



**Finance Committee
Electronic Meeting**

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

Monday, June 5, 2023

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

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on May 1, 2023.*

☐

FINANCE AND CORPORATE SERVICES DIVISION

1. **2022 ANNUAL REPORT AND 2022 ANNUAL REPORT HIGHLIGHTS**
(File Ref. No. 01-0375-01) (REDMS No. 7234563)

FIN-7

See Page FIN-7 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the reports titled, “2022 Annual Report and 2022 Annual Report – Highlights” be approved.

☐

Finance Committee Agenda – Monday, June 5, 2023

Pg. #

ITEM

2. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2023**

(File Ref. No. 03-0905-01) (REDMS No. 7207017)

FIN-106

See Page **FIN-106** for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 1st Quarter March 31, 2023”, dated May 5, 2023 from the Director, Finance be received for information.

☐

3. **ESTABLISHMENT OF THE GROWING COMMUNITIES RESERVE FUND**

(File Ref. No. 12-8060-20-010466/) (REDMS No. 7181598)

FIN-133

See Page **FIN-133** for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the Growing Communities Reserve Fund Establishment Bylaw 10466 be introduced and given first, second and third readings.

☐

4. **ACTIVE CAPITAL PROJECTS FINANCIAL INFORMATION - 1ST QUARTER MARCH 31, 2023**

(File Ref. No. 03-0975-01) (REDMS No. 7212959)

FIN-149

See Page **FIN-149** for full report

Designated Speaker: Jenny Ho

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Financial Information – 1st Quarter March 31, 2023”, dated May 10, 2023 from the Director, Finance, be received for information.

☐

LULU ISLAND ENERGY COMPANY

5. **2023 Q1 FINANCIAL INFORMATION FOR THE LULU ISLAND ENERGY COMPANY**

(File Ref. No. 03-1200-08) (REDMS No. 7215936)

FIN-165

See Page **FIN-165** for full report

Designated Speakers: Christopher David and Johana Vuletin

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “2023 Q1 Financial Statements for the Lulu Island Energy Company”, dated May 19, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.

☐

RICHMOND OLYMPIC OVAL CORPORATION

6. **RICHMOND OLYMPIC OVAL CORPORATION -1ST QUARTER 2023 FINANCIAL INFORMATION**

(File Ref. No. 03-1200-09) (REDMS No. 7243992)

FIN-175

See Page **FIN-175** for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the Richmond Olympic Oval Corporation - 1st Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, May 1, 2023

Place: Council Chambers
Richmond City Hall

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

Call to Order: The Chair called the meeting to order at 4:42 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on April 3, 2023, and the minutes of the Special Finance Committee meeting held on April 17, 2023, be adopted as circulated.

CARRIED

DELEGATIONS

1. Brandon Jonathan Ma, Partner, and Aanu Adeleye, Senior Manager, KPMG LLP, to present the Audit findings on the City's 2022 consolidated financial statements.

FINANCE AND CORPORATE SERVICES DIVISION

2. 2022 CONSOLIDATED FINANCIAL STATEMENTS

(File Ref. No. 03-0905-01) (REDMS No. 7202851)

It was moved and seconded

That the 2022 City of Richmond Consolidated Financial Statements as presented in Attachment 2 be approved.

CARRIED

RICHMOND PUBLIC LIBRARY

3. 2022 FINANCIAL STATEMENTS FOR THE RICHMOND PUBLIC LIBRARY

(File Ref. No. 03-0905-01) (REDMS No. 7196141)

It was moved and seconded

That the 2022 Richmond Public Library audited financial statements for the year ended December 31, 2022, as presented in the attached report from the Chief Librarian, be received for information.

CARRIED

LULU ISLAND ENERGY COMPANY

4. 2022 FINANCIAL STATEMENTS FOR THE LULU ISLAND ENERGY COMPANY

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7201618)

It was moved and seconded

That the Lulu Island Energy Company report titled “2022 Financial Statements for the Lulu Island Energy Company”, dated April 13, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.

CARRIED

RICHMOND OLYMPIC OVAL CORPORATION

**5. RICHMOND OLYMPIC OVAL CORPORATION 2022 AUDITED
FINANCIAL STATEMENTS**

(File Ref. No. 03-1200-09) (REDMS No. 7210131)

It was moved and seconded

That the report on the 2022 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:49 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, 2023.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee

Date: May 12, 2023

From: Jerry Chong
General Manager, Finance and Corporate
Services

File: 01-0375-01/2023-Vol
01

Re: 2022 Annual Report and 2022 Annual Report Highlights

Staff Recommendation

That the reports titled, "2022 Annual Report and 2022 Annual Report – Highlights" be approved.

Jerry Chong
General Manager, Finance and Corporate Services
(604-276-4064)

Att. 2

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

Staff Report

Origin

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

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

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

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

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

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

Analysis

The City of Richmond's annual report formally presents the audited financial statements and other relevant financial, economic and demographic indicators to the public. The report also highlights many of the City's significant achievements and milestones from 2022.

Two versions of the Annual Report are produced each year in order to reach the different audiences interested in this information. The comprehensive 2022 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](#) 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 2022, 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 2022 Annual Report – Highlights. This shorter version, which is designed to be accessible and easily understandable for a general audience, provides information about the City of Richmond, its services, highlights from 2022 and the City's financial condition. In order to support sustainable practices the condensed version is available through the City's website and distribution will be done electronically. There will be limited printed copies for presentation purposes and to fulfill statutory obligations.

Both copies will be submitted to the Government Finance Officers Association for consideration in their annual awards program. The previous year's awards for the 2021 reports were received for both the Canadian Award for Financial Reporting (20th consecutive year) and the Outstanding Achievement in Popular Financial Reporting Award (13th consecutive year).

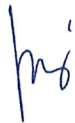
The reports are produced entirely in house through the joint efforts of the Finance Department and the Corporate Communications and Marketing Department, with design by the in-house Production Centre team. The 2022 reports also feature photos submitted by City of Richmond employees who were asked to submit images to showcase their city, and recognize the talent and contributions of staff outside their day-to-day work environments.

Financial Impact

None.

Conclusion

The City of Richmond 2022 Annual Report and the 2022 Annual Report – Highlights satisfy the Community Charter requirements for financial reporting and are important instruments in ensuring public transparency and accountability for the management of City finances. The reports also provide useful information on the City's achievements and milestones during the 2022 fiscal year.



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



Clay Adams
Director, Corporate Communications and
Marketing
(604-276-4399)

- Att. 1: 2022 Annual Report
2: 2022 Annual Report – Highlights



City of
Richmond

British Columbia, Canada

2022 Annual Report

For the year ended December 31, 2022





City of Richmond

British Columbia, Canada

2022 Annual Report

For the year ended December 31, 2022

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

Contents

Introductory section

Message from the Mayor	2
Richmond City Council.....	3
City of Richmond Senior Management Team.....	4
Message from the Chief Administrative Officer	5
Council Strategic Plan: 2018 to 2022	6
Richmond: vibrant, confident and connected	10
2022 Awards	12
Report from the General Manager, Finance and Corporate Services.....	14

Financial section

City of Richmond audited financial statements.....	17
--	----

Statistical section

City of Richmond statistical data	47
---	----

Tax exemption section

2022 permissive property tax exemptions.....	63
Major services provided by the City of Richmond	67
City of Richmond contacts	68

For an online copy of this report, please visit <https://richmond.ca/city-hall/finance/reporting/reports.htm>



The City of Richmond is proud of its diverse and committed workforce. This year, we asked our employees to take photos and send us images of “their Richmond” for this report. Photos with the camera icon are just some of the submissions, and we are delighted to share them with you. None are professional photographers.

COVER PHOTO: SPRING TIME AT RICHMOND CITY HALL

Message from the Mayor



The City of Richmond has always been a civic leader, and our City Council is known for its bold, innovative, sustainable programs and strategies that benefit residents and businesses.

Those programs and strategies were key to our City's continuing emergence from the pandemic and supported the community through the economic challenges and increasingly forceful impacts of climate change. Throughout 2022, Council worked tirelessly to support our 225,000 residents and almost 14,000 businesses to ensure Richmond continued to be a safe, strong, active and resilient city.

Investment and growth supported by implementation of the City's Resilient Economy Strategy resulted in sustained job creation, with Richmond businesses now providing around 130,000 local jobs. With one of the strongest job-to-worker ratios in the region, Richmond continues to be an important employment centre and almost 20 per cent more new business licenses were issued in 2022 compared to the previous year. That meant new jobs, new opportunities and renewed economic energy.

Council supported building permits for over \$926 million in construction value, not only leading to economic growth but more housing options for our community. In 2022, several significant projects were opened or announced. The award-winning Keltic Paramount development at No. 3 and Cook Roads is one example. Beyond its stunning First Nations-themed façade and artwork are 530 residential units, including 27 affordable housing units, as well as a large City-owned child care hub that has drawn accolades and awards.

Approval was given to another development in the emerging Hamilton Village Centre at the corner of Westminster Highway and Gilley Road, which will feature 223 residential units—including much-needed affordable housing—and around 25,000 square feet of commercial space.

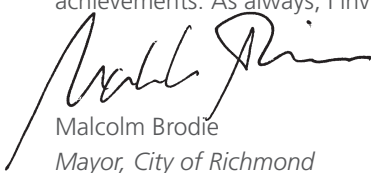
Ground was broken on the long-awaited replacement Steveston Community Centre and Library. This \$95 million, three-storey, 60,000 square foot facility will include a double gymnasium, fitness centre and active studio, as well as an extensive library to showcase enhanced collections with child and youth spaces and educational program rooms.

Maintaining strong infrastructure to keep our city safe from extreme weather was another priority. Council approved several initiatives including the raising of an additional 1.5 kilometres of dikes as well as new drainage pump stations at No. 3 and Gilbert Roads. Upgrades were made to over 1,270 feet of water mains, 2,200 feet of sanitary mains and 1,400 feet of drainage in the Burkeville neighbourhood alone.

Over the past year, Council took sustainable action and invested for future generations through the support and approval of several environmentally-focused initiatives such as the Circular City Strategy to guide the transition to a fully circular economy in Richmond by 2050. Coupled with our ground-breaking single-use plastics bylaw, expansion of electric vehicle use and active transportation alternatives, as well as increased investment in our award-winning Lulu Island District Energy program, the City of Richmond continued to be a leader in sustainability and environmental stewardship.

This past year also saw a number of significant changes in governance and administration. Long-standing Councillors Harold Steves and Linda McPhail retired after years of dedicated community leadership, choosing not to seek re-election. In their place, Council welcomed Laura Gillanders and Kash Heed as newly-elected members. The City also welcomed long-serving staff member Serena Lusk to a new role as Chief Administrative Officer following the retirement of George Duncan, as well as Jim Wishlove as the new Chief of Richmond Fire-Rescue. Chief Superintendent Dave Chauhan was also appointed as the new Officer in Charge of the Richmond RCMP detachment.

While the past year may have seen changes, through wise investments, sound management and innovative action, our staff, volunteers and businesses—as well as our community and government partners—continued to work together to make Richmond a better place for all. This 2022 Annual Report contains examples of just some of our goals and achievements. As always, I invite your comments and questions through my office.



Malcolm Brodie
Mayor, City of Richmond

Richmond City Council



Back row, left to right:

Lieutenant Jim Dickson—Richmond Fire-Rescue, Councillor Andy Hobbs, Councillor Kash Heed*, Councillor Laura Gillanders*, Councillor Michael Wolfe, Constable Jordan Hitchon—Richmond RCMP

Front row, left to right:

Councillor Alexa Loo, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Chak Au, Councillor Carol Day



Left: Councillor Harold Steves

Right: Councillor Linda McPhail

(did not seek re-election in October 2022)

*elected to Council October 2022

Connect with Richmond City Council

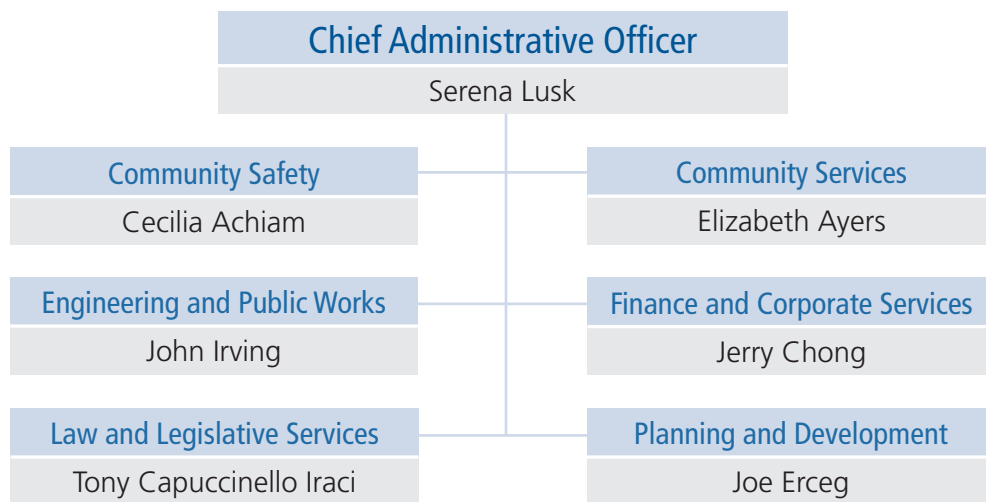
To contact Council, email MayorAndCouncillors@richmond.ca or call 604-276-4000.

For Council Meetings agendas and minutes, visit <https://citycouncil.richmond.ca/agendas.htm>.

To live stream Council meetings or view videos of past meetings, visit

<https://citycouncil.richmond.ca/meetings/watch-video.htm>.

City of Richmond Senior Management Team 2022



Chief Administrative Officer	Serena Lusk (as of July 1, 2022*)
General Manager, Community Services	Elizabeth Ayers
General Manager, Community Safety.....	Cecilia Achiam
General Manager, Engineering and Public Works	John Irving
General Manager, Finance and Corporate Services	Jerry Chong
General Manager, Planning and Development.....	Joe Erceg
General Manager, Law and Legislative Services.....	Tony Capuccinello Iraci

Public safety agencies

Chief, Richmond Fire-Rescue.....	Jim Wishlove
Officer in Charge, Royal Canadian Mounted Police	Dave Chauhan

Banker

Scotiabank

Auditors

KPMG

* replaced George Duncan who retired June 30, 2022

Message from the Chief Administrative Officer



I am pleased to present the City of Richmond's 2022 Annual Report. It details our strong financial position and outlines many of the important initiatives we are undertaking to serve our community.

This past year, the City continued its restoration of programs and services as we emerged from the isolation and restrictions of the pandemic. Richmond City Hall, which had provided services remotely since closing in March 2020, reopened its doors to the public once again. Many of our recreation and fitness programs and activities also fully returned and were quickly embraced by the community. Recreation and day camp registration jumped 50 per cent as over 20,000 youth and children signed up.

Physical activity and healthy lifestyles are important to our community and Richmond was named BC's Most Active Community in the 2022 ParticipACTION Community Better Challenge. This nation-wide initiative recognized our community's activity levels along with the creative ways we engaged people to become more physically active.

Many popular festivals and events became in-person again, with over 40,000 visitors attending the Richmond Maritime Festival. Thousands also enjoyed the 75th Steveston Salmon Festival and Canada Day celebration. While the Cherry Blossom Festival remained online, it attracted over 66,000 social media visits and 7,400 video views, paving the way for an in-person return in 2023.

The City's Remembrance Day ceremony also returned to City Hall in-person for the first time since 2019, with the community, veterans and military representatives attending to show their respects.

Promoting diversity and inclusiveness is essential in a city as uniquely multicultural as Richmond. Over 80 per cent of our population is a visible minority, the highest proportion of any British Columbia municipality, so accessibility and acceptance is important as we build strong, healthy communities in Richmond. Our Newcomers Video Series is one example of how we welcome immigrants to our city, with the online videos captioned in Chinese, Punjabi, Ukrainian, Arabic and Farsi.

The City and Richmond Multicultural Community Services began working together to encourage diversity and promote multiculturalism through an anti-racism arts project. The Aspire | Build | Celebrate (ABC) project was funded by a grant from the Department of Canadian Heritage Community Support, Multiculturalism and Anti-Racism Initiatives program and is another example of our commitment to diversity and inclusion.

Richmond also commemorated National Indigenous History Month (June) and National Indigenous Peoples Day (June 21) with a number of in-person and virtual events to recognize the heritage and strength of Indigenous Peoples. Canada's National Day for Truth and Reconciliation (September 30) was another opportunity to learn, commemorate and reflect on the historical and ongoing impacts of residential schools.

Building a sense of community is important, and several new parks were opened to provide more outdoor options for people to gather and connect. Alexandra Park in the east Cambie neighbourhood, phase two of Aberdeen Neighbourhood Park in the Capstan area and Tait Riverfront Community Park in Bridgeport were all unveiled.

However, the year was not without challenges. Housing affordability continued to drive exploration of new and innovative ways to meet the growing housing needs of existing and incoming residents. Rezoning applications for around 2,500 units received initial approval in 2022, of which over 40 per cent will be rental units at market, below-market or Low End Market Rental rates.

Child care remained important to support young families and make Richmond an active, engaged and family-oriented community. The City and its partners provide almost 600 licensed childcare spaces throughout Richmond including Sprouts at Capstan Village and Seedlings in Brighthouse Village, which both opened in 2022.

The overall foundation for success of our city is sound financial stewardship, and the long-term financial management strategy is a hallmark of our administration. It enabled us to continue to maintain effective and responsive service levels so Richmond remains a strong community that is committed to continued growth and success within a framework of diversity, sustainability and value for our taxpayers.

Since my appointment as Chief Administrative Officer in July 2022, I have been continually proud of the commitment of our staff and volunteers to improving the well-being of the community and thank everyone for their efforts and support of me in my new leadership role.

A handwritten signature in black ink that reads "Serena".


Serena Lusk
Chief Administrative Officer

Council Strategic Plan: 2018 to 2022

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

The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. Soon after Council began its four-year term in October 2018, it undertook a strategic planning process to help fulfill its governance role and achieve a successful term of office. Through that process, Council adopted a revised set of eight Strategic Focus areas, which provided the framework for the City's programs and services during 2022. With a new Council term commencing in October 2022, it is anticipated that these strategies will be reviewed and modified if required for the 2022-2026 Council term.



 FIREFIGHTER TRAINING AT RICHMOND FIRE-RESCUE
PHOTO BY KYLIE MACDONALD, FIRE AND LIFE SAFETY EDUCATOR,
RICHMOND FIRE-RESCUE. CITY EMPLOYEE SINCE 2008

1. A Safe and Resilient Community

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

2022 Achievement

The deployment of 16 additional police resources, delayed due to the pandemic, completed Council's Safe Community Program strategy and supported significant enhancements to the Richmond RCMP's organizational structure and operational response capability. Residential break and enter offences decreased 13 per cent, theft from automobiles dropped 10 per cent, and the number of hate-related events was down 24 per cent from the previous year. Through communications in multiple languages, RCMP investigators were better able to target complex cyber fraud, reducing the number of cases by almost 10 per cent in 2022. Almost half of Richmond's detachment members are non-Caucasians, with 56 per cent of them speaking at least one of 40 languages and dialects spoken in the city as a second language. Richmond Fire-Rescue (RFR) also welcomed new firefighters to strengthen the local complement. Over 10 per cent are women and many self-identify as First Nations, Asian and Middle Eastern, making Richmond among the most diverse departments in the province. RFR continued development of a Fire Risk Prediction Model, using fire incident, inspection and property data to develop predictive models of structure fire risks in the city. Safety also extended to the roads, as City snow and ice response crews pretreated or de-iced over 65,000 kilometres of roadways during winter, the equivalent of driving from Richmond to New York City and back seven times. Through the use of brine, the City has now reduced the amount of salt spread onto our roads by over 6,400 tonnes over the past three years.



2. A Sustainable and Environmentally Conscious City

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

2022 Achievement

Richmond continued as a leader in sustainable practices and innovation. The City secured \$175 million in long-term funding from the Canada Infrastructure Bank for the expansion of its award-winning Lulu Island District Energy project. Once implemented to capacity, the project is expected to reduce greenhouse gas emissions by over one million tonnes. Richmond was also the first municipality in Canada to receive an E3 Platinum Rating Certification in the national E3 Fleet program for excellence in fleet management and environmental performance. The City's commitment to water conservation through its water meter and water demand management programs continued to reduce waste, with total water consumption decreasing by 3.5 per cent in 2022 despite a 1.5 per cent population increase. Overall, the City has realized savings of \$10 million in water purchase costs over the past decade.

3. One Community Together

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

2022 Achievement

Easing of pandemic restrictions meant the return of many in-person festivals and events. The Steveston Salmon Festival saw thousands walk the streets to enjoy the festivities as it marked its 75th anniversary in July, while over 40,000 residents and visitors attended the Richmond Maritime Festival in August. The popular Culture Days celebration returned in the fall with an array of free, artist-led activities to promote arts, culture and creativity. Richmond is consistently recognized as among Canada's top 10 most engaged cultural cities in the country. Richmond's natural beauty and excellent location makes it attractive to the film industry with many popular series and movies filmed in and around the city over the years. Emerging from the shutdown, approximately 75 film production permits were issued in 2022, yielding over \$250,000 in service and location fees alone.

4. An Active and Thriving Richmond

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

2022 Achievement

Richmond's rich maritime heritage, the culinary delights of its many restaurants and the beauty of its trails and dikes makes it one of Canada's most culturally unique and diverse populations who provide a welcoming environment to all. Several new community parks opened in 2022 to provide recreational options, including Alexandra Park in east Cambie, phase two of Aberdeen Neighbourhood Park in the Capstan area and Tait Riverfront Community Park in Bridgeport. The upgraded Bark Park off-leash dog park in south Richmond offered a new outdoor space for four-legged users and their

human friends. Recognizing its commitment to promoting the benefits of physical health and well-being, Richmond was named BC's Most Active Community in the 2022 ParticipACTION Community Better Challenge, while the recently-opened Minoru Centre for Active Living received the Recreation Facilities Association of British Columbia's Outstanding Facility Award for its innovation, design and community-focused services. The City, in partnership with BC Housing and the Provincial Attorney General and Ministry Responsible for Housing, officially opened Aster Place in September, a 40-unit supportive housing building to provide housing and a stable home for residents experiencing or at risk of homelessness.

5. Sound Financial Management

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

2022 Achievement

Council again supported a budget that enabled several key infrastructure projects to proceed while ensuring operating resources for key operations continued. Over \$1.7 million in one-time grants were approved to support immediate social and community operational and infrastructure needs, while \$107.8 million was approved and allocated to key capital projects ranging from continued disaster and flood mitigation, to improving traffic intersection safety and transit accessibility. Council maintained a 1 per cent commitment to investment for future capital needs and, due to ongoing financial resiliency and strategic management, kept the overall impact to residential property owners to a tax change of around 19 cents per day.



6. Strategic and Well-Planned Growth

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

2022 Achievement

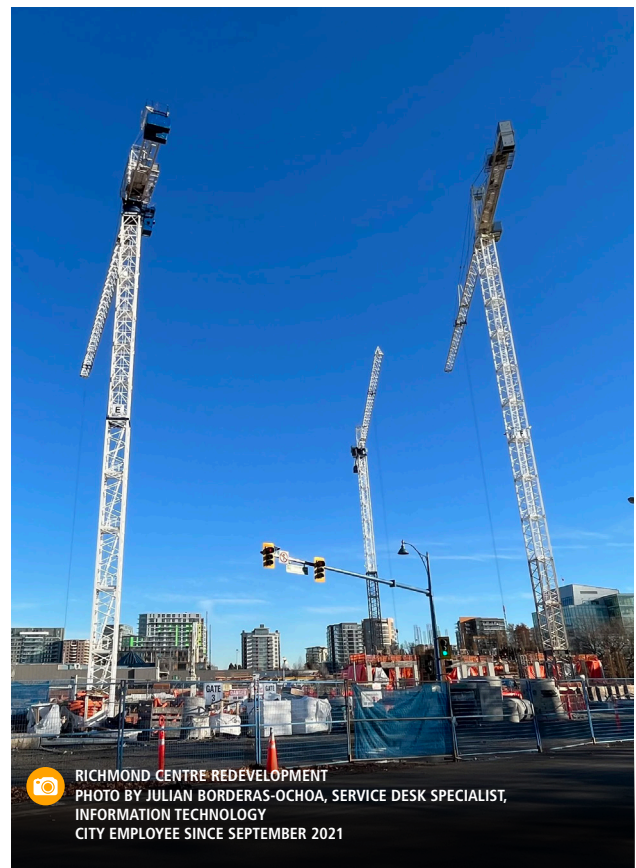
Development interest in Richmond continued to grow, reinforcing its importance as one of the most desirable business and residential locations in the region. Building permits for over \$926 million in construction value were issued in 2022, an increase of over 25 per cent from the previous year and higher than the City's 10-year average. Rezoning applications for approximately 2,500 multi-family units received initial approval by Council during 2022. Of these, over 40 per cent are rental units at market, below market and Low End Market Rental rates. Over \$30 million in development cost charges were also collected to help finance future infrastructure and amenities such as parks, utilities, roads and dikes. During the past year, Council officially opened the new animal shelter on No. 5 Road, a purpose-built facility that will enhance access for stray and abandoned animals in a safe, supportive environment, as well as breaking ground on the 60,000 square foot, \$95 million replacement Steveston Community Centre and Library, which is expected to be completed in 2026.

7. A Supported Economic Sector

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

2022 Achievement

The City's Resilient Economy Strategy continued to support business investment and growth post-pandemic, resulting in sustained job creation and one of the strongest job-to-worker ratios in the region. The number of new business licences rose almost 20 per cent in 2022, and the City implemented its MyBusiness online portal to enable new and existing business owners the ability to conveniently apply for, update and renew their licences 24/7. In the first few weeks, over 20 per cent of businesses registered for the service. While Richmond has one of the largest industrial land inventories in the region with more than 45 million square feet of built industrial space, Council provided further support to the sector by approving a rezoning application for an additional 180,000 square feet of phased industrial space in East Richmond.



8. An Engaged and Informed Community

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

2022 Achievement

Richmond is proud to be one of the most culturally diverse and unique populations in Canada. In November, the City launched a Newcomers Video Series as a resource for newly-arrived residents. The videos, available online, highlight different ways newcomers can experience our city and are captioned in Chinese, Punjabi, Ukrainian, Arabic and Farsi. Work began on redesigning the City's website to provide a more efficient and user-focused experience for the 3.4 million visits annually, while almost 25,000 users participated in 27 engagement initiatives on the City's LetsTalkRichmond.ca platform.

Richmond: vibrant, confident and connected



As communities across the country began to emerge from the challenges of the COVID-19 pandemic, the City of Richmond continued to move forward with confidence thanks to a strong history of sound infrastructure investment, planning and leadership.

As 2022 went on, the City was able to safely move away from many of the public health restrictions and return to in-person events and services that strengthened our already vibrant community.

The year began with the re-opening of the City's fitness centres in January, enabling people of all ages to return to the activities and social interactions they had missed since early-2020. A number of new City parks opened – Alexandra Park (June); Aberdeen Neighbourhood Park (July); Tait Riverfront Community Park (August); and the Bark Park off-leash dog park (September). Work also began on the renewal of the popular Minoru Park lakes district in April, with an extensive revitalization expected by mid-2023. The Richmond Curling Club officially re-opened in September, while the Minoru Centre for Active Living received more accolades including the 2022 Outstanding Facility Award from the Recreation Facilities Association of BC.

Several festivals and events returned as in-person gatherings including the 75th annual Steveston Salmon Festival, Richmond Maritime Festival, Garlic Festival at Terra Nova and Culture Days.

With its long-standing commitment to creating accessible and engaging outdoor and indoor spaces, it was no surprise when Richmond was named British Columbia's Most Active Community in the national ParticipACTION Community Better Challenge. Richmond boasts among the highest life expectancy in the world, and a 2022 BC Centre for Disease Control survey found Richmond residents actually used the pandemic to make positive changes to their health and well-being. It said 35 per cent of Richmond respondents were walking, running or cycling more than before the pandemic, while 28 per cent were eating more fruits and vegetables compared to 2020.

The City also supported residents to emerge from the pandemic in other ways. Active transportation remained a priority to support Council's Community Energy and Emissions Plan (CEEP) 2050 – adopted in February 2022 – to set Richmond on a path to achieving a 50 per cent reduction in community greenhouse gas emissions by 2030, and reaching net zero emissions by 2050.

Richmond became the first Metro Vancouver community to offer a shared e-scooter and e-bike service, with around 20,000 users making over 45,000 trips on the electric machines in the first few months. The popular Island City by Bike Tour returned in June, with hundreds of cyclists of all ages coming out to enjoy a free seven or 22 kilometre ride through Richmond. The City also became the first municipality in Canada to receive an E3 Platinum Rating Certification from the national E3 Fleet program for excellence in fleet management and environmental performance, further demonstrating its leadership in the use of green technologies.

While encouraging activity and connectedness was important to reinforce Richmond's sense of community, so too was the need to support businesses as they re-established themselves post-pandemic. City Hall reopened to in-person service in March, and the new online business licencing portal, MyBusiness, was launched in July to enable new and existing business owners to conveniently apply for, update and renew their licences 24/7. In partnership with Tourism

Richmond, the free Richmond Discovery Shuttle and Bike Valet Service returned to Steveston Village to assist residents and visitors to enjoy this popular tourist destination and its many shopping, dining and sightseeing locations.

The year also saw a number of governance and leadership changes. The municipal election in October saw two new members elected to Council after the retirement of two long-serving members. Serena Lusk moved from within to the role of Chief Administrative Officer following the retirement of her predecessor, while Richmond Fire-Rescue welcomed a new Chief, and the RCMP detachment a new Officer in Charge.

The City of Richmond has always been a leader through its development and implementation of bold, innovative programs and strategies that recognize and reflect our character, heritage and reputation as a safe, sustainable and culturally diverse community. The many accomplishments and achievements of the past year demonstrate why Richmond remains one of the most appealing, livable and well-managed communities in Canada.



 COLOURFUL SKY ABOVE THE DIKE ON NO. 3 ROAD
PHOTO BY SUSAN STEEVES, RECORDS COORDINATOR, CITY CLERK'S OFFICE
CITY EMPLOYEE SINCE 2002

2022 Awards

A measurement of the City's success in achieving its goals are the honours and recognition from our peers and others. In 2022, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

Protecting our environment

The City received national recognition for its city-wide Pollinator Program from the Canadian Association of Municipal Administrators (CAMA). Presented with the 2022 CAMA Environmental Leadership and Sustainability Award in the 100,000+ population category, the award was given for excellence in conserving pollinators and developing and protecting their habitat. CAMA said Richmond exemplified how a land manager can be a leader through conscientious community programming and meaningful community engagement, and that "there is much that other municipalities can learn" from the City.

Healthy lives, healthy communities

Health and well-being is essential to creating healthy communities, and Richmond has long been recognized for its commitment to physical activity and programs aimed to engage and create a sense of community. The National ParticipACTION Community Better Challenge named Richmond British Columbia's Most Active Community in 2022. The award recognized the city's activity levels and the creative ways staff and community partners in Richmond motivated the community to get physically active throughout the national challenge.



Going green

Richmond's commitment to green energy was again recognized by being named as the only municipal recipient of a Platinum Rating by the national E3 Fleet, a program that assists trucking, utility, urban delivery, courier, government and other fleets to improve their fuel efficiency, reduce emissions, manage expenses and incorporate new technologies. Richmond was the only municipality in Canada to receive the Platinum rating with a performance score of 98 points out of 100. It was the second time the City has received coveted Platinum status.

Leading edge design and functionality

The Minoru Centre for Active Living, the City of Richmond's state-of-the-art fitness and aquatic facility, continues to be recognized for its design, functionality and innovation. It received the Outstanding Facility Award from the Recreation Facilities Association of British Columbia for its innovative design, energy management, operations, revenue generation and service delivery. The facility was also recognized by Athletic Business as one of its 10 Facilities of Merit for 2022. It was selected for setting a new standard for wellness-oriented facilities that balances the needs of traditional aquatic uses while integrating a wide variety of other amenities that encourage healthy lifestyles, especially for an older-adult population.

Financial reporting

Once again, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting (the 20th year in a row) and the Outstanding Achievement in Popular Financial Reporting Award (the 13th successive year) for its 2021 Annual Reports. Richmond also received an 'A' grade—the highest amongst 32 major Canadian cities—in C.D. Howe's annual Report Card on municipal budgeting, financial reporting and fiscal transparency for 2021.

