



## Finance Committee

Anderson Room, City Hall  
6911 No. 3 Road

Tuesday, September 3, 2019

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 21, 2019.*



### FINANCE AND CORPORATE SERVICES DIVISION

1. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2019**  
(File Ref. No. 03-0970-09-01) (REDMS No. 6245887 v. 6)

**FIN-7**

**See Page FIN-7 for full report**

*Designated Speaker: Cindy Gilfillan*

### STAFF RECOMMENDATION

*That the staff report titled, “Financial Information – 2nd Quarter June 30, 2019”, dated August 2, 2019 from the Director, Finance be received for information.*



2.    **ACTIVE CAPITAL PROJECTS INFORMATION - 2ND QUARTER  
JUNE 30, 2019**

(File Ref. No. 03-1200-05) (REDMS No. 6231292 v. 5)

**FIN-33**

[See Page FIN-33 for full report](#)

*Designated Speaker: Melissa Shiau*

**STAFF RECOMMENDATION**

*That the staff report titled, “Active Capital Projects Information - 2nd Quarter June 30, 2019”, dated August 2, 2019 from the Director, Finance be received for information.*



**RICHMOND OLYMPIC OVAL CORPORATION**

3.    **RICHMOND OLYMPIC OVAL CORPORATION - 2ND QUARTER  
2019 FINANCIAL INFORMATION**

(File Ref. No.) (REDMS No. 6256063)

**FIN-54**

[See Page FIN-54 for full report](#)

*Designated Speaker: Rick Dusanj*

**STAFF RECOMMENDATION**

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter period of April 1, 2019 to June 30, 2019 from the Controller of the Richmond Olympic Oval Corporation be received for information.*



**LULU ISLAND ENERGY COMPANY**

4.    **LULU ISLAND ENERGY COMPANY – 2ND QUARTER FINANCIAL  
INFORMATION**

(File Ref. No. 10-6600-10-01) (REDMS No. 6246735)

**FIN-60**

[See Page FIN-60 for full report](#)

*Designated Speaker: Jerry Chong*

## Finance Committee Agenda – Tuesday, September 3, 2019

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Pg. #

ITEM

### STAFF RECOMMENDATION

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2nd Quarter Financial Information” dated July 31, 2019 from the Chief Financial Officer, Lulu Island Energy Company be received for information.*

☐

### ADJOURNMENT

☐



## Special Finance Committee

Date: Tuesday, May 21, 2019

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Carol Day  
Councillor Kelly Greene  
Councillor Alexa Loo  
Councillor Bill McNulty  
Councillor Linda McPhail  
Councillor Harold Steves  
Councillor Michael Wolfe

Call to Order: The Chair called the meeting to order at 6:25 p.m.

### MINUTES

It was moved and seconded  
*That the minutes of the meeting of the Finance Committee held on May 6, 2019, be adopted as circulated.*

**CARRIED**

### RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 1<sup>ST</sup> QUARTER 2019 FINANCIAL INFORMATION**  
(File Ref. No.) (REDMS No. 6185587)

**Special Finance Committee**  
**Tuesday, May 21, 2019**

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It was moved and seconded

*That the report on financial information for the first quarter ended March 31, 2019 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.*

The question on the motion was not called as discussion ensued with regard to usage of the facility by Richmond residents.

In reply to queries from Committee, Rick Dusanj, Controller, Richmond Olympic Oval Corporation, noted that portions of capital reserve balance have been committed to capital projects.

As a result of the discussion, staff were directed to provide a memorandum to Committee on the allocation of the surplus.

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

## **LULU ISLAND ENERGY COMPANY**

**2. LULU ISLAND ENERGY COMPANY – 1<sup>ST</sup> QUARTER FINANCIAL INFORMATION**

(File Ref. No. 10-6600-10-01) (REDMS No. 6171538)

It was moved and seconded

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 1<sup>st</sup> Quarter Financial Information” dated April 18, 2019 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.*

**CARRIED**

## **FINANCE AND CORPORATE SERVICES DIVISION**

**3. ACTIVE CAPITAL PROJECTS INFORMATION – 1<sup>ST</sup> QUARTER MARCH 31, 2019**

(File Ref. No. 03-1200-05) (REDMS No. 6163029 v. 7)

It was moved and seconded

*That the staff report titled, “Active Capital Projects Information – 1<sup>st</sup> Quarter March 31, 2019”, dated April 9, 2019 from the Director, Finance be received for information.*

The question on the motion was not called as discussion ensued with regard to the opening date of the Garden City Lands.

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

**Special Finance Committee**  
**Tuesday, May 21, 2019**

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4. **FINANCIAL INFORMATION – 1<sup>ST</sup> QUARTER MARCH 31, 2019**  
(File Ref. No. 03-0970-09-01) (REDMS No. 6164011 v. 9)

It was moved and seconded

*That the staff report titled, “Financial Information – 1st Quarter March 31, 2019”, dated May 15, 2019 from the Director, Finance be received for information.*

The question on the motion was not called as discussion ensued with regard to trends in housing starts and gaming revenue.

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

5. **2018 ANNUAL REPORT AND 2018 ANNUAL REPORT – HIGHLIGHTS**  
(File Ref. No.) (REDMS No. 6169653)

It was moved and seconded

*That the reports titled, “2018 Annual Report” and the “2018 Annual Report – Highlights” be approved.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (6:33 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 Tuesday, May 21, 2019.

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Mayor Malcolm D. Brodie  
Chair

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Evangel Biason  
Legislative Services Coordinator



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** August 2, 2019

**From:** Jerry Chong  
Director, Finance

**File:** 03-0970-09-01/2019-  
Vol 01

**Re:** Financial Information – 2<sup>nd</sup> Quarter June 30, 2019

### Staff Recommendation

That the staff report titled, “Financial Information – 2<sup>nd</sup> Quarter June 30, 2019”, dated August 2, 2019 from the Director, Finance be received for information.

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

Att: 5

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

## Origin

Pre-audited financial information for the 2<sup>nd</sup> quarter ended June 30, 2019 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's financial results throughout the year and before the annual audited financial statements are presented.

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

*5.1 Maintain a strong and robust financial position.*

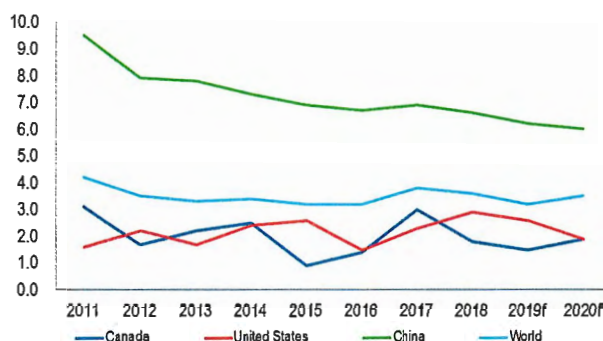
*5.2 Clear accountability through transparent budgeting practices and effective public communication.*

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

## Analysis

### Macroeconomic Indicators & Forecast

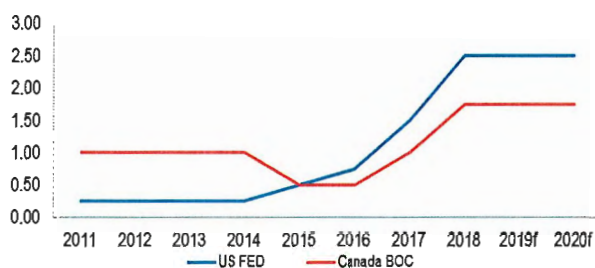
#### 1) Global Growth – Real Gross Domestic Product (GDP) % Change<sup>1</sup>



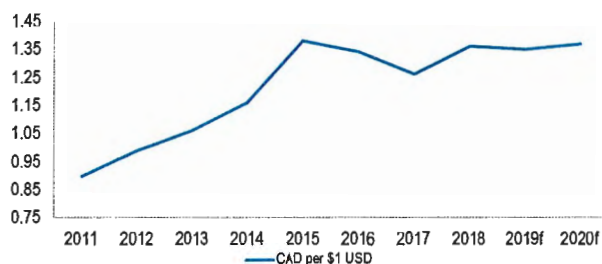
- In 2019, the International Monetary Fund (IMF) projects the pace of global growth to slow down as policy uncertainty begins to impact the world's economy.
- The global growth in GDP was 3.6% in 2018 and is expected to be 3.2% in 2019 and 3.5% in 2020.
- In Canada, the GDP growth forecast is unchanged this quarter, at 1.5% for 2019 and 1.9% for 2020. The U.S. economy is forecasted to grow by 2.6% in 2019 and 1.9% in 2020.
- GDP growth for China is forecasted at 6.2% and 6.0% in 2019 and 2020, respectively.

<sup>1</sup> International Monetary Fund, World Economic Outlook (July 2019)



2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End<sup>2</sup>

- After experiencing three upward adjustments totaling 0.75 percentage points in 2018, the Bank of Canada's (BoC) overnight rate remained at 1.75% in Q2 2019 amidst slowing global growth and rising trade tensions.
- Canada's overnight rate is forecasted at 1.75% in 2019 and 2020.
- The same factors caused the U.S. Federal Reserve (US FED) to hold its short-term rate steady at 2.50% throughout the first half of 2019. On July 31, 2019, the US FED announced an interest rate cut of 0.25% to 2.25%.

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

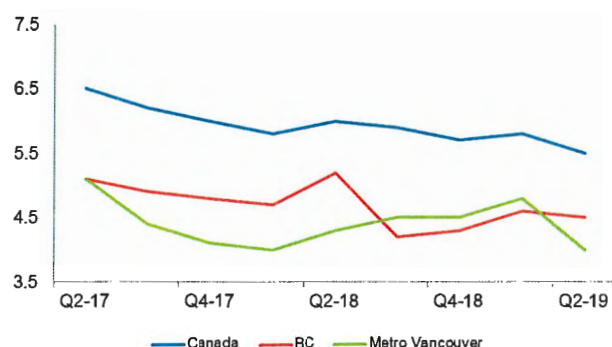
- The Canadian dollar ended Q2 2019 at \$1.34 CAD per \$1 USD.
- The forecasted USD/CAD exchange rates for 2019 and 2020 are \$1.35 CAD per \$1 USD and \$1.37 CAD per \$1 USD, respectively.

<sup>2</sup> US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (June 2019)

<sup>3</sup> Royal Bank Economic Research Forecast (June 2019)

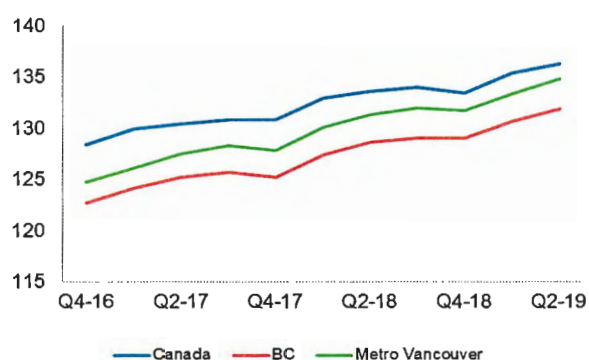
## Regional & Local Economic Activity Indicators

### 4) Unemployment<sup>4</sup>



- British Columbia and Canada continue to experience very tight labour markets with near full employment. Unemployment rates decreased in the second quarter of 2019 by 2.2% and 5.2%, respectively.
- At the end of Q2 2019, the unemployment rate was 5.5% in Canada, 4.5% in B.C. and 4.0% in Metro Vancouver.
- British Columbia continues to have the lowest unemployment rate of all Canadian provinces. In Q2 2019, the rate declined by 13.5% over the same period in 2018.

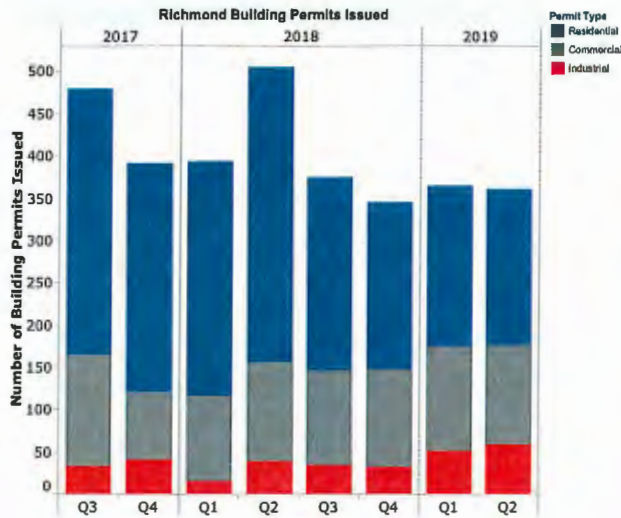
### 5) Consumer Price Index (CPI – 2002=100)<sup>5</sup>



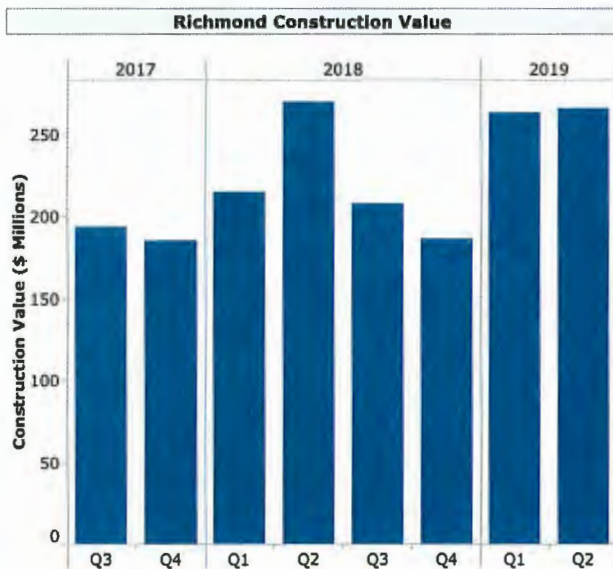
- The country's annual pace of inflation, as measured by Consumer Price Index (CPI), continues to rise in Metro Vancouver, B.C. and Canada in the second quarter of 2019, with rising energy (particularly gasoline), transportation and food prices among the main contributors.
- At the end of Q2 2019, the CPI climbed by 2.0% in Canada, 2.6% in British Columbia and 2.7% in Metro Vancouver compared to the same period last year.
- The BoC continues to monitor inflation closely, and increases to its policy interest rate are intended to maintain the CPI rate of increase at the midpoint between 1 and 3 percent.

