 - The list of outstanding active projects will be reviewed by each GM, and all projects that should be closed are to be identified in a memo. All 2014 and prior projects should be closed by the end of the 2017 year and if required to be kept open, rationale should be provided to the GM, Finance and Corporate Services and copied to FP&A.

- All capital project submissions are required to clearly identify timing of cash flow requirements, in order for the Treasury and Financial Services section to plan investment strategies to maximize the City's portfolio investments, while ensuring cash flow requirements are met.
- Capital submissions, including any associated OBI, are to be approved by each respective GM prior to submission.

v. Additional Levels of Service (ALOS) Requests

- Additional levels of service requests are not to be included in the current year operating budget and the proposed 5YFP, in accordance with Policy 3016, rather they are identified separately.
- There are two types of ALOS: (a) Ongoing, to be included in the tax base and funded by a tax increase and (b) One-time, to be funded by sources other than taxation.
 - a) Ongoing ALOS requests are proposals to add new services, programs, program enhancements, or to increase expenditures as a result of growth. Ongoing ALOS are proposed to recur each year and form the new base level of service. Examples include: increasing maintenance from once to twice per year, increasing hours of operation and additions to the staff complement.
 - b) One-time ALOS expenditure requests apply to the current budget year only and could be funded by the City's rate stabilization account and/or other non-tax sources, subject to Council approval. Examples include: funding for consultants, purchase of minor capital equipment, and one-time services or programs, which may include temporary staff requirements for a specific period of time.
- All ALOS requests are to be signed off by the GM of the respective department, ranked by the Review Committee, reviewed by SMT and approved by the CAO prior to presentation to Committee/Council for a decision.