Sustainability

The International City Management Association, a US-based group that advances professional local government through leadership, management, innovation and ethics, awarded Richmond its 2022 Community Sustainability Award (Population 50,000 and Greater) for its Recycled Asphalt Pavement Project. In partnership with Lafarge Canada and the National Zero Waste Council, the City pioneered the use of 40 per cent recycled asphalt in paving a major Richmond thoroughfare. The project received the award for setting new standards and demonstrating innovation, excellence and success in balancing the community's economic, environmental and social needs.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

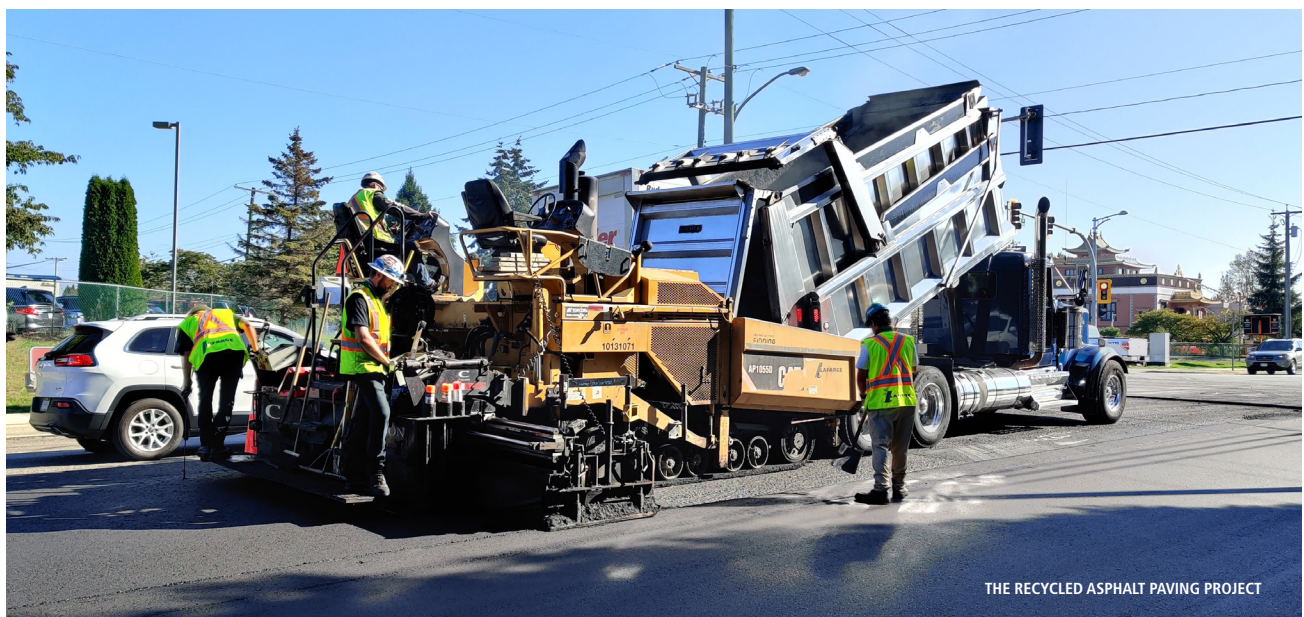
**City of Richmond
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



THE RECYCLED ASPHALT PAVING PROJECT

Report from the General Manager, Finance and Corporate Services

Mayor Malcom Brodie and Members of Richmond City Council,

I am pleased to submit the Consolidated Financial Statements and Auditors' Report for the fiscal year ended December 31, 2022 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation of the financial statements is management's responsibility.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2022 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Consolidated Statement of Financial Position (in \$000s)

	2022 Actual	2021 Actual	Change
Financial Assets	\$ 1,721,772	\$ 1,468,241	\$ 253,531
Liabilities	696,047	528,238	167,809
Net Financial Assets	1,025,725	940,003	85,722
Non-Financial Assets	2,603,444	2,547,884	55,560
Accumulated Surplus	\$ 3,629,169	\$ 3,487,887	\$ 141,282

The City's overall financial position improved by \$141.3 million, with accumulated surplus (similar to net worth of a corporation) totaling \$3.6 billion. A significant part of this increase is due to additions to capital assets and transfers to the statutory reserves for future capital improvements.

The City's cash and investments are \$1.6 billion while long-term debt increased by \$96.0 million with the addition of a new loan for the construction of Steveston Community Centre and Library in order to lock in favourable rates. Meanwhile, the City's tangible capital assets increased by \$54.9 million, which includes \$41.3 million of in-kind contributions from development as conditions of re-zoning.

Statutory Reserves (in \$000s)

	2018	2019	2020	2021	2022
Total Reserves	\$540,153	\$557,576	\$609,533	\$647,209	\$703,184

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

The increase in the balance to \$703.2 million is mainly attributable to the timing of these capital expenditures, contributions and increased investment income earned on the balances. There are annual transfers through the City's utility and operating budget as well as through other respective entities annual budget. Council's Long Term Financial Management Strategy also states that increases in transfers through the City's operating budget be done annually.

Consolidated Statement of Operations (in \$000s)

	2022 Budget	2022 Actual	2021 Actual
Revenue	\$604,730	\$644,348	\$575,444
Expenses	522,614	503,066	471,763
Annual Surplus	\$82,116	\$141,282	\$103,681

The City's consolidated revenue for the year totaled \$644.3 million, an increase of \$68.9 million from 2021 mainly due to increased investment income, property tax and utility fee rates and the continued easing of the impacts from the COVID-19 closures.

Expenses increased by \$31.3 million from prior year mainly due to additional firefighters authorized in 2021 working their first full year in 2022, increased Greater Vancouver Sewerage and Drainage District costs and the increased operational levels of service due to the easing of the impact of the pandemic.

The annual surplus for 2022 was \$141.3 million and represents the change in investment in tangible capital assets, reserves and other accumulated surplus.

Budget Variance

Consolidated revenue of \$644.3M was greater than budgeted revenue by \$39.6M mainly due to:

- \$17.1M in investment income due to higher investment rates.
- \$15.0M in developer cash contributions that are not budgeted included in other revenue.
- \$6.7M higher than budgeted payments-in-lieu of taxes primarily due to a one-time receipt for properties previously under dispute.
- \$19.9M lower than budgeted other capital funding revenue due to contributed assets received through development and the timing of externally funded capital expenditures.

Consolidated expenses of \$503.1M were lower than budgeted by \$19.5M. The main variances include:

- \$8.3M lower than budgeted community safety costs mainly due to lower policing contract costs.
- \$6.6M lower than budgeted community services costs mainly due to savings in salaries and contract expenses as operations have not fully returned to pre-pandemic levels.
- \$6.6M lower than budgeted general government costs mainly due to vacant positions.

The City's consolidated annual surplus of \$141.3 million exceeded the budgeted annual surplus of \$82.1 million by \$59.2 million, prior to transfers to reserves and other accumulated surplus.

Year over year change

Consolidated revenue of \$644.3M increased by \$68.9M from 2021 mainly due to:

- an increase of \$23.6M in property taxes and utility fees mainly due to the approved rate increases and growth related to new development.
- an increase of \$15.3M in investment income due to the elevated interest rate environment.
- an increase of \$13.3M in other revenue mainly due to increases in developer cash contributions of \$8.4M.
- an increase of \$8.9M in sales of service mainly due to higher recreational program revenue.
- an increase of \$6.5M in payments-in-lieu of taxes primarily due to a one-time receipt for properties previously under dispute.

Consolidated expenses of \$503.1M increased by \$31.3M over 2021 mainly due to:

- \$9.0M increase in engineering, public works and project development mainly due to costs related to implementing capital projects, increased amortization expense and increased road maintenance and snow response costs.
- \$6.5M increase in general government costs mainly due to higher labour and fringe expenses as operations return towards pre-pandemic levels.
- \$5.1M increase in community services mainly due to expanded operations towards the pre-pandemic levels.
- \$4.5M increase in community safety mainly due to additional firefighters authorized in 2021 working their first full year in 2022.

Financial Sustainability

The City's consolidated financial position improved in 2022 as operations and programs recover from pandemic levels in prior years. The guiding principles of Council's Long Term Financial Management Strategy was the main factor in supporting the City through the pandemic, while positioning the City in achieving long-term goals and maintaining ongoing financial sustainability to deliver on Council priorities.

Respectfully submitted,



Jerry Chong, CPA, CA
General Manager, Finance and Corporate Services

May 8, 2023

City of Richmond audited financial statements

Year ended December 31, 2022



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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the City of Richmond

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



City of Richmond
Page 3

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada

May 8, 2023

CITY OF RICHMOND

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

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 654,651	\$ 672,031
Investments (note 3)	921,493	696,886
Investment in Lulu Island Energy Company ("LIEC") (note 4)	35,028	33,647
Accrued interest receivable	14,676	8,932
Accounts receivable (note 5)	35,446	29,655
Taxes receivable	15,791	14,157
Development fees receivable	43,219	12,425
Debt reserve fund - deposits (note 6)	1,468	508
	1,721,772	1,468,241
Liabilities		
Accounts payable and accrued liabilities	104,482	86,575
Post-employment benefits (note 7)	37,628	37,395
Development cost charges (note 8)	237,051	224,655
Deposits and holdbacks (note 9)	150,007	106,041
Deferred revenue (note 10)	59,063	56,186
Debt, net of sinking fund deposits (note 11)	107,816	17,386
	696,047	528,238
Net financial assets	1,025,725	940,003
Non-Financial Assets		
Tangible capital assets (note 12)	2,594,212	2,539,267
Inventory of materials and supplies	5,405	4,696
Prepaid expenses	3,827	3,921
	2,603,444	2,547,884
Accumulated surplus (note 13)	\$ 3,629,169	\$ 3,487,887

Contingent demand notes (note 6)
Commitments and contingencies (note 17)

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:



General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (notes 2(p) and 23)	2022	2021
Revenue:			
Taxation and levies (note 19)	\$ 268,044	\$ 269,582	\$ 255,837
Utility fees	124,190	127,965	118,144
Sales of services	44,600	44,494	35,601
Payments-in-lieu of taxes	14,650	21,314	14,789
Provincial and federal contributions	10,683	12,893	12,704
Development cost charges (note 8)	17,749	22,434	16,223
Other capital funding sources	71,162	51,220	64,695
Other revenue:			
Investment income	13,165	30,250	14,968
Gaming revenue	14,500	12,562	5,700
Licenses and permits	11,358	15,047	13,995
Other (note 20)	13,683	35,206	21,877
Equity income in LIEC (note 4)	946	1,381	911
	604,730	644,348	575,444
Expenses:			
Community safety	135,999	127,727	123,232
Utilities:			
Water, sewer and sanitation	114,406	110,490	106,519
Engineering, public works and project development	81,335	89,103	80,083
Community services	71,522	64,955	59,873
General government	66,058	59,492	52,995
Planning and development	25,874	23,890	25,166
Richmond Olympic Oval	16,290	16,844	14,079
Richmond Public Library	11,130	10,565	9,816
	522,614	503,066	471,763
Annual surplus	82,116	141,282	103,681
Accumulated surplus, beginning of year	3,487,887	3,487,887	3,384,206
Accumulated surplus, end of year	\$ 3,570,003	\$ 3,629,169	\$ 3,487,887

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, 2022, with comparative information for 2021

	2022 Budget (notes 2(p) and 23)	2022	2021
Annual surplus for the year	\$ 82,116	\$ 141,282	\$ 103,681
Acquisition of tangible capital assets	(113,051)	(87,100)	(61,150)
Contributed tangible capital assets	(54,782)	(41,332)	(61,004)
Amortization of tangible capital assets	68,561	72,722	68,519
Net loss on disposal of tangible capital assets	-	222	1,714
Proceeds on sale of tangible capital assets	-	543	793
	(17,156)	86,337	52,553
Acquisition of inventory of materials and supplies	-	(5,405)	(4,696)
Acquisition of prepaid expenses	-	(3,827)	(3,921)
Consumption of inventory of materials and supplies	-	4,696	4,285
Use of prepaid expenses	-	3,921	2,797
Change in net financial assets	(17,156)	85,722	51,018
Net financial assets, beginning of year	940,003	940,003	888,985
Net financial assets, end of year	\$ 922,847	\$ 1,025,725	\$ 940,003

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 141,282	\$ 103,681
Items not involving cash:		
Amortization of tangible capital assets	72,722	68,519
Net loss on disposal of tangible capital assets	222	1,714
Contributions of tangible capital assets	(41,332)	(61,004)
Equity income in LIEC	(1,381)	(911)
Changes in non-cash operating working capital:		
Accrued interest receivable	(5,744)	765
Accounts receivable	(5,791)	(8,134)
Taxes receivable	(1,634)	262
Development fees receivable	(30,794)	16,092
Debt reserve fund	(960)	-
Inventory of materials and supplies	(709)	(411)
Prepaid expenses	94	(1,124)
Accounts payable and accrued liabilities	17,907	(70,400)
Post-employment benefits	233	2,274
Development cost charges	12,396	3,504
Deposits and holdbacks	43,966	8,596
Deferred revenue	2,877	7,162
Net change in cash from operating activities	203,354	70,585
Capital activities:		
Cash used to acquire tangible capital assets	(87,100)	(61,150)
Proceeds on disposal of tangible capital assets	543	793
Net change in cash from capital activities	(86,557)	(60,357)
Financing activities:		
Proceeds from issuance of debt	96,000	-
Repayments of debt	(5,570)	(5,355)
Net change in cash from financing activities	90,430	(5,355)
Investing activities:		
Net sale (purchase) of investments	(224,607)	137,124
Increase (decrease) in cash and cash equivalents	(17,380)	141,997
Cash and cash equivalents, beginning of year	672,031	530,034
Cash and cash equivalents, end of year	\$ 654,651	\$ 672,031

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

1. Operations:

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

2. Significant accounting policies:

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

(a) Basis of consolidation:

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") and the Richmond Olympic Oval (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly-owned municipal corporation of the City. Interfund and interentity transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly-owned government business enterprise ("GBE"), is accounted for using the modified equity method.

(i) General Revenue Fund:

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

(ii) General Capital and Loan Fund:

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

(iii) Waterworks and Sewerworks Funds:

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

(iv) Reserve Funds:

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(b) Basis of accounting:

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

(c) Government transfers:

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

(d) Cash and cash equivalents:

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

(e) Investments:

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

(f) Investment in government business enterprises:

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

(g) Accounts receivable:

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

(h) Development cost charges:

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

(i) Post-employment benefits:

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(i) Post-employment benefits (continued):

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

(j) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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

(ii) Contributions of tangible capital assets:

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

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

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

(iv) 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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(v) Labour capitalization:

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

(vi) Leased tangible capital assets:

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

(vii) Impairment of tangible capital assets:

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

(viii) Inventory of materials and supplies:

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

(k) Revenue recognition:

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

(l) Taxes:

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

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

Payments in Lieu of Taxes ("PILT") for federal properties are calculated on the basis of values and rates which would apply if these properties were taxable. The annual tax rates together with the assessed value on the Grant Roll are used to calculate the PILT levy. The PILT revenue is recorded when the payment is received.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(m) Deferred revenue:

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

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

(n) Deposits:

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

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2022-2026) ("Consolidated Financial Plan") and was adopted through Bylaw No. 10327 on January 24, 2022.

(q) Contaminated sites:

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

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

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

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(r) Use of accounting estimates:

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

(s) Segment disclosures:

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

3. Investments:

	2022		2021	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 379,378	\$ 379,378	\$ 257,701	\$ 257,701
Government and government guaranteed bonds	361,297	350,352	280,063	280,802
Other bonds	180,818	175,405	159,122	159,283
	<u>\$ 921,493</u>	<u>\$ 905,135</u>	<u>\$ 696,886</u>	<u>\$ 697,786</u>

4. Investment in Lulu Island Energy Company Ltd.:

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

4. Investment in Lulu Island Energy Company Ltd. (continued):

Summarized financial information relating to LIEC is as follows:

	2022	2021
Cash, cash equivalents, and investments	\$ 15,516	\$ 15,755
Accounts receivable	2,241	1,676
Tangible capital assets	45,745	38,905
Total assets	63,502	56,336
Accounts payable and accrued liabilities	3,853	2,671
Government grants	241	-
Deferred contributions	13,018	7,754
Project agreement/concession liability	11,362	12,264
Total liabilities	28,474	22,689
Shareholder's equity	\$ 35,028	\$ 33,647
Total revenue	\$ 7,608	\$ 6,431
Total expenses	6,227	5,520
Net income	\$ 1,381	\$ 911

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$152,937 (2021 - \$151,454).

On October 30, 2014, LIEC and Corix Utilities Inc. ("Corix") entered into a 30-year Concession agreement (the "Concession Agreement"), where Corix will design, construct, finance, operate and maintain the infrastructure for the district energy utility at the Oval Village community (the "OVDEU project"). On September 22, 2022, the LIEC terminated the Concession Agreement after the Company entered into a new project agreement (the "Project Agreement") with Project Contractor, a wholly-owned subsidiary of Corix to design, build, finance, operate and maintain City Centre District Energy Utility infrastructure providing heating and cooling services to new residential and mixed use commercial developments within the City Centre area (the "CCDEU project"). The existing OVDEU project has been transferred into the CCDEU project, and the OVDEU plant and equipment, financing and operations are now executed by the Project Contractor under the Project Agreement.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

5. Accounts receivable:

	2022	2021
Water and sewer utilities	\$ 14,760	\$ 13,243
Casino revenue	3,363	2,701
Capital grants	9,536	6,873
Other trade receivables	7,787	6,838
	<u>\$ 35,446</u>	<u>\$ 29,655</u>

6. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2022 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 1,468	\$ 5,147

7. Post-employment benefits:

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

	2022	2021
Accrued benefit obligation, beginning of year	\$ 35,324	\$ 35,414
Current service cost	2,698	2,644
Interest cost	872	728
Past service cost	21	992
Benefits paid	(2,923)	(2,035)
Actuarial gain	(3,255)	(2,419)
Accrued benefit obligation, end of year	<u>\$ 32,737</u>	<u>\$ 35,324</u>

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2022. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

7. Post-employment benefits (continued):

	2022	2021
Accrued benefit obligation, end of year	\$ 32,737	\$ 35,324
Unamortized net actuarial gain	4,891	2,071
Accrued benefit liability, end of year	\$ 37,628	\$ 37,395

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

	2022	2021
Discount rate	4.40%	2.40%
Expected future inflation rate	2.50%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

8. Development cost charges:

	2022	2021
Balance, beginning of year	\$ 224,655	\$ 221,151
Contributions	30,053	16,873
Interest	4,777	2,854
Revenue recognized	(22,434)	(16,223)
Balance, end of year	\$ 237,051	\$ 224,655

9. Deposits and holdbacks:

	Balance December 31, 2021	Deposit contributions / interest earned	Refund/ expenditures	Balance December 31, 2022
Security deposits	\$ 84,096	\$ 47,514	\$ (5,329)	\$ 126,281
Developer contributions	7,912	17	(10)	7,919
Damage deposits	5,793	3,533	(2,183)	7,143
Contract holdbacks	3,860	4,778	(3,849)	4,789
Other	4,380	677	(1,182)	3,875
	\$ 106,041	\$ 56,519	\$ (12,553)	\$ 150,007

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

10. Deferred revenue:

	Balance December 31, 2021	Externally restricted inflows	Revenue earned	Balance December 31, 2022
Taxes and utilities	\$ 25,116	\$ 26,231	\$ (25,116)	\$ 26,231
Building permits/development	14,265	10,052	(7,198)	17,119
Oval	1,551	2,048	(478)	3,121
Capital grants	6,074	6,824	(9,887)	3,011
Business licenses	2,637	2,300	(2,256)	2,681
Parking easement/leased land	2,418	60	(50)	2,428
Other	4,125	4,587	(4,240)	4,472
	\$ 56,186	\$ 52,102	\$ (49,225)	\$ 59,063

11. Debt, net of MFA sinking fund deposits:

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

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

MFA issue	Loan authorization bylaw	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2022	Net debt 2021
127	9075	\$ 50,815	\$ 38,999	\$ 11,816	\$ 17,386
158	10334	96,000	-	96,000	-
		\$ 146,815	\$ 38,999	\$ 107,816	\$ 17,386

Current borrowing includes:

MFA issue	Issue date	Term (yrs.)	Maturity date	Interest rate	Refinancing date
127	April 7, 2014	10	April 7, 2024	3.30%	-
158	September 23, 2022	20	September 23, 2042	4.09%	September 23, 2032

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

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

Interest expense incurred for the year on the long-term debt was \$2,750,689 (2021 - \$1,676,895).

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

2023	\$ 9,187
2024	9,538
2025	3,636
2026	3,764
2027	3,895
Thereafter	77,796
	\$ 107,816

12. Tangible capital assets:

Cost	Balance December 31, 2021	Additions and transfers	Disposals	Balance December 31, 2022
Land	\$ 1,077,254	\$ 44,227	\$ -	\$ 1,121,481
Building and building improvements	576,752	22,907	(4,048)	595,611
Infrastructure	1,912,378	45,169	(6,370)	1,951,177
Vehicles, machinery and equipment	166,131	12,419	(1,602)	176,948
Library's collections, furniture and equipment	10,710	1,029	(613)	11,126
Assets under construction	60,690	2,681	-	63,371
	\$ 3,803,915	\$ 128,432	\$ (12,633)	\$ 3,919,714

Accumulated amortization	Balance December 31, 2021	Disposals	Amortization expense	Balance December 31, 2022
Building and building improvements	\$ 229,433	\$ (3,548)	\$ 20,340	\$ 246,225
Infrastructure	916,345	(6,233)	41,043	951,155
Vehicles, machinery and equipment	111,216	(1,474)	10,408	120,150
Library's collections, furniture and equipment	7,654	(613)	931	7,972
	\$ 1,264,648	\$ (11,868)	\$ 72,722	\$ 1,325,502

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

12. Tangible capital assets (continued):

Net book value	December 31, 2022	December 31, 2021
Land	\$ 1,121,481	\$ 1,077,254
Buildings and building improvements	349,386	347,319
Infrastructure	1,000,022	996,033
Vehicles, machinery and equipment	56,798	54,915
Library's collection, furniture and equipment	3,154	3,056
Assets under construction	63,371	60,690
Balance, end of year	\$ 2,594,212	\$ 2,539,267

(a) Assets under construction:

Assets under construction having a value of \$63,371,507 (2021 - \$60,690,017) 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 and recorded in other capital funding revenue on the statement of operations. The value of contributed assets received during the year is \$41,331,921 (2021 - \$61,004,232) comprised of land in the amount of \$30,863,846 (2021 - \$17,281,008), infrastructure in the amount of \$5,123,075 (2021 - \$20,810,489), buildings in the amount of \$5,345,000 (2021 - \$22,682,598). There were no machinery and equipment contributed in 2022 (2021 - \$230,137).

(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-down of tangible capital assets in 2022 (2021 - nil).

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

13. Accumulated surplus:

	General and Reserve Fund	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2022 Total	2021 Total
Investment in tangible capital assets	\$ 2,570,222	\$ -	\$ -	\$ 7,872	\$ 3,155	\$ 2,581,249	\$ 2,521,629
Reserves (note 14)	693,338	-	-	9,846	-	703,184	647,209
Appropriated surplus	245,113	19,157	11,775	1,166	3,351	280,562	256,020
Investment in LIEC	35,028	-	-	-	-	35,028	33,647
Surplus	14,954	885	6,621	610	830	23,900	24,826
Other equity	5,246	-	-	-	-	5,246	4,556
Balance, end of year	\$ 3,563,901	\$ 20,042	\$ 18,396	\$ 19,494	\$ 7,336	\$ 3,629,169	\$ 3,487,887

14. Reserves:

	Balance, December 31, 2021	Change during year	Balance, December 31, 2022
Affordable housing	\$ 14,293	\$ 1,134	\$ 15,427
Arts, culture and heritage	3,526	47	3,573
Capital building and infrastructure	122,720	6,905	129,625
Capital reserve	244,445	19,380	263,825
Capstan station	11,149	3,433	14,582
Child care development	10,078	91	10,169
Community legacy and land replacement	1,458	87	1,545
Drainage improvement	57,159	2,581	59,740
Equipment replacement	25,206	1,682	26,888
Hamilton area plan community amenity	3,007	598	3,605
Leisure facilities	18,970	8,798	27,768
Local improvements	7,571	189	7,760
Neighborhood improvement	8,037	551	8,588
Oval	8,100	1,746	9,846
Public art program	4,405	423	4,828
Sanitary sewer	49,611	3,907	53,518
Steveston off-street parking	336	3	339
Steveston road ends	155	(8)	147
Waterfront improvement	187	(6)	181
Watermain replacement	56,796	4,434	61,230
	\$ 647,209	\$ 55,975	\$ 703,184

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024, with results available in 2025.

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.

The City paid \$13,914,367 (2021 - \$14,125,356) for employer contributions while employees contributed \$12,078,813 (2021 - \$11,777,413) to the plan in fiscal 2022.

16. Contingent assets and contractual rights:

(a) Contingent assets:

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

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2022. Contingent assets are not recorded in the consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

16. Contingent assets and contractual rights (continued):

(b) Contractual rights:

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

2023	\$ 37,876
2024	13,377
2025	2,947
2026	1,707
2027	1,729
Thereafter	5,778

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

17. 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 Metro Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

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

2023	\$ 3,839
2024	3,545
2026	2,305
2026	2,173
2027 and thereafter	4,012

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

17. Commitments and contingencies (continued):

(c) Litigation:

As at December 31, 2022, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

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

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

(e) Contractual obligation:

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

(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 37 Class A and 18 Class B shares issued and outstanding as at December 31, 2022). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.

(g) Community associations:

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

18. Trust funds:

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

	2022	2021
Richmond Community Associations	\$ 696	\$ 1,928

19. Taxation and levies:

	2022	2021
Taxes collected:		
Property taxes	\$ 524,934	\$ 496,172
Payment-in-lieu of taxes and grants	37,860	24,326
Local improvement levies	84	84
	562,878	520,582
Less transfers to other authorities:		
Province of British Columbia - School taxes	(210,071)	(192,631)
TransLink	(45,904)	(42,926)
Metro Vancouver	(9,116)	(8,029)
BC Assessment Authority	(6,741)	(6,297)
Sewer debt collect via payment in lieu of taxes	(114)	(43)
Other	(36)	(30)
	(271,982)	(249,956)
Less payment-in-lieu of taxes retained by the City	(21,314)	(14,789)
	\$ 269,582	\$ 255,837

20. Other revenue:

	2022	2021
Developer contributions	\$ 14,957	\$ 6,580
Tangible capital assets gain on sale of land	260	722
Penalties and fines	6,382	4,210
Parking program	1,781	1,343
Recycle BC	3,083	2,884
Other	8,743	6,138
	\$ 35,206	\$ 21,877

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

21. Government transfers:

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

	2022	2021
Operating		
Province of British Columbia	\$ 19,273	\$ 12,590
TransLink	3,891	3,815
Government of Canada	2,291	1,999
Capital		
Province of British Columbia	8,619	6,069
TransLink	885	2,947
Government of Canada	1,410	567
	\$ 36,369	\$ 27,987

22. Segmented reporting:

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

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

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

22. Segmented reporting (continued):

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

	Community safety	Utilities	Engineering public works and project development	Community services	General government	Planning and development	Total city subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 269,582	\$ -	\$ 269,582
User fees	-	113,417	14,548	-	-	-	127,965
Sales of services	9,062	2,269	2,439	10,996	10,280	1,778	36,824
Payments-in-lieu of taxes	-	-	-	-	21,314	-	21,314
Provincial and federal grants	219	15	4,061	220	3,724	65	8,304
Development cost charges	-	415	2,392	12,527	2,202	4,898	22,434
Other capital funding sources	350	1,275	10,086	501	30,864	8,144	51,220
Other revenue:							
Investment income	-	272	-	-	29,959	-	30,231
Gaming revenue	753	-	-	-	11,809	-	12,562
Licenses and permits	4,681	41	295	-	15	10,015	15,047
Other	2,037	4,092	1,137	673	11,268	240	19,447
Equity income	-	-	-	-	1,381	-	1,381
	17,102	121,796	34,958	24,917	392,398	25,140	616,311
Expenses:							
Wages and salaries	53,029	15,694	28,210	34,955	31,909	13,634	177,431
Public works maintenance	21	6,793	6,230	2,324	(1,483)	479	14,364
Contract services	68,317	10,010	5,367	2,971	4,331	2,058	93,054
Supplies and materials	2,965	37,634	1,686	11,644	12,548	933	67,410
Interest and finance	103	28,707	9	146	2,370	1	31,336
Transfer from (to) capital for tangible capital assets	(68)	2,654	12,910	2,364	483	3,207	21,550
Amortization of tangible capital assets	3,294	8,947	34,792	10,318	9,100	3,558	70,009
Loss (gain) on disposal of tangible capital assets	66	51	(101)	233	234	20	503
	127,727	110,490	89,103	64,955	59,492	23,890	475,657
Annual surplus (deficit)	\$ (110,625)	\$ 11,306	\$ (54,145)	\$ (40,038)	\$ 332,906	\$ 1,250	\$ 140,654

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

22. Segmented reporting (continued):

	Total City subtotal	Richmond Public Library	Richmond Olympic Oval	2022 Consolidated	2021 Consolidated
Revenue:					
Taxation and levies	\$ 269,582	\$ -	\$ -	\$ 269,582	\$ 255,837
User fees	127,965	-	-	127,965	118,144
Sales of services	36,824	57	7,613	44,494	35,601
Payments-in-lieu of taxes	21,314	-	-	21,314	14,789
Provincial and federal grants	8,304	377	4,212	12,893	12,704
Development cost charges	22,434	-	-	22,434	16,223
Other capital funding sources	51,220	-	-	51,220	64,695
Other revenue:					
Investment income	30,231	19	-	30,250	14,968
Gaming revenue	12,562	-	-	12,562	5,700
Licenses and permits	15,047	-	-	15,047	13,995
Other	19,447	10,448	5,311	35,206	21,877
Equity income	1,381	-	-	1,381	911
	616,311	10,901	17,136	644,348	575,444
Expenses:					
Wages and salaries	177,431	7,789	10,396	195,616	179,260
Public works maintenance	14,364	26	-	14,390	13,011
Contract services	93,054	409	-	93,463	89,086
Supplies and materials	67,410	1,771	4,666	73,847	68,056
Interest and finance	31,336	4	-	31,340	30,301
Transfer from (to) capital for tangible capital assets	21,550	(344)	-	21,206	21,094
Amortization of tangible capital assets	70,009	931	1,782	72,722	68,519
Loss (gain) on disposal of tangible capital assets	503	(21)	-	482	2,436
	475,657	10,565	16,844	503,066	471,763
Annual surplus (deficit)	\$ 140,654	\$ 336	\$ 292	\$ 141,282	\$ 103,681

23. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated 5 Year Financial Plan adopted by Council on January 24, 2022. The table below reconciles the adopted Consolidated Financial Plan to the budget amounts reported in these consolidated financial statements.

	Financial plan Bylaw No. 10327	Financial statement budget
Consolidated financial plan:		
Revenue	\$ 604,730	\$ 604,730
Expenses	522,614	522,614
Annual surplus	82,116	82,116
Less:		
Acquisition of tangible capital assets	(255,375)	-
Contributed tangible capital assets	(54,782)	-
Transfer to reserves	(78,319)	-
Debt principal	(5,570)	-
Add:		
Capital funding	303,542	-
Transfer from surplus	8,388	-
Annual surplus	\$ -	\$ 82,116

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

24. Comparative information:

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

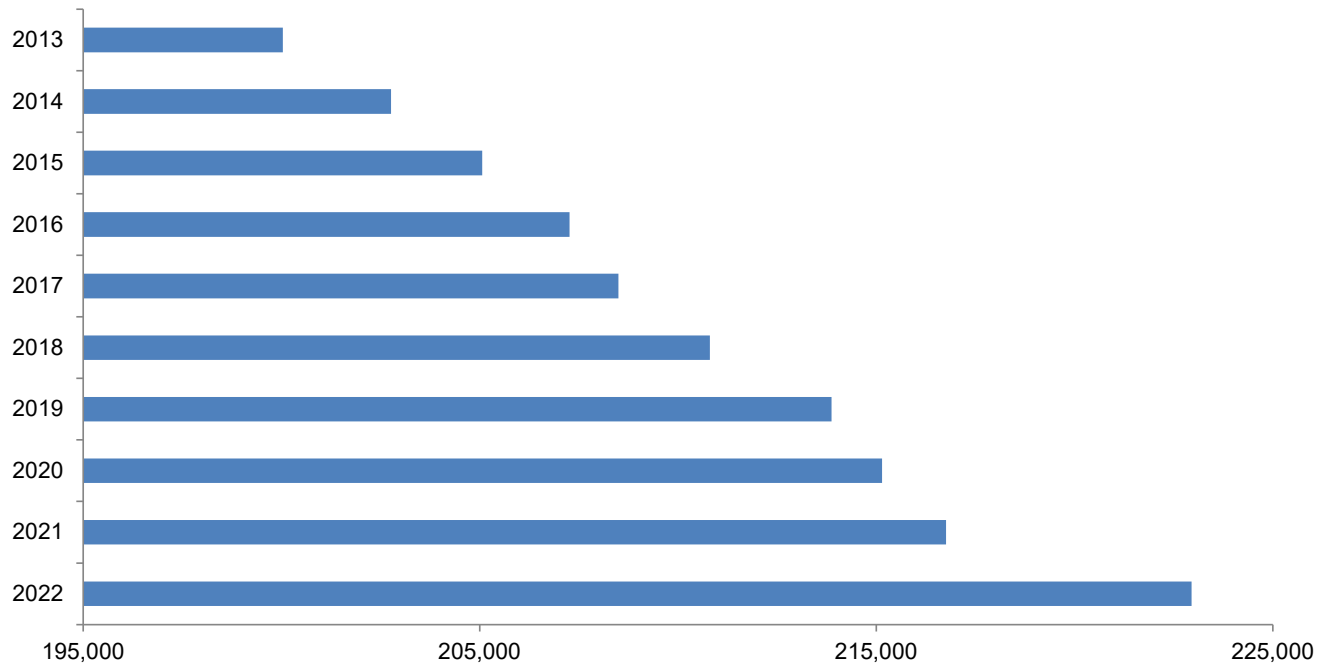
25. Subsequent events:

In March 2023, the City received \$20,354,000 from the Province of B.C. relating to the Growing Communities Fund grant. The Growing Communities Fund grant is a one-time grant that can be used to address the City's infrastructure and amenity needs. This amount will be recognized as revenue in 2023.