<sup>4</sup> Statistics Canada

<sup>5</sup> Statistics Canada

6) Building Permits – Richmond<sup>6</sup>

- In Q2 2019, there were 186 residential, 117 commercial, and 47 industrial building permits issued in Richmond.
- The 186 residential building permits issued consist of 49 permits for new residential construction and 137 permits for residential alterations.
- While the total number of residential building permits issued throughout the first half of 2019 decreased by 60% compared to the first six months of 2018, the total number of units increased by 64% which indicates a larger proportion of multi-family developments.
- During the first six months of 2019, building permits were issued to construct 1,458 residential units compared to 889 units in the same period of 2018.
- Commercial building permits increased by 11% and industrial permits increased by 82% over the same period last year.



- The total value of construction activity in the first half of 2019 totaled \$530 million.
- During the first six months of 2019, the total value of construction activity increased by 9.2% over the same period last year. Large multi-family developments, as well as increased construction and labour costs, contributed to this increase.

<sup>6</sup> City of Richmond Building Permits

7) Housing Starts<sup>7</sup>

- In Q2 2019, there were 1,760 housing starts in Richmond and 9,951 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on a verification that construction work has commenced<sup>8</sup>.
- Over the first six months of 2019, the total number of housing starts increased by 35% in Richmond and 25% in Metro Vancouver compared to the same period in 2018.
- While home-ownership demand has slowed with recent policy measures, current project starts reflect projects pre-sold in previous years when the market was significantly stronger.
- The increase in CHMC's housing start data for Richmond in Q2 2019 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

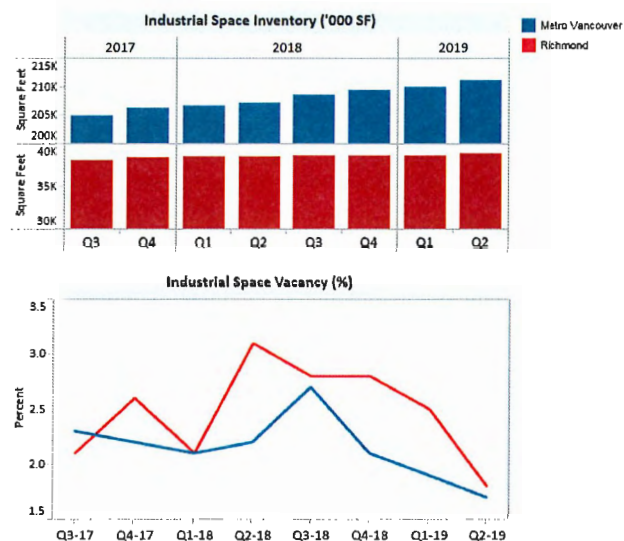
<sup>7</sup> Canada Mortgage and Housing Corporation

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



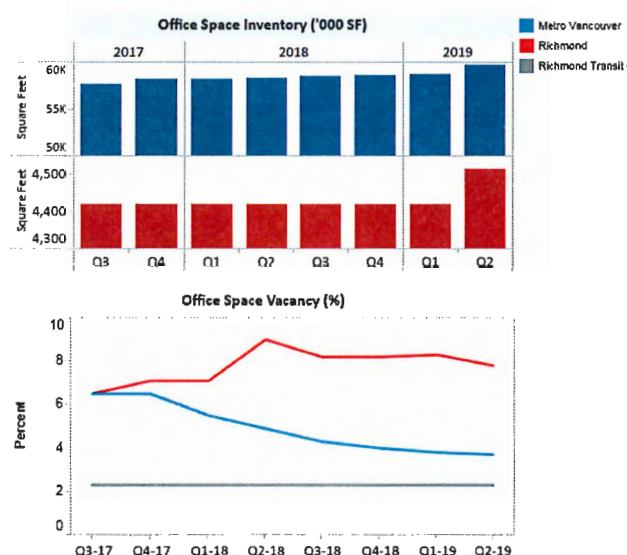
8) Commercial Space<sup>9</sup>

## a) Industrial Space



- Despite a net addition of 338,000 square feet of industrial space in Richmond over the same period last year, high demand and absorption has kept the industrial vacancy rate low. It ended Q2 2019 at 1.8%, down from 3.1% in Q2 2018.
- The industrial vacancy rate in Richmond and Metro Vancouver declined year over year by 42% and 23%, respectively.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- At 38.9 million square feet, Richmond has the largest inventory of industrial space in the region followed by Surrey (36 million), Burnaby (31 million), Delta (25 million), and Vancouver (24 million).

## b) Office Space

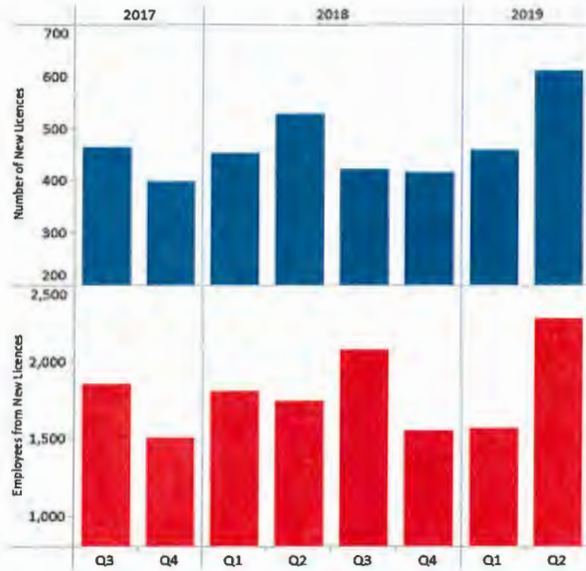


- Despite an addition of 98,000 square feet of Class A office space in Richmond in Q2 2019, the overall vacancy rate decreased by 13% over the same period last year.
- At the end of Q2 2019 the office vacancy rate was 7.8% in Richmond compared to 3.7% throughout Metro Vancouver.
- Demand for high quality office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.

<sup>9</sup> Cushman & Wakefield Office and Industrial Market Beat Reports

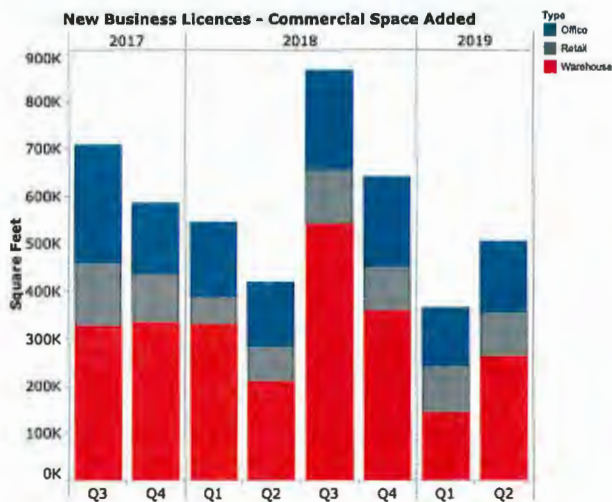
## 9) Business Growth – Richmond

## a) New Business Licences



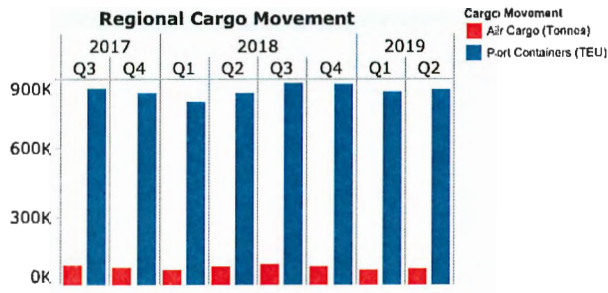
- There were 1,070 new business licences issued in Richmond during the first half of 2019, an increase of 9% over the same period in 2018.
- The addition of 3,846 jobs was attributed to these new businesses.

## b) New Business Licences – Commercial Space

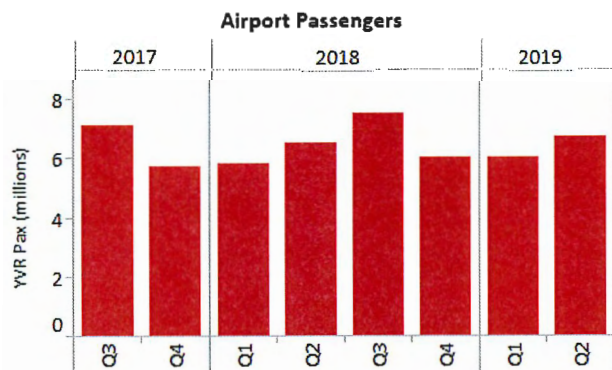


- 869,000 square feet of commercial space absorption was related to the new business licences issued throughout the first half of 2019.
- As industrial users typically require more space, 47% of total commercial space absorption was attributed to warehouse-type industrial space.
- 32% of commercial absorption in the first half of 2019 was related to office-based businesses and 21% of commercial space absorption throughout this period was from retail businesses.

## 10) Goods and People Movement

a) Regional Cargo Movement<sup>10</sup>

- Data indicators of regional trade activity varied in the first half of 2019. While there was an increase in container movements at the Port of Vancouver, the Vancouver International Airport (YVR) experienced a decline in the volume of air cargo it handled.
- In the first half of 2019, there were 1.7 million Twenty Foot Equivalent Units (TEUs) of container movements at the Port of Vancouver, an increase of 3.5% over the same period in 2018.
- At YVR, 147,000 tonnes of air cargo was handled throughout the first six months of 2019, a decrease of 6.5% over the same period last year.

b) Airport Passengers<sup>11</sup>

- YVR continued to experience passenger growth. 6.7 million passengers travelled through the airport in Q2 2019, an increase of 3.1% over Q2 2018. The year-to-date passenger traffic also increased by 3.3%.

<sup>10</sup> Port of Vancouver Monthly Cargo Statistics

<sup>11</sup> YVR Monthly Statistics

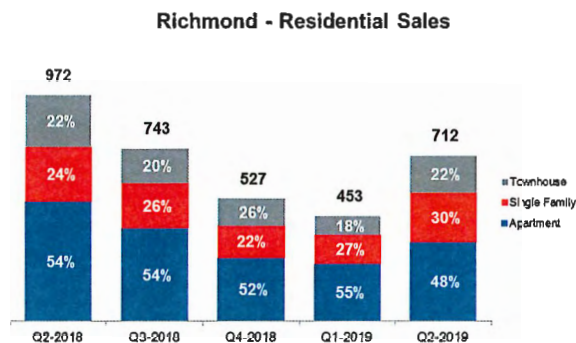
c) Richmond Hotel Room Revenue<sup>12</sup>

\* Q2 data for 2019 include figures from April and May. June figures not yet available.

- \$86.4 million was collected in hotel room revenue throughout the first five months of 2019 in Richmond, an increase of 2.6% over the same five months of last year.

Residential Real Estate<sup>13</sup>

In the first half of 2019, home buyer activity continued at a slow pace. The combination of government intervention and restrictions on foreign buyers continue to affect buyer activities.

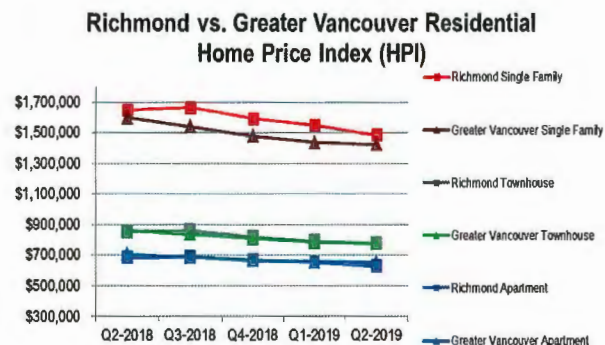
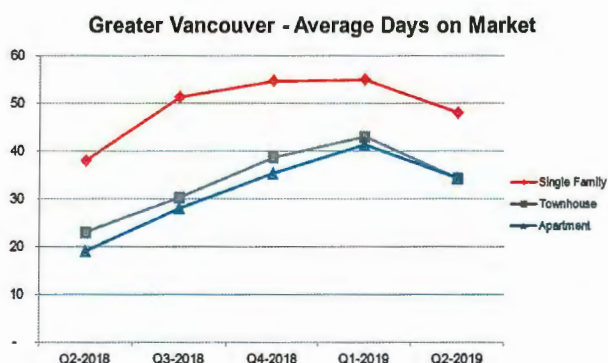
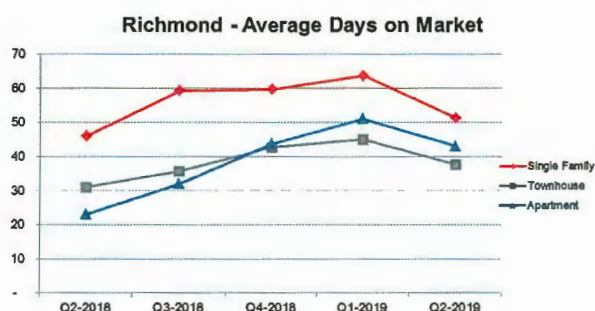


- Single family detached (SFD) home sales have continued to decline with a 22% year-over-year decrease.
- Apartment and townhouse sales have declined 39% and 42% respectively year-over-year.
- Apartment sales make up 48% of the residential home sales in Richmond. Townhouse sales and SFD sales contributed approximately 22% and 30%, of current home sales in Richmond, respectively.
- There were 1,165 residential home sales in Richmond during the first six months of 2019, a 36% decrease compared to the same period last year.

<sup>12</sup> City of Richmond Additional Hotel Room Tax Ledger; Destination BC

<sup>13</sup> Real Estate Board of Greater Vancouver





- At Q2 2019, SFD properties in Richmond had an average of 51 days on the market, an 11% increase compared to Q2 2018. Townhouses and apartments had an average of 38 and 43 days on the market, respectively, representing a 23% and 87% increase over the same period last year.

- At Q2 2019, SFD properties in GVRD had an average of 48 days on the market, which increased by 26% compared to Q2 2018. Both townhouses and apartments had an average of 34 days on the market, which represent an increase of 48% and 79%, respectively, over the same period in 2018.

- Compared to the average at Q2 2018, the residential real estate markets in both Richmond and GVRD are slowing down.

- The Home Price Index (HPI)<sup>14</sup> for SFD properties in Richmond is \$1,484,600 as at June 30, 2019, a decrease of 10% compared to the same period last year. The GVRD housing market has also slowed down with SFD properties prices at \$1,423,500, which is an 11% decrease compared to Q2 2018.

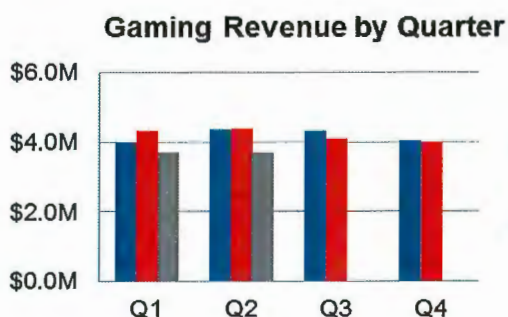
- The HPI for townhouse properties in Richmond is \$779,200, a decrease of 8.8% compared to Q2 2018. The HPI for townhouse properties in GVRD is \$774,700, which represents a 10% decrease compared to the same period last year.

- The HPI for apartments is \$628,500, which decreased by 8.0% compared to Q2 2018. The GVRD's apartment prices decreased to \$654,700, which is a 7.0% decrease from Q2 2018.

<sup>14</sup> 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 winnings from casino games, operating costs and accounting adjustments.



- Gaming revenue for Q2 2019 decreased by 15.7% to \$3.70M compared to \$4.39M in Q2 2018.
- Q2 2019 increased by 0.1% compared to the previous quarter.
- At the end of Q2 2019, the City received \$7.40M or 44.9% of the 2019 annual budgeted of \$16.5M for gaming revenue.

Since the beginning of 2018, River Rock has steadily declined in Table Drop<sup>15</sup> revenue as a result of the BCLC source of funds procedures<sup>16</sup> enacted in early 2018.

However, the second quarter gaming revenue holds steady compared to the first quarter of the year. This quarter plateaued the declining trend for the first time since the beginning of 2018. Year over year comparison of gaming revenue received for the first six months of the year still shows a 15% decrease relative to the same period in 2018.

At the February 11, 2019 Council meeting, the 2019 Budget was approved which included the gaming revenue allocation for 2019. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be adjusted from the Capital Building and Infrastructure Reserve. The distribution is consistent with the 2018 gaming revenue allocation.

Table 1: *Distribution of the 2019 gaming revenue allocation*

	Distribution	2019 Budget
Capital Reserves	30%	\$5.0M
Grants	15%	2.5M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	5.0M
Operating (RCMP)	Four Officers	0.7M
Capital Building and Infrastructure Reserve	Remainder	3.0M
<b>Total</b>		<b>\$16.5M</b>

<sup>15</sup> Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

<sup>16</sup> Source of funds procedures requires all BC casinos to obtain a bank receipt for any buy-ins of \$10,000 or more over a 24-hour period. The original receipt must be from the same day of the transaction and it must display the financial institution, branch and account number.



### Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2019. 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, 2019 to June 30, 2019 (in \$000's)*

Net operational activity <sup>1</sup>	Unaudited 2019 results			
Division/Department <sup>2</sup>	2019 YTD Net Budget	2019 YTD Actuals and Commitments <sup>3</sup>	Variance YTD (\$)	Variance YTD(%)
Community Safety <sup>4</sup>	(\$1,312)	(\$2,026)	\$714	54%
Community Services	22,325	21,835	490	2%
Corporate Administration	5,532	4,973	559	10%
Engineering and Public Works	22,379	21,360	1,019	5%
Finance and Corporate Services	13,053	12,121	932	7%
Fire Rescue	20,250	18,833	1,417	7%
Library	5,083	5,070	13	0%
Planning and Development	2,346	922	1,424	61%
Policing	27,236	25,364	1,872	7%
Fiscal	(90,257)	(90,936)	679	1%
<b>Total Operating</b>	<b>\$26,635</b>	<b>\$17,516</b>	<b>\$9,119</b>	
Water utility	4,197	2,993	1,204	29%
Sanitary sewer utility	3,749	2,683	1,066	28%
Sanitation and recycling utility	4	(1,174)	1,178	-
<b>Total Utilities</b>	<b>\$7,950</b>	<b>\$4,502</b>	<b>\$3,448</b>	

<sup>1</sup>Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc.

<sup>2</sup>Based on organizational structure in place as of June 30, 2019

<sup>3</sup>Includes budgeted equity transactions such as transfer to reserves, transfer to provision etc.

<sup>4</sup>Includes Community Safety Administration, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2019 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by business licence revenue and community bylaw revenue.
- Community Services' favourable variance is mainly from Parks expenditures as more activity is expected to be incurred in the summer months.
- Corporate Administration's favourable variance is mainly due to vacant positions.
- Engineering and Public Works' favourable variance is mainly due to underpinning and permit fee revenue, and timing of expenditures.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is mainly due to vacant positions as an additional 12 firefighters were approved on March 11, 2019 in the 2019 Operating Budget. The recruitment process is underway and the positions are expected to be filled in October.
- The Library is on budget.
- Planning and Development's favourable variance is primarily due to building permit revenue related to multi residential buildings and vacant positions.
- Policing's favourable variance is mainly due to vacant positions as an additional 19 officers were approved on March 11, 2019 in the 2019 Operating Budget resulting in lower than budgeted RCMP contract costs.
- Fiscal's favourable variance is due to higher than budgeted investment income and timing of expenditures.
- Water Utility's favourable variance is mainly due to unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year end will be transferred to the Water Levy Stabilization Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments. Any surplus at year end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted Recycle BC revenue and recycling collection fees. Any surplus at year end will be transferred to the General Solid Waste and Recycling Provision.

The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Six Month Period Ended June 30, 2019, with comparative figures for 2018 is included in Attachment 3.

### Cash and Investment Portfolio

As of June 30, 2019, the City's total cash and investment balance was \$1.33 billion with a weighted average yield of 2.50%.

The overall cash and investment balance is comprised of \$801.3 million in investments (see holdings in Attachment 4) and \$533.1 million in high interest savings cash accounts. The high cash balance is mainly due to the collection of property taxes during June and the more favourable yield being realized on shorter term deposits caused by the inversion of the yield curve as discussed below.

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

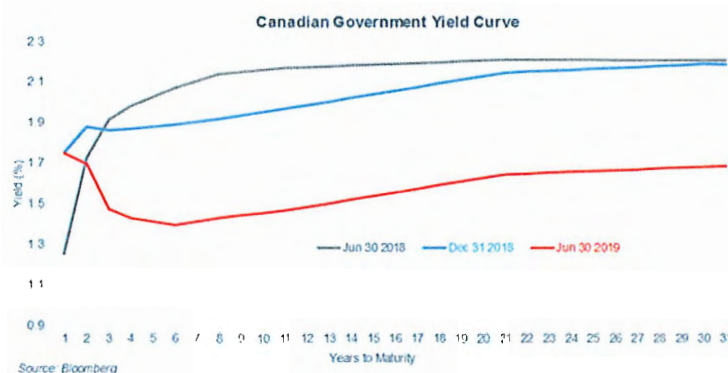
	June 30, 2019	March 31, 2019
2 Year Government of Canada Bonds	1.46%	1.46%
5 Year Government of Canada Bonds	1.40%	1.43%
10 Year Government of Canada Bonds	1.50%	1.54%

Source: Bank of Canada

Trade tensions and the overall uncertainty of the global conditions continued to contribute to the synchronous slowdown across many countries. In response, many central banks have signed a slower pace of monetary policy normalization. In the U.S., with the incoming economic data releases and the trade tension between the U.S. and China, the U.S. Federal Reserve announced its interest rate cut of 0.25% to 2.25% on July 31, 2019.

The Bank of Canada showed no urgency at its July 10, 2019 meeting to make a policy change even though the U.S. Federal Reserve had already signed its intention to lower the U.S. interest rate. The Bank of Canada kept its interest rate unchanged at the current level of 1.75% in its latest interest rate announcement meeting. This was the sixth-straight policy meeting where the Bank of Canada has kept its overnight interest rate at the same level since the last interest rate increase in October 2018.

As shown in the Canadian Government yield curve below, the market is in an inverted yield curve environment where long-term debt instruments have a lower yield than short-term debt instruments for the same credit quality. It is therefore more favourable for the City to keep its available funds in cash and equivalent short-term products in order to optimize the earning potential of the City's funds.



Cash balance as of June 30, 2019 was \$533.1 million. The cash balance is anticipated to drop by around \$220 million during July and August 2019 when property tax collections are being remitted to the various taxing agencies.

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

#### Contract Awards

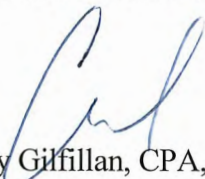
This report provides information on the formal contracts awarded by the City during the second quarter. In accordance with Policy 3104, 33 contracts greater than \$75,000 were awarded totalling over \$17.1 million (Attachment 5).

#### **Financial Impact**

None.

#### **Conclusion**

The City of Richmond is maintaining its strong financial position through the second quarter of 2019. Building construction and development activity are showing signs of moderating from the extreme levels of the past years due to the constraints on new constructions. It is expected that these trends will continue throughout 2019.