City of Richmond statistical data

City of Richmond population 2013–2022.....	48
Total population by age groups.....	48
Immigrant status of Richmond residents by period of immigration	49
Language spoken most often at home	49
Highest level of education attained for the population aged 25 to 64	50
Occupations of Richmond residents	50
Major employers in Richmond.....	51
Housing starts in Richmond 2013–2022	51
Richmond housing starts by type of units 2022	52
New dwelling units constructed 2013–2022	52
Construction value of building permits issued 2013–2022 (in \$000s)	53
Richmond business licences 2018–2022	53
City of Richmond budgeted capital costs 2018–2022 (in \$000s).....	54
Capital program by type 2022	54
Breakdown of residential tax bill 2022	55
Registration in Richmond Recreation and Cultural Services programs 2018–2022.....	55
2022 tax rates.....	56
2022 general revenue fund assessment and taxation by property class (in \$000s).....	56
Taxes levied on behalf of taxing authorities (in \$000s)	56
2018–2022 general assessment by property class (in \$000s)	57
Top 10 corporate taxpayers in Richmond.....	57
Debt servicing costs compared to general taxation revenue 2018–2022 (in \$000s).....	58
Liability servicing limit 2018–2022 (in \$000s)	58
City of Richmond debt per capita 2018–2022	58
Net debt 2018–2022 (in \$000s)	58
Expenses by function 2018–2022 (in \$000s)	59
Expenses by object 2018–2022 (in \$000s).....	59
Revenue by source 2018–2022 (in \$000s).....	60
Accumulated surplus 2018–2022 (in \$000s).....	60
Changes in net financial assets 2018–2022 (in \$000s).....	60
Reserves 2018–2022 (in \$000s).....	61
Investment portfolio per type 2021–2022 (in \$000s).....	62
Ratio analysis indicators of financial condition.....	62

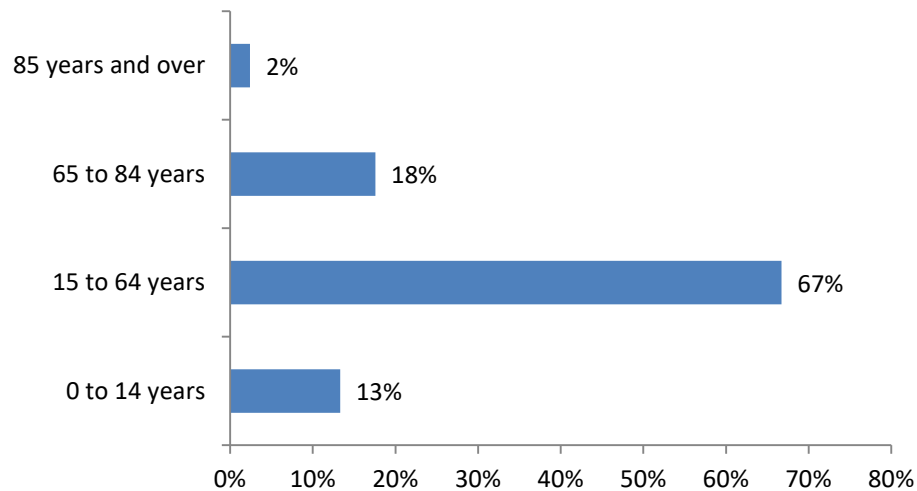
City of Richmond population 2013–2022



Numbers were revised for 2019—restated based on BC Stats estimates.

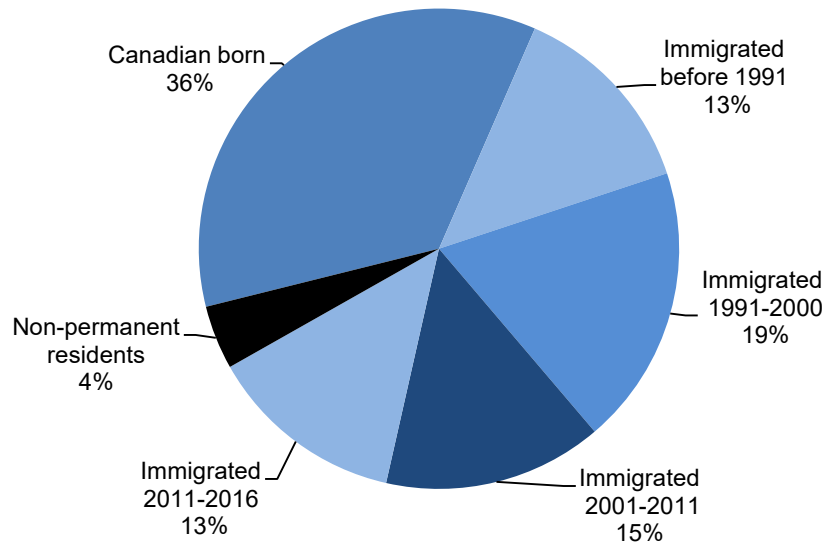
Source: BC Stats population figures

Total population by age groups



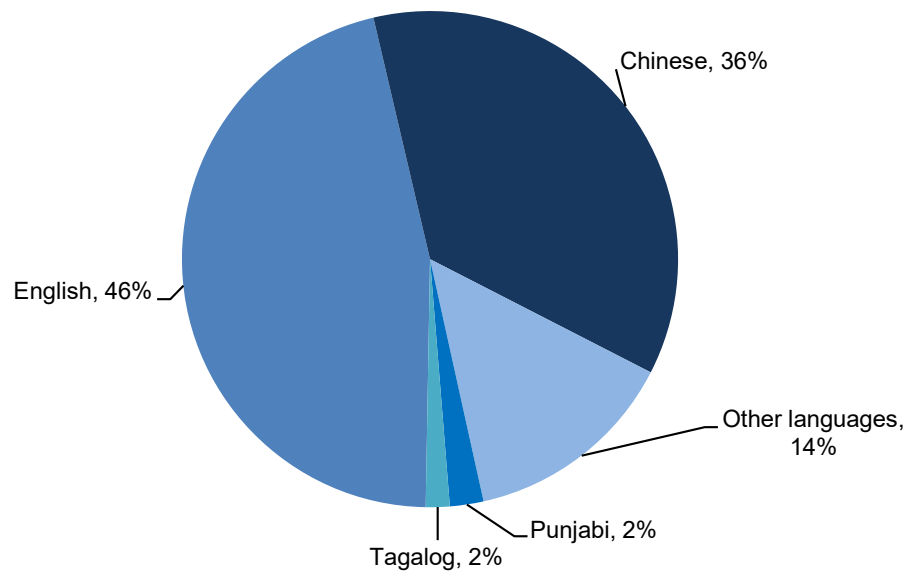
Source: Statistics Canada, 2021 Census of Population

Immigrant status of Richmond residents by period of immigration



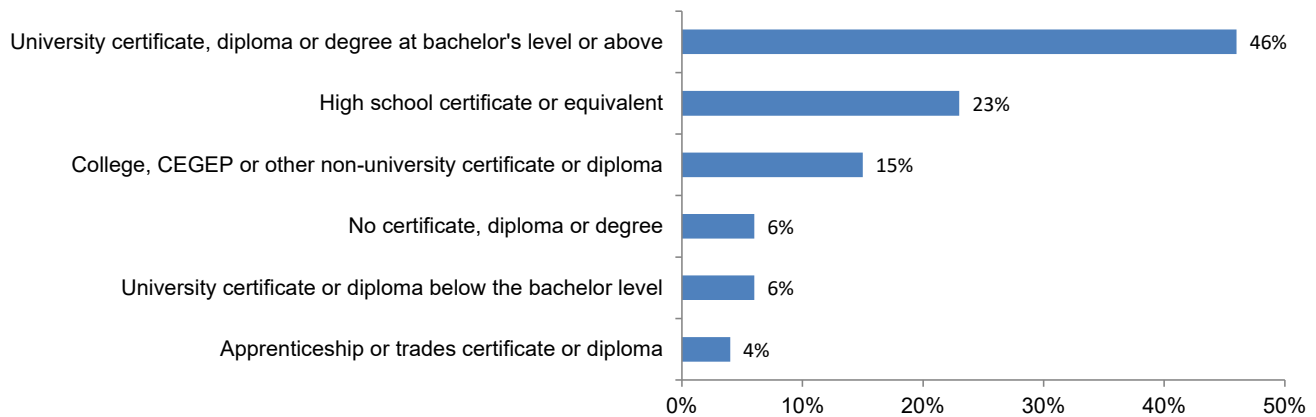
Source: Statistics Canada, 2021 Census of Population

Language spoken most often at home



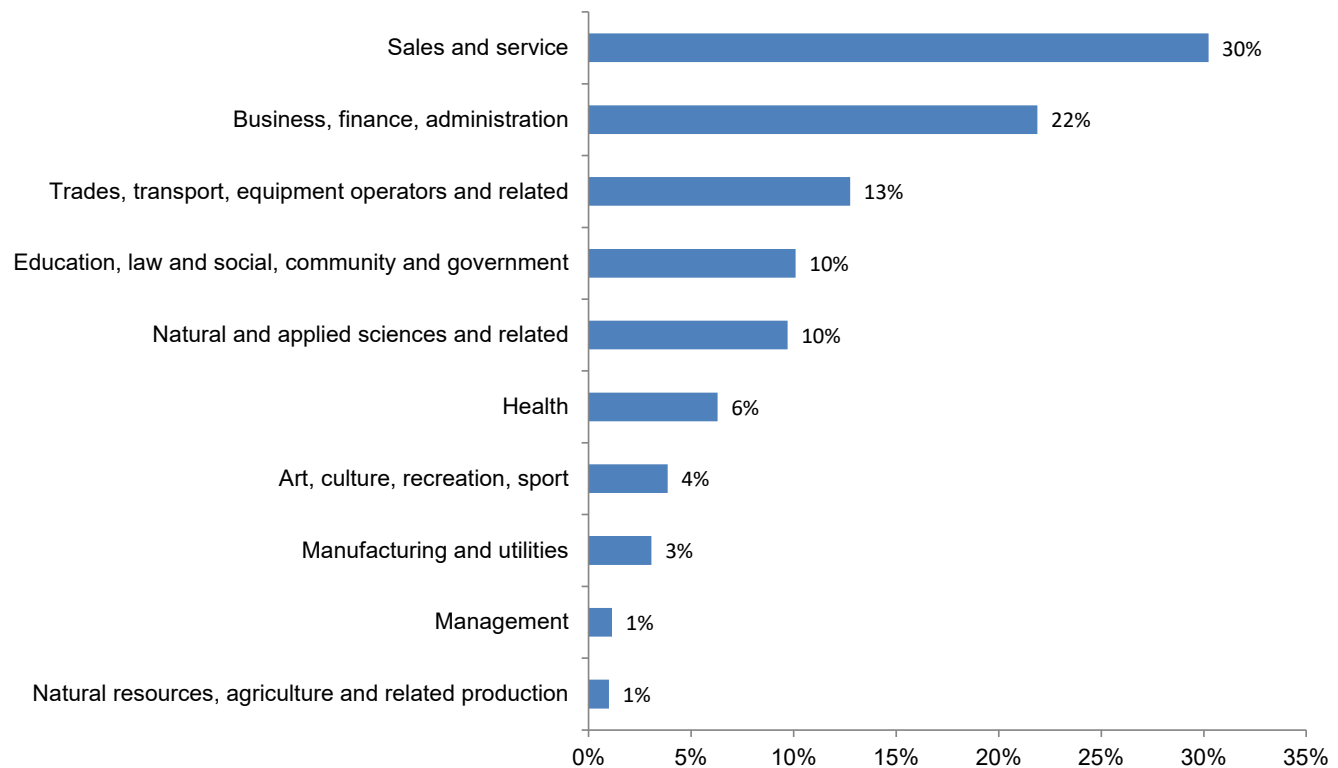
Source: Statistics Canada, 2021 Census of Population

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



Source: Statistics Canada, 2021 Census of Population

Occupations of Richmond residents

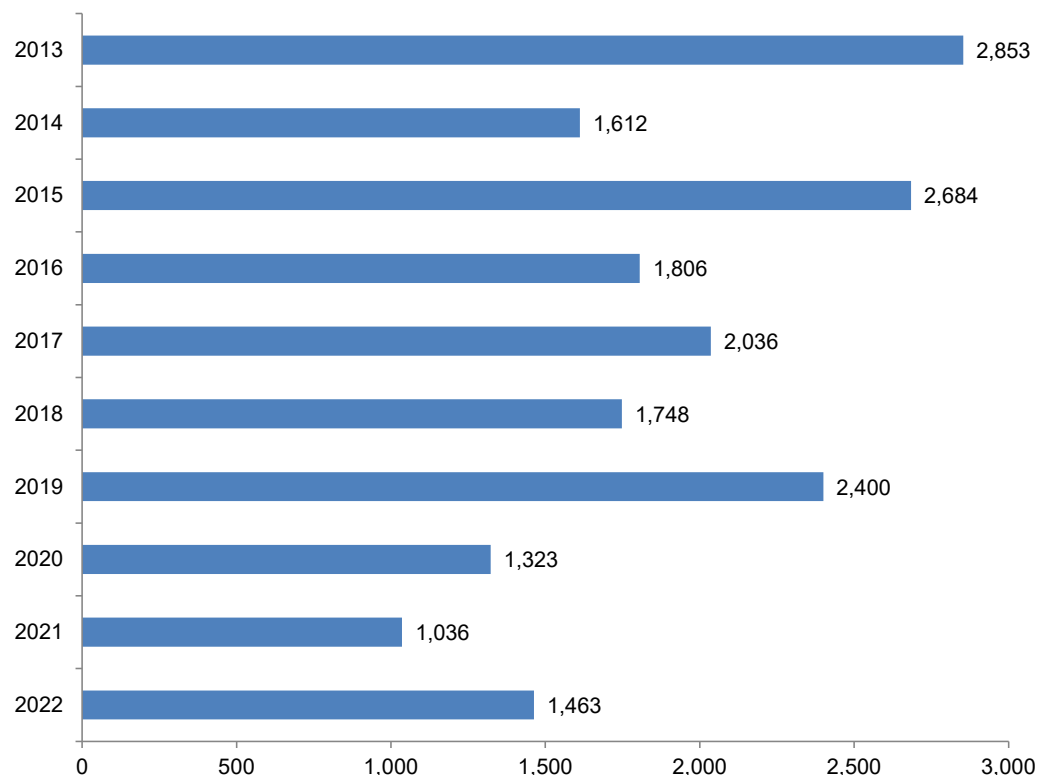


Source: Statistics Canada, 2021 Census of Population

Major employers in Richmond (in alphabetical order)

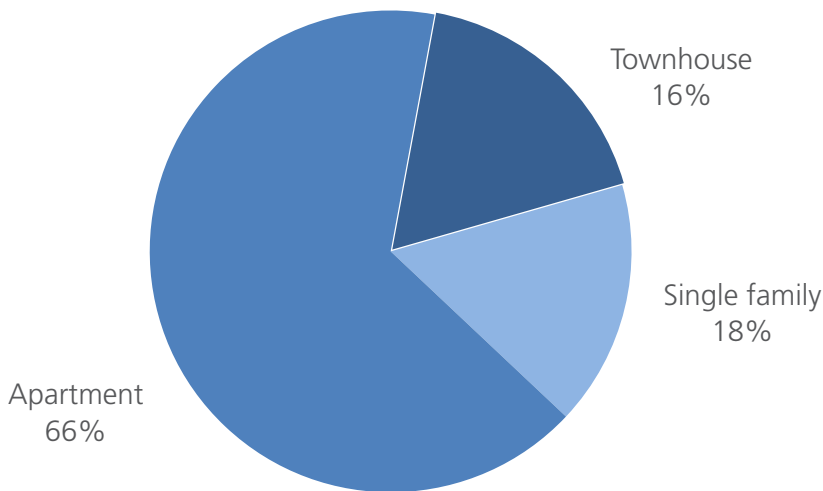
- Air Canada
- Allied Universal Security Services of Canada
- Amazon Canada
- Change Healthcare Canada
- City of Richmond
- Crown Packaging Ltd.
- Gate Gourmet Canada Inc.
- London Drugs Ltd.
- MDA Systems Ltd.
- Richmond Plywood Corporation Ltd.
- River Rock Casino Resort
- School District No.38
- T&T Supermarket
- The Real Canadian Superstore
- Vancouver Coastal Health, Richmond
- WorkSafeBC

Housing starts in Richmond 2013–2022



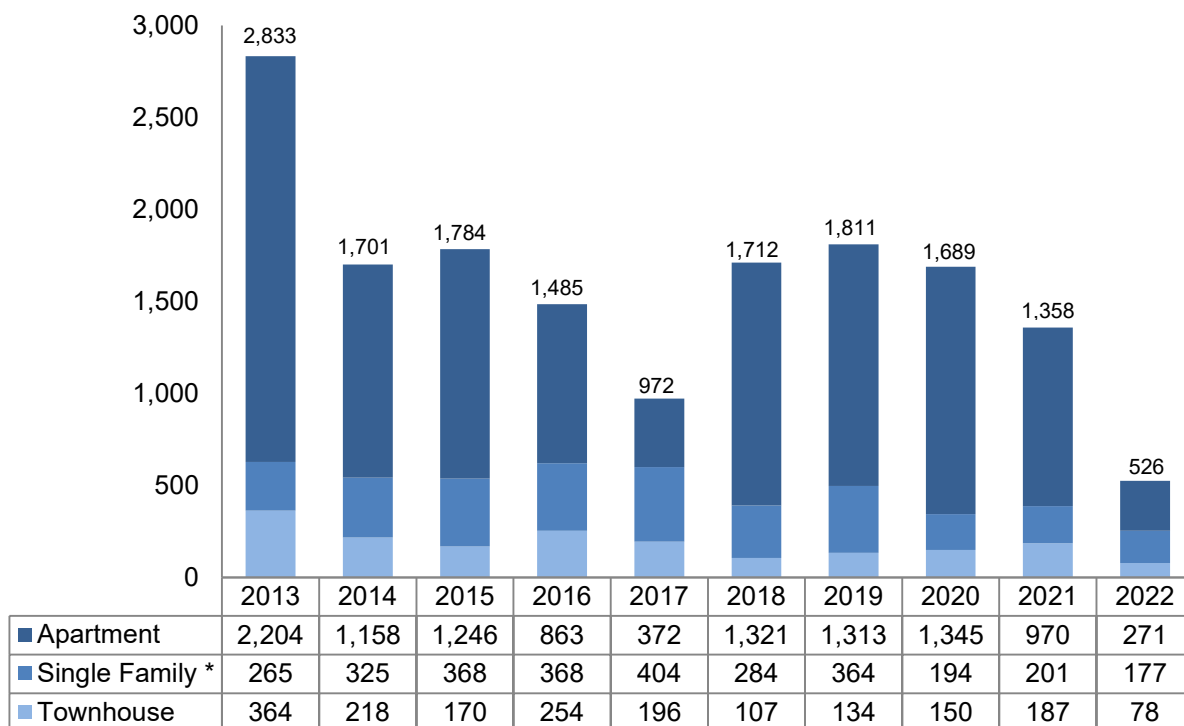
*Includes only projects for new residential construction receiving final building permit in given year.
Source: City of Richmond building permit records*

Richmond housing starts by type of units 2022



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

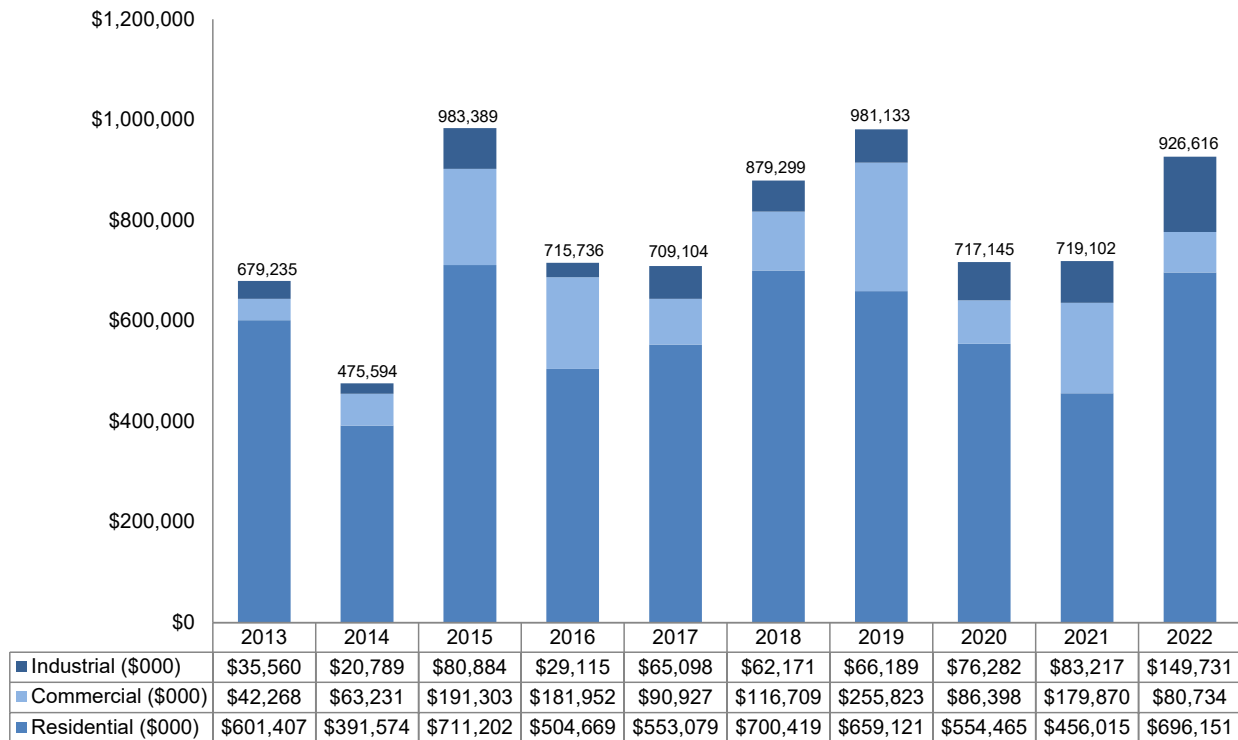
New dwelling units constructed 2013–2022



* Includes one family and two family dwellings.

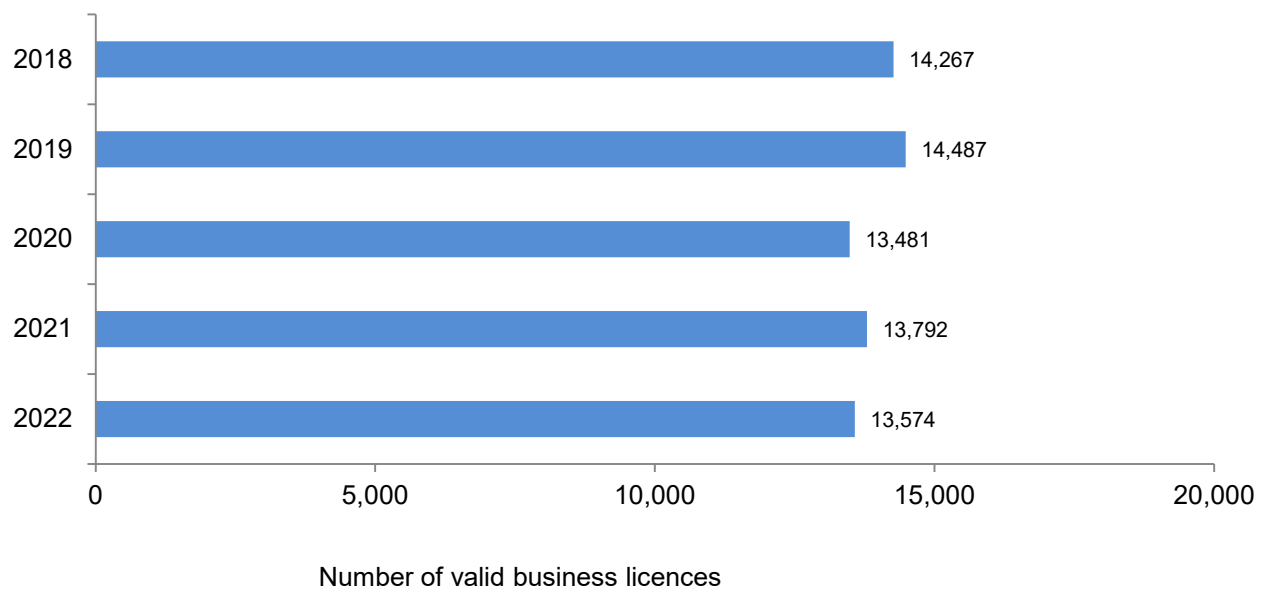
*Includes only projects for new residential construction receiving final building permit in given year.
Source: City of Richmond building permit records*

Construction value of building permits issued 2013–2022 (in \$000s)



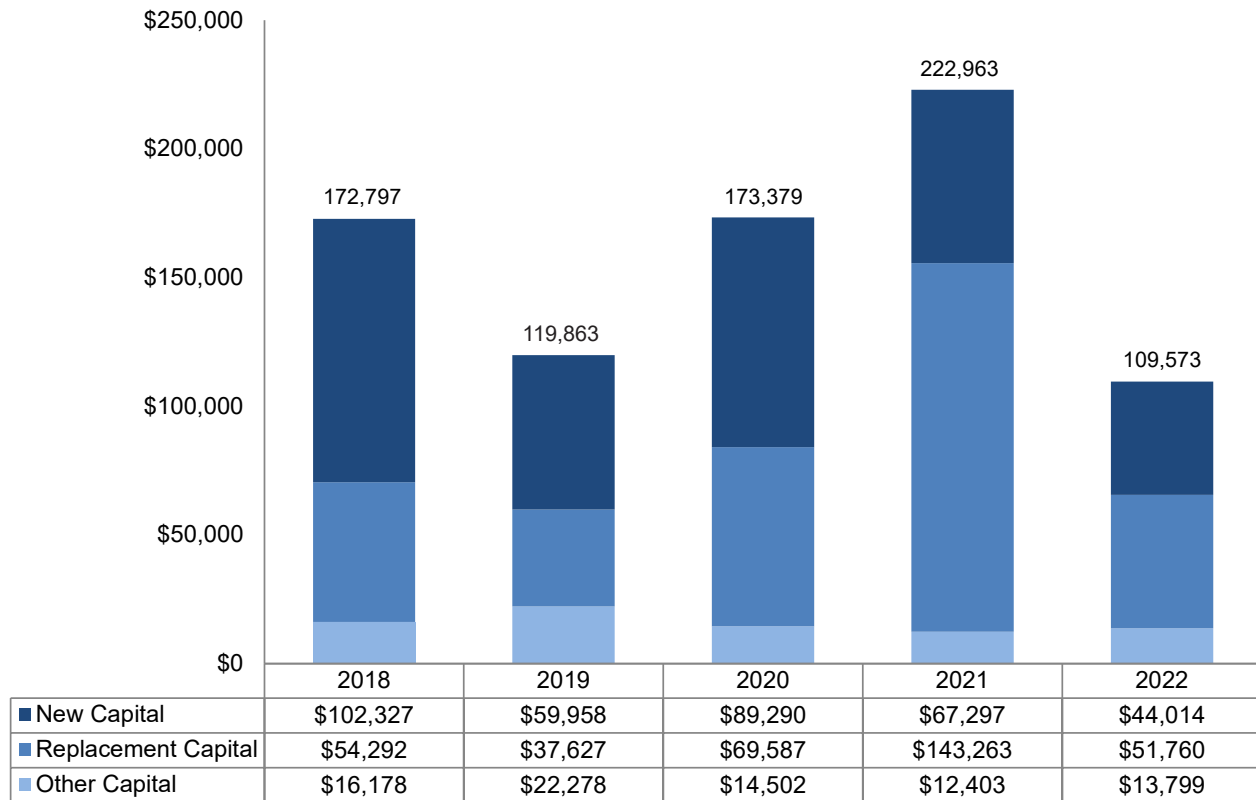
Source: City of Richmond building permit records

Richmond business licences 2018–2022



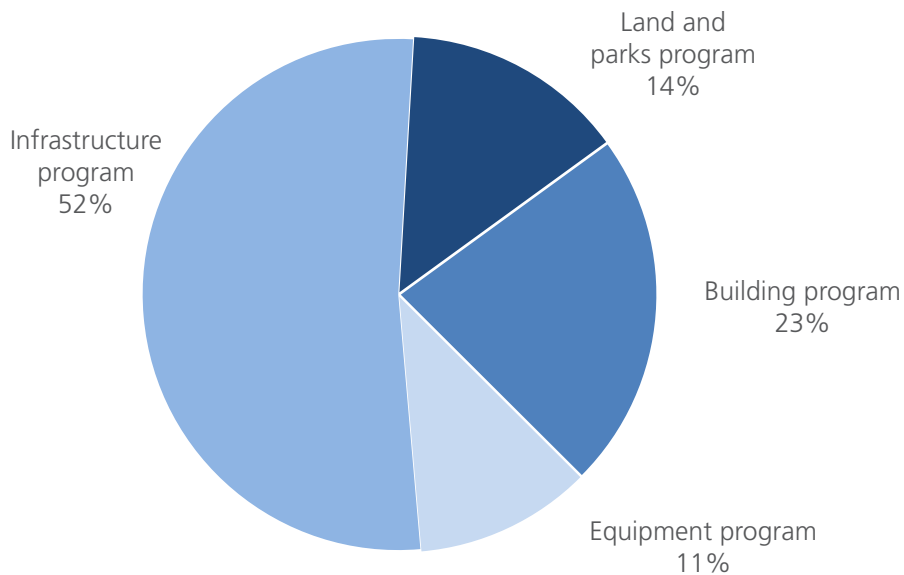
Source: 2022 City of Richmond business licences

City of Richmond budgeted capital costs 2018–2022 (in \$000s)



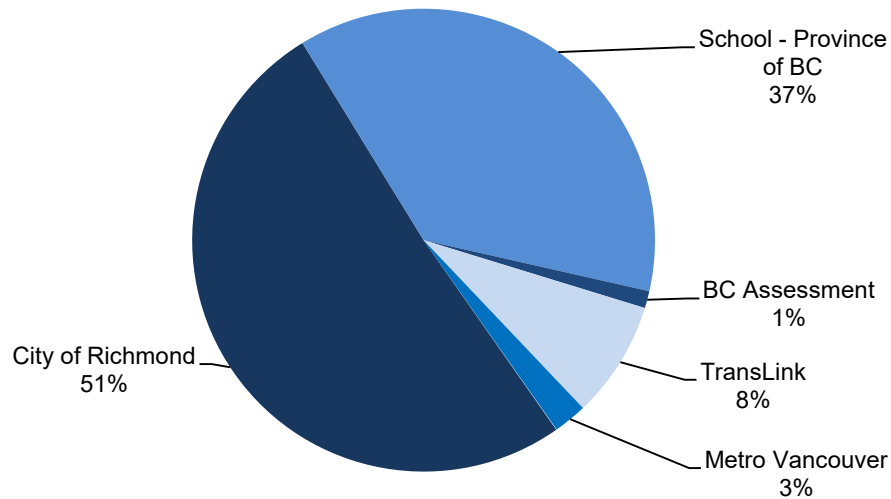
Source: City of Richmond Finance and Corporate Services

Capital program by type 2022



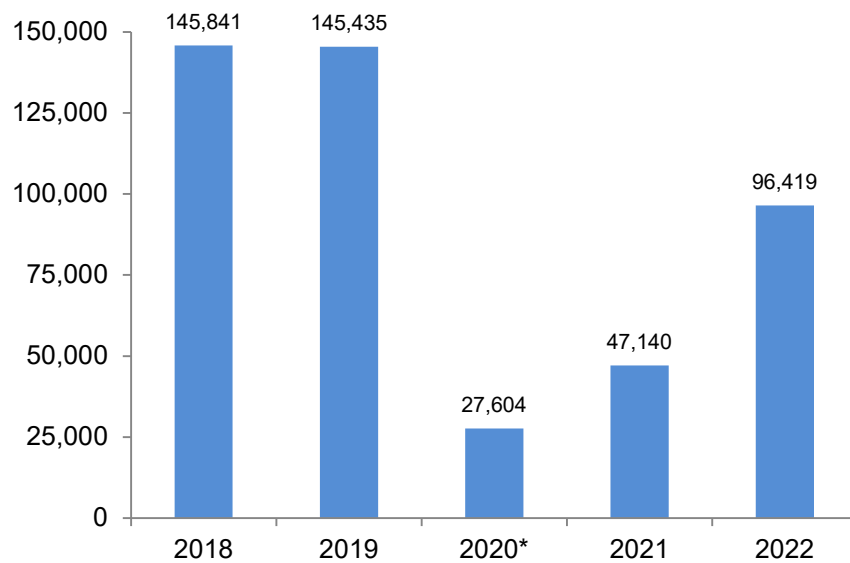
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2022



Source: City of Richmond Finance and Corporate Services

Registration in Richmond Recreation and Cultural Services programs 2018–2022



*2020 figure has been restated.

Source: City of Richmond Finance and Corporate Services

2022 tax rates

	City of Richmond	School - Province of BC	Metro Vancouver	BC Assessment	Municipal Finance Authority	TransLink
Residential	1.65745	0.99580	0.05127	0.03490	0.00020	0.22590
Business	4.00065	3.52000	0.12562	0.10360	0.00050	0.77870
Light industrial	4.00065	3.52000	0.17433	0.10360	0.00070	0.78220
Seasonal / Recreational	1.35615	2.03000	0.05127	0.03490	0.00020	0.15640
Major industrial	7.51512	1.40800	0.17433	0.46620	0.00070	1.40220
Farm	15.63913	3.49000	0.05127	0.03490	0.00020	0.32390
Utilities	38.53459	12.72000	0.17946	0.46620	0.00070	2.23700

Source: City of Richmond Finance and Corporate Services

2022 general revenue fund assessment and taxation by property class (in \$000s)

	Assessment	% of assessment by class	Taxation	% of taxation by class
Residential	\$92,961,083	76.60%	\$154,079	57.09%
Business	22,213,156	18.31%	88,867	32.93%
Light industrial	5,368,958	4.42%	21,479	7.96%
Seasonal / Recreational	353,571	0.29%	480	0.18%
Major industrial	389,851	0.32%	2,930	1.09%
Farm	26,496	0.02%	414	0.15%
Utilities	43,033	0.04%	1,658	0.60%
Total	\$121,356,148	100.00%	\$269,907	100.00%

Amounts are based on billing.

Source: City of Richmond Finance and Corporate Services

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

	2018	2019	2020	2021	2022
City of Richmond	\$216,908	\$231,100	\$241,739	\$257,088	\$269,907
School Board	169,005	181,863	121,559	186,528	197,657
Metro Vancouver	5,915	6,922	9,145	11,146	12,410
BC Assessment	5,737	5,894	6,008	6,088	6,344
TransLink	35,991	38,863	40,189	41,576	43,301
Other	26	29	116	112	117
Total Taxes	\$433,582	\$464,671	\$418,756	\$502,538	\$529,736

Amounts are less supplementary adjustments.