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



**Economic Indicators****June 30, 2019****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2017	2018	Change	2019f	2020f
Canada	3.0	1.9*	(36.7%)	1.5	1.9
United States	2.2*	2.9	31.8%	2.6	1.9
China	6.8*	6.6	(2.9%)	6.2	6.0
World	3.8	3.6	(5.3%)	3.2	3.5
2) Interest Rates (at YE)	2017	2018	Change	2019f	2020f
Bank of Canada	1.00	1.75	75.0%	1.75	1.75
US FED	1.50	2.50	66.7%	2.50	2.50
3) Exchange Rate	2017	2018	Change	2019f	2020f
CAD per \$1 USD	1.26	1.36	7.9%	1.35	1.37

**Regional and Local Market Indicators**

4)	Unemployment (%)	Q2-2019	Q1-2019	Change	Q2-2018	Change	
	Canada	5.5	5.8	(5.2%)	6.0	(8.3%)	
	BC	4.5	4.6	(2.2%)	5.2	(13.5%)	
	Metro Vancouver	4.0	4.8	(16.7%)	4.3	(7.0%)	
5)	CPI (2002=100)	Q2-2019	Q1-2019	Change	Q2-2018	Change	
	Canada	136.3	135.4	0.7%	133.6	2.0%	
	BC	131.9	130.7	0.9%	128.6	2.6%	
	Metro Vancouver	134.8	133.3	1.1%	131.3	2.7%	
6)	Richmond Building Permits	Q2-2019	Q2-2018	Change	YTD-2019	YTD-2018	Change
	Residential – New Construction^	49	177	(72.3%)	122	304	(59.9%)
	Residential – Alterations	137	173	(20.8%)	255	324	(21.3%)
	Residential Total	186	350	(46.9%)	377	628	(40.0%)
	^ Number of units from new residential construction	861	512	68.2%	1,458	889	64.0%
	Residential	186	350	(46.9%)	377	628	(40.0%)
	Commercial	117	116	0.9%	240	217	10.6%
	Industrial	47	39	20.5%	98	54	81.5%
	Building Permits Total	350	505	(30.7%)	715	899	(20.5%)
	Construction Value (\$ million)	266.1	269.8	(1.4%)	529.5	484.7	9.2%
7)	Housing Starts (Units)	Q2-2019	Q2-2018	Change	YTD-2019	YTD-2018	Change
	Starts - Metro Vancouver	9,951	5,698	74.6%	15,723	12,562	25.2%
	Starts - Richmond	1,760	753	133.7%	1,902	1,413	34.6%
8)	Richmond Residential Sales Activity	Q2-2019	Q2-2018	Change	YTD-2019	YTD-2018	Change
	Sales - Detached	213	234	(9.0%)	333	429	(22.4%)
	Sales - Townhouse	159	222	(28.4%)	243	416	(41.6%)
	Sales - Apartment	340	516	(34.1%)	589	965	(39.0%)
	Sales Total/Average Change	712	972	(26.7%)	1,165	1,810	(35.6%)

**Economic Indicators****June 30, 2019****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (%)**

	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>
Single Family Detached	6.3	9.2	(31.5%)
Townhouse	9.7	26.6	(63.5%)
Apartment	12.5	36.8	(66.0%)

**10) Average Days on Market**

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2019</b>	<b>Q2-2018**</b>	<b>Change</b>	<b>Q2-2019</b>	<b>Q2-2018**</b>	<b>Change</b>
Single Family Detached	51	46	10.9%	48	38	26.3%
Townhouse	38	31	22.6%	34	23	47.8%
Apartment	43	23	87.0%	34	19	78.9%

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

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>
Single Family Detached	1,485	1,649	(9.9%)	1,424	1,598	(10.9%)
Townhouse	779	855	(8.8%)	775	860	(9.9%)
Apartment	629	684	(8.0%)	655	704	(7.0%)

**12) Commercial Space (at QE)**

	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>
Office Vacancy (%)	7.8	9.0	(13.3%)	3.7	4.9	(24.5%)
Transit Oriented Office Vacancy (%)	2.3	2.3	0.0%	13.6	13.6	0.0%
Office Inventory (000 sf)	4,517	4,419	2.2%	59,678	58,243	2.5%
Industrial Vacancy (%)	1.8	3.1	(41.9%)	1.7	2.2	(22.7%)
Industrial Inventory (000 sf)	38,877	38,539	0.9%	211,126	207,097	1.9%

**13) Richmond Business Growth**

	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Total Valid Business Licences (at QE)	n/a	n/a	n/a	14,737	14,368	2.6%
New Licences - Number Issued	611	529	15.5%	1,070*	982	9.0%
New Licences - Employees	2,281	1,747	30.6%	3,846	3,556	8.2%
New Licences - Office Added (sf)	151,327	137,396	10.1%	273,711	296,656	(7.7%)
New Licences - Retail Added (sf)	91,977	73,035	25.9%	189,681	129,665	46.3%
New Licences - Industrial Added (sf)	261,708	208,990	25.2%	405,301	538,743	(24.8%)
Total Space Added (sf)/Avg. Change	505,012	419,421	20.4%	868,693	965,064	(10.0%)



**Economic Indicators****June 30, 2019****Regional and Local Market Indicators (continued)**

<b>14) Goods &amp; People Movement</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
YVR Air Cargo (tonnes)	76,601	85,062*	(9.9%)	146,884*	157,120*	(6.5%)
PMV Container Movement (TEUs)	852,336	836,224	1.9%	1,695,375	1,637,441	3.5%
YVR Passengers (million)	6.7	6.5	3.1%	12.7	12.3*	3.3%
Richmond Hotel Revenue (\$ million)***	38.9	38.1**	2.1%	86.4	84.2**	2.6%

**Notes:**

- a) QE indicates quarter end
- b) f - forecast to year-end
- c) \* - Figures have been updated to reflect changes in source data.
- d) \*\* - Figures have been updated for comparability.
- e) \*\*\* - Hotel revenue for 2018 and 2019 Q2 excludes June figures for comparative purposes. The three month of Q2 2018 hotel revenue was \$65.4M and the first six month of 2018 was \$111.5M.

**List of Sources:**

- 1) International Monetary Fund, World Economic Outlook (July 2019)
- 2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (June 2019)
- 4) & 5) Statistics Canada
- 6) City of Richmond Building Permits
- 7) Canada Mortgage and Housing Corporation
- 8), 9) 10) & 11) Real Estate Board of Greater Vancouver
- 12) Cushman & Wakefield Office and Industrial Market Beat Reports
- 13) City of Richmond Business Licences
- 14) Port of Vancouver Monthly Cargo Statistics  
YVR monthly statistics  
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

**Financial and Key Indicators****June 30, 2019**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges Contributions</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Roads, Water, Sewer DCC's Received	\$6,444	\$6,820	(5.5%)	\$17,348	\$11,337	53.0%
Parks DCC's Received	\$4,366	\$7,035	(37.9%)	\$9,997	\$12,632	(20.9%)
Total DCC Fees Received	\$10,810	\$13,855	(22.0%)	\$27,345	\$23,969	14.1%
DCC Reserves – Uncommitted balance at QE	\$116,778	\$87,340	33.7%	n/a	n/a	n/a
<b>2) Uncommitted Reserves (at QE)</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>			
Capital Funding Reserves	\$151,925	\$120,336	26.3%			
Utility Reserves	\$103,924	\$93,133	11.6%			
Affordable Housing Reserves	\$3,316	\$2,249	47.4%			
Other Reserves	\$84,291	\$65,170	29.3%			
Total Uncommitted Reserves	\$343,456	\$280,288	22.5%			
<b>3) Taxes to date</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Taxes Collected	\$276,038	\$253,195	9.0%	\$287,205	\$263,517	9.0%
City Portion of Taxes Collected	\$135,259	\$124,065	9.0%	\$140,731	\$129,123	9.0%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$6,348	\$5,148	23.3%	n/a	n/a	n/a
No. of Participants on Pre-authorized withdrawal (at QE)	6,308	6,248	1.0%	n/a	n/a	n/a
Pre-authorized withdrawals payments	\$5,967	\$5,838	2.2%	\$14,826	\$14,542	2.0%
Interest rate % paid	1.95%	1.20%	62.5%	1.95%	1.20%	62.5%
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Cash and Investments</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>			
Investments	\$801,334	\$943,806	(15.1%)			
Cash (includes high interest savings accounts)	\$533,132	\$257,894	106.7%			
Total Cash and Investments	\$1,334,466	\$1,201,700	11.0%			
Average City Rate of Return on Investments %	2.50%	2.31%	8.2%			

**Financial and Key Indicators****June 30, 2019**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>5) Planning and Development</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Building Permit Fees Collected	\$1,857	\$2,568	(27.7%)	\$4,732	\$5,169	(8.5%)
Development Applications Received	44	62	(29.0%)	82	111	(26.1%)
Development Applications Fees	\$150	\$335	(55.2%)	\$344	\$568	(39.4%)
<b>6) Business Licences</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Revenue Received for Current Year Licences	\$1,191	\$1,159	2.8%	\$3,128	\$3,009	4.0%
Revenue Received for Next Year (Deferred)	\$307	\$262	17.2%	\$367	\$352	4.3%
Total Licence Revenue	\$1,498	\$1,421	5.4%	\$3,495	\$3,361	4.0%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
<b>7) Other Revenues</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Parking Program Revenue	\$544	\$524	3.8%	\$1,076	\$974	10.5%
Gaming Revenue	\$3,702	\$4,389	(15.7%)	\$7,402	\$8,730	(15.2%)
Traffic Fine Revenue	\$1,926	\$1,985	(3.0%)	\$1,926	\$1,985	(3.0%)
<b>8) Employees</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>			
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,577	1,583	(0.4%)			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
<b>9) Operating Indicators</b>	<b>Q2-2019</b>	<b>Q2-2018</b>	<b>Change</b>	<b>YTD-2019</b>	<b>YTD-2018</b>	<b>Change</b>
Fire Rescue Responses	2,326	2,433	(4.4%)	4,612	5,093	(9.4%)
RCMP - Calls for Service Handled	19,699	16,910	16.5%	38,032	32,191	18.1%
Public Works calls for Service	4,053	3,847	5.4%	7,181	7,054	1.8%

**Financial and Key Indicators****June 30, 2019**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

10) Housing Units Secured Since 2007 (at QE)	Q2-2019	Q2-2018	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	529	449*	17.8%
Affordable Rental (LEMR**) (units)	798	510*	56.5%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25*	0.0%
<u>Market Housing</u>			
Market Rental (units)	726	411	76.6%
Secondary Suite / Coach House (units)	287	269*	6.7%
Total Housing Units	2,402	1,701*	41.2%

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

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

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

11) Richmond Population Estimate Year End	2019f	2018
	227,407	222,945

Population figures provided by City of Richmond – Policy Planning

**Notes:**

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

## Unaudited Statement of Operations<sup>1</sup>

For the Six Month Period Ended June 30, 2019, with comparative figures for 2018.

(Expressed in thousands of dollars)

	<b>Budget June 30 2019</b>	<b>Actuals June 30 2019</b>	<b>Actuals<sup>4</sup> June 30 2018</b>
<b>Revenue:</b>			
Taxes and levies	\$115,185	\$115,185	\$108,439
Utility fees	48,802	52,269	51,121
Sales of services	16,754	16,275	16,085
Payments-in-lieu of taxes	7,100	7,744	7,324
Provincial and federal grants	3,795	4,293	4,073
Development cost charges	12,456	9,765	8,048
Other capital funding sources	31,599	9,837	12,508
Other revenue:			
Investment income	10,807	11,210	9,789
Gaming revenue	8,250	7,402	8,730
Licences and permits	6,662	8,585	7,853
Other	4,487	35,792	17,329
Equity income	-	682	414
	<b>265,897</b>	<b>279,039</b>	<b>251,713</b>
<b>Expenses:</b>			
Community safety	56,281	50,924	48,596
Utilities: water, sewer and sanitation	47,535	44,697	42,902
Engineering, public works and project development	37,158	32,810	30,702
Community services	35,419	30,509	28,315
General government	32,510	30,458	27,206
Planning and development	8,485	7,944	6,856
Library services	6,010	5,306	5,010
	<b>223,398</b>	<b>202,648</b>	<b>189,587</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	42,499	76,391	62,126
Accumulated surplus, beginning of year	3,119,119	3,119,119	2,935,988
Accumulated surplus, end of June 30 <sup>3</sup>	<b>\$3,161,618</b>	<b>\$3,195,510</b>	<b>\$2,998,114</b>

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

<sup>2</sup> 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.

<sup>3</sup> 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.

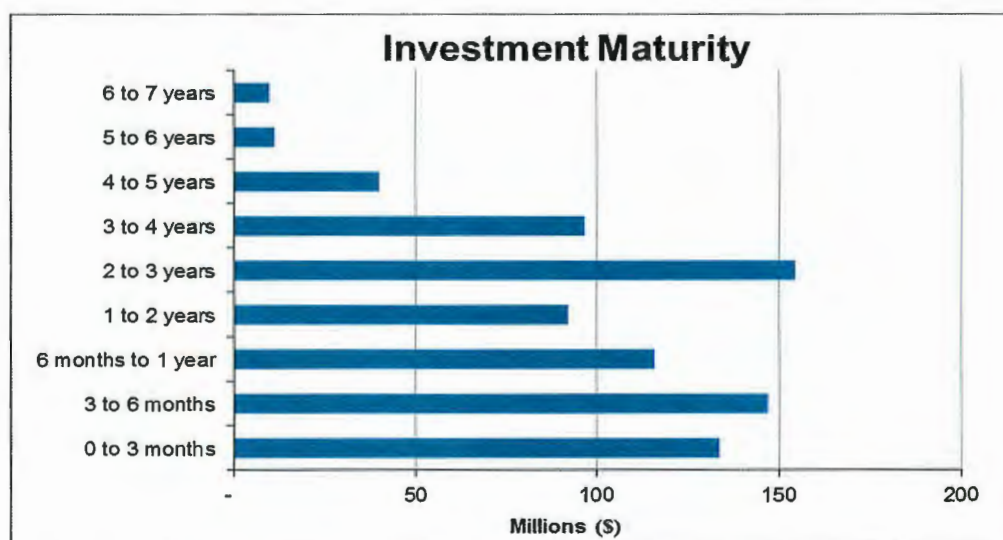
<sup>4</sup> Statement of Operation figures for 2018 were adjusted for comparative purposes.



## Cash and Investment Portfolio

June 30, 2019 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
<b>Provincial</b>						
	AA (high)	Alberta	2019-2022	\$ 68,135	8.50%	
	A (high)	Manitoba	2021	22,494	2.81%	
	A (high)	Quebec	2022-2023	22,154	2.76%	
	AA (high)	British Columbia	2021	15,042	1.88%	
	AA (low)	Ontario	2024	11,199	1.40%	
	A (high)	Nova Scotia	2021	10,503	1.31%	
	A (high)	Saskatchewan	2019-2020	10,235	1.28%	
	A (high)	New Brunswick	2021	5,187	0.65%	
		Total		\$ 164,949	20.59%	50%
<b>Chartered Banks</b>						
	AA	Bank of Nova Scotia	2019-2022	\$ 119,890	14.96%	
	AA	Royal Bank	2019-2023	69,884	8.72%	
	AA	TD Bank	2019-2023	51,219	6.39%	
	AA (low)	National Bank of Canada	2019-2021	43,506	5.43%	
	A (high)	HSBC Bank of Canada	2021-2023	32,131	4.01%	
	AA	Bank of Montreal	2022-2025	29,955	3.74%	
	AA	CIBC	2019-2022	24,887	3.11%	
	A (low)	Canadian Western Bank	2019	23,982	2.99%	
		Total		\$ 395,454	49.35%	50%
<b>BC Credit Unions</b>						
BC Credit Unions		Vancity	2019-2020	\$ 72,204	9.01%	
BC Credit Unions		Gulf and Fraser	2019-2020	41,606	5.19%	
BC Credit Unions		Coast Capital Savings	2019	31,018	3.87%	
Federal Credit Union		Coast Capital Savings	2020	20,546	2.56%	
BC Credit Unions		Westminster Savings	2019	18,164	2.27%	
BC Credit Unions		Blue Shore Financial	2019	10,644	1.33%	
		Total		\$ 194,182	24.23%	30%
<b>Pooled Investments</b>						
		MFA Pooled Investment Fund		\$ 46,749	5.83%	20%
<b>Total Investment Portfolio Balance</b>				<b>\$ 801,334</b>	<b>100.00%</b>	
<b>Cash Balance</b> (includes high interest saving products with terms less than 90 days)				<b>\$ 533,132</b>		
<b>Total Cash and Investment Balance</b>				<b>\$ 1,334,466</b>		



**Contract Awards greater than \$75,000**April 1<sup>st</sup> to June 30<sup>th</sup>, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Provision of Producer and Production Services for Richmond Maritime Festival	Anigraph Productions Ltd.	124,293	Community Services
2	Rental of three (3) dump trucks and one (1) flat deck truck	The Driving Force	77,420	Engineering & Public Works
3	Tree Relocation at River Parkway Project	Tree Wisemen Landscaping Ltd.	138,400	Engineering & Public Works
4	Watermania Cooling Tower Replacement	ESC Automation	234,369	Engineering & Public Works
5	Consulting Services for Network Architecture and Project Management	Nettraffic Technologies Consulting Inc.	175,000	Finance & Corporate Services
6	2019 GIS Enterprise Licence Agreement Renewal	ESRI Canada Ltd.	172,500	Finance & Corporate Services
7	Library Cultural Centre (LCC) Mechanical Upgrade – Consulting Services for Detailed Design and Construction Administration	Williams Engineering Canada Inc.	85,550	Engineering & Public Works
8	On-Call Refrigeration Contractor	CIMCO Refrigeration	300,000	Engineering & Public Works
9	Cisco 8851 IP Phones and Licenses	Telus Communications Inc.	93,542	Finance & Corporate Services
10	Terra Nova Adventure Playground Tower Renewal: Design-Build Services	Kinsol Timber Systems Ltd.	134,086	Community Services
11	Pipe Relining at North side of Park Road	Mar-Tech Underground Services Ltd.	86,000	Engineering & Public Works
12	2019 Public Sector Maintenance Support Renewal (Hansen)	Infor Canada Ltd.	104,695	Finance & Corporate Services
13	Firefighter Candidate Assessment	BL Associates Corporate Psychologists Inc.	95,550	Community Safety
14	Supply and Installation of Test VXRail Server Environment	Turning Point Technologies	333,887	Finance & Corporate Services
15	Supply and Delivery of a Professional Audio System	Sapphire Sound Inc.	85,802	Engineering & Public Works
16	City Centre Community Police Office Tenant Improvement Project	Edifice Construction Inc.	4,705,500	Engineering & Public Works
17	Hugh Boyd Park - Synthetic Sports Surfacing Replacement	Astro Turf West Distributors Ltd.	1,499,000	Community Services



**Contract Awards greater than \$75,000 (continued)**April 1<sup>st</sup> to June 30<sup>th</sup>, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Provision of Filmmaking Services About the History of Richmond	Lantern Films Inc.	147,000	Community Services
19	Minoru Park and Richmond Tennis Court Repair and Resurfacing	Tomko Sport Systems Inc	82,682	Community Services
20	On-Call Inspection, Maintenance and Installation of Tent Structures	Slip Tube Enterprises Ltd.	160,000	Engineering & Public Works
21	City Hall Annex Level 1 Renovations	Ashton Mechanical Ltd.	624,219	Engineering & Public Works
22	Sea Island Community Hall Envelope and East Exterior Stairs Replacement	Ashton Mechanical Ltd.	145,036	Engineering & Public Works
23	Annual Software Licence and Support Services	Tempest Development Group	103,962	Finance & Corporate Services
24	Gilley and Westminster Hwy Culvert Replacement	Fortis BC	83,585	Engineering & Public Works
25	Event Security Services	Genesis Security	92,577	Community Services
26	Lawn Bowling Turf Replacement	Marathon Surfaces Inc.	278,915	Community Services
27	Design Services for MPAC Tenant Improvement Project	O4 Architecture Ltd.	155,100	Engineering & Public Works
28	Gateway Theatre Upgrade	Kindred Construction Ltd.	5,491,683	Engineering & Public Works
29	Consultant Services for Detailed Design, Costing, Phasing and Construction Administration for Minoru Lakes Renewal	ISL Engineering and Land Services	394,259	Community Services
30	Provision of Structural Engineering Consulting Services for Replacement of City Bridges	McElhanney Consulting Services Ltd.	196,320	Engineering & Public Works
31	Delivery of Advanced Lifeguarding, Lifesaving & First Aid Instructional and Recertification Courses	LIT Aquatics Ltd.	229,000	Community Services
32	Tent Rentals and Supplies for City Events	Phoenix Tent Millennium Tents Cascade Tent Elite Tents	353,004	Community Services
33	CCTV Inspection Services	McRae's Environmental Services Ltd.	89,100	Engineering & Public Works
<b>Total contracts awarded greater than \$75,000</b>			<b>\$17,072,036</b>	





# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Jerry Chong, CPA, CA  
Director, Finance  
**Date:** August 2, 2019  
**File:** 03-1200-05/2019-Vol  
01  
**Re:** Active Capital Projects Information - 2nd Quarter June 30, 2019

### Staff Recommendation

That the staff report titled, "Active Capital Projects Information - 2nd Quarter June 30, 2019", dated August 2, 2019 from the Director, Finance be received for information.

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

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Community Social Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Facilities	<input checked="" type="checkbox"/>	
Fleet	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Real Estate	<input checked="" type="checkbox"/>	
Recreation	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO 

## **Staff Report**

### **Origin**

Active Capital Project Information for the 2nd Quarter (ended June 30, 2019) is being provided to the Finance Committee for information. This report includes the approved 2019 Capital Budget and other previously approved capital projects.

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

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

### **Analysis**

#### Active Capital Projects Summary

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

*Planning and Design* – includes projects that were approved in the 2019 budget and other previously approved projects that are undergoing design specifications, design approvals, or public consultation.

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

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

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

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

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

A Capital Project is considered active for the purposes of this report if the project is in any of the above stages (except Final Completion). Generally, projects are completed within three years;

however due to complexities at each stage it is not unusual for a project to take longer than three years to see through to Final Completion.

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

The approved 2019 Capital Budget of \$102.9M (excluding internal transfers and debt repayments) is included in the figures below as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$338.3M.

The Building Program projects approved in or prior to 2015 includes \$12.9M in committed active capital projects mainly for the Minoru Centre for Active Living, Fire Hall No. 1 and the Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency.

The tables in this report are presented on a cash-basis, that is, actual progress payments that have been made up to June 30, 2019.

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

Program	Plan Year	Adjusted Budget	Actuals as at June 30, 2019	Expected Commitments / Work In Progress
Infrastructure Program	2019	\$37,800	\$3,031	\$34,769
	2018	75,262	25,519	49,743
	2017	38,198	23,738	14,460
	2016	50,797	25,952	24,845
	2015 & older	1,243	662	581
<b>Infrastructure Program Total</b>		<b>\$203,300</b>	<b>\$78,902</b>	<b>\$124,398</b>
Building Program	2019	17,684	9	17,675
	2018	51,367	5,981	45,386
	2017	7,699	3,849	3,850
	2016	1,003	323	680
	2015 & older	115,920	102,975	12,945
<b>Building Program Total</b>		<b>\$193,673</b>	<b>\$113,137</b>	<b>\$80,536</b>
Parks Program	2019	11,620	216	11,404
	2018	11,240	1,966	9,274
	2017	8,624	2,611	6,013
	2016	12,901	8,983	3,918
	2015 & older	13,291	9,532	3,759
<b>Parks Program Total</b>		<b>\$57,676</b>	<b>\$23,308</b>	<b>\$34,368</b>
<b>Construction Related Programs</b>		<b>\$454,649</b>	<b>\$215,347</b>	<b>\$239,302</b>
Affordable Housing Program	2019	775	-	775
	2018	902	-	902
	2017	11,285	6,360	4,925
	2016	585	156	429
<b>Affordable Housing Program Total</b>		<b>\$13,547</b>	<b>\$6,516</b>	<b>\$7,031</b>
Child Care Program	2019	150	50	100
	2018	160	104	56
	2015 & older	209	114	95
<b>Child Care Program Total</b>		<b>\$519</b>	<b>\$268</b>	<b>\$251</b>
Equipment Program	2019	14,278	18	14,260
	2018	10,822	4,102	6,720
	2017	8,868	5,168	3,700
	2016	3,601	1,020	2,581
	2015 & older	2,850	1,974	876
<b>Equipment Program Total</b>		<b>\$40,419</b>	<b>\$12,282</b>	<b>\$28,137</b>
Land Program	2019	10,000	-	10,000
	2018	10,000	-	10,000
	2017	16,020	5,093	10,927
	2016	26,043	5,635	20,408
<b>Land Program Total</b>		<b>\$62,063</b>	<b>\$10,728</b>	<b>\$51,335</b>
Public Art Program	2019	563	46	517
	2018	1,125	216	909
	2017	911	673	238
	2016	1,068	446	622
	2015 & older	3,638	3,287	351
<b>Public Art Program Total</b>		<b>\$7,305</b>	<b>\$4,668</b>	<b>\$2,637</b>
Contingent External Contribution	2019	9,576	-	9,576
<b>Contingent External Contribution Total</b>		<b>\$9,576</b>	<b>\$-</b>	<b>\$9,576</b>
<b>Non-construction Related Programs</b>		<b>\$133,429</b>	<b>\$34,462</b>	<b>\$98,967</b>
<b>Grand Total</b>		<b>\$588,078</b>	<b>\$249,809</b>	<b>\$338,269</b>



Included in the 2019 Capital Plan (2019-2023 Financial Plan Bylaw) was an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to the approved applicable projects. As of June 30, 2019, \$423,643 has been received and the budget for Contingent External Contribution has been adjusted to \$9,576,357.

### Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocations were recorded in the second quarter ended June 30, 2019:

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

Program	Transfer From	Transfer To	Amount
Building	Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency (2014)	Enhanced City Centre Police Office (2018)	\$1,400
Land	Strategic Land Acquisition (2016)	Land Strategy Funding (2015)	157
Parks	Garden City Lands Phase 1 (2015)	Garden City Lands - Phase 2 (2016)	70
Contingent External Contribution & Roads	Contingent External Contribution (2019)	Traffic Video and Communication Program (2018)	42
Vehicle & Building	Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) 2019	Recycling Depot - Eco Centre (2019)	49
Roads	Annual Asphalt Re-Paving Program - Non-MRN (2018)	Annual Asphalt Re-Paving Program - Non-MRN (2016)	9
Information Technology	Wifi Network Expansion (2017)	Server Refresh (2017)	6
Building	Project Development Advanced Design (2016)	Contribution for Childcare Management (2015)	3
<b>Total Budget Reallocations</b>			<b>\$1,736</b>

### Highlights of Key Construction Related Capital Projects

Information on key capital projects includes the project budget, inclusive of transfers from other projects and budget amendments, actuals on a cash-basis, and the remaining commitments as at June 30, 2019.

### **INFRASTRUCTURE**

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

There is a continued upgrade for pump stations, dikes and roads city wide along with infrastructure improvements on laneway drainage upgrades, No. 2 Road and various areas.