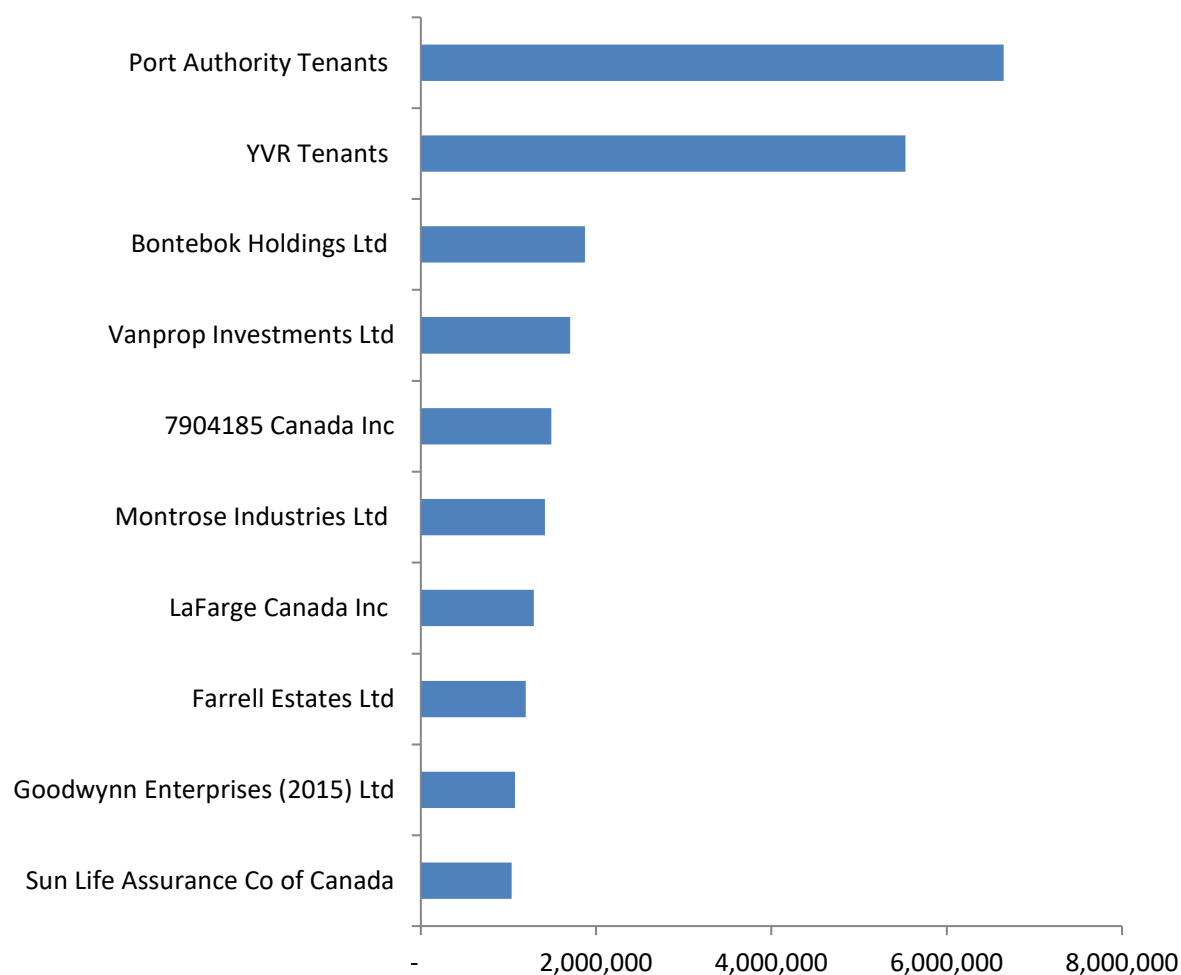
Source: City of Richmond Finance and Corporate Services

2018–2022 general assessment by property class (in \$000s)

	2018	2019	2020	2021	2022
Residential	\$80,530,838	\$84,391,147	\$75,895,923	\$78,838,953	\$92,961,083
Business	15,848,533	18,964,170	19,613,458	18,856,561	22,213,156
Light industrial	2,998,757	3,528,011	3,850,127	4,286,605	5,368,958
Seasonal / recreational	200,893	221,291	211,659	213,776	353,571
Major industrial	204,542	259,457	289,800	336,999	389,851
Farm	26,297	26,166	26,103	26,044	26,496
Utilities	29,250	35,869	55,674	41,633	43,033
Total	\$99,839,110	\$107,426,111	\$99,942,744	\$102,600,571	\$121,356,148

Source: City of Richmond Finance and Corporate Services

Top 10 corporate taxpayers in Richmond



Source: City of Richmond Finance and Corporate Services

Debt servicing costs compared to general taxation revenue 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Debt servicing costs	5,909	6,628	6,826	7,032	8,320
General taxation revenue	\$216,908	\$230,198	\$239,991	\$255,837	\$269,582
Debt servicing costs as a % of general taxation revenue	2.72%	2.88%	2.84%	2.75%	3.09%

Source: City of Richmond Finance and Corporate Services

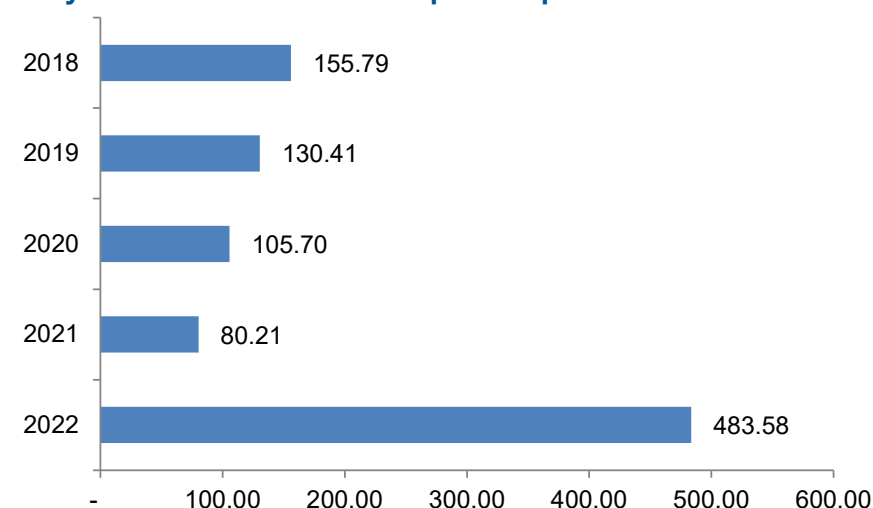
Liability servicing limit 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Liability servicing limit	\$114,285	\$117,239	\$113,768	\$113,663	\$127,512

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

Source: City of Richmond Finance and Corporate Services

City of Richmond debt per capita 2018–2022



Source: City of Richmond Finance and Corporate Services

Net debt 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Net debt	\$32,842	\$27,891	\$22,741	\$17,386	\$107,816

Source: City of Richmond Finance and Corporate Services

Expenses by function 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Community safety	\$98,500	\$106,209	\$112,895	\$123,232	\$127,727
Engineering and public works	68,793	80,940	75,314	80,083	89,103
Community services	63,882	67,522	50,833	59,873	64,955
General government	52,549	55,689	51,495	52,995	59,492
Utilities	89,959	98,653	102,824	106,519	110,490
Planning and development	15,368	48,104*	19,201	25,166	23,890
Library services	9,981	10,601	9,040	9,816	10,565
Richmond Olympic Oval	15,424	15,972	12,586	14,079	16,844
Total expenses	\$414,456	\$483,690	\$434,188	\$471,763	\$503,066

* Includes one-time TransLink contribution for Capstan Station.

Source: City of Richmond Finance and Corporate Services

Expenses by object 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Wages, salaries and benefits	\$162,331	\$177,363	\$164,788	\$179,260	\$195,616
Public works maintenance	13,405	15,299	13,343	13,011	14,390
Contract services	73,479	79,098	81,642	89,086	93,463
Supplies, materials	67,919	68,801	64,437	68,056	73,847
Interest and finance	23,149	26,089	29,779	30,301	31,340
Transfer from (to) capital for tangible capital assets	13,307	52,244	13,568	21,094	21,206
Amortization of tangible capital assets	60,542	64,228	66,254	68,519	72,722
Loss/(gain) on disposal of tangible capital assets	324	568	377	2,436	482
Total expenses	\$414,456	\$483,690	\$434,188	\$471,763	\$503,066

Source: City of Richmond Finance and Corporate Services

Revenue by source 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Taxation and levies	\$216,908	\$230,198	\$239,991	\$255,837	\$269,582
User fees	102,915	111,472	114,335	118,144	127,965
Sales of services	39,111	42,747	29,090	35,601	44,494
Licences and permits	13,637	13,030	19,407	13,995	15,047
Investment income	20,705	25,142	20,175	14,968	30,250
Grants including casino revenue	42,681	42,104	16,953	18,404	25,455
Development cost charges	17,432	13,802	16,737	15,223	22,434
Capital funding	95,859	39,028	71,051	64,695	51,220
Other	50,169	64,419	51,313	38,577	57,901
Total revenue	\$599,417	\$581,942	\$579,052	\$575,444	\$644,348

Source: City of Richmond Finance and Corporate Services

Accumulated surplus 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Accumulated surplus, beginning of year	\$2,956,129	\$3,141,090	\$3,239,342	\$3,384,206	\$3,487,887
Annual surplus	184,961	98,252	144,864	103,681	141,282
Accumulated surplus, end of year	\$3,141,090	\$3,239,342	\$3,384,206	\$3,487,887	\$3,629,169

Source: City of Richmond Finance and Corporate Services

Changes in net financial assets 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Change in net financial assets	\$65,031	\$42,748	\$83,116	\$51,018	\$85,722
Net financial assets, end of year	\$763,121	\$805,869	\$888,985	\$940,003	\$1,025,725

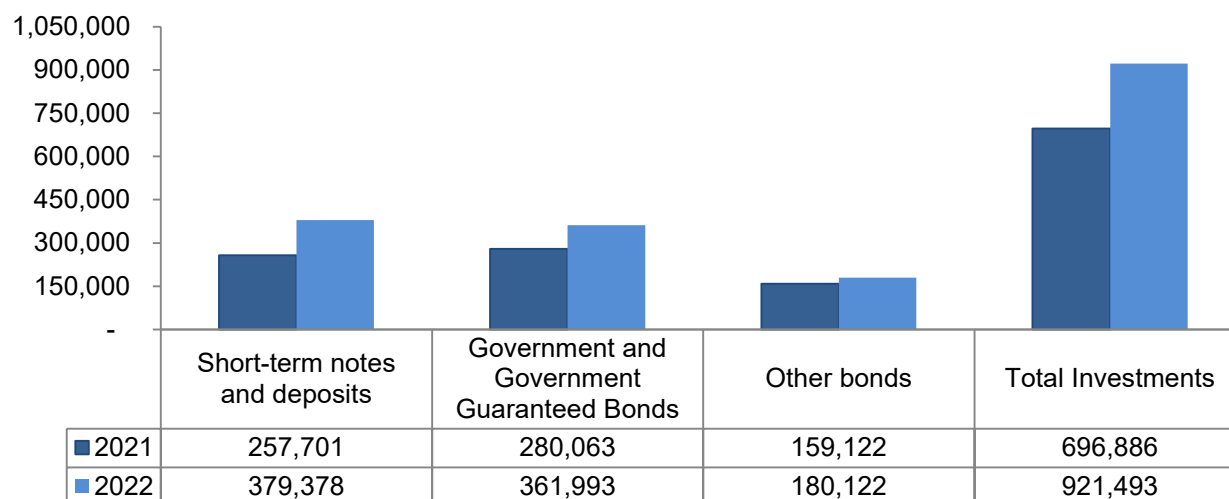
Source: City of Richmond Finance and Corporate Services

Reserves 2018–2022 (in \$000s)

	2018	2019	2020	2021	2022
Affordable housing	\$10,836	\$11,705	\$12,250	\$14,293	\$15,427
Arts, culture and heritage	4,003	3,726	3,721	3,526	3,573
Capital building and infrastructure	81,763	100,686	111,528	122,720	129,625
Capital reserve	176,142	171,976	222,778	244,445	263,825
Capstan Station	32,332	32,318	11,477	11,149	14,582
Child care development	6,806	8,922	10,055	10,078	10,169
Community legacy and land replacement	8,852	1,310	1,387	1,458	1,545
Drainage improvement	56,132	55,645	60,597	57,159	59,740
Equipment replacement	19,600	20,203	22,577	25,206	26,888
Hamilton area plan community amenity	752	1,720	2,762	3,007	3,605
Leisure facilities	18,765	17,676	18,097	18,970	27,768
Local improvements	7,155	7,327	7,459	7,571	7,760
Neighbourhood improvement	7,520	7,860	7,919	8,037	8,588
Richmond Olympic Oval	6,324	8,856	7,810	8,100	9,846
Public art program	4,860	4,858	4,582	4,405	4,828
Sanitary sewer	44,107	47,731	48,903	49,611	53,518
Steveston off-street parking	317	325	331	336	339
Steveston road ends	155	150	153	155	147
Waterfront improvement	317	202	195	187	181
Watermain replacement	53,415	54,380	54,952	56,796	61,230
Total reserves	\$540,153	\$557,576	\$609,533	\$647,209	\$703,184

Source: City of Richmond Finance and Corporate Services

Investment portfolio per type 2021–2022 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Ratio analysis indicators of financial condition

	2022	2021	2020
Sustainability ratios			
Assets to liabilities (times)	6.2	7.6	6.8
Financial assets to liabilities (times)	2.5	2.8	2.5
Net debt to total revenues	16.7%	3.0%	3.9%
Net debt to the total assessment	0.09%	0.02%	0.02%
Expenses to the total assessment	0.4%	0.5%	0.6%
Flexibility ratios			
Public debt charges to revenues	0.4%	0.3%	0.3%
Net book value of capital assets to its cost	66.2%	66.8%	67.3%
Own source revenue to the assessment	0.5%	0.5%	0.5%
Vulnerability ratios			
Government transfers to total revenues	4.0%	3.2%	3.4%

Source: City of Richmond Finance and Corporate Services

2022 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 2022. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

Property / Organization	Address	2022 Municipal tax exempted
Churches and religious properties		
Aga Khan Foundation Canada	4000 May Drive	\$ 13,662
BC Muslim Association	12300 Blundell Road	2,308
Bakerview Gospel Chapel	8991 Francis Road	3,051
Beth Tikvah Congregation	9711 Geal Road	18,413
Bethany Baptist Church	22680 Westminster Highway	8,711
Brighthouse United Church	8151 Bennett Road	17,231
Broadmoor Baptist Church	8140 Saunders Road	4,569
Canadian Martyrs Parish	5771 Granville Avenue	24,806
Christian and Missionary Alliance	3360 Sexsmith Road	13,342
Christian Reformed Church	9280 No. 2 Road	22,021
Church in Richmond	4460 Brown Road	2,686
Church of Latter Day Saints	8440 Williams Road	20,967
Conference of the United Mennonite Churches of BC	11571 Daniels Road	14,736
Cornerstone Evangelical Baptist Church	12011 Blundell Road	739
Dharma Drum Mountain Buddhist Temple	8240 No. 5 Road	1,243
Emmanuel Christian Community	10351 No. 1 Road	10,097
Fraserview Mennonite Brethren Church	11295 Mellis Drive	6,644
Fujian Evangelical Church	12200 Blundell Road	3,196
Gilmore Park United Church	8060 No. 1 Road	3,420
I Kuan Tao (Fay Chungder) Association	8866 Odlin Crescent	3,384
Immanuel Christian Reformed Church	7600 No. 4 Road	3,570
India Cultural Centre	8600 No. 5 Road	3,121
International Buddhist Society	9160 Steveston Highway	4,683
Johrei Fellowship Inc.	10380 Odlin Road	7,084
Lansdowne Congregation Jehovah's Witnesses	11014 Westminster Highway	3,332
Ling Yen Mountain Temple	10060 No. 5 Road	5,286
Meeting Room	8020 No. 5 Road	2,653
Nanaksar Gurdwara Gursikh Temple	18691 Westminster Highway	2,203
North Richmond Alliance Church	9140 Granville Avenue	5,656
Our Savior Lutheran Church	6340 No. 4 Road	3,485

Churches and religious properties continued . . .

Parish of St. Alban's	7260 St. Albans Road	\$ 16,399
Peace Evangelical Church	8280 No. 5 Road	1,249
Richmond Alliance Church	11371 No. 3 Road	2,538
Richmond Baptist Church	6560 Blundell Road	3,920
Richmond Baptist Church	6640 Blundell Road	13,017
Richmond Bethel Mennonite Church	10160 No. 5 Road	4,267
Richmond Chinese Alliance Church	10100 No. 1 Road	16,248
Richmond Chinese Evangelical Free Church	8040 No. 5 Road	2,567
Richmond Emmanuel Church	7451 Elmbridge Way	7,241
Richmond Faith Fellowship	11960 Montego Street	4,183
Richmond Gospel Hall	5651 Francis Road	5,002
Richmond Pentecostal Church	9300 Westminster Highway	3,320
Richmond Pentecostal Church	9260 Westminster Highway	1,959
Richmond Presbyterian Church	7111 No. 2 Road	12,841
Richmond Sea Island United Church	8711 Cambie Road	22,298
Salvation Army Church	8280 Gilbert Road	4,071
Science of Spirituality SKRM Inc.	11011 Shell Road	1,176
Shia Muslim Community	8580 No. 5 Road	1,974
South Arm United Church	11051 No. 3 Road	1,277
St. Anne's Anglican Church	4071 Francis Road	6,808
St. Gregory Armenian Apostolic Church	13780 Westminster Highway	1,242
St. Joseph the Worker Roman Catholic Church	4451 Williams Road	46,480
St. Monica's Roman Catholic Church	12011 Woodhead Road	4,145
St. Paul's Roman Catholic Parish	8251 St. Albans Road	17,181
Steveston Buddhist Temple	4360 Garry Street	19,225
Steveston Congregation Jehovah's Witnesses	4260 Williams Road	11,450
Steveston United Church	3720 Broadway Street	4,762
Subramaniya Swamy Temple	8840 No. 5 Road	1,598
Thrangu Monastery Association	8140 No. 5 Road	3,454
Thrangu Monastery Association	8160 No. 5 Road	1,710
Towers Baptist Church	10311 Albion Road	11,440
Trinity Lutheran Church	7100 Granville Avenue	17,743
Trinity Pacific Church	10011 No. 5 Road	8,027
Ukrainian Catholic Church	8700 Railway Avenue	4,001
Vancouver International Buddhist Progress Society	6690 - 8181 Cambie Road	9,752
Vancouver International Buddhist Progress Society	8271 Cambie Road	10,469
Vedic Cultural Society of BC	8200 No. 5 Road	3,751
Walford Road Gospel Church	9291 Walford Street	1,227

Recreation, child care and community service properties

Atira Women's Resource Society	650 - 5688 Hollybridge Way	\$6,745
Cook Road Children's Centre	8300 Cook Road	2,008
Cranberry Children's Centre	23591 Westminster Highway	6,357
Gardens Children's Centre	10640 No. 5 Road	4,915
Girl Guides of Canada	11551 Dyke Road	33,139
Girl Guides of Canada	4780 Blundell Road	6,802
Navy League of Canada	7411 River Road	7,519
Phileo Development Ltd.	5900 Minoru Boulevard	89,563
Richmond Caring Place	7000 Minoru Boulevard	106,409
Richmond Family Place	8660 Ash Street	7,081
Richmond Gymnastics Association	140 - 7400 River Road	15,965
Richmond Lawn Bowling Club	6131 Bowling Green Road	39,589
Richmond Public Library	11580 Cambie Road	3,484
Richmond Public Library	11688 Steveston Highway	3,893
Richmond Rod and Gun Club	140 - 7400 River Road	7,982
Richmond Rod and Gun Club	7760 River Road	28,274
Richmond Tennis Club	6820 Gilbert Road	45,666
Richmond Winter Club	5540 Hollybridge Way	204,624
River Run Early Care and Learning Centre	10277 River Drive	7,888
Riverside Children's Centre	5862 Dover Crescent	1,012
Scotch Pond Heritage	2220 Chatham Street	2,613
Seasoning Child Care Centre	10380 No. 2 Road	16,183
Sharing Farm	2900 River Road	18,526
Terra Nova Children's Centre	6011 Blanshard Drive	2,189
Treehouse Learning Centre	100 - 5500 Andrews Road	1,924
Watermania	14300 Entertainment Boulevard	145,128
West Cambie Children's Centre	4033 Stolberg Street	3,477
YMCA of Greater Vancouver	3368 Carscallen Road	9,872

Senior citizen housing

Richmond Legion Senior Citizen Society	7251 Langton Road	\$ 29,581
--	-------------------	-----------

Community care facilities

Developmental Disabilities Association	6531 Azure Road	\$ 2,911
Developmental Disabilities Association	8400 Robinson Road	3,188
Developmental Disabilities Association	7611 Langton Road	3,182
Greater Vancouver Community Service	4811 Williams Road	3,364
Pinegrove Place, Mennonite Care Home Society	11331 Mellis Drive	12,471
Richmond Lions Manor	9020 Bridgeport Road	25,423
Richmond Society for Community Living	5728 Woodward's Road	2,837
Richmond Society for Community Living	303 - 7560 Moffatt Road	1,012
Richmond Society for Community Living	4433 Francis Road	2,482
Richmond Society for Community Living	9580 Pendleton Road	3,474
Richmond Society for Community Living	431 Catalina Crescent	2,165
Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Road	39,594
Turning Point Recovery Society	10411 Odlin Road	3,098

Major services provided by the City of Richmond

Administration

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

Community Safety

Brings together the City's public safety providers including RCMP, Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

Community Services

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

Engineering and Public Works

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

Finance and Corporate Services

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

Planning and Development

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

Law and Legislative Services

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

Other City entities

Gateway Theatre

Operates the City's performing arts theatre.

Lulu Island Energy Company

Operates the City's district energy utilities.

Richmond Olympic Oval Corporation

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

Richmond Public Library

Operates Richmond's public library, including four branches.

City of Richmond contacts

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

City of Richmond

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

 @CityofRichmondBC

 @Richmond_BC

 @CityofRichmondBC

 /CityofRichmondBC

Gateway Theatre

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

 @GatewayThtr

 @GatewayThtr

 @GatewayThtr

Lulu Island Energy Company

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

Richmond Public Library

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

 @YourLibraryRichmond

 @RPLBC

 @RPLBC

 /YourLibraryRichmond

 Account: RPLYourlibrary1

Richmond Olympic Oval

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

 @RichmondOval

 @RichmondOval

 @RichmondOval

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. ©2023 City of Richmond

 Contents printed on Canadian made, 100% recycled stock, using environmentally friendly toners.



City of Richmond

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

Telephone: 604-276-4000

www.richmond.ca

Contents printed on Canadian made, 100% recycled stock using environmentally friendly toners.



City of
Richmond
British Columbia, Canada

2022 Annual Report Highlights

For the year ended December 31, 2022



RICHMOND CITY COUNCIL



Back row, left to right:

Lieutenant Jim Dickson—Richmond Fire-Rescue, Councillor Andy Hobbs, Councillor Kash Heed*, Councillor Laura Gillanders*, Councillor Michael Wolfe, Constable Jordan Hitchon—Richmond RCMP

Front row, left to right:

Councillor Alexa Loo, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Chak Au, Councillor Carol Day



Left: Councillor Harold Steves

Right: Councillor Linda McPhail

(did not seek re-election in October 2022)

*elected to Council October 2022

CONNECT WITH RICHMOND CITY COUNCIL

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

For Council meeting agendas and minutes, visit <https://citycouncil.richmond.ca/agendas.htm>.

To live stream Council meetings or view videos of past meetings, visit <https://citycouncil.richmond.ca/meetings/watch-video.htm>.



The City of Richmond is proud of its diverse and committed workforce. This year, we asked our employees to take photos and send us images of “their Richmond” for this report. Photos with the camera icon are just some of the submissions, and we are delighted to share them with you. None are professional photographers.

COVER PHOTO: SPRING TIME AT RICHMOND CITY HALL

CITY OF RICHMOND, BRITISH COLUMBIA 2022 ANNUAL REPORT HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2022

CONTENTS

Richmond City Council 2

Message from the Mayor..... 4

Message from the Chief
Administrative Officer 6

2022 Achievement highlights..... 8

Richmond: vibrant, confident
and connected 12

2022 Awards 15

Report from the General Manager,
Finance and Corporate Services 18

Richmond at a glance 20

Major services provided by
the City of Richmond..... 22

City of Richmond contacts 23

This report features highlights from Richmond’s 2022 Annual Report. For the detailed 2022 Annual Report that meets legislated requirements, or for an online copy of this highlights report, please visit <https://richmond.ca/city-hall/finance/reporting/reports.htm>.

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. © 2023 City of Richmond.

Contents printed on 100% recycled stock, using environmentally friendly toners.

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

MESSAGE FROM THE MAYOR



The City of Richmond has always been a civic leader, and our City Council is known for its bold, innovative, sustainable programs and strategies that benefit residents and businesses.

Those programs and strategies were key to our City's continuing emergence from the pandemic and supported the community through the economic challenges and increasingly forceful impacts of climate change. Throughout 2022, Council worked tirelessly to support our 225,000 residents and almost 14,000 businesses to ensure Richmond continued to be a safe, strong, active and resilient city.

Investment and growth supported by implementation of the City's Resilient Economy Strategy resulted in sustained job creation, with Richmond businesses now providing around 130,000 local jobs. With one of the strongest job-to-worker ratios in the region, Richmond continues to be an important employment centre and almost 20 per cent more new

business licenses were issued in 2022 compared to the previous year. That meant new jobs, new opportunities and renewed economic energy.

Council supported building permits for over \$926 million in construction value, not only leading to economic growth but more housing options for our community. In 2022, several significant projects were opened or announced. The award-winning Keltic Paramount development at No. 3 and Cook Roads is one example. Beyond its stunning First Nations-themed façade and artwork are 530 residential units, including 27 affordable housing units, as well as a large City-owned child care hub that has drawn accolades and awards.

Approval was given to another development in the emerging Hamilton Village Centre at the corner of Westminster Highway and Gilley Road, which will feature 223 residential units—including much-needed affordable housing—and around 25,000 square feet



MUSQUEAM ARTWORK BY THOMAS CANNELL IS FRONT AND CENTRE ON NO. 3 AND COOK ROADS
PHOTO BY MARCOS ALEJANDRO BADRA, PROGRAM MANAGER, CIRCULAR ECONOMY, SUSTAINABILITY
CITY EMPLOYEE SINCE 2018



of commercial space.

Ground was broken on the long-awaited replacement Steveston Community Centre and Library. This \$95 million, three-storey, 60,000 square foot facility will include a double gymnasium, fitness centre and active studio, as well as an extensive library to showcase enhanced collections with child and youth spaces and educational program rooms.

Maintaining strong infrastructure to keep our city safe from extreme weather was another priority. Council approved several initiatives including the raising of an additional 1.5 kilometres of dikes as well as new drainage pump stations at No. 3 and Gilbert Roads. Upgrades were made to over 1,270 feet of water mains, 2,200 feet of sanitary mains and 1,400 feet of drainage in the Burkeville neighbourhood alone.


Over the past year, Council took sustainable action and invested for future generations through the support and approval of several environmentally-

focused initiatives such as the Circular City Strategy to guide the transition to a fully circular economy in Richmond by 2050. Coupled with our ground-breaking single-use plastics bylaw, expansion of electric vehicle use and active transportation alternatives, as well as increased investment in our award-winning Lulu Island District Energy program, the City of Richmond continued to be a leader in sustainability and environmental stewardship.

This past year also saw a number of significant changes in governance and administration. Long-standing Councillors Harold Steves and Linda McPhail retired after years of dedicated community leadership, choosing not to seek re-election. In their place, Council welcomed Laura Gillanders and Kash Heed as newly-elected members. The City also welcomed long-serving staff member Serena Lusk to a new role as Chief Administrative Officer following the retirement of George Duncan, as well as Jim Wishlove as the

new Chief of Richmond Fire-Rescue. Chief Superintendent Dave Chauhan was also appointed as the new Officer in Charge of the Richmond RCMP detachment.

While the past year may have seen changes, through wise investments, sound management and innovative action, our staff, volunteers and businesses—as well as our community and government partners—continued to work together to make Richmond a better place for all. This 2022 Annual Report contains examples of just some of our goals and achievements. As always, I invite your comments and questions through my office.


Malcolm Brodie
Mayor, City of Richmond



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



I am pleased to present the City of Richmond's 2022 Annual Report. It details our strong financial position and outlines many of the important initiatives we are undertaking to serve our community.

This past year, the City continued its restoration of programs and services as we emerged from the isolation and restrictions of the pandemic. Richmond City Hall, which had provided services remotely since closing in March 2020, reopened its doors to the public once again. Many of our recreation and fitness programs and activities also fully returned and were quickly embraced by the community. Recreation and day camp registration jumped 50 per cent as over 20,000 youth and children signed up.

Physical activity and healthy lifestyles are important to our community and Richmond was named BC's Most Active Community in the 2022 ParticipACTION Community Better Challenge. This nation-wide initiative recognized our community's activity levels along with the creative ways we engaged people to become more physically active.

Many popular festivals and events became in-person again, with over 40,000 visitors attending the Richmond Maritime Festival. Thousands also enjoyed the 75th Steveston Salmon Festival and Canada Day celebration. While the Cherry Blossom Festival remained online, it attracted over 66,000 social media visits and 7,400 video views, paving the way for an in-person return in 2023.

The City's Remembrance Day ceremony also returned to City Hall in-person for the first time since 2019, with the community, veterans and military representatives attending to show their respects.

Promoting diversity and inclusiveness is essential in a city as uniquely multicultural as Richmond. Over 80 per cent of our population is a visible minority, the highest proportion of any British Columbia municipality, so accessibility and acceptance is important as we build strong, healthy communities in Richmond. Our Newcomers Video Series is one example of how we welcome immigrants to our city, with the



THE SEINE NET LOFT AT BRITANNIA SHIPYARDS NATIONAL HISTORIC SITE
PHOTO BY SUSAN STEEVES, RECORDS COORDINATOR, CITY CLERK'S OFFICE
CITY EMPLOYEE SINCE 2002

online videos captioned in Chinese, Punjabi, Ukrainian, Arabic and Farsi.

The City and Richmond Multicultural Community Services began working together to encourage diversity and promote multiculturalism through an anti-racism arts project. The Aspire | Build | Celebrate (ABC) project was funded by a grant from the Department of Canadian Heritage Community Support, Multiculturalism and Anti-Racism Initiatives program and is another example of our commitment to diversity and inclusion.

Richmond also commemorated National Indigenous History Month (June) and National Indigenous Peoples Day (June 21) with a number of in-person and virtual events to recognize the heritage and strength of Indigenous Peoples. Canada's National Day for Truth and Reconciliation (September 30) was another opportunity to learn, commemorate and reflect on the historical and ongoing impacts of residential schools.

Building a sense of community is

important, and several new parks were opened to provide more outdoor options for people to gather and connect. Alexandra Park in the east Cambie neighbourhood, phase two of Aberdeen Neighbourhood Park in the Capstan area and Tait Riverfront Community Park in Bridgeport were all unveiled.

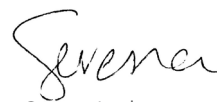
However, the year was not without challenges. Housing affordability continued to drive exploration of new and innovative ways to meet the growing housing needs of existing and incoming residents. Rezoning applications for around 2,500 units received initial approval in 2022, of which over 40 per cent will be rental units at market, below-market or Low End Market Rental rates.

Child care remained important to support young families and make Richmond an active, engaged and family-oriented community. The City and its partners provide almost 600 licensed childcare spaces throughout Richmond including Sprouts at Capstan Village and Seedlings in Brighthouse

Village, which both opened in 2022.

The overall foundation for success of our city is sound financial stewardship, and the long-term financial management strategy is a hallmark of our administration. It enabled us to continue to maintain effective and responsive service levels so Richmond remains a strong community that is committed to continued growth and success within a framework of diversity, sustainability and value for our taxpayers.

Since my appointment as Chief Administrative Officer in July 2022, I have been continually proud of the commitment of our staff and volunteers to improving the well-being of the community and thank everyone for their efforts and support of me in my new leadership role.



Serena Lusk
Chief Administrative Officer





SUNSET AT GARRY POINT PARK
PHOTO BY SHANNON UNRAU, LEGISLATIVE SERVICES ASSOCIATE, CITY CLERK'S OFFICE
CITY EMPLOYEE SINCE 2016

A full-page background image showing a sunset over a body of water. In the foreground, a couple is sitting on a large rock, looking out at the water. A piece of driftwood stands next to them. The sky is filled with colorful clouds, and the water reflects the sunset. In the distance, there are some structures and mountains.

2022 Achievement highlights

The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. When Council began its four-year term in October 2018, it undertook a strategic planning process to help fulfill its governance role and achieve a successful term of office. It adopted a revised set of eight Strategic Focus areas, which provided the framework for the City's programs and services. With a new Council term commencing in October 2022, it is anticipated that these strategies will be reviewed and modified if required for the 2022-2026 Council term.

1. A SAFE AND RESILIENT COMMUNITY

The deployment of 16 additional police resources supported significant enhancements to the Richmond RCMP's organizational structure and operational response capability. Residential break and enter offences decreased 13 per cent, theft from automobiles dropped 10 per cent, and the number of hate-related events was down 24 per cent from the previous year. Through communications in multiple languages, RCMP investigators were better able to target complex cyber fraud, reducing the number of cases by almost 10 per cent in 2022. Richmond Fire-Rescue continued development of a Fire Risk Prediction Model that uses fire incident, inspection and property data to develop predictive models of structure fire risks in the city. Safety also extended to the roads, as City snow and ice response crews pretreated or de-iced over 65,000 kilometres of roadways during winter, the equivalent of driving from Richmond to New York City and back seven times.

2. A SUSTAINABLE AND ENVIRONMENTALLY CONSCIOUS CITY

Richmond continued as a leader in sustainable practices and innovation. The City secured \$175 million in long-term funding from the Canada Infrastructure Bank for the expansion of its award-winning Lulu Island District Energy project. Richmond was the first municipality in Canada to receive an E3 Platinum Rating Certification in the national E3 Fleet program for excellence in fleet management and environmental performance. The City's commitment to water conservation through its water meter and water demand management programs continued to reduce waste. Total water consumption decreased by 3.5 per cent in 2022 despite a 1.5 per cent population increase. Overall, the City has realized savings of \$10 million in water purchase costs over the past decade.