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

Program	Project Name	Adjusted Budget	Actuals as at June 30, 2019	Expected Commitments / Work In Progress
Drainage	Drainage Pump Station & Diking Upgrades incl. Provincial Grant* (2016)	\$28,185	\$6,950	\$21,235
Drainage	Laneway Drainage Upgrade - Afton Drive North and Herbert East Lane (2019)	1,915	342	1,573
Road	No. 2 Road Widening, Steveston Highway to Dyke Road (2016, 2017)	11,000	9,451	1,549
Road	Annual Asphalt Re-Paving Program - MRN and Non MRN (2019)	4,282	629	3,653
Road & Water	River Parkway Extension (2017, 2018)**	15,045	1,695	13,350
Sanitary	Hamilton Sanitary Pump Station (2017)	1,700	9	1,691
Water	Watermain Replacement Program (2019)	5,395	1,201	4,194
<b>Total Key Infrastructure Capital Projects</b>		<b>\$67,522</b>	<b>\$20,277</b>	<b>\$47,245</b>

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

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

Please see Attachment 1 for the Q2 2019 Construction Update. This attachment includes the project budget and the scheduled construction completion.

## BUILDING

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

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

- Minoru Centre for Active Living remains on budget, and the Seniors Centre and Event Centre were opened to the public on March 11, 2019. The Minoru Centre for Active Living pools will be opened at a later date as there have been some challenges encountered.
- Richmond Fire Rescue commenced operations out of Fire Hall No.1 on July 16, 2018 and solar photovoltaic roof panels will be installed to offset power needs.

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



- Animal Shelter – On July 22, 2019, Council approved moving forward with the renovation of the existing 4,580 square foot building and the addition of an approximately 1,600 square foot structure.
- Minoru Lawn Bowling Clubhouse – on May 27, 2019, Council approved moving forward with the 4,900 square foot single storey facility and associated budget amendment. Invitation to tender for design and contract administrative services has been issued and closed mid-July 2019.
- Steveston Community Centre and Branch Library – this project is included as a 2020 capital project in the Consolidated 5 Year Financial Plan (2019-2023).

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

Project Name	Adjusted Budget	Actuals as at June 30 2019	Expected Commitments / Work In Progress
Minoru Centre for Active Living (2014)	\$83,138	\$78,670	\$4,468
Phoenix Net Loft (2018)	11,500	219	11,281
Gateway Theatre Infrastructure Replacement (2017, 2018, 2019)*	8,095	182	7,913
Enhanced City Centre Police Office (2018)**	6,500	382	6,118
Canada Line Capstan Station (2018)	3,500	1,098	2,402
Minoru Place Activity Centre (2019)	2,511	1	2,510
Minoru Arena Infrastructure Replacements (2017)	1,859	1,338	521
Solar Energy Systems for Fire Hall 1 (2017)	455	17	438
<b>Total Key Building Capital Projects</b>	<b>\$117,558</b>	<b>\$81,907</b>	<b>\$35,651</b>

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

\*\*Adjusted budget includes \$1.4M reallocated from Major Facilities Phase I Multi Project Contingency and Construction Escalation Contingency (2014) for the Enhanced City Centre Police Office as approved by Council.

Please see Attachment 1 for the Q2 2019 Construction Update. This attachment includes the project budget and the scheduled construction completion.

## PARKS

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

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

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

Project Name	Adjusted Budget	Actuals as at June 30, 2019	Expected Commitments / Work In Progress
Garden City Lands Phase 2 and 3 (2016-2018)	\$5,995	\$2,760	\$3,235
Aberdeen Park Phase 2 and 3 (2018, 2019)	2,050	78	1,972
The Gardens Agricultural Park (2012, 2014, 2015)	2,267	1,161	1,106
Hollybridge Pier/Middle Arm (2010, 2012, 2015)	2,350	1,535	815
Hugh Boyd Fields – Artificial Turf Replacement (2019)	1,800	-	1,800
Alexandra Park (formerly West Cambie Park (2010, 2013, 2016 & 2019)	1,720	122	1,598
London / Steveston Park Enhancements (2017-2019)	1,030	607	423
Parks Aging Infrastructure (2018)	900	473	427
Parks Aging Infrastructure (2019)	550	127	423
Playground Improvement & Replacement (2018)	500	-	500
Playground Improvement & Replacement (2016-2017)	481	288	193
Minoru Park - Replacement of the Lawn Bowling Green Synthetic Surfaces (2019)	350	-	350
Parks Identity Signage Program (2018)	200	122	78
<b>Total Key Land &amp; Parks Capital Projects</b>	<b>\$20,193</b>	<b>\$7,273</b>	<b>\$12,920</b>

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

### Capital Projects Completed in the Quarter

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

**Table 6: Projects Closed in the Quarter Ended June 30, 2019 (in \$'000s)**

Project Name	Adjusted Budget	Actuals as at June 30, 2019	Remaining Budget*
Strategic Land Acquisition (2015)	\$42,256	\$42,250	\$6
Garden City Lands Phase 1 (2015)	2,030	2,030	-
Hansen Upgrade (2014)	1,176	849	327
Annual Asphalt Re-Paving Program - MRN (2016)	835	746	89
Drainage Minor Capital (2016)	450	450	-
Traffic Video and Communication Program (2018)	442	404	38
London Heritage Farm Outbuildings & Grounds (2017)	389	361	28
Public Works Minor Capital - Drainage (2017)	354	354	-
Corporate Parking Lot Lighting Efficiency Upgrades (2017)	350	350	-
Railway Greenway Phase 2 (2014)	330	230	100
City Tree Planting Program (2015)	300	293	7

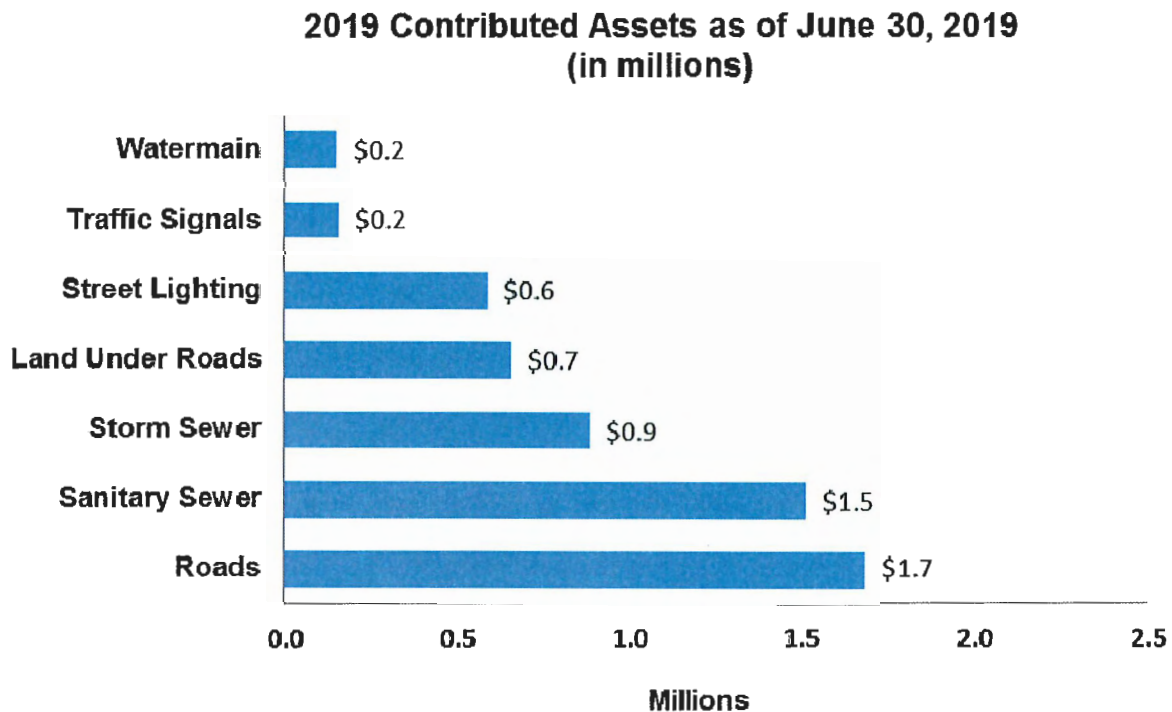


Project Name	Adjusted Budget	Actuals as at June 30, 2019	Remaining Budget*
Long Shaft Drainage Pump Replacement Program (2015)	300	296	4
Public Works Minor Capital - Sanitation & Recycling (2017)	300	295	5
Brighthouse Park Fieldhouse & Caretaker - Roof & Deck Repairs (2016)	250	172	78
Development Coordinated Works - Water (2017)	250	-	250
SCADA System Improvements (2018)	150	149	1
Garden City Community Park Dog Park (2018)	150	147	3
Sanitary Forcemain Valve Installations (2018)	100	100	-
Weigh Scale for Large Commercial Vehicles (2015)	100	98	2
Tempest Application Project (2016)	100	100	-
Child Care Projects - City Wide (2011)	92	69	23
Child Care Projects - City Wide (Capital Grants) (2018)	50	50	-
Child Care Projects - City Wide Non-Capital Grants (2018)	10	10	-
Child Care Projects - City-wide Non-Capital Grants (2019)	10	10	-
<b>Total</b>	<b>\$50,774</b>	<b>\$49,813</b>	<b>\$961</b>

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

#### Contributed Assets

Included in the 2019-2023 Financial Plan Bylaw is an estimate of \$50.4M for assets that are transferred to the City by developers. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. The following assets totalling \$5.6M have been recorded as of June 30, 2019:



Developer community contributions of child care amenities with a combined total of 46,000 sq. ft. are underway. Please see Attachment 1 for the Q2 2019 Construction Update.

#### **Financial Impact**

None.

#### **Conclusion**

This report provides information on active capital projects that were previously approved by Council.

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

MS:sx

## **Q2 2019 Construction Update**

### **Flood Protection**

#### **Drainage Pump Station and Diking Upgrades – Provincial Grant**

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

#### **Laneway Drainage Upgrades – Afton Drive North and Herbert East Lane**

This project consists of installing new drainage infrastructure and surface restorations to address drainage issues in the laneways. Construction is underway.

### **Roads**

#### **No. 2 Road Multi-Use Pathway and Intersection Improvements – Steveston Highway to Dyke Road**

This project includes a multi-use shared pathway for pedestrians and cyclists on No. 2 Road between Steveston Highway and Dyke Road along with intersection improvements. The City secured cost share funding of \$4.95 million from the Federal government in support of this project. The construction work is substantially completed.

#### **River Parkway Extension**

This project is eligible to receive up to \$2.55 million from Translink. The scope of this project includes the construction of an interim two-lane road along the former railway corridor, from 200m northeast of Gilbert Road to Cambie Road. The new road will connect to the existing Leslie Road, Gilbert Road, Cambie Road and future Minoru Boulevard as well as access to the future Middle Arm Waterfront Park. When completed this new road would replace the existing River Road between Gilbert Road and Cambie Road and provide a continuous alternate route to No. 3 Road and existing River Road. The construction work is underway.

#### **2019 Paving Program – Various Locations – City-Wide**

The 2019 Paving Contract has been awarded and construction is scheduled to commence Q3 2019. Upcoming locations include: 8,000 Block of Alderbridge Way, 9,000 Block of Alderbridge Way, Bridgeport Road (Viking Way to No. 6 Road), Westminster Highway (Willet Avenue to Boundary Road), Russ Baker Way (No. 2 Road to Inglis Drive), 7,000 Block of No. 5 Road, 11,000 Block of No. 5 Road, 12,000 Block of No. 5 Road, Sharpe Avenue (Muir Drive to the cul-de-sac); and various vibration complaint locations.

## **Sanitary Sewers**

### **Hamilton Sanitary Pump Station**

This project includes the construction of the new Hamilton Sanitary Pump Station located at the southeast corner of Hamilton VLA Park and installation of new sanitary utility in the area. Detailed design is ongoing with construction scheduled to commence later this year.

## **Water**

### **2019 Watermain Replacement Project**

This project replaces and upsizes ageing watermains at the end of their service life with PVC pipe, in line with the City's Ageing Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. The McDonald Road area is completed and construction of the Colbeck area is underway. The Palmberg area and Gilhurst/Bates area is scheduled to commence later this year.

## **Buildings**

### **Minoru Centre for Active Living**

The Minoru Centre for Active Living project remains on budget. Lap Pool 1 leak investigation is complete and a report from the insurer is anticipated in August. The Seniors Centre and Event Centre opened to the public on March 11, 2019.

### **Childcare Centres**

A combined total of approximately 46,000 sq. ft. of indoor space and over 31,000 sq. ft. of outdoor space has been designed to accommodate up to 262 children in various licensed child care programs as well as space for family strengthening and support services. Funding was collected through both the Development Cost Charges and community amenities charges and design/construction is underway.

- River Green Child Care - Aspac Development Ltd
- Brighthouse Early Childhood Development Hub - Keltic Canada Development Co Ltd.
- Capstan Village Early Childhood Development Hub - Pinnacle International
- River Run Early Care and Learning Centre - Western-Citimark

### **Gateway Theatre**

The theatre improvements will include envelope rehabilitation, modernization of fire safety, mechanical and electrical systems replacements, with minor structural and finishes upgrades. Construction tenders have been received and awarded to Kindred Construction. Construction is estimated to be complete by Q2 2020.

### **Minoru Arena Refrigeration Plant Upgrade**

Multiple components in the Minoru Arenas (Stadium and Silver Rinks) refrigeration systems have reached the end of their serviceable life expectancy and require replacement to prolong the life of the building and ensure the health and safety of its users/inhabitants. Construction is underway and expected to be completed by Q3 2019.

Minoru Place Activity Centre

The Minoru Place Activity Centre will be repurposed to a Community Arts Program and Education space. Stakeholder engagement and schematic design started in July 2019. Detailed design is estimated to be completed in Q1 2020.

**2019 Capital Construction Program Update**

	<b>Project Name</b>	<b>Scope of Work</b>	<b>Capital Funding (x1000)</b>	<b>Scheduled Construction Completion</b>
<b>INFRASTRUCTURE - ENGINEERING</b>				
<b>ROADS</b>				
1	River Drive Multi-Use-Pathway, No. 4 Road to Van Horne Way (2017)	River Drive - No. 4 Rd to Van Horne Way multi-use path complete with storm sewer infill	\$1,344	Complete
2	No. 2 Road Widening, Steveston Highway to Dyke Road (2016, 2017)	No 2 Road from Steveston Highway to Dyke Road/London Road	\$11,000	Complete
3	Sexsmith Road Multi-use-Pathway, Beckwith Road to River Road (2017)	Multi-Use Pathway-Sexsmith Road from Beckwith Road to River Road	\$495	Q4 2019
4	Railway Crossings and Environmental Works (2018)	Westminster and Nelson rail crossings and environmental works at Woodward's Slough	\$3,384	Q4 2019
5	Annual Asphalt Re-Paving Program – MRN (2019)	Annual asphalt re-paving	\$1,151	Q4 2019
6	Annual Asphalt Re-Paving Program - Non-MRN (2019)	Annual asphalt re-paving	\$3,131	Q4 2019
7	Streetlight LED Upgrade Program (2019)	Year 3 - Continuation of LED replacement program	\$430	Q4 2019
8	Neighbourhood Walkway Program (2019)	No. 6 Road Multi-Use Pathway Cambie Road to Bridgeport Road	\$500	Q4 2019
9	Transit-Related Roadway Improvement Program (2019)	Bus Stops at various locations Citywide including Westminster Highway and Steveston Highway	\$400	Q4 2019
10	Westminster Highway Pedestrian and Cyclist Enhancements, Smith Crescent to Fraserside Gate (2019)	Smith Crescent to Fraserside Gate	\$1,100	Q2 2020
11	Arterial Roadway Improvement Program (2019)	Railway Greenway intersections	\$450	Q2 2020
12	Active Transportation Improvement Program (2018,2019)	Charles Street Multi-Use Pathway - Sexsmith to Bridgeport Canada Line Station, Odlin Road Bike Route, Westminster Highway Multi-Use Pathway - No. 6 Road to No. 7 Road	\$2,000	Q2 2020
13	Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018)	Alderbridge Way Multi-Use Pathway - Shell Road to No. 4 Road	\$1,200	Q2 2020



14	River Parkway Road Extension - Gilbert Road to Cambie Road (2017, 2018)  Cambie Road Improvement, River Road to No. 3 Road (2018)  Leslie Road Improvement, River Parkway to approximately 150m to the east (2018)  Watermain Replacement River Parkway (2018)	River Parkway Road Extension - Gilbert Road to Cambie Road	\$15,045	Q3 2020
15	Garden City Road Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road (2019)	Garden City Pedestrian and Cyclist Enhancements - Westminster Highway to Lansdowne Road	\$1,000	Q3 2020
16	Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (2019)	Steveston Highway Multi-Use Pathway - Shell Road to Mortfield Gate	\$2,000	Q3 2020
<b>DRAINAGE</b>				
17	Drainage System and Irrigation Upgrades – South Sidaway Area Phase 2 (2016)	Watercourse and culvert realignment; automatic irrigation gate installation	\$450	Q4 2019
18	Gilley and Westminster Highway Culvert Replacement (2016)	Replacement of existing culvert at intersection	\$1,250	Q4 2019
19	East Richmond Drainage & Irrigation Upgrades - (2017)	Various locations Citywide including Steveston Hwy, Sidaway Rd, Palmberg Rd, Westminster Hwy, and Gilley Rd	\$1,285	Q4 2019
20	Burkeville Drainage Improvements (2018)	Burkeville Drainage Upgrades (phase 1 of construction)	\$2,000	Q4 2019
21	Laneway Drainage Upgrade - Afton Drive (North) (2019)	Laneway Drainage Upgrade - Afton Drive (North)	\$1,373	Q4 2019
22	Laneway Drainage Upgrade - Herbert East Lane (2019)	Laneway Drainage Upgrade - Herbert East Lane	\$542	Q4 2019
23	Box Culvert Repair (2018)	Box Culvert Repair – No. 4 Rd and Citywide	\$1,500	Q3 2020
24	Headwall Replacement and Ditch Infills (2018)	Steveston area, No. 9 Road and Dyke Road, and No. 7 Road and Cambie Road	\$500	Q4 2020
25	Canal Stabilization (2017)	Canal stabilization and assessments and geotechnical investigations for various sections of canal Citywide	\$300	Q4 2020
26	Dike Upgrades (2018)	Dike Upgrades - Various location including No. 9 Rd, No. 3 Rd, and Garden City Rd	\$5,850	Q4 2020

27	Box Culvert Repair (2017)	Citywide and at No. 2 Rd south Drainage Pump Station	\$1,500	Q1 2021
28	2016 Flood Protection Program (2016)	South dike - No. 3 Road to Gilbert Road, Horseshoe Slough Pump Station, No. 7 Road South Drainage Pump Station, Shell North Drainage Pump Station, No. 2 Road South Drainage Pump Station	\$28,185	Q1 2021
29	East Richmond Drainage & Irrigation Upgrades (2018)	Irrigation gates, ditch re-grading and culvert upgrades various locations Citywide, including Blundell, Burrows, Woodward's Slough, Sidaway Road, Westminster Highway and Granville Avenue	\$466	Q4 2021
<b>SANITARY</b>				
30	City Centre Sanitary Sewer Rehabilitation (2016)	Point repairs of existing sanitary sewer/ Minoru Park sanitary-storm reconnection	\$1,160	Q4 2019
31	Sanitary Sewer Tie-in and Restoration (2018)	Sanitary Sewer Tie-in and Restoration	\$500	Q4 2019
32	Gravity Sewer Assessment Program (2018)	Citywide Closed Circuit Television inspections	\$450	Q4 2019
33	Burkeville Utility Upgrades (2019)	Burkeville Utility Upgrades - Sanitary (phase 1 of construction)	\$1,133	Q4 2019
34	Eckersley B Sanitary Pump Station (2018)	Eckersley B Sanitary Pump Station	\$2,650	Q4 2020
35	Hamilton Area Sanitary Sewer and Pump Station (2017)	Sanitary Pump station located in Hamilton VLA Park	\$1,700	Q2 2020
36	Steveston Gravity Sewer Replacement and Rehabilitation (2018)	Steveston Gravity Sewer Assessment, Replacement and Rehabilitation	\$1,839	Q4 2020
<b>WATER</b>				
37	Spires Area Water, Sanitary, and Drainage Upgrade (2016)	Water, sanitary and drainage upgrades	\$4,500	Complete
38	Watermain Replacement Program (2018)	Watermain Replacement Program-Mowbray Pigott Saunders Area and Sealord Area	\$6,276	Complete
39	Water Metering Program (2017)	Fixed base network implementation	\$2,120	Q4 2019
40	Watermain Tie-in and Restoration (2018)	Watermain Tie-in and Restoration	\$250	Q4 2019
41	Water Replacement Program (2019)	Watermain Replacement Program - McDonald Road area, Colbeck Area, Palmberg Area and Gilhurst/Bates Area.	\$5,395	Q2 2020

42	Thompson Gate Pressure Reducing Valve station (2017)	Water Pressure Reducing Valve in development property	\$600	Q2 2020
43	Water Metering Program (2018)	Upgrade touch pad meters to radio meters; volunteer multi-family dwelling meters	\$6,506	Q4 2020
<b>BUILDINGS - PROJECT DEVELOPMENT</b>				
44	Watermania System Ageing Mechanical and Building Envelope Infrastructure Replacement (2018)	Infrastructure replacements	\$1,000	Q3 2019
45	Minoru Arena Infrastructure Replacements (2017)	Infrastructure Replacement	\$1,859	Q3 2019
46	City Hall Annex Transformer Replacement (2019)	Transformer Replacement	\$500	Q4 2019
47	East Richmond Community Hall Envelope and Mechanical System Renewals (2019)	Renewal of HVAC Systems, Roof Replacement, Interior Upgrades	\$402	Q4 2019
48	Minoru Centre for Active Living (2014)	New Construction of an Aquatics Centre and Older Adults Centre	* \$83,100	Q4 2019
49	Thompson Community Centre Heat Pump Replacements (2018)	Infrastructure replacements	\$520	Q1 2020
50	Enhanced City Centre Police Office (2018)	Construction of tenant improvement for support relocation of Community Police Office to City Hall West	\$6,500	Q1 2020
51	Fire Hall No. 1(2014)	Solar Photovoltaic Panels - Energy Systems	\$450	Q1 2020
52	Gateway Theatre (2016, 2018, 2019)	Main Stage Lighting Replacement, Infrastructure Replacements – Phase 1 and Phase 2, Lighting Infrastructure and System Renewal	\$8,095	Q2 2020
53	Japanese Canadian Cultural Centre – Front Entry Accessibility Upgrade (2019)	Entrance Upgrade	\$258	Q2 2020
54	Minoru Place Activity Centre Program - Implementation (2019)	Repurposing	\$2,511	Q4 2020
55	Works Yard Mechanical Replacements (2019)	Mechanical Systems Replacement	\$1,707	Q4 2020
56	Works Yard Salt Shed Repairs (2019)	Salt Shed Repair	\$266	Q4 2020
57	Works Yard Ageing Mechanical and Building Envelope Infrastructure Replacement (2018)	Design of site wide infrastructure replacements	\$2,515	Q4 2020
58	City Hall Upgrades and Repairs (2019)	Mechanical Upgrades and repairs	\$980	Q4 2020

\*Includes multi-project contingency

59	Library Cultural Centre Conveyance Replacements (2019)	Conveyance Replacement	\$709	Q4 2020
60	Energy Management Projects (2017)	Library Cultural Centre (includes \$750K Grant). Mechanical System Renewals	\$1,660	Q4 2020
61	Minoru Arena System Renewals (2019)	Systems Renewal	\$3,300	Q4 2020
62	Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (2019)	Mechanical and Envelope Replacement	\$1,341	Q4 2020
63	Lawn Bowling Club Replacement (2018)	Replacement of Clubhouse	\$5,300	Q1 2021
64	Minor Capital Buildings Project Development (2018)	64 projects (roof replacement, flooring, mechanical equipment, etc.)	\$3,964	Q4 2019



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

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

- The Garden City Lands - Legacy Landscape Plan was endorsed by Council in June 2014.
- Preparation of the farm area licensed to Kwantlen Polytechnic University has been completed and farming began in June 2018.
- Staff are preparing a Non-Farm Use Application for Council's review prior to filing with the Agricultural Land Commission (ALC) later in 2019. The purpose of the application is to gain the ALC's approval to construct a wide range of park infrastructure and site elements.

*Aberdeen Park Phase 2 and 3:*

Approved Budget: \$2,050,000 (2018 &amp; 2019) 10% Complete

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

*The Gardens Agricultural Park:*

Approved Budget: \$2,267,000 (2012, 2014, 2015) 50% Complete

- Rehabilitation of the existing park features is ongoing including pathways, a bridge, planting and site furnishings.
- The southern part of the park is open to the public with a northern section anticipated to be open by the end of 2019.
- Redevelopment of the existing ponds for storm water retention was completed in 2016.
- Full implementation of the approved park concept is currently on hold due to the potential impacts of the George Massey Tunnel project.

*Parks Aging Infrastructure 2018:*

Approved Budget: \$900,000 (2018) 70% Complete

- King George Spray Park Resurfacing was completed on June 22, 2018.
- No. 2 Road Pier – Structural Conditional Assessment was completed in August 2018. Planning and preparation for the construction repairs scheduled for Fall 2019.
- Nature Park Boardwalk Replacement - Planning & Design has been completed. Construction of the 300 metre long x 8 feet wide accessible boardwalk along the Nature Park pond trail was completed in June 2019.

*Parks Identity Signage Program:*

Approved Budget: \$200,000 (2018) 90% Complete

- City Centre urban ID signage was installed at Lang Park, Aberdeen and Richmond Oval fabricated and installed.
- Comprehensive signage plan for Terra Nova Rural Park (TNRP) and Natural Area (TNNA) precincts (including wayfinding and identification signage) fabrication is complete. TNRP + TNNA wayfinding installation was complete (Summer 2018) and

**Capital Highlights****Community Services/Parks**

identification signage installation was completed in Spring 2019.

- Identification signage for Capstan area including Ketcheson and Capstan Neighbourhood Parks was completed and signing was installed in July 2019.
- Alexandra Greenway, Alexandra signage design and implementation are in progress with installation planned for late 2019.