COLOURFUL SKY ABOVE THE DIKE ON NO. 3 ROAD
PHOTO BY SUSAN STEEVES, RECORDS
COORDINATOR, CITY CLERK'S OFFICE
CITY EMPLOYEE SINCE 2002

3. ONE COMMUNITY TOGETHER

Easing of pandemic restrictions meant the return of many in-person festivals and events. The Steveston Salmon Festival saw thousands walk the streets to enjoy the festivities as it marked its 75th anniversary in July, while over 40,000 residents and visitors attended the Richmond Maritime Festival in August. The popular Culture Days celebration returned with an array of free, artist-led activities to promote arts, culture and creativity. Richmond is consistently recognized as among Canada's top 10 most engaged cultural cities. Its natural beauty and excellent location makes it attractive to the film industry with many popular series and movies filmed in and around the city. Approximately 75 film permits were issued in 2022, yielding over \$250,000 in service and location fees alone.

4. AN ACTIVE AND THRIVING RICHMOND

Richmond's rich maritime heritage, culinary delights and natural beauty makes it one of Canada's most culturally unique and diverse populations. Several new community parks opened in 2022 to provide recreational options, including Alexandra Park in east Cambie, phase two of Aberdeen Neighbourhood Park in the Capstan area and Tait Riverfront Community Park in Bridgeport. Recognizing its commitment to physical health and well-being, Richmond was named BC's Most Active Community in the 2022 ParticipACTION Community Better Challenge, while the Minoru Centre for Active Living received the Recreation Facilities Association of British Columbia's Outstanding Facility Award for its innovation, design and community-focus. In September, the City, in partnership with BC Housing and the Provincial Attorney General and Ministry Responsible for Housing, opened Aster Place, a 40-unit building providing housing and a stable home for residents experiencing or at risk of homelessness.

5. SOUND FINANCIAL MANAGEMENT

Council again supported a budget that enabled several key infrastructure projects to proceed while ensuring operating resources for key operations continued. Over \$1.7 million in one-time grants were approved to support immediate social and community operational and infrastructure needs. \$107.8 million was approved and allocated to key capital projects ranging from disaster and flood mitigation, to traffic intersection safety and transit accessibility. Council maintained a 1 per cent commitment to investment for future capital needs and, due to ongoing financial resiliency and strategic management, kept the overall impact to residential property owners to a tax change of around 19 cents per day.

6. STRATEGIC AND WELL-PLANNED GROWTH

Development interest continued to grow, reinforcing Richmond's importance as a desirable business and residential location. Building permits for over \$926 million in construction value were issued, an increase of over 25 per cent from the previous year and higher than the City's 10-year average. Rezoning applications for approximately 2,500 multi-family units received initial approval by Council in 2022. Of these, over 40 per cent are rental units at market, below market and Low End Market Rental rates. Over \$30 million in development cost charges were collected to help finance future infrastructure and amenities such as parks, utilities, roads and dikes. During the past year, Council officially opened the new animal shelter on No. 5 Road, as well as breaking ground on the 60,000 square foot, \$95 million replacement Steveston Community Centre and Library.

7. A SUPPORTED ECONOMIC SECTOR

The City's Resilient Economy Strategy continued to support business investment and growth post-pandemic, resulting in sustained job creation and one of the strongest job-to-worker ratios in the region. The number of new business licences rose almost 20 per cent, and the City implemented its MyBusiness online portal to enable new and existing business owners to conveniently apply for, update and renew their licences 24/7. In the first few weeks, over 20 per cent of businesses registered for the service. While Richmond has one of the largest industrial land inventories in the region with more than 45 million square feet of built industrial space, Council provided further support to the sector by approving a rezoning application for an additional 180,000 square feet of phased industrial space in East Richmond.

8. AN ENGAGED AND INFORMED COMMUNITY

Richmond is proud to be one of the most culturally diverse and unique populations in Canada. In November, the City launched a Newcomers Video Series as a resource for newly-arrived residents. The videos, available online, highlight different ways newcomers can experience our city and are captioned in Chinese, Punjabi, Ukrainian, Arabic and Farsi. Work began on redesigning the City's website to provide a more efficient and user-focused experience for the 3.4 million visits annually, while almost 25,000 users participated in 27 engagement initiatives on the City's LetsTalkRichmond.ca platform.

Richmond: vibrant, confident and connected

As communities across the country began to emerge from the challenges of the COVID-19 pandemic, the City of Richmond continued to move forward with confidence thanks to a strong history of sound infrastructure investment, planning and leadership.

As 2022 went on, the City was able to safely move away from many of the public health restrictions and return to in-person events and services that strengthened our already vibrant community.

The year began with the re-opening of the City's fitness centres in January, enabling people of all ages to return to the activities and social interactions they had missed since early-2020. A number of new City parks opened – Alexandra Park (June); Aberdeen Neighbourhood Park (July); Tait Riverfront Community Park

(August); and the Bark Park off-leash dog park (September). Work also began on the renewal of the popular Minoru Park lakes district in April, with an extensive revitalization expected by mid-2023. The Richmond Curling Club officially re-opened in September, while the Minoru Centre for Active Living received more accolades including the 2022 Outstanding Facility Award from the Recreation Facilities Association of BC.

Several festivals and events returned as in-person gatherings including the 75th annual Steveston Salmon Festival, Richmond Maritime Festival, Garlic Festival at Terra Nova and Culture Days.

With its long-standing commitment to creating accessible and engaging outdoor and indoor spaces, it was no surprise when Richmond was named British Columbia's

Most Active Community in the national ParticipACTION Community Better Challenge. Richmond boasts among the highest life expectancy in the world, and a 2022 BC Centre for Disease Control survey found Richmond residents actually used the pandemic to make positive changes to their health and well-being. It said 35 per cent of Richmond respondents were walking, running or cycling more than before the pandemic, while 28 per cent were eating more fruits and vegetables compared to 2020.

The City also supported residents to emerge from the pandemic in other ways. Active transportation remained a priority to support Council's Community Energy and Emissions Plan (CEEP) 2050 – adopted in February 2022 – to set Richmond on a path to achieving a 50 per cent reduction



TAIT RIVERFRONT COMMUNITY PARK

in community greenhouse gas emissions by 2030, and reaching net zero emissions by 2050.

Richmond became the first Metro Vancouver community to offer a shared e-scooter and e-bike service, with around 20,000 users making over 45,000 trips on the electric machines in the first few months. The popular Island City by Bike Tour returned in June, with hundreds of cyclists of all ages coming out to enjoy a free seven or 22 kilometre ride through Richmond. The City also became the first municipality in Canada to receive an E3 Platinum Rating Certification from the national E3 Fleet program for excellence in fleet management and environmental performance, further demonstrating its leadership in the use of green technologies.

While encouraging activity and connectedness was important to reinforce Richmond's sense of community, so too was the need to support businesses as they re-established themselves post-pandemic. City Hall reopened to in-person service in March, and the new online business licencing portal, MyBusiness, was launched in July to enable new and existing business owners to conveniently apply for, update and renew their licences 24/7. In partnership with Tourism Richmond, the free Richmond Discovery Shuttle and Bike Valet Service returned to Steveston Village to assist residents and visitors to enjoy this popular tourist destination and its many shopping, dining and sightseeing locations.

The year also saw a number of governance and leadership changes. The municipal election in October saw two

new members elected to Council after the retirement of two long-serving members. Serena Lusk moved from within to the role of Chief Administrative Officer following the retirement of her predecessor, while Richmond Fire-Rescue welcomed a new Chief, and the RCMP detachment a new Officer in Charge.

The City of Richmond has always been a leader through its development and implementation of bold, innovative programs and strategies that recognize and reflect our character, heritage and reputation as a safe, sustainable and culturally diverse community. The many accomplishments and achievements of the past year demonstrate why Richmond remains one of the most appealing, livable and well-managed communities in Canada.





FLOWERS AND SHRUBS ADORN THE WEST DIKE
PHOTO BY REENA CLARKSON, COMMUNICATIONS
PROJECT SUPPORT, CORPORATE
COMMUNICATIONS AND MARKETING
CITY EMPLOYEE SINCE 2004



2022 Awards

A measurement of the City's success in achieving its goals are the honours and recognition from our peers and others. In 2022, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

PROTECTING OUR ENVIRONMENT

The City received national recognition for its city-wide Pollinator Program from the Canadian Association of Municipal Administrators (CAMA). Presented with the 2022 CAMA Environmental Leadership and Sustainability Award in the 100,000+ population category, the award was given for excellence in conserving pollinators and developing and protecting their habitat. CAMA said Richmond exemplified how a land manager can be a leader through conscientious community programming and meaningful community engagement, and that "there is much that other municipalities can learn" from the City.

AWARDS CONTINUED . . .

HEALTHY LIVES, HEALTHY COMMUNITIES

Health and well-being is essential to creating healthy communities, and Richmond has long been recognized for its commitment to physical activity and programs aimed to engage and create a sense of community. The National ParticipACTION Community Better Challenge named Richmond British Columbia's Most Active Community in 2022. The award recognized the city's activity levels and the creative ways staff and community partners in Richmond motivated the community to get physically active throughout the national challenge.

GOING GREEN

Richmond's commitment to green energy was again recognized by being named as the only municipal recipient of a Platinum Rating by the national E3 Fleet, a program that assists trucking, utility, urban delivery, courier, government and other fleets to improve their fuel efficiency, reduce emissions, manage expenses and incorporate new technologies. Richmond was the only municipality in Canada to receive the Platinum rating with a performance score of 98 points out of 100. It was the second time the City has received coveted Platinum status.

LEADING EDGE DESIGN AND FUNCTIONALITY

The Minoru Centre for Active Living, the City of Richmond's state-of-the-art fitness and aquatic facility, continues to be recognized for its design, functionality and innovation. It received the Outstanding Facility Award from the Recreation Facilities Association of British Columbia for its innovative design, energy management, operations, revenue generation and service delivery. The facility was also recognized by Athletic Business as one of its 10 Facilities of Merit for 2022. It was selected for setting a new standard for wellness-oriented facilities that balances the needs of traditional aquatic uses while integrating a wide variety of other amenities that encourage healthy lifestyles, especially for an older-adult population.



FINANCIAL REPORTING

Once again, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting (the 20th year in a row) and the Outstanding Achievement in Popular Financial Reporting Award (the 13th successive year) for its 2021 Annual Reports. Richmond also received an 'A' grade—the highest amongst 32 major Canadian cities—in C.D. Howe's annual Report Card on municipal budgeting, financial reporting and fiscal transparency for 2021.

SUSTAINABILITY

The International City Management Association, a US-based group that advances professional local government through leadership, management, innovation and ethics, awarded Richmond its 2022 Community Sustainability Award (Population 50,000 and Greater) for its Recycled Asphalt Pavement Project. In partnership with Lafarge Canada and the National Zero Waste Council, the City pioneered the use of 40 per cent recycled asphalt in paving a major Richmond thoroughfare. The project received the award for setting new standards and demonstrating innovation, excellence and success in balancing the community's economic, environmental and social needs.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

THE RECYCLED ASPHALT PAVING PROJECT

REPORT FROM THE GENERAL MANAGER, FINANCE AND CORPORATE SERVICES

I am pleased to submit the Consolidated Financial Statements and Auditors' Report for the fiscal year ended December 31, 2022 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation of the financial statements is management's responsibility.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2022 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

	2022 Actual	2021 Actual	Change
Financial Assets	\$ 1,721,772	\$ 1,468,241	\$ 253,531
Liabilities	696,047	528,238	167,809
Net Financial Assets	1,025,725	940,003	85,722
Non-Financial Assets	2,603,444	2,547,884	55,560
Accumulated Surplus	\$ 3,629,169	\$ 3,487,887	\$ 141,282

The City's overall financial position improved by \$141.3 million, with accumulated surplus (similar to net worth of a corporation) totaling \$3.6 billion. A significant part of this increase is due to additions to capital assets and transfers to the statutory reserves for future capital improvements.

The City's cash and investments are \$1.6 billion while long-term debt increased by \$96.0 million with the addition of a new loan for the construction of Steveston Community Centre and Library in order to lock in favourable rates. Meanwhile, the City's tangible capital assets increased by \$54.9 million, which includes \$41.3 million of in-kind contributions from development as conditions of re-zoning.

CONSOLIDATED STATEMENT OF OPERATIONS (IN \$000S)

	2022 Budget	2022 Actual	2021 Actual
Revenue	\$604,730	\$644,348	\$575,444
Expenses	522,614	503,066	471,763
Annual Surplus	\$82,116	\$141,282	\$103,681

The City's consolidated revenue for the year totaled \$644.3 million, an increase of \$68.9 million from 2021 mainly due to increased investment income, property tax and utility fee rates and the continued easing of the impacts from the COVID-19 closures.

Expenses increased by \$31.3 million from prior year mainly due to additional firefighters authorized in 2021 working their first full year in 2022, increased Greater Vancouver Sewerage and Drainage District costs and the increased operational levels of service due to the easing of the impact of the pandemic.

The annual surplus for 2022 was \$141.3 million and represents the change in investment in tangible capital assets, reserves and other accumulated surplus.

FINANCIAL SUSTAINABILITY

The City's consolidated financial position improved in 2022 as operations and programs recover from pandemic levels in prior years. The guiding principles of Council's Long Term Financial Management Strategy was the main factor in supporting the City through the pandemic, while positioning the City in achieving long-term goals and maintaining ongoing financial sustainability to deliver on Council priorities.

Respectfully submitted,

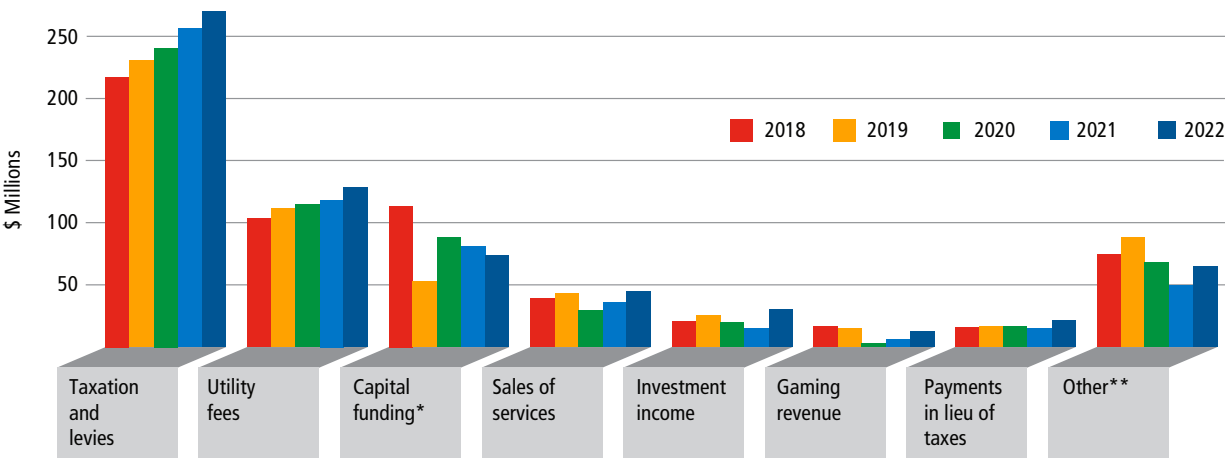


Jerry Chong, CPA, CA
General Manager, Finance and Corporate Services
May 8, 2023



RICHMOND CENTRE REDEVELOPMENT
PHOTO BY JULIAN BORDERAS-OCHOA, SERVICE
DESK SPECIALIST, INFORMATION TECHNOLOGY
CITY EMPLOYEE SINCE SEPTEMBER 2021

REVENUE BY SOURCE 2018–2022

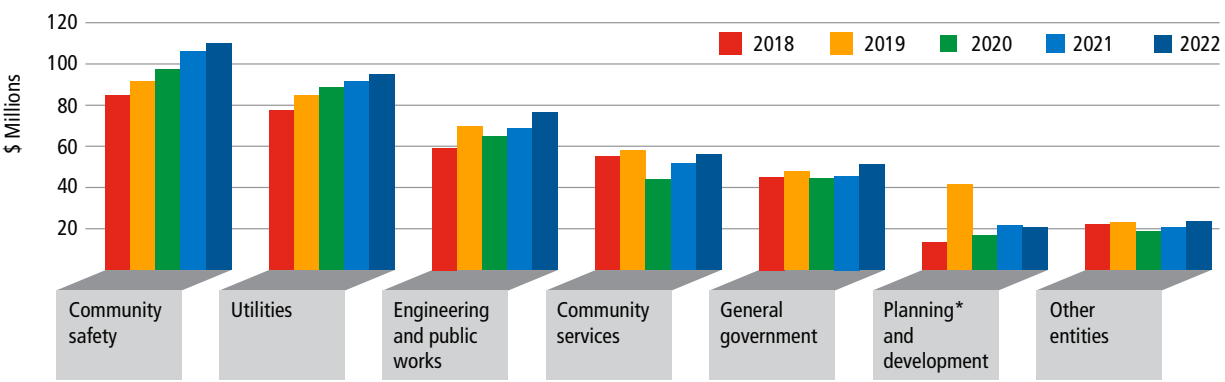


Source: City of Richmond Finance and Corporate Services

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

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

EXPENSES BY FUNCTION 2018–2022



Source: City of Richmond Finance and Corporate Services

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

Richmond at a glance

222,954

2022 POPULATION

November 10, 1879

INCORPORATED AS MUNICIPALITY

129.27

SIZE OF CITY IN
SQUARE KM

17

ISLANDS COMPRISING
THE CITY

December 3, 1990

DESIGNATED AS CITY OF RICHMOND

Fast facts

\$926 million

NEW CONSTRUCTION VALUE
IN 2022—HIGHER THAN THE
CITY'S 10-YEAR AVERAGE

39

PERCENTAGE OF THE CITY
WITHIN THE AGRICULTURAL
LAND RESERVE (ALR)

871

HECTARES THAT MAKE
UP THE CITY'S 140 PARKS

830

HECTARES OF CRANBERRY
FIELDS IN PRODUCTION

49

KILOMETRES OF DIKES FOR
FLOOD PROTECTION

136

KILOMETRES OF WALKING,
ROLLING AND CYCLING TRAILS

60.3

PERCENTAGE OF THE CITY'S
POPULATION BORN OUTSIDE
OF CANADA

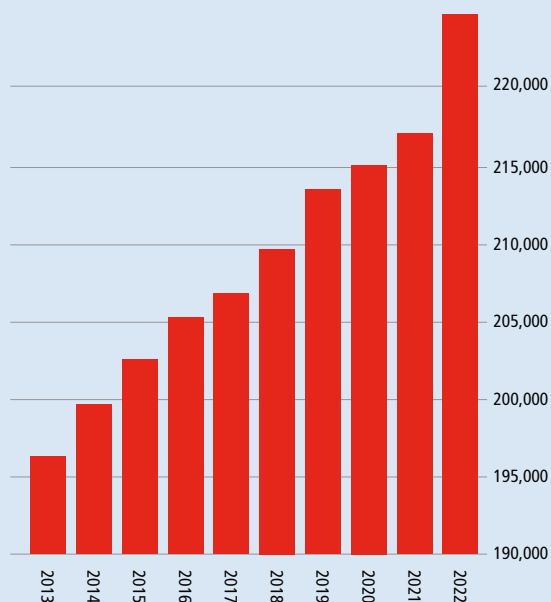
39

PUMP STATIONS THAT CAN
DISCHARGE 1.4 MILLION US
GALLONS OF WATER PER
MINUTE—THE EQUIVALENT
OF OVER TWO OLYMPIC
SWIMMING POOLS

80

IDENTIFIED HERITAGE
BUILDINGS OR SITES IN
RICHMOND

CITY OF RICHMOND POPULATION 2013–2022



MAJOR EMPLOYERS IN RICHMOND (IN ALPHABETICAL ORDER)

- Air Canada
- Allied Universal Security Services of Canada
- Amazon Canada
- Change Healthcare Canada
- City of Richmond
- Crown Packaging Ltd.
- Gate Gourmet Canada Inc.
- London Drugs Ltd.
- MDA Systems Ltd.
- Richmond Plywood Corporation Ltd.
- River Rock Casino Resort
- School District No.38
- T&T Supermarket
- The Real Canadian Superstore
- Vancouver Coastal Health, Richmond
- WorkSafeBC

OCCUPATIONS OF RICHMOND RESIDENTS



BRITANNIA SHIPYARD

PHOTO BY WILBERT TANYAG, ELECTRONICS TECHNICIAN, SEWERAGE AND DRAINAGE
CITY EMPLOYEE SINCE 2003

Sources: Statistics Canada, City of Richmond, Vancouver International Airport Authority, Steveston Harbour Authority, Metro Vancouver, Richmond School District.

MAJOR SERVICES PROVIDED BY THE CITY OF RICHMOND

ADMINISTRATION

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

COMMUNITY SAFETY

Brings together the City's public safety providers including RCMP, Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

COMMUNITY SERVICES

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

ENGINEERING AND PUBLIC WORKS

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

FINANCE AND CORPORATE SERVICES

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

PLANNING AND DEVELOPMENT

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

LAW AND LEGISLATIVE SERVICES

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



CITY OF RICHMOND CONTACTS

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

CITY OF RICHMOND

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

GATEWAY THEATRE

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

LULU ISLAND ENERGY COMPANY

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

RICHMOND PUBLIC LIBRARY

100-7700 Minoru Gate (Brighouse Branch)
Richmond, BC V6Y 1R8
Library Hours Line: 604-231-6401
www.YourLibrary.ca
f @YourLibraryRichmond
t @RPLBC
i @RPLBC
v /YourLibraryRichmond
Account: RPLYourlibrary1

RICHMOND OLYMPIC OVAL

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



A COLOURFUL WELCOME TO THE CITY'S OPERATIONS YARD
PHOTO BY KATHY LEE, DEPARTMENTAL ASSOCIATE,
COMMUNITY SERVICES
CITY EMPLOYEE SINCE 2003



City of Richmond

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

Telephone: 604-276-4000

www.richmond.ca

Contents printed on Canadian made, 100% recycled stock using environmentally friendly toners.



City of Richmond

Report to Committee

To: Finance Committee

Date: May 5, 2023


From: Mike Ching
Director, Finance

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

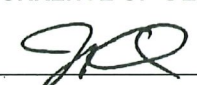

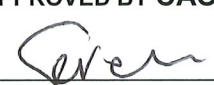
Re: Financial Information – 1st Quarter March 31, 2023

Staff Recommendation

That the staff report titled, "Financial Information – 1st Quarter March 31, 2023", dated May 5, 2023 from the Director, Finance be received for information.


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

Att: 4

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

Origin

Pre-audited financial information for the 1st quarter ended on March 31, 2023 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City) financial results throughout the year and before the annual audited financial statements are presented.

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

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

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

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

Economic Overview

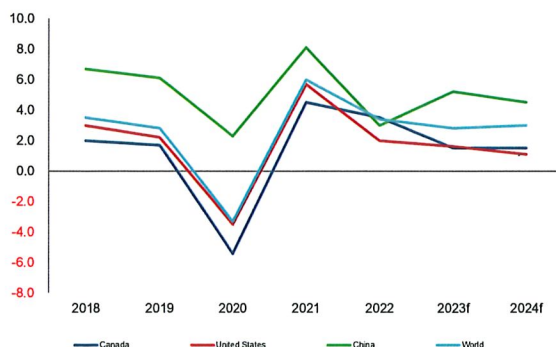
While there were some indications in early 2023 that a soft landing for the global economy could be possible, the turbulence continues. Inflation in many countries is easing, with lower energy prices, recovering supply chains, and tighter monetary policy - but remains elevated. Growth is low though relatively steady, but recent turmoil in the financial sector has caused new uncertainty. The International Monetary Fund also notes that major factors affecting the global economy last year are continuing, albeit with differing impacts. For example, increased commodity prices related to Russia's invasion of Ukraine have moderated but both the war and geopolitical tensions remain, and while China's economy seems to be recovering from COVID-19 restrictions, the most recent 2023 data shows a contraction in China's manufacturing output.

In Canada, strong consumer demand for goods and services continues, and the labour market remains tight. While inflation is slowing, with a 4.3% increase in March as compared to a year ago, inflation has been elevated for an extended period. This means that if the March inflation data is compared to 18 months ago, inflation has increased 8.7%. First quarter economic growth was stronger than previously projected, though it may weaken as U.S. growth is expected to slow in the months ahead, especially in sectors important for Canadian exports.

Economic activity in Richmond continues to be relatively healthy, likely due in large part to the diversified local economy. While many businesses continue to face the ongoing challenges of labour shortages and high input costs for both goods and services, a gradual easing of supply chain constraints should be beneficial, especially for the manufacturing sector. Business licencing activity continues to be positive, as does absorption of commercial space by new businesses in the city. While office vacancy rates are gradually trending higher, industrial vacancy rates continue to be very low. Lower growth should be expected in 2023, aligned with global conditions, though the city's economy is well-placed to weather economic risks and the continuing uncertainty.

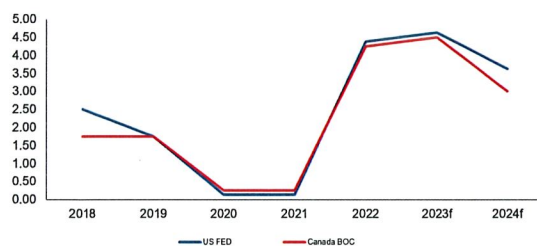
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product (GDP) % Change¹



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will decrease from 3.4% in 2022 to an estimated 2.8% in 2023, increasing slightly to a forecasted 3.0% in 2024.
- In 2023, Canadian GDP is forecasted to grow by 1.5%, with U.S. and China GDP growth forecasts of 1.6% and 5.2%, respectively.
- This global growth profile assumes the recent financial sector stresses are limited. Advanced economies are expected to see the greatest growth slowdown, with a low medium-term growth forecast.

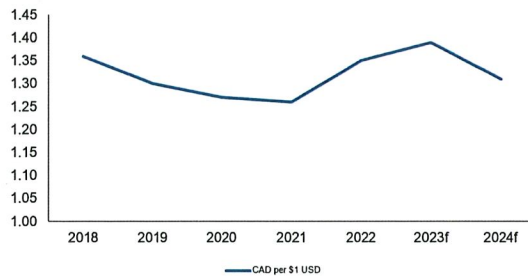
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End²



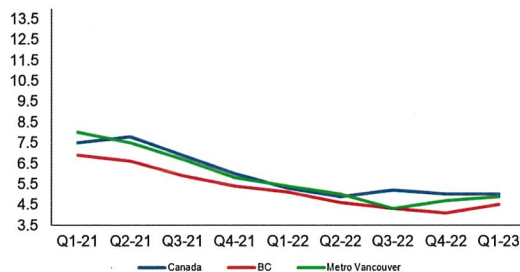
- The Bank of Canada (BoC) increased interest rates in January 2023, bringing its overnight lending rate to 4.50%. It held rates steady in March and again in April.
- The U.S. Federal Reserve (U.S. FED) has taken a different approach, increasing rates to 4.88% (4.75% – 5.00%) in March 2023, and then again to 5.13% (5.00-5.25%) in May 2023.
- Recent stress in the banking sector is likely to weigh on the economy, though the extent of the impact remains uncertain. This turmoil may have a similar, slowing impact on the economy as would an interest rate increase.

¹ International Monetary Fund, World Economic Outlook (April 2023): A Rocky Recovery

² US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (April 2023); RBC Financial Markets Monthly, (April 2023)

3) Exchange Rates – CAD/USD at Year End³

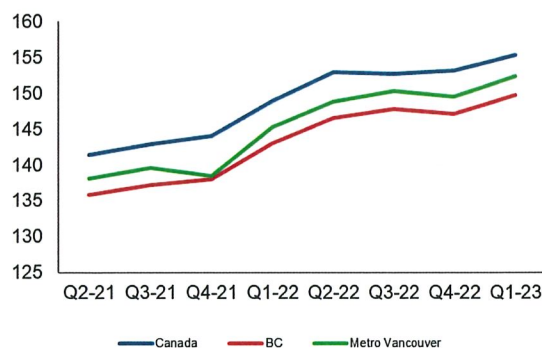
- The Canadian dollar (CAD) continues to be weak against the U.S. Dollar (USD), though it ended Q1 2023 at the same rate as Q4 2022, \$1.35 CAD / \$1 USD. Further weakening is expected in 2023 before a gradual recovery in 2024.
- Turbulence in the banking sector has led to a stronger U.S. Dollar in the past, though an expected future pause in U.S. interest rate increases may be tempering investment and the currency differential. Weaker global oil prices are also a limiting factor in the CAD gaining strength.

4) Unemployment⁴

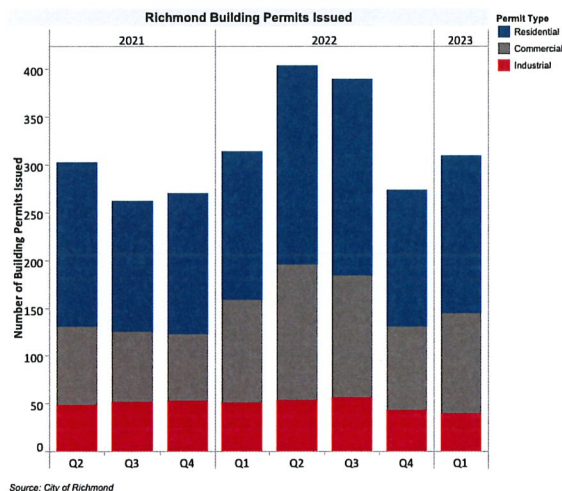
- According to Statistics Canada's March 2023 Labour Market Survey, employment increased, while the unemployment rate remained steady at 5.0% for the fourth consecutive month.
- The strongest employment gains were in transportation and warehousing, followed by business support services.
- At the end of Q1 2023, the Canadian, B.C., and Metro Vancouver unemployment rates were 5.0%, 4.5%, and 4.9%, respectively. While there were slight increases in both the B.C. and Metro Vancouver rates, both remain below the Canadian average, reflecting very tight local labour markets.

³ Bloomberg; RBC Economics (RBC Financial Markets Monthly April 2023)

⁴ Statistics Canada Labour Force Survey (March 2023); Labour Force Statistics Highlights Issue #23-03

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

- Inflation in Canada is slowing, with a 4.3% increase in March (year-over-year), compared with 5.2% in February (year-over-year). However, prices remain elevated, and if compared to 18 months ago, inflation has increased 8.7%.
- In B.C. and Metro Vancouver, inflation remained slightly higher, at 4.7% and 4.8%, respectively.
- Compared with other provinces, B.C. had the third largest year-over-year increase in inflation, following Manitoba (5.2%) and Saskatchewan (4.9%).

Regional & Local Economic Activity Indicators6) Building Permits – Richmond⁶

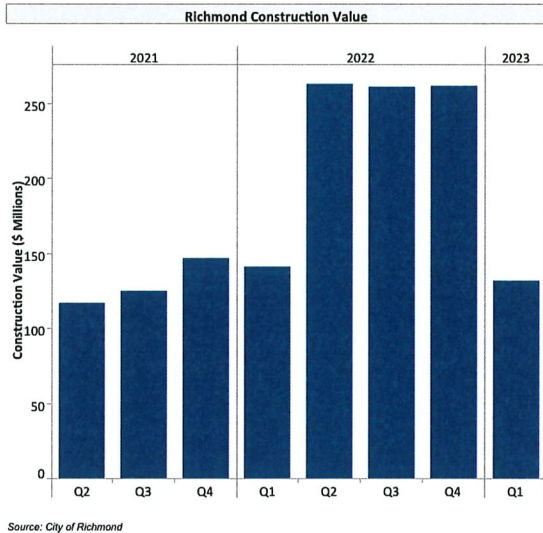
Source: City of Richmond

- During the first quarter of 2023, there were 166 residential, 104 commercial, and 40 industrial building permits issued in Richmond.
- This represents a slight (-1.3%) decline in total building permits issued over the same period in 2022, including an increase in residential permits (6.4%) but a decrease in commercial (-2.8%) and industrial (-21.6%).
- 155 new units were added to the local housing supply in Q1 2023, which represents a 17.4% increase as compared to the same period in 2022. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

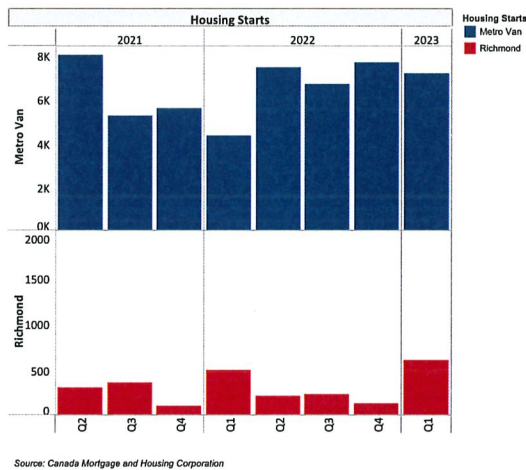
⁵ Statistics Canada, Consumer Price Index; also Consumer Price Index, March 2023; also BC Stats, Consumer Price Index, March 2023, Issue 23-03

⁶ City of Richmond Building Permits

7) Construction value



- Over \$132 million in construction value was registered in Q1 2023, a decrease of 6.4% from the same period last year.
- Employment in construction declined in B.C. (and Canada) during Q1 2023, and the sector faces ongoing challenges due to inflation and high materials costs. There are also substantial quarter-over-quarter fluctuations to be expected in construction value, depending on the projects permitted that quarter.

8) Housing Starts⁷

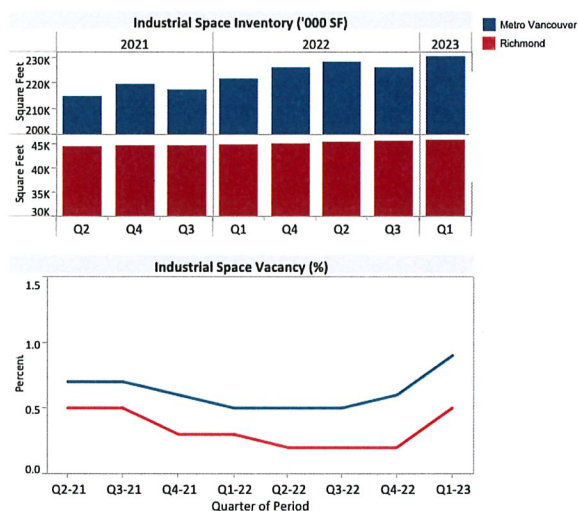
- In Q1 2023, there were 599 housing starts in Richmond and 7,118 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced⁸.
- Year to date housing starts increased by 24.3% in Richmond and by 65.2% in Metro Vancouver, as compared to the same period in 2022. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.
- Elevated construction and financing costs for construction persist due to inflation, but demand will likely continue to be strong, especially with population expansion through immigration.

⁷ Canada Mortgage and Housing Corporation, *Housing Market Outlook, Spring 2023*

⁸ Housing Start is defined as the beginning of construction work on a building, generally when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure. Housing Starts data responds to many market and industry factors that do not directly correlate with approved numbers of units approved for construction by the City. There will be fluctuations in this data quarter by quarter to reflect the time delay between construction and issuance of permits.

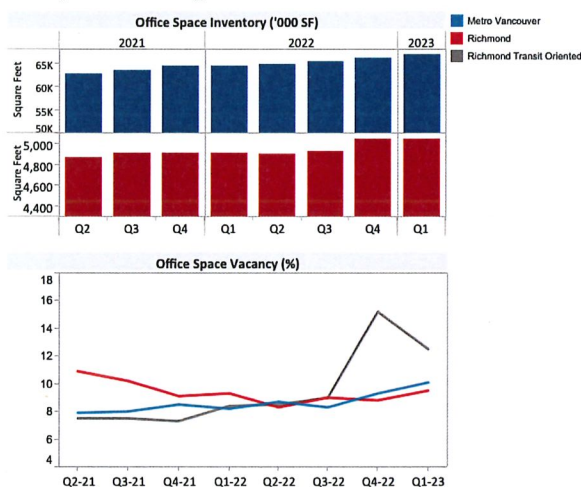
9) Commercial Space⁹

a) Industrial Space



- Record new supply of over 2.3M sq. ft. was added to Metro Vancouver's industrial space inventory this quarter, with an additional 7.3M sq. ft. expected to be completed by year-end. Vacancy rates increased slightly to 0.9%, but 94% of the new supply was pre-leased/pre-sold, as is 83% of supply expected by year-end.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver, though it has increased slightly to 0.5%.
- Asking rents have increased in Metro Vancouver but are expected to stabilize. Industrial sales activity remains slow due to high interest rates and stress in the banking sector that is making lending more difficult.

b) Office Space



Source: Cushman & Wakefield

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

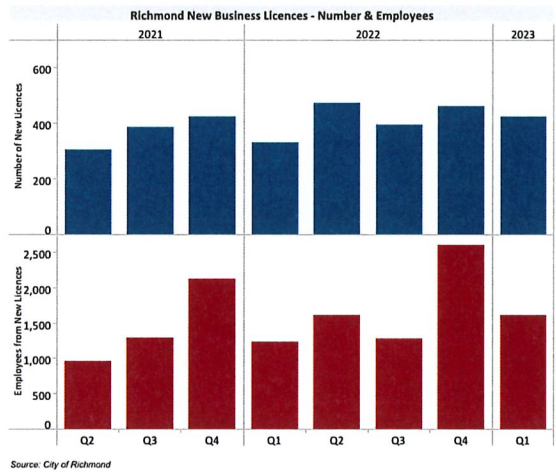
- At the end of Q1 2023, the office vacancy rate had increased to 9.5% in Richmond and 10.1% in Metro Vancouver. Transit-oriented office vacancy in Richmond is 12.5%.
- New development project completions are adding supply to a market with cooling demand, as many tech firms reduce their footprints. Downtown Vancouver office vacancy rates reached a new 30-year high of 13.7% in Q1, though the impact is less severe in suburban markets.
- Sub-leasing activity continues to be high, and it is expected that more sub-lease space will become available from the tech sector.
- There is a fair amount of uncertainty in the office market, as high asking rates persist alongside higher vacancy. This is expected to hold for Class AAA space but asking rates for Class A will likely decline.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports Q1 2023

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

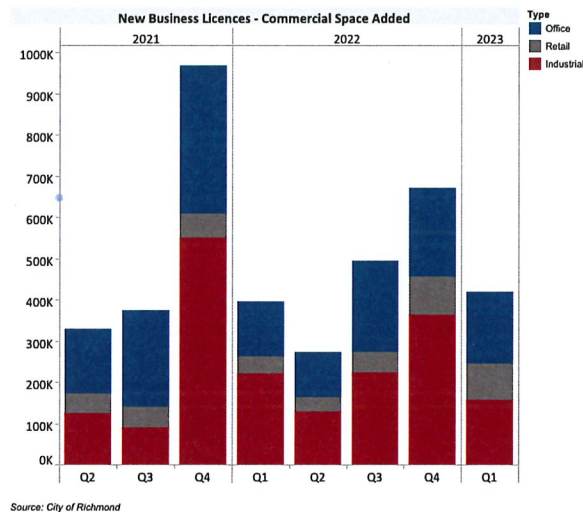
10) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



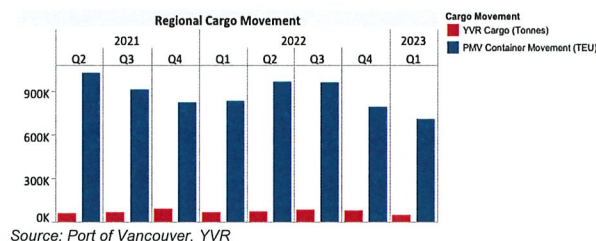
- 423 new business licences (representing 1,604 jobs) were issued by the City of Richmond in Q1 2023, a 28.2% increase from the same period last year.
- The number of total valid business licences at the end of Q1 2023 was 13,164, or about 3.6% lower than a year ago.

b) New Business Licences – Commercial Space

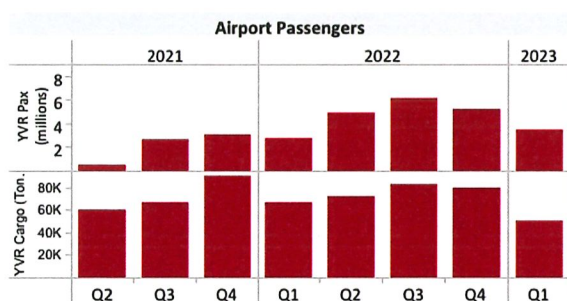


- 420,348 sq. ft. of commercial space absorption was tied to the new business licenses issued during Q1 2023.
- This is an increase of 5.9% compared to the same time period last year. The greatest amount of space was required by office (174,274 sq. ft.) and industrial (157,036 sq. ft.) businesses, followed by retail (89,038 sq. ft.).

11) Goods and People Movement

a) Regional Cargo Movement¹⁰

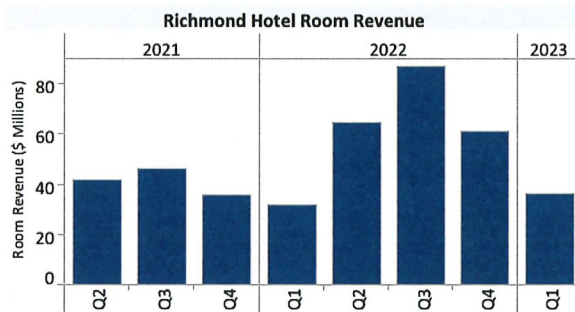
- During Q1 2023, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), decreased by 15.3% as compared to the same period last year. The decrease was observed approximately equally between containers imported and exported.
- During the first two months of 2023, 50,760 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is an increase of 15.8% compared to the same period last year.

b) Airport Passengers¹¹

- The number of travelers moving through YVR continues to grow, with an increase of 118.9% during the first two months of 2023 (3.48M) as compared to the same period last year (1.59M).
- Global aviation demand has rebounded much more quickly than expected from the COVID-19 pandemic. While a positive sign of growth and recovery, this is leading to operational challenges for airports and airlines as they continue to face labour shortages.

¹⁰ Port of Vancouver Monthly Cargo Statistics (data for Q1 2023); YVR Monthly Statistics (data for January and February 2023)

¹¹ YVR Monthly Statistics (data for January and February 2023)

c) Richmond Hotel Room Revenue¹²

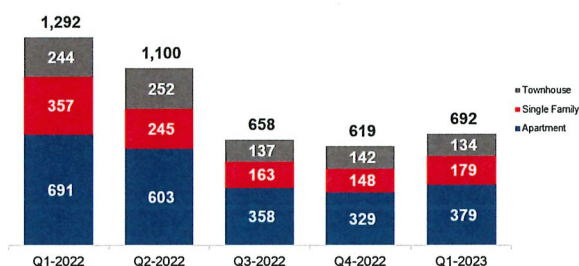
- Continuing the recovery trend, hotel room revenues in Richmond for January and February 2023 were \$36.3M, which is 89.1% higher as compared to last year.
- These strong results reflect both high average daily rates as well as recovering occupancy levels. In Richmond, it is expected that 2023 revenues will meet or exceed those in 2019. Attraction of sporting events, among other types of tourism, continues to be a strength for the city.

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC – Richmond Hotel Revenue for Q1 2023 includes January and February data only.

Residential Real Estate¹³

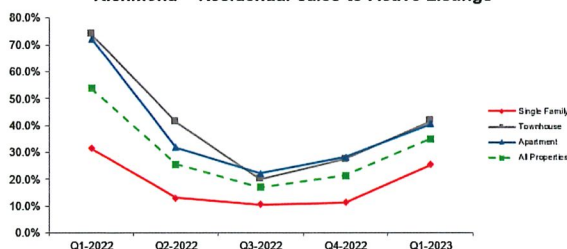
First quarter data indicates that potential home sellers are still hesitant to participate in the housing market, resulting in lower than average sales activity. Consequently, sales figures continue to fall short of historical levels due to elevated borrowing costs but leading indicators suggest there might be modest price increases this spring indicating that sellers are awaiting more favorable market conditions.

Richmond - Residential Sales



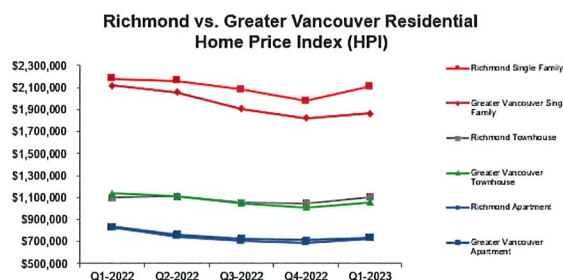
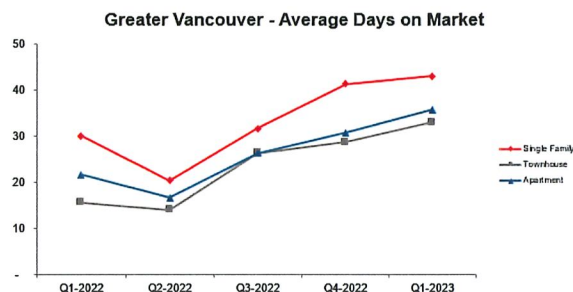
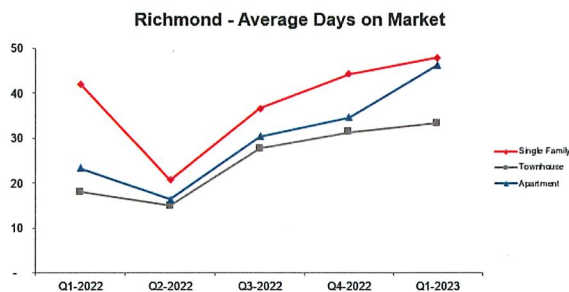
- Single family detached (SFD) home sales decreased by 49.9% compared to Q1 2022.
- Townhouse and apartment sales have decreased 45.1% compared to Q1 2022.
- Townhouse sales comprise 19.4% of the residential home sales in Richmond. SFD and apartment sales account for 25.9% and 54.7%, respectively, of home sales in Richmond.
- There were 692 residential home sales in Richmond in Q1 2023, a 46.4% decrease compared to the same period last year.

Richmond - Residential Sales-to-Active Listings



- Richmond residential properties had a sales-to-active listings ratio of 35.1% as of March 31, 2023.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12 per cent for a sustained period, while home prices often experience upward pressure when it surpasses 20 per cent over several months.

¹³ Real Estate Board of Greater Vancouver

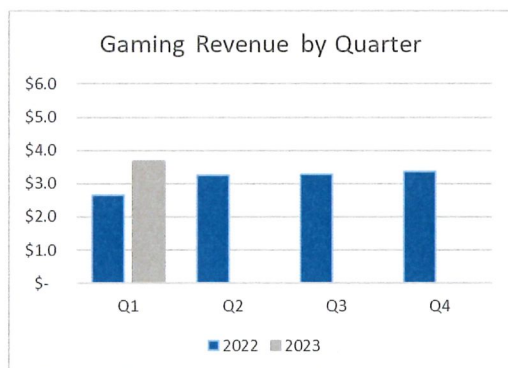


- At Q1 2023, SFD properties in Richmond had an average of 48 days on the market, a 14.3% increase compared to Q1 2022.
- Townhouses and apartments had an average of 33 and 46 days on the market, respectively, representing an 83.3% and a 100% increase over the same period last year.
- At Q1 2023, SFD properties in GVRD had an average of 43 days on the market, which represents a 43.3% increase compared to Q1 2022.
- Townhouses and apartments in GVRD had an average of 33 and 36 days on the market, respectively, which represents an increase of 106.3% for townhouses and 63.6% for apartments, compared to Q1 2022.
- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q1 2023 was \$2,108,100, a 3.4% decrease compared to Q1 2022. The GVRD housing market has also decreased with SFD properties priced at \$1,861,800, which represents a 12.1% decrease compared to the same quarter last year.
- At Q1 2023, the HPI for townhouse properties in Richmond was \$1,103,200, an increase of 0.2% compared to Q1 2022. The HPI for townhouse properties in GVRD was \$1,056,400, which represented a 7.2% decrease compared to the same time last year.
- The HPI for apartments in Richmond was \$726,300, a decrease of 12.3% compared to Q1 2022. GVRD's apartment prices also decreased to \$737,400, which was a 11.8% decrease from Q1 2022.

¹⁴ Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.

Gaming Revenue

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



- The gaming revenue for Q1 2023 was \$3,690,296, an increase of 39% compared to the same quarter last year when \$2,651,401 was received.
- The 2023 budget for gaming revenue is \$14,500,000.

Gaming revenue received in Q1 2023 is in line with amounts received pre-pandemic, where in Q1 2019 \$3,699,425 was received, a 0.2% difference. As gaming revenue is dependent on the operations of the River Rock casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 30, 2023 Council meeting, the 2023 Budget was approved which included the gaming revenue allocation for 2023. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be reallocated toward debt servicing and the grants program.

Table 1: Distribution of the 2023 gaming revenue allocation

	Distribution	2023 Budget
Capital Reserves	30%	\$4.0M
Grants	20%	2.9M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)	Four Officers	0.9M
Total		\$14.5M

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2023. 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, 2023 to March 31, 2023 (in \$000's)*

Division/Department¹	Q1 YTD Net Budget²	Q1 YTD Actuals and Commitments³	Q1 YTD Variance (\$)	Q1 YTD Variance (%)
Community Safety ⁴	\$(842)	\$(1,089)	\$247	29%
Community Services	13,357	12,924	433	3%
Corporate Administration	2,433	2,205	228	9%
Engineering and Public Works	18,377	18,366	11	0%
Finance and Corporate Services	7,005	6,662	343	5%
Fire Rescue	12,882	12,651	231	2%
Law and Legislative Services	1,197	1,184	13	1%
Library	3,268	3,013	255	8%
Planning and Development	2,501	1,985	516	21%
Policing	17,640	16,819	821	5%
Fiscal	(25,907)	(25,273)	(634)	(2%)
Total	\$51,911	\$49,447	\$2,464	5%
Flood Protection Utility ⁵	10,530	10,344	186	2%
Sanitary Sewer Utility	5,565	5,515	50	1%
Sanitation and Recycling Utility	105	(90)	195	186%
Water Utility	7,590	7,184	406	5%
Utilities Total	\$23,790	\$22,953	\$837	4%

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

²The Net Budget is based on the amended operating budget approved by Council on January 30, 2023.

³Includes budgeted equity transactions such as transfer to reserves, transfer to provision etc.

⁴Includes Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws and Emergency Programs.

⁵Effective January 1, 2023 Council established the Flood Protection Utility (formerly the Drainage and Diking Utility) which includes drainage and diking capital, operations and maintenance. Previously, drainage operations and maintenance was included within Engineering and Public Works. A multi-year transition plan is in progress to move all drainage and diking operations into the new Flood Protection Utility. For 2023, \$1.6M of drainage operations remains within Engineering and Public Works

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2023 Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to favourable business licence revenue and timing on operational spending.
- Community Services' favourable variance is mainly due to vacant positions in Recreation Services.
- Corporate Administration's favourable variance is due to vacant positions.

- Engineering and Public Works is on budget.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is driven by timing of operational spending and firefighter retirements.
- Law and Legislative Services is on budget.
- Library's favourable variance is mainly due to vacant positions and timing of expenditures. Any surplus at year end will be appropriated for future use within Library operations.
- Planning and Development's favourable variance is mainly due to vacant positions and favourable building permit revenue.
- Policing's favourable variance is driven by lower than budgeted policing contract costs due to RCMP Officer complement vacancies.
- Fiscal's unfavourable variance is mainly due to timing of expenditures.
- Flood Protection Utility is on budget.
- Sanitary Sewer Utility is on budget.
- Sanitation and Recycling Utility's favourable variance is driven by higher than budgeted Recycle BC revenue.
- Water Utility's favorable variance is mainly driven by lower water consumption charges than budgeted for the first quarter and other operational savings.

The largest operating expenditures for the City are salaries and contracts and are the primary drivers of the operating activity variance. Staff are actively recruiting to fill vacancies, however, the tight local labour market presents a challenge. The Q1 2023 unemployment rate for Metro Vancouver is 4.9%, down by 9.3% from Q1 2022 highlighting the competition across the region.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2023, with comparative figures for 2022 is included in Attachment 3.

Cash and Investment Portfolio

As of March 31, 2023, the City's total cash and investment balance was \$1.54 billion, which represents the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses.

The City's total cash and investment balance was comprised of \$1.04 billion in investments and \$492 million in high interest savings cash account, with a weighted average annualized yield of 4.10% for the first quarter of 2023.

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

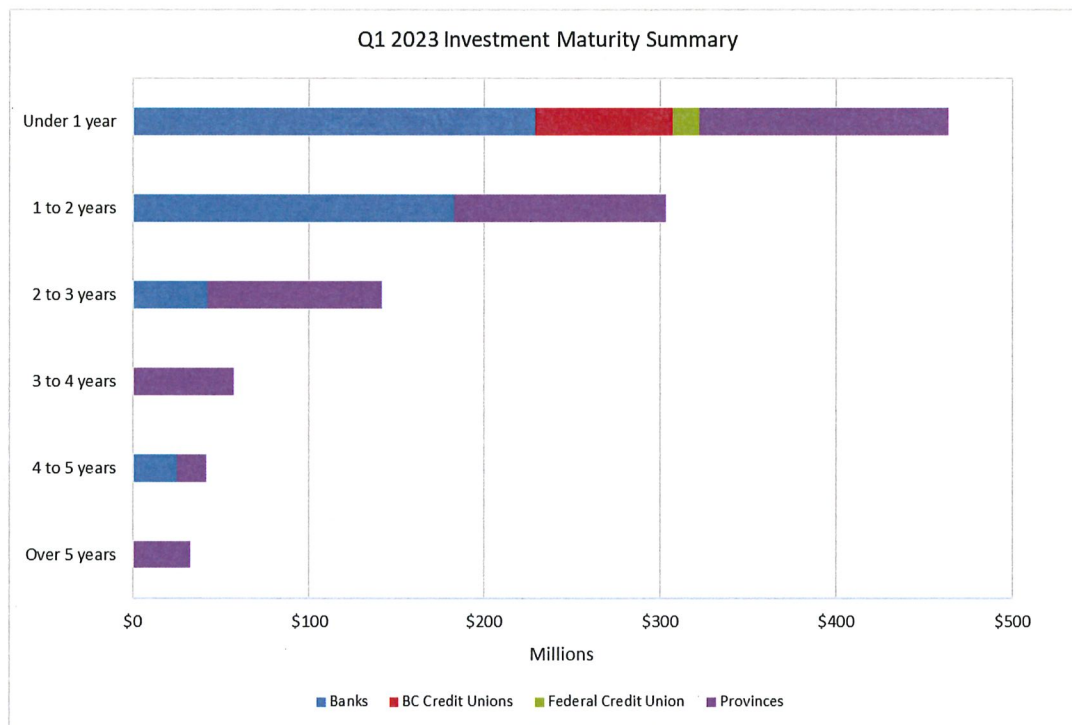
	March 31, 2023 (Current Quarter)	December 31, 2022 (Previous Quarter)
2 Year Government of Canada Bonds	3.75%	4.02%
5 Year Government of Canada Bonds	3.05%	3.37%
10 Year Government of Canada Bonds	2.93%	3.29%

Source: Bank of Canada

The Bank of Canada (BoC) last raised its policy interest rate by 0.25% to 4.50% on January 25, 2023 and has since been on conditional pause at the subsequent interest rate announcement dates. Consumer Price Index (CPI) was reported at 4.3% in March 2023, which shows significant cooling of inflation in Canada from its high of 8.1% in June 2022.

The BoC expects CPI inflation to fall to around 3% in the middle of this year and then decline more gradually to the 2% target by the end of 2024. In light of its outlook for growth and inflation, the overnight interest rate remained unchanged at 4.50% at the latest April 12, 2023 interest rate announcement meeting. The BoC will continue to assess whether monetary policy is sufficiently restrictive to relieve price pressures and remains prepared to raise the policy rate further if needed in order to return inflation to the 2% target.

The City's overall credit risk exposure remains low because the City continues to maintain a diversified and high credit quality investment portfolio comprised of 45% in provincial government bonds, 46% in chartered banks, 2% in federal credit union and 7% in B.C. credit unions. As shown in the investment maturity summary in the chart below, the City has strategically positioned investments with heavier weighting on short-term interest bearing products in order to allow for more flexible reinvestment opportunities.



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

All investment activities have been conducted in compliance with the City's Investment Policy 3703. Based on independent ESG rating of the City's fixed income portfolio, the City continues to receive high ESG Rating of "AA" as of Q1 2023.

Contract Awards

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the first quarter, 21 contracts greater than \$75,000 were awarded totalling over \$9.7 million (Attachment 4).

Financial Impact

None.

May 5, 2023

- 18 -

Conclusion

The March 31, 2023 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



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

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

Economic Indicators**March 31, 2023****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2023f	2024f			
Canada	1.5	1.5			
United States	1.6	1.1			
China	5.2	4.5			
World	2.8	3.0			
2) Interest Rates (at YE)	2023f	2024f			
Bank of Canada	4.50	3.00			
US FED	4.63	3.63			
3) Exchange Rate (at YE)	2023f	2024f			
CAD per \$1 USD	1.39	1.31			
4) Unemployment (% at QE)	Q1-2023	Q4-2022	Change	Q1-2022	Change
Canada	5.0	5.0	0.0%	5.3	(5.7%)
BC	4.5	4.1	9.8%	5.1	(11.8%)
Metro Vancouver	4.9	4.7	4.3%	5.4	(9.3%)
5) CPI (2002=100) (at QE)	Q1-2023	Q4-2022	Change	Q1-2022	Change
Canada	155.3	153.1	1.4%	148.9	4.3%
BC	149.7	147.1	1.8%	143.0	4.7%
Metro Vancouver	152.3	149.5	1.9%	145.3	4.8%

Regional and Local Market Indicators

6) Richmond Building Permits	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Residential – New Construction^	63	75	(16.0%)	63	75	(16.0%)
Residential – Alterations	103	81	27.2%	103	81	27.2%
Residential Total	166	156	6.4%	166	156	6.4%
Number of units from new residential construction	155	132	17.4%	155	132	17.4%
Residential	166	156	6.4%	166	156	6.4%
Commercial	104	107	(2.8%)	104	107	(2.8%)
Industrial	40	51	(21.6%)	40	51	(21.6%)
Building Permits Total	310	314	(1.3%)	310	314	(1.3%)
Construction Value (\$ million)	132.0	141.0	(6.4%)	132.0	141.0	(6.4%)
7) Housing Starts CMHC (Units)	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Starts - Richmond	599	482	24.3%	599	482	24.3%
Starts - Metro Vancouver	7,118	4,308	65.2%	7,118	4,308	65.2%
8) Richmond Residential Sales Activity	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Sales - Detached	179	357	(49.9%)	179	357	(49.9%)
Sales - Townhouse	134	244	(45.1%)	134	244	(45.1%)
Sales - Apartment	379	691	(45.2%)	379	691	(45.2%)
Sales - Total	692	1,292	(46.4%)	692	1,292	(46.4%)

Economic Indicators**March 31, 2023****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (% at QE)**

	Q1-2023	Q1-2022	Change
Single Family Detached	25.4%	31.4%	(42.1)
Townhouse	41.7%	73.9%	(67.3)
Apartment	40.6%	72.2%	(45.2)
Total	35.1%	53.8%	(48.5)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2023	Q1-2022	Change	Q3-2022	Q3-2021	Change
Single Family Detached	48	42	14.3%	43	30	43.3%
Townhouse	33	18	83.3%	33	16	106.3%
Apartment	46	23	100.0%	36	22	63.6%

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

Property Type	Richmond			Metro Vancouver		
	Q1-2023	Q1-2022	Change	Q1-2023	Q1-2022	Change
Single Family Detached	2,108	2,182	(3.4%)	1,862	2,119	(12.1%)
Townhouse	1,103	1,101	0.2%	1,056	1,138	(7.2%)
Apartment	726	828	(12.3%)	737	836	(11.8%)

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2023	Q1-2022	Change	Q1-2023	Q1-2022	Change
Office Vacancy (%)	9.5	9.3	2.2%	10.1	8.2	23.2%
Transit Oriented Office Vacancy (%)	12.5	8.4	48.8%	N/A	N/A	N/A
Office Inventory (000 sf)	5,043	4,903	2.9%	66,815	64,314	3.9%
Industrial Vacancy (%)	0.5	0.3	66.7%	0.9	0.5	80.0%
Industrial Inventory (000 sf)	45,868	44,797	2.4%	230,197	221,419	4.0%

13) Richmond Business Growth

	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Total Valid Business Licences (at QE)	13,164	13,662	(3.6%)	13,164	13,662	(3.6%)
New Licences - Number Issued	423	330	28.2%	423	330	28.2%
New Licences - Employees	1,604	1,234	30.0%	1,604	1,234	30.0%
New Licences - Office Added (sf)	174,274	134,987	29.0%	174,274	134,987	29.0%
New Licences - Retail Added (sf)	89,038	41,294	116.0%	89,038	41,294	116.0%
New Licences - Industrial Added (sf)	157,036	220,571	(29.0%)	157,036	220,571	(29.0%)
Total Space Added (sf)/Avg. Change	420,348	396,852	5.9%	420,348	396,852	5.9%

Economic Indicators**March 31, 2023****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
YVR Air Cargo (tonnes)**	50,760	43,187	15.8%	50,760	43,187	15.8%
PMV Container Movement (TEUs)	707,767	835,841	(15.3%)	707,767	835,841	(15.3%)
YVR Passengers (million)**	3.48	1.59	118.9%	3.48	1.59	118.9%
Richmond Hotel Revenue (\$ million)**	36.3	19.2	89.1%	36.3	19.2	89.1%

Notes:

- a) QE indicates quarter end; YE indicates year end
b) f - forecast to year end
c) * - Figures have been updated to reflect changes in source data.
d) **Data for Q1 includes January and February data only for 2022 and 2023.

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2023): A Rocky Recovery
2) US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; B of C Monetary Policy Report (April 2023), RBC Financial Markets Monthly, April 2023
3) Bloomberg; RBC Economics RBC Financial Markets Monthly, April 2023
4) & 5) Statistics Canada, BC Stats
6) City of Richmond Building Permits
7) Canada Mortgage and Housing Corporation
8) 9) 10) & 11) Real Estate Board of Greater Vancouver
12) Cushman & Wakefield Office and Industrial Market Beat Reports
13) City of Richmond Business Licences
14) Port of Vancouver Monthly Cargo Statistics – data is for Q1 2023
YVR monthly statistics – data for Q1 includes January and February only
City of Richmond Additional Hotel Room Tax Ledger - data for Q1 includes January and February only

Financial and Key Indicators**March 31, 2023**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Roads, Water, Sewer DCC's Received	\$1,062	\$2,076	(48.9%)	\$1,062	\$2,076	(48.9%)
Parks DCC's Received	\$566	\$1,412	(59.9%)	\$566	\$1,412	(59.9%)
Total DCC Fees Received	\$1,628	\$3,488	(53.3%)	\$1,628	\$3,488	(53.3%)
DCC Reserves – Uncommitted balance at QE	\$141,851	\$141,231	0.3%	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)	Q1-2023	Q1-2022	Change			
Capital Funding Reserves*	\$240,803	\$122,919	95.9%			
Utility Reserves	\$107,846	\$108,091	(0.2%)			
Affordable Housing Reserves	\$11,428	\$9,157	24.8%			
Other Reserves	\$83,807	\$81,382	3.0%			
Total Uncommitted Reserves	\$443,884	\$321,549	38.0%			
*During 2023, \$96m of debt was obtained for the Steveston Community Centre and Library capital project and the original funding returned to its source.						
3) Taxes to date	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Taxes Collected	\$15,489	\$14,134	9.6%	\$15,489	\$14,134	9.6%
City Portion of Taxes Collected	\$7,899	\$7,208	9.6%	\$7,899	\$7,208	9.6%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$12,515	\$11,504	8.8%	\$12,515	\$11,504	8.8%
No. of Participants on Pre-authorized withdrawal (at QE)	6,312	6,271	0.7%	6,312	6,271	0.7%
Pre-authorized withdrawals payments	\$12,324	\$11,761	4.8%	\$12,324	\$11,761	4.8%
Interest rate % paid	4.45%	0.45%	888.9%	4.45%	0.45%	888.9%
Sources: All data is from City of Richmond records						
4) Cash and Investments	Q1-2023	Q1-2022	Change			
Investments	\$1,046,545	\$700,219	49.5%			
Cash (includes high interest savings accounts)	\$491,822	\$622,129	(20.9%)			
Total Cash and Investments	\$1,538,367	\$1,322,348	16.3%			
Average City Rate of Return on Investments %	4.10%	1.55%	164.5%			

Financial and Key Indicators**March 31, 2023**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Building Permit Fees Collected	\$1,709	\$1,670	2.3%	\$1,709	\$1,670	2.3%
Development Applications Received	36	27	33.3%	36	27	33.3%
Development Applications Fees	\$214	\$72	198.4%	\$214	\$72	198.4%
6) Business Licences	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Revenue Received for Current Year Licences	\$1,957	\$1,809	8.1%	\$1,957	\$1,809	8.1%
Revenue Received for Next Year (Deferred)	\$104	\$100	3.8%	\$104	\$100	3.8%
Total Licence Revenue	\$2,061	\$1,910	7.9%	\$2,061	\$2,014	7.9%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
Parking Program Revenue	\$500	\$338	47.8%	\$500	\$338	47.8%
Gaming Revenue	\$3,690	\$2,651	39.2%	\$3,690	\$2,651	39.2%
Traffic Fine Revenue	\$0	\$0	0%	\$0	\$0	0%
8) Employees	Q1-2023	Q1-2022	Change			
Full Time Equivalent (FTE) Employees (at QE)	1,607	1,520	5.7%			
<i>(City and Library) FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators	Q1-2023	Q1-2022	Change	YTD-2023	YTD-2022	Change
RCMP - Calls for Service Handled	10,436	12,612	(17.3%)	10,436	12,612	(17.3%)
Community Bylaws	1,639	1,081	51.6%	1,639	1,081	51.6%
Fire Incidents	2,908	2,381	22.1%	2,908	2,381	22.1%
Public Works calls for Service	3,081	3,314	(7.0%)	3,081	3,314	(7.0%)

Financial and Key Indicators**March 31, 2023**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q1-2023	Q1-2022	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	569	569	0.0%
Affordable Rental (LEMR*) (units)	1,119	963	16.2%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	1,592	1,150	38.4%
Secondary Suite / Coach House (units)	358	322	11.2%
Total Housing Units	3,700	3,066	20.7%

* LEMR units refer to Low End Market Rental units.

11) Richmond Population Estimate Year End	2023f	2022
	224,470	222,954

Population figures from BC Stats

Notes:

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

Unaudited Statement of Operations¹

For the Three Month Period Ended March 31, 2023, with comparative figures for 2022.

(Expressed in thousands of dollars)

	Budget March 31 2023	Actuals March 31 2023	Actuals March 31 2022
Revenue:			
Taxes and levies	\$71,687	\$71,687	\$64,203
Utility fees	33,402	31,050	28,757
Sales of services	9,692	9,228	7,538
Payments-in-lieu of taxes	3,663	3,331	3,335
Provincial and federal grants	1,430	1,236	1,151
Development cost charges	5,081	1,337	4,702
Other capital funding sources	16,425	3,276	8,084
Other revenue:			
Investment income	5,577	9,207	3,406
Gaming revenue	3,625	3,690	2,651
Licences and permits	3,201	4,555	4,023
Other	3,015	3,149	10,578
Equity income	69	699	520
	156,867	142,445	138,948
Expenses:			
Community safety	35,384	32,545	31,237
Utilities: water, sewer and sanitation	29,720	25,261	24,395
Engineering, public works and project development	21,449	18,416	20,170
Community services	19,051	15,456	13,594
General government	22,898	20,622	18,714
Planning and development	8,270	5,697	5,292
Library services	2,856	2,656	2,738
	139,628	120,653	116,140
YTD Surplus (Annual Surplus) ²	17,239	21,792	22,808
Accumulated surplus, beginning of year	3,510,695	3,510,695	3,487,887
Accumulated surplus, end of March 31 ³	\$3,527,934	\$3,532,487	\$3,510,695

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

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

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

Contract Awards greater than \$75,000January 1st to March 31st, 2023

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Supply and Delivery of One (1) Mini-Sweeper	Vimar Equipment Ltd.	208,885	Engineering & Public Works
2	Subscription and Service Agreement	Procore Technologies Canada Inc.	84,875	Engineering & Public Works
3	Emergency Supply of Temporary Dehumidification Unit for Richmond Ice Centre	PCL Constructors Westcoast Inc.	154,450	Engineering & Public Works
4	Tempest Annual Support Contract Renewal	Central Square Canada Software Inc.	210,003	Finance & Corporate Services
5	Supply, Implementation and Consulting Services for an Emergency Notification System	Everbridge Inc.	116,100	Community Safety
6	On-Call Key, Lock and Door Services	A-Z Lockmasters Canada Inc.	85,000	Engineering & Public Works
7	Rental of Coveralls and Related Services	Cintas Canada Ltd	468,435	Engineering & Public Works
8	Social Development Strategy	Modus Planning Design & Engagement Inc.	99,820	Planning and Development
9	Moncton Street Frontage Detailed Design	HDR Architecture Associates, Inc.	129,066	Engineering & Public Works
10	Communication and Education Consulting Services	Mickelson Consulting Inc.	490,920	Engineering & Public Works
11	Auditing Services for City of Richmond and Affiliates	KPMG LLP	744,750	Finance and Corporate Services
12	Provision of Aggregate Crushing Services	BC Earth Exchange Inc.	492,052	Engineering & Public Works
13	Provision of Cycling Skills Education Courses	HUB Cycling	103,550	Planning and Development
14	Consulting Services for Green Fleet Action Plan 2030	Dillon Consulting	92,950	Engineering & Public Works
15	Asphaltic Concrete Paving - 2023	BA Blacktop Ltd.	4,449,149	Engineering & Public Works
16	Consulting Services for Employer Branding and Recruitment Strategy	Kimbo Design Inc.	126,650	Deputy CAO's Office
17	Steveston Community Centre and Branch Library Road and Utility Relocates (Civil)	Scott Construction Ltd.	1,002,234	Engineering & Public Works
18	Production Services for City of Richmond Maritime Festival	Anigraph Productions Limited	155,000	Community Services

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

January 1st to March 31st, 2023

Item	Description	Awarded Vendor	Awarded Amount	Division
19	GHG Reduction Masterplan Study - Consulting Services	First Light Energy Solutions Ltd.	83,740	Engineering & Public Works
20	Collaborative Discharge and Transition Planning Project	Coeruaj Canada	119,850	Planning and Development
21	Provision of Engineering Consulting Services for Conceptual Design of Dike Upgrades at Various Locations	Kerr Wood Leidal Associates Limited	202,316	Engineering & Public Works
		McElhanney Consulting Services Ltd.	<u>90,118</u>	
		Total	292,434	



City of Richmond

Report to Committee

To: Finance Committee

Date: May 9, 2023

From: Mike Ching, CPA, CMA
Director, Finance

File: 12-8060-20-
010466/Vol 01

Re: Establishment of the Growing Communities Reserve Fund

Staff Recommendation

That the Growing Communities Reserve Fund Establishment Bylaw 10466 be introduced and given first, second and third readings.

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

Att. 3

Jason Kita
Director, Intergovernmental Relations and
Corporate and Strategic Planning
(604-276-4091)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

On February 10, 2023, the Province of BC (the “Province”) announced a one-time total of \$1 billion for all 188 of BC communities and regional districts for the Growing Communities Fund (the “GCF”) to support the delivery of infrastructure and amenities related to community growth.

On March 16, 2023, the Province released additional information relating to the GCF, including the announcement of City of Richmond’s allocation of \$20,354,000 from the total \$1 billion (Attachment 1) and a “GCF Frequently Asked Questions” guide for municipalities (Attachment 2). The grant payment was received on March 23, 2023.

As a condition of the funding, the GCF grant funds must be placed in a segregated reserve fund, established by bylaw, under Section 188 of the *Community Charter* for the Capital and Planning purposes of the GCF grant.

Section 188 of the *Community Charter* states that a council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.

This report recommends establishment of a new reserve fund for the Growing Communities Reserve Fund Bylaw Number 10466.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #3 A Safe and Prepared Community:

Community safety and preparedness through effective planning, strategic partnerships and proactive programs.

3.4 Ensure civic infrastructure, assets and resources are effectively maintained and continue to meet the needs of the community as it grows.

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

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

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

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

4.4 Work with all levels of governments for grant and funding opportunities.

Analysis

Staff recommend the establishment of a new reserve fund for GCF eligible infrastructure and planning projects. The included, “Growing Communities Reserve Fund Establishment Bylaw

10466” (Attachment 3) meets the requirement of the GCF that specifies the grant funds be placed in a segregated reserve fund, established by bylaw.

The principle objective of the GCF grant as set by the Province is to increase the local housing supply with investments in community infrastructure and amenities. The Province has indicated that the GCF can be applied towards a broad range of infrastructure and planning projects. The eligible projects and key characteristics of the GCF fund can be found in the, “GCF Frequently Asked Questions for Municipalities” included in Attachment 2.

The Province may reclaim any grant funds that are not used for the intended purposes of the GCF or that do not meet the accountability requirements of the GCF.

The eligibility criteria as set out by the Province is extensive, thereby allowing communities to determine how best to utilize the GCF grant funds towards the relevant growth related infrastructure projects that will best serve their respective community.

Staff will use the following guidelines in the annual budget process to determine which projects to consider for the GCF funding:

- Project(s) need to align with Provincial eligibility criteria.
- Project(s) need to align with Council’s Strategic Plan.
- Project(s) must demonstrate significant community benefit.
- Must be an identified project(s) – no new projects are eligible.
- Project(s) can not have a dedicated funding source (i.e. DCCs)
- Project(s) must be for new infrastructure or expand the scope of existing infrastructure to accommodate growth.

Examples of projects that will be considered for GCF funding include (for illustrative purposes only, the actual recommended projects will be presented to Council for approval through the annual budget process):

Table 1: Possible projects to be considered for GCF funding from the 2023-2027 Five Year Financial Plan

Project	Year
First Nations Bunkhouse Reconstruction and Exhibit Development	2024
Dredging Program	2024
Phoenix Net Loft Program Implementation	2025
Hugh Boyd Field House	2026
Park Shelter and Shade Program	2024-2027
Parks Ageing Infrastructure Program	2024-2027
Sidewalk and Street Light Program	2024-2027

The above projects represent examples of projects that could be brought forward for approval for GCF funding, however, it should be noted that this isn’t a staff recommendation list. Staff will bring forward GCF funding recommendations as part of the 2024 budget process.

May 9, 2023

- 4 -

Financial Impact

None.

Conclusion

The Growing Communities Reserve Fund Establishment Bylaw 10466 is required to be adopted as a stipulation of the provincial Growing Communities Fund grant.



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

- Att. 1: Growing Communities Reserve Letter from the Province March 16, 2023
- Att. 2: Growing Community Fund Frequently Asked Questions for Municipalities
- Att. 3: Growing Communities Reserve Fund Establishment Bylaw 10466



March 16, 2023

Ref: 271994

Their Worship Mayor Malcolm Brodie
City of Richmond
6911 No. 3 Rd
Richmond BC V6Y 2C1

Dear Mayor Brodie:

The population of B.C. has increased consistently over the past decade and is projected to keep growing in the next 10 years. The provincial government understands the need to facilitate greater housing supply for our growing population. The province will support local governments in addressing the multiple funding and financing constraints to aid in the construction of infrastructure and amenities for all B.C. communities. Local governments' investment in core community infrastructure and amenities increases the amount of land that is ready to be developed to a higher density.

The Government of B.C. has invested considerable resources in infrastructure and amenities in the past 10 years and has strategically leveraged federal funding to that effect. More than \$1.6 billion in federal and provincial funding have been invested in our communities since 2018 through the Investing in Canada Infrastructure Program. However, as there is still more to be done for infrastructure and amenities, the provincial government is pleased to provide the Growing Communities Fund (GCF) for local governments province-wide.

As a one-time grant, the GCF will provide up to \$1 billion through direct grants to local governments to support all B.C. communities, with a focus on those communities that need to increase the pace and scale of housing supply. The principal objective of the GCF is to increase the local housing supply with investments in community infrastructure and amenities. Municipalities are encouraged to work closely with adjacent local First Nations, in recognition of the *Declaration on the Rights of Indigenous Peoples Act*, as this collaboration strengthens our communities and regions.

The funding provided through the GCF should be limited to one-off costs needed to build required infrastructure and amenities rather than funding ongoing or operational activities. These funds are to be incremental to currently planned investments and should accelerate the delivery of capital projects. Eligible costs are as follows:

- Public drinking water supply, treatment facilities and water distribution;
- Local portion of affordable/attainable housing developments;

.../2

Ministry of Municipal Affairs

Office of the Minister

Mailing Address:
PO Box 9056 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 387-2283
Fax: 250 387-4312

Location:
Parliament Buildings
Victoria BC V8V 1X4
<http://www.gov.bc.ca/muni>

- Childcare facilities;
- Municipal or regional capital projects that service, directly or indirectly, neighbouring First Nation communities;
- Wastewater conveyance and treatment facilities;
- Storm water management;
- Solid waste management infrastructure;
- Public safety/emergency management equipment and facilities not funded by senior level government;
- Local road improvements and upgrades;
- Sidewalks, curbing and lighting;
- Active transportation amenities not funded by senior level government;
- Improvements that facilitate transit service;
- Natural hazard mitigation;
- Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and
- Recreation-related amenities.

Further to the above-noted capital costs, one-off costs can include:

- Costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work; costs of designing, tendering and acquiring land (where it is wholly required for eligible infrastructure projects); constructing eligible infrastructure projects; and, in limited situations, non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities.

I am pleased to advise you that the City of Richmond is the recipient of a \$20,354,000 grant under the Growing Communities Fund. This amount will be directly transferred to your local government by March 31, 2023.

Under part 7 of the Local Government Grants Regulations, the amount of the grant to each local government is set by the Minister of Municipal Affairs. The determination of this amount was based on a formula that applies to all municipalities.

This formula is based on three components: a flat funding amount, an “adjusted population” amount and a “population growth” amount. The flat amount is \$500,000. The “adjusted population” amount is \$365 per adjusted population. The population adjustment ensures smaller municipalities get a higher per capita share of funding despite larger municipalities receiving more funding in absolute dollars. The “population growth” amount is \$1,000 per capita population growth between 2016 and 2021.

.../3

As a condition of this funding, the grant must be placed in a segregated reserve fund established by bylaw under section 188 of the *Community Charter* for the Capital and Planning purposes of the GCF. This fund must be separate from other existing reserve funds. To ensure full transparency regarding the use of funds, your local government will be required to annually report on how it spends this grant. This will be part of the annual financial reporting required under section 167 of the *Community Charter*. Your local government will provide a schedule to the audited financial statements respecting the amount of funding received, the use of those funds and the year-end balance of unused funds. Your local government must continue to annually report on the use of grant money until the funds are fully drawn down.

Further to the financial reporting, an annual report that identifies work-related Housing Needs Reports and pre-zoning requirements, as applicable, is required. The province also encourages highlighting projects that align with provincial priorities such as CleanBC and childcare; as well as those that align with the province's Environmental, Social and Governance framework for capital projects.

Finally, requirements will include parameters for public recognition of the funding related to projects. The province must be consulted prior to any proactive media events or news releases related to the project. Funded projects must also acknowledge the province's contribution through temporary and permanent on-site signage. The provincial government anticipates that the funds will be expended within approximately five years of receipt.

If you have any questions or comments regarding this letter, please feel free to contact the Local Government Infrastructure and Finance Branch by email at: LGIF@gov.bc.ca. Further information on the program will be available on the following webpage:
<https://www2.gov.bc.ca/gov/content/governments/local-governments/grants-transfers/grants/bc-s-growing-communities-fund>.

The province welcomes this opportunity to support the growth of the supply of housing throughout British Columbia. We believe that this funding will contribute to the capacity of B.C. local governments to provide critical services as our province and economy grows.

Sincerely,



Anne Kang
Minister

pc: Serena Lusk, Chief Administrative Officer, City of Richmond
Jerry Chong, General Manager Finance & Corporate Services, City of Richmond

Attachment with Example Calculation for a Municipality with 15,000 People

Population Range	From	To	Adjustment Factor
1. Very Small	0	2,000	100%
2. Small	2,001	5,000	80%
3. Small-Med	5,001	10,000	60%
4. Medium	10,001	20,000	40%
5. Large-Med	20,001	40,000	20%
6. Large	40,001	150,000	10%
7. Very Large	150,001	900,000	5%

To illustrate, for a city of 15,000 people, the adjusted population is:

- For this first 2,000 residents, adjustment of 100% = $2,000 \times 100\% = 2,000$
- For the next 3,000 (up to 5,000), adjustment of 80% = $3,000 \times 80\% = 2,400$
- For the next 5,000 (up to 10,000), adjustment of 60% = $5,000 \times 60\% = 3,000$
- For the last 5,000 (up to 15,000), adjustment of 40% = $5,000 \times 40\% = 2,000$

Thus, the city of 15,000 people has an adjusted population of 9,400 ($=2,000 + 2,400 + 3,000 + 2,000$).

If the city grew by 4,500 people between 2016-2021, the total grant amount is calculated as follows:

Component	Calculation	Result
Flat Funding	\$500,000	\$500,000
Adjusted Population	$= 9,400 \times \$365$	\$3,431,000
Population Growth	$= 4,500 \times \$1,000$	\$4,500,000
Total Grant		\$8,431,000



GROWING COMMUNITY FUND (GCF) Frequently Asked Questions (FAQ's) - Municipalities	
Program Description	
Question	Answer
What is the purpose of the Growing Community Fund for local governments?	The GCF will provide a one-time grant to all 188 of B.C.'s municipalities and regional districts, which they can use to address their community's unique infrastructure and amenity demands.
What is the formula-based model used to allocate funding?	<p>For all municipalities, allocations are the sum of:</p> <ul style="list-style-type: none"> • A flat amount of \$500,000; • A pro-rated funding amount based on an "adjusted population" basis; • A growth-based funding amount determined by total population increase between 2016-2021. <p>See more detail in the Appendix.</p>
What is the "adjusted population" method?	<p>The adjusted population method ensures that smaller municipalities get a higher per capita share of funding despite larger municipalities receiving more funding in absolute dollars.</p> <p>This method groups municipalities by size categories (from "Very Small" - less than 2,000 people to "Very Large" - over 150,000). As a municipality's population increases it is incrementally adjusted downward by an "adjustment factor"</p>



What is the source of the population data?	<p>The source of the population data is from the BC population estimates (as of January 27, 2023).</p> <p>BC Stats population estimates are based on the Census, they also incorporate other information including provincial health records and tax records from CRA, and accordingly they have historically, on average, been higher than the Census baseline. Because of these reasons the federal and provincial governments have viewed population estimates as the more accurate of the two (e.g., population estimates are used to determine provincial health transfers from the federal government).</p>
Use of Funds	
Question	Answer
What are the eligible use of funds?	<p>Eligible infrastructure projects are as follows:</p> <ul style="list-style-type: none"> • Public drinking water supply, treatment facilities and water distribution; • Development finance portions of infrastructure costs that support affordable/attainable housing. These may include DCCs or subdivision servicing charges payable or similar costs. • Childcare facilities; • Municipal or regional capital projects that service, directly or indirectly, neighbouring First Nation communities, • Wastewater conveyance and treatment facilities; • Storm water management; • Solid waste management infrastructure; • Public safety/emergency management equipment and facilities not funded by senior level government; • Local road improvements and upgrades; • Sidewalks, curbing and lighting;



	<ul style="list-style-type: none"> • Active transportation amenities not funded by senior level government; • Improvements that facilitate transit service; • Natural hazard mitigation; • Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and • Recreation related amenities.
Can the funds only be used for costs other than capital?	Yes. Other eligible one-off costs include: costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work; costs of designing, tendering, and acquiring land (where it is wholly required for eligible infrastructure projects); constructing eligible infrastructure projects; and in limited situations, non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities
Are expenditures on natural assets eligible?	Yes, provided the natural asset is providing, or part of providing, one of the services described in the eligible categories above.
Will receipt of the GCF affect our eligibility for other infrastructure grant programs?	No. The GCF will not affect decisions on eligibility for infrastructure grant funding. For local governments with approved projects the GCF funding cannot be used as their match as an incremental spend is required. The GCF could be used to offset cost overruns that exceed the grant amount and the local share.
Can local governments provide contributions to third parties from GCF?	No, with the exceptions of: <ul style="list-style-type: none"> • municipal contributions to housing projects and infrastructure owned by a regional district when the municipality is a participant in that service. • First Nations infrastructure when it is a shared service or there is a service relationship.
Can municipalities use these funds to support a regional response to an issue (i.e. municipal funds paid directly to a regional district)	Yes. While a municipality is generally not permitted to use GCF funding for any capital projects that they will not own, a municipality may contribute from its GCF reserves to a



	regional service if that municipality is a participant and the funding is dedicated for capital or planning purposes.
Can we claim staff time on projects?	Permitted in limited situations. Specifically for non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities
Can a local government use GCF funding for multi-year project that has already started?	Yes. The GCF can be used for any capital project that has not yet been completed. Projects completed prior to March 1st, 2023 are not eligible for GCF funding. GCF is designed to enable an incremental additional expenditures for local governments and not to replace existing capital commitments.
Can a municipality use GCF for a contribution to a regional project that they will not own?	Yes. While a municipality is generally not permitted to use GCF funding for any capital projects that they will not own, a municipality may contribute from its GCF reserves to a regional service if that municipality is a participant and the funding is dedicated for capital or planning purposes.
Can GCF be used for related planning projects?	Yes. Feasibility studies (including infrastructure capacity assessment); other early-stage development work are eligible costs.
What happens if funds are ineligibly allocated, if reporting requirements are not met or if funds remain unspent after five years?	The ministry may reclaim any grant funds that are not used for the intended purposes or meet the accountability requirements of the Growing Community Fund. However, the ministry will work with the local government to determine methods of expending it within eligible categories.
Can the funds be invested while being held in reserve?	The funds may be invested in any of the instruments permissible for local governments under section 183 of the <i>Community Charter</i> .
How will these grants impact DCCs and other development finance charges?	The intent of the Growing Community Fund grant is to support the delivery of projects that are



	<p>incremental to currently planned infrastructure. As such, the projects may not be part of the current DCC program. However, if the DCC program contains a project to which GCF funds will be allocated, the DCC bylaw must be amended so that the charges take the grant into account. Similar treatment should be used to adjust other development finance charges.</p>
Timing	
Question	Answer
When will the grants be disbursed?	This GCF will be directly transferred to local governments by March 31, 2023.
What is the timeline over which these grant funds must be expended?	The Provincial Government requests that the funds will be expended within approximately five years of receipt.
Reporting	
Question	Answer
What are the GCF reporting requirements for municipalities?	<p>The municipality must annually report on:</p> <ul style="list-style-type: none"> • The amounts and uses of money expended from the GCF reserve fund over the calendar year, and • The balance of the reserve fund at the end of the calendar year. <p>Municipalities must provide a separate report (schedule) to their annual audited financial statements. (as required under S.167 of the <i>Community Charter</i>) until the GCF funding is fully expended (drawn down to zero).</p> <p>Further to the financial reporting, an annual report that identifies work related to Housing Needs Reports and pre-zoning requirements as applicable, is required. The province also encourages highlighting projects that align with provincial priorities such as CleanBC and childcare; as well as those that align with the province's Environmental, Social and Governance framework for capital projects.</p>



	Templates for reporting will be posted on line at a later date
Will the schedule to the annual audited financial statements be left to the discretion of the municipality? Does the Ministry have authority to request additional information?	Yes, and yes. The form of the schedule to the annual audited financial statements will be left to the discretion of the municipality. The Ministry retains the right to request additional information from municipalities as required.
Is a separate auditors' report required for this schedule?	No. The Province does not require a separate auditor's report.
Am I required to acknowledge the provincial financial contribution towards funded projects?	Yes. Fund requirements will include parameters for public recognition of the funding related to capital projects.
Reserve Funds	
Question	Answer
Do municipalities need to segregate GCF funding from other funding sources?	Yes. The municipality must place its GCF grant in a separate dedicated reserve fund for capital and planning purposes (established under S.188 of the <i>Community Charter</i>). This fund must be separate from other existing reserve funds. That said, the municipality may transfer other money into the GCF reserve fund but may not transfer money from this fund to other reserve funds or into general surplus.
Does interest earned on the GCF need to be tracked and added to the GCF amounts once the funds are allocated to reserve?	Yes. Interest earned in the GCF fund must be tracked and allocated back to the fund and may only be used for eligible purposes related to the GCF program. This is in accordance with S. 189(1) of the <i>Community Charter</i> .

Appendix: Detailed Calculation of Grants

Example Calculation for a Municipality with 15,000 People

Population Range	From	To	Adjustment Factor
1. Very Small	0	2,000	100%
2. Small	2,001	5,000	80%



3. Small-Med	5,001	10,000	60%
4. Medium	10,001	20,000	40%
5. Large-Med	20,001	40,000	20%
6. Large	40,001	150,000	10%
7. Very Large	150,001	900,000	5%

To illustrate, for a city of 15,000 people, the adjusted population is:

- For this first 2,000 residents, adjustment of 100% = $2,000 \times 100\% = 2,000$
- For the next 3,000 (up to 5,000), adjustment of 80% = $3,000 \times 80\% = 2,400$
- For the next 5,000 (up to 10,000), adjustment of 60% = $5,000 \times 60\% = 3,000$
- For the last 5,000 (up to 15,000), adjustment of 40% = $5,000 \times 40\% = 2,000$

Thus, the city of 15,000 people has an adjusted population of 9,400 ($= 2,000 + 2,400 + 3,000 + 2,000$).

If the city grew by 4,500 people between 2016-2021, the total grant amount is calculated as follows:

Component	Calculation	Result
Flat Funding	\$500,000	\$500,000
Adjusted Population	$= 9,400 \times \$365$	\$3,431,000
Population Growth	$= 4,500 \times \$1,000$	\$4,500,000
Total Grant		\$8,431,000



**Growing Communities Reserve
Fund Establishment Bylaw No. 10466**

WHEREAS:

- A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;
- B. Council wishes to establish a reserve fund for the purposes described in this bylaw;

The Council of the City of Richmond enacts as follows:

1. The Growing Communities Reserve Fund is hereby established.
2. Any and all amounts in the Growing Communities Reserve Fund, including any interest earned and accrued, may be used and expended solely for eligible costs in accordance with the terms of the provincial Growing Communities Fund.
3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

This Bylaw is cited as “**Growing Communities Reserve Fund Establishment Bylaw No. 10466**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.

APPROVED for legality by Solicitor
BRB



City of Richmond

Report to Committee

To: Finance Committee
From: Mike Ching, CPA, CMA
Director, Finance

Date: May 10, 2023
File: 03-0975-01/2023-Vol
01




Re: **Active Capital Projects Financial Information - 1st Quarter March 31, 2023**

Staff Recommendation

That the staff report titled, "Active Capital Projects Financial Information – 1st Quarter March 31, 2023", dated May 10, 2023 from the Director, Finance, be received for information.


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

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Information Technology	<input checked="" type="checkbox"/>	Sustainability & District Energy <input checked="" type="checkbox"/>
Real Estate Services	<input checked="" type="checkbox"/>	Fire Rescue <input checked="" type="checkbox"/>
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	Community Bylaws <input checked="" type="checkbox"/>
Parks Services	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Recreation and Sport Services	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Facility Services & Project Development	<input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
Public Works	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

Active Capital Project Financial Information for the first quarter ended March 31, 2023 is provided to the Finance Committee for information purposes.

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

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

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

Analysis

ACTIVE CAPITAL PROJECT DEFINITION

Active capital projects represent construction, non-construction and acquisition (e.g. equipment and land) capital projects previously approved by Council. A capital project is considered active for the purpose of this report if the project falls within one of the following project completion stages:

- Planning and Design – includes projects that were previously approved and are undergoing design specifications, design approvals, or public consultation.
- Contract Award – includes preparing and issuing a request for proposal, evaluating proposals received, and finalizing contract award agreements.
- Construction – includes build out of the approved design either by City workforce or under executed agreements.
- Functional Completion – includes certain projects that are completed in phases that allow for portions of the project to be functionally complete while the next phase is initiated.
- Project Completion – may include fully functional assets that are in their final inspection and acceptance stage, assets that may still require minor deficiencies to be addressed, as-built drawings to be received, collection of external funding and fulfillment of audit requirements, where applicable.

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

CAPITAL PROGRAM FINANCIALS HIGHLIGHT

The unaudited actual capital expenditures are reported on a cash basis, as such there could be a timing difference between the actual costs incurred and the actual costs reported.

As at March 31, 2023, the approved budget of all active capital projects excluding contingent external contribution project was \$867.9M, of which \$340.2M or 39.19 percent was already spent. Any unspent budget of active capital projects will remain committed until project closure.

Table 1 summarizes the capital financial information by capital program and Attachment 1 provides highlights of key active capital projects.

Table 1: Capital Financial Information by Capital Program (in \$'000s)

Capital Program	Budget	Total-To-Date Actuals	Current Year Year-To-Date Actuals	Expected Commitment	% of Total-To-Date Actuals
Infrastructure Program					
Roads	\$131,446	\$63,253	\$1,013	\$66,792	48.12%
Flood Protection	80,538	31,197	2,411	49,341	38.74%
Water	29,405	9,857	1,419	19,548	33.52%
Sanitary Sewer	39,642	10,437	313	27,805	26.33%
Infrastructure Program	281,031	114,744	5,156	163,486	40.83%
Building Program					
Building	307,126	138,234	2,868	159,496	45.01%
Heritage	25,536	2,549	22	22,987	9.98%
Building Program	332,662	140,783	2,890	182,483	42.32%
Parks Program	84,247	40,312	1,932	43,935	47.85%
Land Program	117,044	25,755	17	91,289	22.00%
Equipment Program					
Equipment	9,763	1,948	23	7,815	19.95%
Vehicle	24,380	8,377	627	16,003	34.36%
Equipment Program	34,143	10,325	650	23,818	30.24%
Information Technology Program	18,791	8,249	680	10,542	43.90%
Grand Total	\$867,918	\$340,168	\$11,325	\$515,553	39.19%

CURRENT YEAR CAPITAL EXPENDITURES

Infrastructure Program

Roads

First quarter actual expenditures for Roads were \$1.0M, of which \$145K was spent on the Annual Asphalt Re-paving program. Other major actual expenditures in the first quarter included \$97K for the LED Street Name Sign Program and \$16K for the Westminster Highway Pedestrian and Cyclist Enhancements, Smith Crescent to Fraserside Gate project.

Approximately \$21.2M of the expected commitment is related to multi-use pathway, and pedestrian and cyclist facility enhancement projects.

Flood Protection

First quarter actual expenditures for Flood Protection were \$2.4M, of which \$917K was spent on the Burkeville Utility Improvement projects and \$316K was spent on the Laneway Drainage

Upgrade projects. Approximately \$10.1M of the expected commitment is related to the Flood Protection and Dike Improvement projects and \$7.7M is related to the Disaster Mitigation and Adaptation Fund Infrastructure Grant – Drainage Pump Station and Diking Upgrades projects.

Water

First quarter actual expenditures for Water were \$1.4M, of which \$759K was spent on the Watermain Replacement Upgrades projects and \$453K was spent on the Water Metering projects. Out of the \$759K spent on the Watermain Replacement and Upgrades Program, \$625K was spent on the Danube/Minler neighbourhood.

Sanitary Sewer

First quarter actual expenditures for Sanitary Sewer were \$313K, of which \$56K was spent on the Sanitary Pump Station and Forcemain Assessments, Upgrades and Grease Management project.

Building Program

First quarter actual expenditures for the Building program were \$2.9M, of which \$538K was spent on the Richmond Courthouse project, \$412K for Steveston Community Centre and Library, \$305K for Annual Infrastructure Replacement and Building Improvement, and \$253K for Richmond Ice Centre Renewals - Phase 1. \$93.6M of the expected commitment is for the Steveston Community Centre and Library project.

Parks Program

First quarter actual expenditures for the Parks program were \$1.9M, of which \$907K was spent on the Minoru Lakes Renewal projects, \$405K on the Garden City Lands projects, and \$123K on London Farm Master Plan Phase 1.

Land Program

First quarter actual expenditures for the Land program were \$17K. Capital projects include amounts set aside for potential land acquisition as per Council Approved Strategic Real Estate Investment Plan. Any specific land acquisition transaction will require Council approval.

Equipment Program

First quarter actual expenditures for the Equipment program were \$650K, of which \$377K was spent on the Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) program. \$10.1M of the expected commitment is related to the Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) program to support the City's Green Fleet Action Plan.

Information Technology Program

First quarter actual expenditures for the Information Technology program were \$680K, of which \$222K was spent on Data Centre Server Refresh projects and \$177K on Implementation of Digital Strategy projects.

CAPITAL BUDGET REALLOCATION

An estimate of \$10.0M was approved as part of the 2023 Capital Budget for external grants and contributions that may be approved or received throughout the year for various projects. Spending will only incur if funding is confirmed. Between Q4 2022 and Q1 2023, the following reallocation from contingent external contribution was recorded as detailed in Table 2. Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee.

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

Program	Transfer From	Transfer To	Amount
Contingent External Contribution & Parks	Contingent External Contribution (2023)	Playground Replacement and Safety Upgrade Program (2018)	\$200
Total Budget Reallocation			\$200

CAPITAL PROJECTS CLOSED IN THE QUARTER

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

Table 3: Projects Closed in the Quarter Ended March 31, 2023 (in \$'000s)

Project Name	Plan Year	Budget	Actuals	Remaining Budget
Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet)	2019	\$3,741	\$3,712	\$29
Parks Strategic Ageing Infrastructure Replacement Program	2018	900	899	1
Customer Response Management System (CRM)	2016	900	240	660
Business Process Management Suite (BPMS)	2016	592	445	147
City Hall and Community Safety Building Lighting Upgrade *	2021	550	-	550
Public Works Minor Capital - Drainage	2021	400	400	-
Public Works Minor Capital - Sanitation & Recycling	2021	350	347	3
Accessible Pedestrian Signal Program	2020	250	246	4
Dog Park Upgrades	2021	200	199	1

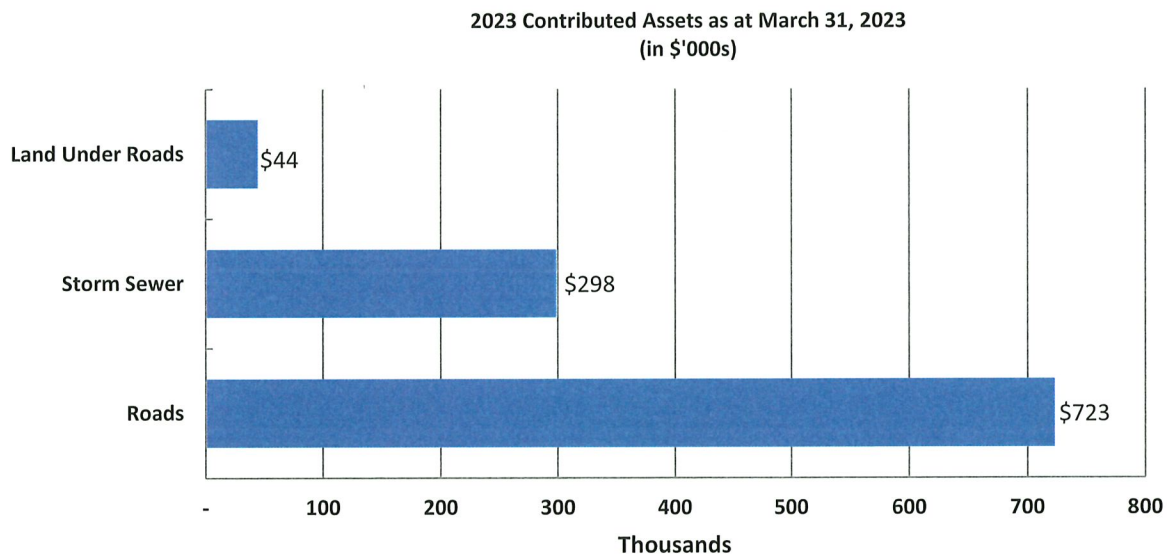
* Capital project was replaced by 2023 capital project City Hall and Community Safety Building Lighting Upgrade.

Table 3: Projects Closed in the Quarter Ended March 31, 2023 (in \$'000s) - continued

Project Name	Plan Year	Budget	Actuals	Remaining Budget
Fire Hydrant Upgrades	2022	200	200	-
Tempest v8.0 Upgrade and Web Services Integration	2017	120	71	49
Transit-Related Amenity Improvement Program	2019	105	75	30
Total		\$8,308	\$6,834	\$1,474

CONTRIBUTED ASSETS

Included in the Consolidated 5 Year Financial Plan (2023-2027) Bylaw was an estimated \$48.7M for assets that are contributed and transferred to the City by developers and third parties. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. As of March 31, 2023, \$1.1M of contributed assets were recorded as shown in Figure 1 and Table 4:

Figure 1 – Current Year-To-Date Contributed Assets as at March 31, 2023

These contributed assets were attributed from the following rezoning applications:

Table 4: Contributed Assets by Rezoning Application (in \$'000s)

Rezoning Application	Project Location	Total
RZ17-766525	8820-8900 & 8911-8931 Spires Road	\$ 674
RZ16-743741	7000-7020 Williams Road & 10060 Gilbert Road	347
RZ20-905210	8231 No. 3 Road	44
		\$1,065

May 10, 2023

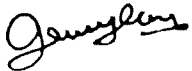
- 7 -

Financial Impact

None.

Conclusion

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



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

JH:sx

Att. 1: Highlights of Key Active Capital Projects

Highlights of Key Active Capital Projects

Infrastructure Program

Roads

Active Transportation Improvement Program

Budget: \$750K

Expected Completion Date: Q4 2024

Through the City's Active Transportation Program, delineators will be installed along existing bike lanes on Garden City Road. These will provide physical separation from vehicles for cyclists along previously unprotected sections, with the upgrades stretching from Granville Avenue to Sea Island Way along both sides of the road. These upgrades are scheduled to begin in spring of 2023, with completion by summer of 2023.

2023 Annual Asphalt Re-Paving Program

Budget: \$5.4M

Expected Completion Date: Q4 2023

The annual Paving Program works have commenced and enabling concrete works are ongoing. Upcoming locations include: 12000 block of Steveston Highway including No. 5 Road intersection, 5000 block of Garden City Road including intersections of Westminster Highway and Lansdowne Road, Westminster Highway from No. 5 Road to Highway 99 South, 9000 block of No.5 Road from Williams Road to Kingsbridge Drive, 11000 block of Shell Road from Steveston Highway to Hammersmith Gate.

Westminster Highway Pedestrian and Cyclist Enhancements, Smith Crescent to Fraserside Gate

Budget: \$1.1M

Expected Completion Date: Q2 2023

This project provides an asphalt 1.8m bike lane and 1.5m walkway along the north side of Westminster Highway. The works will separate the new paths from traffic lanes with the installation of an extruded curb along the length of the project. The result of this project will be unidirectional bike lanes in each direction along this stretch of Westminster Highway. Works began in the fall of 2022.

Flood Protection

Burkeville Utility Improvements

Budget: 5.3M

Expected Completion Date: Q2 2024

This project consists of upgrades to the City's storm sewer capacity. Ageing watermain and sanitary sewers will also be upgraded at the same time to minimize ongoing disruption to residents and overall construction costs. This project is being constructed in phases and is scheduled to be completed in approximately five years. Phase 4 will be completed in Q2 2023 and Phase 5

construction will start after phase 4 completion. Phase 5 is located in the north western section of the neighbourhood, and is anticipated to be completed by Q2 2024.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades

Budget: \$15.2M

Expected Completion Date: Q4 2025

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Program. This project includes the upgrades of various drainage pump station and diking upgrades. The construction of the Steveston Highway and Gilbert Road drainage pump station and the South Dike Upgrades from No. 3 Road to west of No. 4 Road have been substantially completed. The construction of the South Dike Upgrade at No. 9 Road is also substantially complete. The design of the South Dike Upgrades between No. 4 Road to No. 5 Road, North dike upgrades between No.2 Road and Lynas Lane, and South Dike Upgrades between No.2 Road and Gilbert Road, as well as the No. 6 Road South and No. 9 Road inland drainage pump stations are currently underway.

Water

Watermain Replacement Upgrades Program

Budget: \$6.2M

Expected Completion Date: Q4 2024

This program replaces and upsizes ageing watermain at the end of their service life with Polyvinyl Chloride (PVC) pipe, in line with the City's Ageing Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. In Q1 2023, City crews completed the installation of new watermain in the Nevis Drive and Petts Road neighborhood. Crews have now commenced work in the Danube Road and Minler Road neighborhood, including replacement of the watermain on Minler Road between Blundell Road and Francis Road, Lucas Road between the cul-de-sac and Gilbert Road, and Mirabel Crescent between Blundell Road and Lucas Road. Construction of new watermain in this neighborhood will be completed by Q4 2023.

Building Program

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

Britannia Shipyards National Historical Site

Budget: \$2.1M

Expected Completion Date: Q4 2023

Within the Britannia Shipyards National Historical Site, there are many buildings that require exterior maintenance, roofing and cladding repairs. Additionally, a new dust extraction system will be installed in the Richmond Boat Builders Building, restoring the building's use as a functional workshop. Construction will begin in Q2 2023 with anticipated completion in Q4 2023. *The Standards and Guidelines for the Conservation of Historic Places in Canada*, prepared by Parks

Canada, guides the management of this heritage resource to conserve significant heritage resources throughout the Steveston Area.

City Hall

Budget: \$5.3M

Expected Completion Date: Q3 2023

The replacement work for the green roof membrane above Council Chambers and the fifth floor terrace roof is complete.

In addition, the electrical room cooling units, Council Chambers fan coil and hot water control valves will be replaced with modern energy efficient systems. Most of the work will occur within unoccupied space such as the main mechanical and electrical rooms and will have minimal disruption to normal City operations. Other work includes replacement of the sewage ejector pump, renewal of the underground parking lines and replacement of various life-safety devices.

Community Safety Building

Budget: \$890K

Expected Completion Date: Q3 2024

The design for the emergency power upgrades project started in Q4 2022 with construction anticipated to be completed in Q3 2024. Fuel tanks and electrical panels will be connected to the emergency power supply to prevent service disruption in case of an emergency.

Minoru Arenas

Budget: \$4.6M

Expected Completion Date: Q4 2023

Life and safety equipment upgrades and architectural improvements of the mezzanine viewing area and change rooms are complete. Building infrastructure renewals and replacements, which include architectural, mechanical and electrical upgrades, are in progress. Construction completion is anticipated by Q4 2023.

Richmond Animal Shelter

Budget: \$8.0M

Expected Completion Date: Q1 2024

The 4,580 sq. ft. facility was updated and a new 1,600 sq. ft. addition was completed in Q1 2022. Animals were transitioned to their new spaces in Q2 2022 and the grand opening ceremony was held in July 2022. Additional heating and cooling upgrades to the building were requested for programming related needs, anticipated for completion in Q1 2024.

Richmond Courthouse

Budget: \$1.6M

Expected Completion Date: Q2 2023

The two-storey, 64,000 sq. ft. Courthouse and Annex buildings were originally built in 1975 and include spaces for the Attorney General Office, Richmond Community Corrections and Richmond Family Justice Centre. Ageing rooftop mechanical equipment and the electrical panel will be replaced with new and more efficient alternatives. Structural seismic upgrades will be done to enhance life and safety for the users and operators. Perimeter drainage system improvements, floor slab repairs and releveling and minor building envelope repairs will also be completed. Design was completed in Q1 2022 and construction is underway.

Richmond Cultural Centre Annex

Budget: \$3.3M

Expected Completion Date: Q4 2023

The formerly known Minoru Place Activity Centre will be repurposed to serve as a hub of arts and cultural activity to complement and expand operations in the existing Richmond Cultural Centre. The renovated facility will feature two performing arts studios, a pottery studio, a space for the Richmond Museum to hold curriculum-linked school programs, a new, larger Media Lab, multipurpose spaces and a workshop. This project is partially funded by the Provincial and Federal Government through the Investing in Canada Infrastructure Program – Community, Culture and Recreation Program. Construction commenced in Q4 2022, following decommissioning of the space, previously occupied by BC Housing as an Emergency Response Centre.

Richmond Curling Club

Budget: \$650K

Expected Completion Date: Q4 2023

The Richmond Curling Club requires significant repairs to the building envelope to stop current water ingress and prevent future water damage. The repair work will include roofing works and the replacement of various building envelope components including drains, window sills, and doors. Additionally, several critical pieces of mechanical equipment will be replaced with new higher efficiency units to ensure the health and safety of all occupants and visitors.

Richmond Ice Centre

Budget: \$13.7M

Expected Completion Date: Q1 2024

Richmond Ice Centre is a 155,000 sq. ft. facility that includes six ice rinks, change rooms, a restaurant and concession, as well as retail spaces. Existing ageing equipment and infrastructure will be replaced with new and more efficient alternatives. This includes sections of the roof, ice rink floors and various mechanical equipment. The equipment and infrastructure replacements will minimize unplanned maintenance and improve life and safety for the users and operators. This project is multi-phased to minimize impact on programming, operations and service levels.

Phase 1 construction started in Q1 2022 and completed in Q1 2023. The construction for Phase 2 commenced in Q1 2023.

Richmond Nature Park

Budget: \$4.8M

Expected Completion Date: Q4 2024

Multiple building components in the various facilities are due for renewal, and will be replaced with new energy efficient equipment and components. The existing onsite septic system for the Nature Park House is undersized for the growing number of visitors and will be replaced to reduce the risk of future service interruptions and maintenance requirements. The other renewals will include fire alarm system replacement, envelope repair and replacement, and various building interior upgrades that will extend the life of the buildings and improve operations.

Steveston Community Centre and Library

Budget: \$95.0M

Expected Completion Date: Q2 2026

Following approval of the building's form and character, design development is progressing for this priority Major Facility Phase 2 project. Enabling works for site preparation of the new, three-storey, 60,350 sq. ft. facility has commenced.

Watermania

Budget: \$2.3M

Expected Completion Date: Q2 2024

Watermania is part of the Riverport Sports and Entertainment Complex, and offers a complete aquatic and fitness experience. Multiple building components in this facility will be replaced with new energy efficient equipment and components. Improvements will include upgrades to heat exchangers, pool equipment, building envelope, and all washrooms and change rooms.

West Richmond Community Centre

Budget: \$1.3M

Expected Completion Date: Q2 2024

The West Richmond Community Centre connects the community by offering childcare programs, special events, fitness programs, youth opportunities, and adult and senior activities. Multiple building components in this facility will be replaced with new energy efficient equipment and components. Improvements will include upgrades to rooftop units, emergency exit signs and lighting, flooring, showers, and hot water system. Reconfiguration to the office spaces will also be included as part of this project.

Works Yard

Budget: \$6.6M

Expected Completion Date: Q4 2024

Buildings in general at the Works Yard are beyond their expected lifespan. In advance of a broader rebuilding program being finalised and funded, there are many building components within each of the active Works Yard facilities that require replacement in order to maintain operability.

Construction for Phase 1 was completed in Q4 2022 and Phase 2 was completed in Q1 2023.

Design has commenced for electrical upgrades and installation of new Electric Vehicle (EV) infrastructure.

Parks Program

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

Garden City Lands (GCL)

Budget: \$6.2M

Expected Completion Date: Ongoing

An extensive contaminated sites testing program commenced in Q4 2021 with a Qualified Environmental Professional (QEP) engaged. The QEP took soil samples for testing and further analysis. Commencing in late Q4 2022, areas of contaminated soil at specific locations as identified through the soil study were removed from the site and sent to a certified disposal facility; this scope of work is expected to be completed in Q3 2023 while additional soil testing continues site-wide. Planting along Westminster Highway and Garden City Road is expected to be completed in Q2 2023. Soil importation for the Kwantlen Polytechnic University (KPU) farm is ongoing, requiring additional soil importation before concerted agricultural production can commence. With the Agricultural Land Commission's approval of the Comprehensive Non-Farm Use Application, staff will commence planning the implementation of the park features identified in the park development plan.

Lang Park Redevelopment Plan – Phase 3 Completion

Budget: \$275K

Expected Completion Date: Q1 2023

The current construction phase of the Lang Park Redevelopment Plan includes an overhead shelter, table tennis tables and a community book exchange kiosk as part of the approved park program to address the needs of the community. The project was substantially completed in Q1 2023.

London Farm – Master Plan Phase 1

Budget: \$612K

Expected Completion Date: Q2 2023

Council approved a Heritage Alteration Permit (HAP) in Q1 2022. Components of the project were completed in Q2 2022 including an apiary expansion, chicken run renovations and heritage garden

planting. Remaining site improvements include pathway upgrades, new furnishings, updated signage, renewed heritage displays and a new boardwalk. To minimize impact to gardeners and site programming, construction started in late Q3 2022. Earthworks and pathway improvements were completed in Q4 2022. The boardwalk and a site orientation sign, which received a HAP in Q1 2023 are well underway. Placement of new furnishings, updated signage, and additional heritage planting is expected to be complete in Q2 2023.

Minoru Lakes Renewal

Budget: \$9.8M

Expected Completion Date: Q2 2023

Construction started in late Q1 2022. The lakes were dewatered in compliance with environmental regulations. In Q2 and Q3 2022, demolition and earthworks were completed with construction prioritizing lakes infrastructure upgrades and new embankments. Civil infrastructure upgrades were completed in Q4 2022. Lighting, irrigation, and finish surfaces including boardwalks, stonework, and pathways were completed in Q1, 2023. Finish works, which include new mechanical components, remaining finish surfaces and planting, are on schedule and expected to be completed in late Q2 or early Q3 2023.

Parks Ageing Infrastructure

Budget: \$1.8M

Expected Completion Date: Ongoing

- Parks waterfront assets include piers, floats, docks and gangways. In Q1 2023 a consultant completed a preliminary conditional assessment to identify and prioritize interim safety improvements, such as replacement of damaged rails and remediation of slippery surfaces. Repairs will proceed in Q2 2023.
- Storm drainage infrastructure inventory and analysis is underway with preliminary compilations started in Q1 2023. Prioritized drainage improvements are expected to begin in Q2 2023 and proceed into Q3 2023, such as reviewing drain line condition at South Arm Park and Steveston Park.
- Priority park furnishings, fences, and sport equipment were inspected in Q1 2023 with repairs such as work on the King George Park artificial turf field fence and Minoru Park hammer cage proceeding in Q2 2023.

Parks General Development

Budget: \$2.1M

Expected Completion Date: Ongoing

- Terra Nova Park – Phase 1 of the new fencing around the community gardens was completed in Q2 2022. Phase 2 of the fencing was complete in Q4 2022. Additional drainage and maintenance access works along the east side of the community gardens is being analyzed with implementation expected to start in Q2 2023.
- Improvements of the Railway Community Gardens including fencing and three tool sheds was completed in Q3 2022. Planned site furnishing such as picnic tables, chairs, and bike racks were installed in Q1 2023 and will continue in Q2 2023.

- Planning is underway for the addition of six new benches along the south dike between Gilbert Road and No. 3 Road, they are expected to be installed in Q2 2023.

Playground Improvement and Replacement Program

Budget: \$2.3M

Expected Completion Date: Ongoing

- South Arm Community Park Playground – Construction started in Q4 2022 and is expected to be complete in Q2 2023.
- Playground Replacement – Site surveys for Great Cannery West, Odlinwood, and Heather-Dolphin Parks were completed in Q4 2022. Public engagement was completed with procurement initiated in Q1 2023. The project is expected to be procured in Q2 2023 with construction on schedule to begin in Q3 2023.

South Arm Community Park Renewal

Budget: \$300K

Expected Completion Date: Q2 2023

South Arm Community Park Renewal includes a new playground, enhanced trail connections, a new plaza, expanded picnic areas, updated furnishings and shade trees. Detailed design for the playground and surrounding park areas was completed in Q3 2022. Construction started in Q4 2022 and is expected to be completed in late Q2 2023.

Steveston Community Park Playground Expansion

Budget: \$2.2M

Expected Completion Date: Ongoing

A staff report on the Steveston Community Park Playground Next Steps received Council support in Q1 2021. The Request for Proposal for detailed design services was issued to market in Q1 2022 and the contract was awarded in Q2 2022. Detailed design is underway, the construction tender and award process is expected to take place in Q3 2023, and construction is expected to start in Q1 2024.

Land Program

Strategic Land Acquisition

Budget: \$117.0M

Expected Completion Date: Ongoing

Capital projects include amounts set aside for potential land acquisition as per Council Approved Strategic Real Estate Investment Plan. Any specific land acquisition transaction will require Council approval.

Equipment Program

The equipment program includes machinery and vehicles for Richmond Fire Rescue, Public Works (PW) and other miscellaneous equipment.

Bylaws License Plate Recognition (LPR) System

Budget: \$208K

Expected Completion Date: Q2 2023

The License Plate Recognition project under the Parking Department is near completion. The project is in its final stage and should be fully operational by the 2nd quarter of 2023.

Fire Vehicle Replacement Reserve Purchases

Budget: \$8.3M

Expected Completion Date: Ongoing

The Fire Vehicle and Equipment Reserve Purchases projects in Plan Year 2019 to 2022 have a combined outstanding acquisition of four front line vehicles and five support vehicles. Fire trucks are currently in development stage of the required specifications before purchasing process can begin.

Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet)

Budget: \$14.0M

Expected Completion Date: Ongoing

The Vehicle and Equipment Reserve Purchases projects in Plan Year 2020 to 2023 are currently in replacement progress. These projects have combined outstanding acquisitions that involve over 120 vehicles and pieces of equipment that have been identified for replacement. As of Q1 2023, 19 of these outstanding units are on order.

Information Technology Program

The Information Technology (IT) program includes City Hall computer hardware, software and other miscellaneous IT equipment.

Data Centre Server Refresh / Update

Budget: \$720K

Expected Completion Date: Q2 2023

The largest year-to-date actual expenditures for the IT program is the Data Centre Server Refresh / Update. The project is in progress and is expected to be completed by Q2, 2023.



City of Richmond

Report to Committee

To: Finance Committee

Date: May 19, 2023

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

File: 03-1200-08/2023-Vol 01

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

Re: 2023 Q1 Financial Information for the Lulu Island Energy Company

Staff Recommendation

That the Lulu Island Energy Company report titled "2023 Q1 Financial Statements for the Lulu Island Energy Company", dated May 19, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.

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

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

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





6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: May 2, 2023

TO: Board of Directors

FROM: Jerry Chong, CPA, CA, Chief Financial Officer

Re: **Lulu Island Energy Company – 2023 1st Quarter Financial Information**

Staff Recommendation

That the 1st Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2023 1st Quarter Financial Information”, dated May 2, 2023, be approved.

Background

In 2022, Lulu Island Energy Company (LIEC) terminated the Concession Agreement and entered into a new project agreement (Project Agreement) with Corix Utilities Inc. (Corix) and the Canada Infrastructure Bank (CIB) to design, build, finance, operate, and maintain City Center District Energy Utility (CCDEU) infrastructure providing heating and cooling services to over 170 new residential and mixed-use commercial developments by 2050. The concession agreement was re-negotiated, re-financed, and included within the new project agreement. The first two developments in the CCDEU service area comprising of over 790,000 square feet and over 720 residential units was connected in 2022. The CCDEU project is expected to reduce green house gases (GHG) emissions by one million tonnes by 2050 (Attachment 1).

LIEC owns and operates district energy utility (DEU) infrastructure within the service areas. All capital and operating costs are recovered through revenues from user fees, ensuring that the business is financially sustainable. City Council is the regulator and thus sets customer rates as noted in the principles above.

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

Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC's pre-audited Q1 financial information consists of the interim statement of the financial position as of March 31, 2023 (Attachment 2) and the interim income statement for the period ended March 31, 2023 (Attachment 3).

Financial Position

The interim statement of the financial position provides a summary of assets, liabilities and shareholder's equity. Total assets are comprised of current assets (cash, investments and receivables) \$16,022,379 and non-current assets (plant and equipment) \$46,513,803. The total assets are \$62,536,182.

The total liabilities of \$26,808,884 include outstanding invoices, deferred contributions and Project Agreement liabilities. Included in the accrued liabilities is an amount totalling \$694,748, which pertains to the unplanned environmental remediation work related to a pipe construction defect, which resulted in a leak and subsequent clean up of the released heat transfer fluid in the Alexandra DEU service area. The expenses were accrued in the prior years and there are no additional accruals in the first quarter. The environmental remediation of the site has progressed significantly and is near completion. LIEC has taken steps to recover the remediation and repair costs from the responsible parties.

The shareholder's equity represents the net worth of the company. It is equal to the total assets minus its total liabilities and measures the company's financial health. As of March 31, 2023, LIEC's shareholder equity is \$35,727,298, showing good financial health of the company. Year-to-date budget to actual numbers are shown in Attachment 4.

Revenues

The metered billing revenue is the total energy sales of Alexandra District Energy Utility (ADEU), Oval Village District Energy Utility (OVDEU) and CCDEU service areas. The year to date metered billings revenue is \$723,358 from the ADEU, \$1,014,955 from the OVDEU and \$232,904 from the CCDEU. Overall, the first three months of metered billing revenue of \$1,971,217 increased by 23% over 2022. This reflects the addition of three new building connections in 2022, increased energy use from customers due to increased occupancy, and the approved 2023 rates. The year-to-date metered billings revenue has exceeded budget due to increased energy use as a result of increased occupancy.

Cost of Sales

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense increased by 76% over 2022 due to the additional operations and maintenance work as a result of more buildings being serviced, including two on-site low carbon energy plants (LCEP); compared to budget, the actual is 32% below budget. The growth in energy demand, due to the addition of more buildings, and operation of the first two on-site

LCEP's, resulted in an increased use of electricity and natural gas to run the generation, distribution and auxiliary equipment used to deliver energy to customers' buildings. This increased demand paired with electricity and gas rate increases caused the utility expense to increase 15% compared to Q1 2022, and by 1% lower compared to budget. The amortization expense decreased due to an adjustment to the capital asset additions from 2022. The year-over-year cost of sales has increased by 17%. The gross margin as a percentage of revenue is 49%, which is in line with last year.

General and Administration Expenses

General and administration (G&A) expenses are expenditures that LIEC incurs with respect to supporting operations which includes salaries and benefits, administration expenses, professional fees, etc.. Salaries and benefits are higher than last year and 15% higher than budget due to benefits associated with an approved leave of absence and extra support during the year-end audit from City staff. The administration expense increased compared to Q1 2022 mainly due to the Project Agreement structure with Corix and CIB, compared to the budget, the administration expense is 9% below budget. The administration expense also includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. Insurance expense increased due to the general insurance rate increase, additional assets being insured, and the additional insurance coverage (comprehensive environmental liability) and deductions required under the Project Agreement. Professional fees have increased in comparison to Q1 2022 due to expenses related to Project Agreement structure with Corix and CIB, as well as additional audit fees in line with the company's growth as additional audit work is required.

Overall, the G&A expenses as a percentage of revenues are 23%, compared to 16% last year. This is the first year of implementation of the Project Agreement. As with the ADEU and OVDEU projects, the CCDEU initial years' general and administration expenses are projected to increase in the relation to the revenue received from customers. This is due to the initial project operation and administration setup costs necessary for the infrastructure expansion and operation for a project of this scale, as well as the costs required to administer low-interest financing from CIB. As more customers are connected to the utility, the general and administration expenses in relation to the revenue will decrease.

Contributions and Financing Expenses

The contributions and financing expense section represents other sources of income and costs for the business. The developer contributions are higher than 2022 due to additional onsite assets being placed into service. The developers' contributions are below budget due to the adjustment between estimated and actual value of the equipment contributed by developers.

Other income is made up of energy model review fees. The energy modeling review fee revenues are lower than 2022 due to less than anticipated building permit reviews. The net finance cost is the result of year-to-date finance costs on project agreement liabilities, offset by interest income. Interest income has exceeded the full year budget for 2023, due to the timing of when the budget was prepared and how quickly the interest rates have increase over the past 18 months. LIEC has

taken advantage of the higher interest rates and have invested in short term, term deposits which have yielded much higher returns compared to 2022. This has resulted in a variance in the net financing costs in both year-over-year and actuals to budget comparison, which is positive for LIEC.

LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure the company's financial performance, as a percentage of revenue decreased to 48% compared to 58% in 2022. This is due to the initial operation and administration setup costs necessary for the CCDEU project infrastructure expansion and operation. This is expected and has been encountered in the past with the existing OVDEU and ADEU projects. As more customers are connected to the system, revenues and EBITA will increase. EBITA has exceeded the budget by 30%.

The year-to-date net income of \$699,139 has exceeded Q1 2022 (\$519,609) and the budget (\$68,094). Consistent with the company's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

Financial Impact

None.

Conclusion

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

Johana Vuletin

Johana Vuletin
Acting Controller
(604-204-8699)

Cody Lan

Cody Lan
Assistant Controller
(604-247-4698)

- Att. 1: District Energy in Richmond
2. Interim Statement of Financial Position as of March 31, 2023 (unaudited)
3. Interim Income Statement for the period ending March 31, 2023 (unaudited)
4: Year-To-Date Budget vs. Actual Comparison (unaudited)

District Energy in Richmond

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

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

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

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

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra District Energy Utility	13	2,200	2.4M ft ²	4.4M ft ²
Oval Village District Energy Utility	13	3,007	3.5M ft ²	6.4M ft ²
City Centre District Energy Utility	2	728	0.8M ft ²	48.0M ft ²
Total	28	5,935	6.7M ft²	58.8M ft²

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

The OVDEU services 13 buildings, containing over 3,000 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

Interim Statement of Financial Position (Unaudited)

	As of March 31 2023	As of December 31 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 933,028	\$ 3,191,380
Accounts receivable	2,605,593	2,240,807
Other investments	12,483,758	12,324,233
	16,022,379	17,756,420
Non-current assets:		
Plant and equipment	46,513,803	45,745,053
	\$ 62,536,182	\$ 63,501,473
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 2,227,422	\$ 3,852,889
Deferred developer contributions	12,906,723	13,017,815
Government grants	241,051	241,051
Project Agreement liability	11,433,688	-
Concession Agreement	-	11,361,558
	26,808,884	28,473,313
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	8,330,183	7,631,045
	35,727,298	35,028,160
	\$ 62,536,182	\$ 63,501,473

Interim Income Statement (Unaudited)

	March 31 2023	March 31 2022	\$ Changes	% Change
Revenues				
Metered billings (Quarterly)	\$ 1,971,217	\$ 1,603,403	\$ 367,814	23%
Service fee	245,372	245,375	(3)	0%
	2,216,589	1,848,778	367,811	20%
Cost of Sales				
Contracts	311,704	177,277	134,427	76%
Utilities	453,305	394,165	59,140	15%
Amortization	362,760	394,502	(31,742)	(8%)
	1,127,769	965,944	161,825	17%
Gross margin	1,088,820	882,834	205,986	23%
General and administration expenses				
Salaries and benefits	289,357	208,573	80,784	39%
Administration expenses	92,045	21,093	70,952	336%
Insurance	70,159	28,750	41,409	144%
Professional fees	49,220	33,750	15,470	46%
	500,781	292,166	208,615	71%
Net income before other items	588,039	590,668	(2,629)	0%
Contributions and financing expense				
Developer contributions	111,092	85,539	25,553	30%
Other income	394	1,944	(1,550)	(80%)
Net financing cost	(386)	(158,542)	158,156	(100%)
	111,100	(71,059)	182,159	(256%)
Net Income	\$ 699,139	\$ 519,609	\$ 179,530	35%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 699,139	\$ 519,609	\$ 179,530	35%
Net financing cost	386	158,542	(158,156)	(100%)
Amortization expense	362,760	394,502	(31,742)	(8%)
EBITA	\$ 1,062,285	\$ 1,072,653	(\$ 10,368)	(1%)

Notes:

	Ending March 31 2023	Ending March 31 2022
Percentage of Revenue		
Gross margin percentage	49%	48%
General and administration percentage	23%	16%
Net income percentage	32%	28%
EBITA percentage	48%	58%

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

	2023 Q1 Budget	2023 Q1 Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$ 1,837,356	\$ 1,971,217	\$ 133,861	7%
Service fee	245,371	245,372	1	0%
	2,082,727	2,216,589	133,862	6%
Cost of Sales				
Contracts	457,594	311,7047	(145,890)	(32%)
Utilities	456,609	453,305	(3,304)	(1%)
Amortization	487,858	362,760	(125,098)	(26%)
	1,402,061	1,127,769	(274,292)	(20%)
Gross margin	680,666	1,088,820	408,154	60%
General and Administration Expenses				
Salaries and benefits	252,137	289,357	37,220	15%
Administration expenses	100,630	92,045	(8,585)	(9%)
Insurance	83,681	70,159	(13,522)	(16%)
Professional Fees	49,750	49,220	(530)	(1%)
	486,198	500,781	14,583	3%
Net income before other items	194,468	588,039	393,571	202%
Contributions and Financing expense				
Developer contributions	126,272	111,092	(15,180)	(12%)
Other income	6,750	394	(6,356)	(94%)
Net financing cost	(259,396)	(386)	259,010	(100%)
	(126,374)	111,100	237,475	(188%)
Net Income	\$ 68,094	\$ 699,139	\$ 631,045	927%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 68,094	\$ 699,139	\$ 631,045	927%
Net Financing cost	259,396	386	(259,010)	(100%)
Amortization expense	487,858	362,760	(125,098)	(26%)
EBITA	\$ 815,348	\$ 1,062,285	\$ 246,937	30%



City of Richmond

Report to Committee

To: Finance Committee

Date: May 25, 2023

From: Jerry Chong, CPA, CA
General Manager, Finance & Corporate Services

File: 03-1200-09/2023-Vol
01

**Re: Richmond Olympic Oval Corporation -1st Quarter 2023 Financial
Information**

Staff Recommendation

That the Richmond Olympic Oval Corporation – 1st Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

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

REPORT CONCURRENCE

APPROVED BY CAO

DATE: May 25, 2023

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

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

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

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2023 Financial information**

Origin

This staff report addresses the first quarter financial results for the 3 months ended March 31, 2023 (“Q1”) which was endorsed by the Corporation’s Board of Directors. Below are some of the highlights of the activities undertaken during Q1.

Q1 Highlights

Community Use

The Fields at Richmond Olympic Oval opened to the public in March. The new turf fields, basketball courts and public spaces have increased the capacity to provide even more community multisport programming and for the Oval to deliver youth sports camps and expand strength and conditioning services. Thus far, over 85% of the Fields prime time space has been allocated for programming, community groups and events.

Q1 2023 also saw a continued increase in membership sales and uptake from the community through the Oval’s delivery of drop-in fitness and sports programming, with approximately 8,000 drop-in visits per week, participating in activities such as hockey, fitness, basketball, climbing, and table tennis. In addition, the ROX had approximately 30 school groups, that included 1,500 students visit the Oval. At the end of Q1, 71% of Oval members were Richmond residents. The remaining 29% is a key indicator that the Oval has regional appeal, and while satisfying community demand, it can also attract a client base outside of Richmond that positively contributes to the Oval’s brand awareness and financial performance.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring

communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere.

Sport Development and Events

Events that took place this quarter included: BC Sports Rep Association Winter Trade Show, BC Hockey Winter Showcase, Pinnacle Cheer Snow Flake Cheerleading Championships, BC Wrestling Western Canadians Championships, Climbing Escalade Canada High Performance Climbing Competition, Harry Jerome Indoor Track Meet, Independent Schools Elementary Association Basketball Tournament, BC Hockey Canada Games Training Camp, Rhythmic Gymnastics Elite Championships, Pinnacle Cheer Mardi Parti Cheerleading Championships, Catholic Independent Schools Vancouver Basketball Tournament, Rhythmic Gymnastics Aura Cup, Push 4 Impact Wheelchair Rugby Tournament, Rehab Equipment Expo, CARHA Hockey World Cup, and Wheelchair Rugby Vancouver Invitationals.

New events secured in Q1 by Events and Sport Hosting included: Bosa Family Day, Chinese Street Dance Festival, Canadian Border Services Training Week, Functional Fitness Throw Down Series, United Filipino Volleyball Tournament, World Cup Field Painting, and the 2023 World Master Functional Fitness Championships.

Athletes representing a variety of provincial and national sports organizations utilized the Oval for training in Q1. These groups included but were not limited to the following: Athletics Canada, Basketball BC, BC Athletics, BC Wheelchair Athletics, BC Wheelchair Rugby, Climbing Escalade Canada, Cycling Canada, Field Hockey Canada, Softball Canada, Table Tennis Canada, Volleyball Canada, BC Wheelchair Basketball Society, and Wheelchair Curling Canada.

Governance

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

Financial

The results for the 3 months ended March 31, 2023 show income of \$422,000 after amortization compared to a budgeted loss of \$39,000, indicating a favorable variance of \$461,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2023 and page 5 for the statement of operations). In Q1, \$573,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2023 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,360,000 in Q1 and other revenue of \$510,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$370,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2023 were \$1,661,000, facility operations costs were \$1,189,000, marketing expenses were \$139,000, and administration and finance expenses were \$948,000. Overall, expenditures were \$91,000 favorable to budget.

A handwritten signature in black ink, appearing to read "R. Dusanj", with a stylized flourish at the end.

Rick Dusanj, CPA, CA

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

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at Mar 31, 2023****Unaudited, prepared by management**

		Mar 31 2023
ASSETS		
Financial Assets		
Cash	\$	1,594,074
Investments		15,206,580
Inventory		211,397
GOT receivable		931,250
Accounts receivable		913,545
		<u>18,856,846</u>
Financial Liabilities		
Accounts payable and accrued liabilities		2,691,156
Deferred revenue		11,675,003
Rental deposits		<u>7,373</u>
		<u>14,373,531</u>
Net financial assets		4,483,315
Non-Financial Assets		
Tangible capital assets		14,618,671
Prepaid expenses and other deposits		<u>814,707</u>
		<u>15,433,378</u>
Accumulated Surplus (Note 1)	\$	19,916,692

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

Investment in capital assets	7,678,514
Reserves/Provisions	11,360,450
Common Shares	1
Surplus	<u>877,726</u>
	<u>19,916,692</u>

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.14M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended March 31, 2023

Unaudited, prepared by management

	QTR 1 2023				QTR 1 2022				2023 BUDGET
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
REVENUES									
2010 Games Operating Trust Fund	931,250	931,250	-	0%	931,250	931,250	-	0%	3,725,000
Contribution from City of Richmond	975,926	975,926	-	0%	938,573	938,573	-	0%	3,903,713
Memberships, admissions and programs	2,124,996	2,360,499	235,503	11%	1,400,727	1,729,043	328,316	23%	8,379,796
Other	374,898	509,554	134,656	36%	287,179	293,404	6,225	2%	2,405,931
	4,407,070	4,777,229	370,159	8%	3,557,729	3,892,270	334,541	9%	18,414,440
EXPENSES									
Memberships, admissions and program services	1,603,782	1,660,838	(57,056)	-4%	1,337,283	1,423,514	(86,231)	-6%	6,787,937
Facility Operations	1,227,579	1,189,061	38,518	3%	1,110,732	1,103,899	6,833	1%	5,020,164
Marketing	144,489	138,752	5,737	4%	141,167	137,106	4,061	3%	582,571
Admin/Finance	932,259	947,772	(15,513)	-2%	776,709	742,888	33,821	4%	3,750,592
Amortization	538,308	418,926	119,382	22%	485,910	442,572	43,338	9%	2,500,000
	4,446,417	4,355,350	91,067	2%	3,851,801	3,849,979	1,822	0%	18,641,264
Net Income/(Loss) (Note 1)	(39,347)	421,879	461,226	1172%	(294,072)	42,291	336,363	114%	(226,824)

Note 1 - In Q1, \$0.57M was transferred into reserves/equity mainly for future minor capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.14M annually over the past 5 years.

Numbers may be off due to rounding.