*Playground Improvement & Replacement:*

Approved Budget: \$481,000 (2016 & 2017)

75% Complete

*Palmer Garden City Neighbourhood School Park Playground:*

- Contract for design-build services was awarded in February 2019.
- Playground construction to start in early Summer 2019 and will be completed by the start of the school year.

*Richmond Nature Park Playground Expansion*

- The playground expansion was completed in July 2018 and is open to the public.

*Playground Improvement & Replacement:*

Approved Budget: \$500,000 (2018)

30% Complete

*Terra Nova Adventure Playground Improvement*

- The 'treehouse' tower is being upgraded to address the high degree of use it receives.
- The improvements will be completed in Fall 2019.

*South Arm Community Park Playground*

- Public engagement process to take place in Summer 2019.
- Construction expected to start in Fall 2019.

*London/Steveston Park Enhancements:*

Approved Budget: \$1,030,000 (2017, 2018 & 2019)

60% Complete

- A public open house was held on Saturday, April 13, 2019 to inform the community about the upcoming construction.
- Construction of new landforms and pathways will be completed in July 2019, followed by tree planting in fall 2019.
- A Request for Proposal for design and construction of the children's playground was issued in June 2019. Construction of the playground will occur in fall 2019.

*Hollybridge Pier/Middle Arm:*

Approved Budget: \$2,350,000 (2012 & 2015)

30% Complete

- Continuation of the Oval West waterfront development as part of the Middle Arm waterfront with a new public pier at the end of Hollybridge Way.
- Contract for design services for the pier has been awarded to Amec Foster Wheeler.

**Capital Highlights****Community Services/Parks**

- Contract for construction services for the pier has been awarded to Fraser River Pile & Dredge.
- **Project delayed.** Awaiting permitting/construction approvals from the Ministry of Forest, Lands and Resources Operations, First Nations consultation, and Transport Canada. **Anticipated construction to start in Fall 2019.**

*Parks Aging Infrastructure 2019:*

Approved Budget: \$550,000 (2019) 30% Complete

- McNair Sandfield Renewal – Upgrades to the soccer and rugby sized (70x120 m) sand field included new irrigation heads and replacement of the existing sand base and grass sod began in late-May 2019 and was completed in mid-June 2019.
- Minoru Tennis Courts – perimeter fence replacement on the Richmond Tennis Club facility started in June 2019 and is on schedule for completion in early July.
- Minoru Tennis Court Repairs and Resurfacing was contracted out with award issued in June 2019. Work is scheduled for late-July 2019.
- King George Tennis Court Repairs and Resurfacing procurement are complete. Work is on schedule to be completed in August 2019.
- King George Waterpark – UV System upgrades - the design build of a secondary UV filtration system as per the new standards/requirements from Vancouver Coastal Health Authorities. Anticipated installation in the Fall 2019.

*Hugh Boyd Fields – Artificial Turf Replacement 2019:*

Approved Budget: \$1,800,000 (2019) 10% Complete

- Tender was completed in April and award of contract was issued in May.
- Construction is scheduled to start in August 2019.

*Minoru Park – Replacement of the Lawn Bowling Green Synthetic Surfaces 2019:*

Approved Budget: \$350,000 (2019) 15% Complete

- Tender was completed in April and award of contract was issued in June 2019.
- Testing of existing conditions such as percolation rate was completed in June 2019.
- Work is on schedule to begin in August and should be completed in early September 2019.

*Alexandra Park (formerly West Cambie Park):*

Approved Budget: \$1,720,000 (2010, 2013, 2016 & 2019) 50% Complete

- Council approved the re-naming of this park in March of 2019 from West Cambie to Alexandra Park.
- Issue for Tender drawings and specifications, RFP are being finalized with the consultant team.
- Construction is anticipated to begin in late summer/early fall 2019.



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** August, 19, 2019

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

**File:**

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

**Re:** **Richmond Olympic Oval Corporation - 2<sup>nd</sup> Quarter 2019 Financial Information**

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter period of April 1, 2019 to June 30, 2019 from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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



**DATE:** August 19, 2019

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

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

**Re:** **Richmond Olympic Oval Corporation – 2<sup>nd</sup> Quarter 2019 Financial information**

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## **Origin**

This staff report deals with the second quarter financial results for the 3 months ended June 30, 2019 ("Q2") which was endorsed by the Corporation's Board of Directors.

## **Highlights**

The following are some of the highlights of the activities undertaken by the Corporation during Q2.

### Community Use

The Oval hosted the annual International Olympic Day celebration, which saw 1,900 students from the Lower Mainland participate in activities and sport demonstrations put on by local and provincial sport organizers. The Oval also participated in the national ParticipACTION campaign which aims to get Canadian cities moving and physically active.

New to the member experience in Q2 was the launch of the Oval Athletic program as part of the enhanced fitness model. The Athletic member launch event saw registrations fill up within three hours of release, and member classes have increased since its launch with full capacity.

In accordance with the Richmond Oval Agreement between the City of Richmond ("City") and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere. As in previous quarters, community

group use continued to constitute the majority of Oval usage in Q2. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q2, Richmond-based organizations or programs/organizations with significant Richmond representation used 95% of prime time space. At the end of Q2, 78% of Oval members were Richmond residents.

Community groups from Richmond or those with strong Richmond based participation that utilized the Oval in Q2 2019 included: Steveston Selects, Vancouver Ki Society (Aikido), Shoseikan Karate, Kajaks, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Pentasport Athletics, Leslie Global Sports, Greater Vancouver Canadians, Urban Rec, Aura Rhythmic Gymnastics, Non-Contact Hockey League, Richmond Minor Hockey, Richmond Rockets, Richmond Ringette and Air Attack Volleyball.

#### Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q2 included: The Sword Play Symposium, Katana Jiu Jitsu tournament, CHE hockey tournament, Volleyball BC U17 provincials, 40<sup>th</sup> annual Can-Am International martial arts tournament, Delta Gymnastics Cash and Carry competition, U14 girls volleyball nationals, Hoopfest, Rotary Skatathon, WHL Combine, Karate Canada Open, Olympic Day, Battle of the Badges basketball tournament, Canada Quest 3x3 basketball regionals and Push4 Impact wheelchair rugby tournament.

Additionally, some of the future events secured in Q2 by Events and Sport Hosting include: Volleyball Canada Red and White match, Verizon commercial shoot, HC Beat the Heat 3x3 hockey tournament, the Next Gen Jiu Jitsu tournament, the 2019 Fencing Canada Cup 1 and the 2021 Fencing Canada Cup 2, the 2020 Indo Pacific trampoline and tumbling championships, the 2020 Short Track Canada Cup Jr Final, the 2020 Wheelchair Rugby Canada Cup, and the 2020 Wheelchair Rugby Vancouver Invitational.

Events and training camps that occurred during Q2 for High Performance included: Team Canada women's volleyball selection camp, RBC Training Ground, OKCI Kettlebell tournament, Wheelchair Basketball BC finals and Butterfly BC table tennis tournament.

Notable Oval athlete successes during Q2 include:

- Men's Field Hockey Canada won the International Hockey Federation series finals
- Volleyball Canada women's national team won the women's National Challenge Cup tournament
- Oval athlete Katarina Pantovic and Natalie Davidson won gold at U18 volleyball provincials
- Oval athlete Lan-Vi Nguyen (short track speed skating) was the co-winner of the youth female athlete award at the Richmond Sport Awards

#### Governance

Meetings of the Corporation's Audit & Finance Committee, Business Planning Committee and the Board of Directors as well as the Annual General Meeting took place during Q2.

### Financial

The first half of 2019 has been successful for the Corporation. The YTD results for the 6 months ended June 30, 2019 were budgeted at an income before transfers to reserves/equity of \$249,000 and the actual results show income of \$957,000 indicating a favorable variance of \$708,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2019 and page 5 for the statement of operations). Year to date, \$1,432,000 was allocated to the reserves/equity.

### **Comments on the Financial Results for Q2**

#### Revenues

The Q2 portion of the estimated 2019 Games Operating Trust Fund ("GOT") distribution of \$725,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,116,000 in Q2 and other revenue of \$665,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue. Overall, revenue was \$213,000 favorable to budget.

#### Expenses

Memberships, admissions and program services costs for Q2 2019 were \$1,577,000, facility operations costs were \$1,102,000, marketing expenses were \$157,000, and administration and finance expenses were \$747,000. Overall, expenditures were \$122,000 favorable to budget.



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

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

**RICHMOND OLYMPIC OVAL CORPORATION****Balance sheet****As at June 30, 2019****Unaudited, prepared by management**

		<b>Jun 30, 2019</b>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	935,571
Investments		13,343,586
Inventory		145,944
GOT receivable		1,450,000
Accounts receivable		629,690
		<u>16,504,791</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,435,981
Deferred revenue		8,046,954
Rental deposits		9,263
		<u>9,492,197</u>
Net financial assets		7,012,594
<b>Non-Financial Assets</b>		
Tangible capital assets		11,172,233
Deferred lease costs		37,939
Prepaid expenses and other deposits		263,507
		<u>11,473,678</u>
Accumulated Surplus (Note 1)	\$	18,486,272

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

Investment in capital assets	8,892,462
Reserves/Provisions	8,639,347
Common Shares	1
Surplus	954,461
	<u>18,486,272</u>

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



# **RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Operations  
For the quarter ended June 30, 2019  
Unaudited, prepared by management

	QTR 2 2019				YTD ended June 30, 2019				2019 BUDGET
			\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)			\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
	BUDGET	ACTUAL			BUDGET	ACTUAL			
REVENUES									
2010 Games Operating Trust Fund	725,000	725,000	-	0%	1,450,000	1,450,000	-	0%	2,900,000
Contribution from City of Richmond	881,845	881,845	-	0%	1,763,689	1,763,688	-	0%	3,527,378
Memberships, admissions and programs	2,058,271	2,116,298	58,027	3%	4,240,304	4,331,163	90,859	2%	8,667,697
Other	509,836	664,717	154,881	30%	1,019,672	1,164,237	144,565	14%	2,039,345
	4,174,952	4,387,860	212,908	5%	8,473,665	8,709,088	235,424	3%	17,134,420
EXPENSES									
Memberships, admissions and program services	1,478,922	1,576,556	(97,634)	-7%	2,990,538	3,035,743	(45,205)	-2%	6,124,619
Facility Operations	1,143,140	1,101,774	41,366	4%	2,288,580	2,175,817	112,763	5%	4,574,850
Marketing	188,576	157,199	31,377	17%	353,570	281,021	72,549	21%	708,575
Admin/Finance	824,427	746,590	77,837	9%	1,641,827	1,422,074	219,753	13%	3,287,067
Amortization	475,000	405,498	69,502	15%	950,000	836,933	113,067	12%	1,900,000
	4,110,065	3,987,617	122,448	3%	8,224,515	7,751,588	472,927	6%	16,595,111
59									
Net Income (Note 1)	64,887	400,243	335,356	517%	249,150	957,500	708,350	284%	539,309

Note 1 - In Q2, \$0.99M was transferred into reserves/equity mainly for future capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's capital program, which is primarily funded from the Capital Reserves, has averaged \$2.80M annually over the past 5 years.

Numbers may be off due to rounding.



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** July 31, 2019

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

**File:** 10-6600-10-01/2019-Vol 01

**Re:** Lulu Island Energy Company – 2<sup>nd</sup> Quarter Financial Information

### Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2<sup>nd</sup> Quarter Financial Information” dated July 31, 2019 from the Chief Financial Officer, Lulu Island Energy Company be received for information.

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

Att. 1

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





6911 NO. 3 ROAD  
RICHMOND, BC V6V 2C1

## Report

**DATE:** July 12, 2019

**TO:** Board of Directors

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

**Re:** Lulu Island Energy Company – 2019 2<sup>nd</sup> Quarter Financial Information

### Staff Recommendation

That the 2<sup>nd</sup> Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2019 2<sup>nd</sup> Quarter Financial Information” dated July 12, 2019 from the Chief Financial Officer, Lulu Island Energy Company, be approved.

### Background

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

### Analysis

Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The LIEC’s pre-audited Q2 financial information consists of the interim statement of financial position as at June 30, 2019 and the interim income statement for the period ended June 30, 2019.

### Financial Position

The interim statement of financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) \$11,596,661 and non-current assets (plant and equipment) \$32,500,964. The total assets are \$44,097,625. The total liabilities of \$13,635,802 include outstanding invoices, deferred contributions and concession liabilities. The shareholder’s equity represents the net worth of the company. It is equal to the total assets minus its total liabilities and measures the

company's financial health. As of June 30, 2019, LIEC's shareholder equity is \$30,461,823, showing good financial health of the company.

### Revenues

The metered billing revenue is the total energy sales of both ADEU and OVDEU service areas. The interim metered billings revenue is \$956,133 from the Alexandra District Energy Utility (ADEU) and \$911,976 from the Oval Village District Energy Utility (OVDEU). Overall, the first six months metered billing revenue of \$1,868,109 increased by 7% over 2018. This reflects the addition of one new building (Trafalgar) connection in the ADEU service area in 2019, as well as increased energy use from customers in February 2019 due to colder weather. The metered billings revenue for the second quarter has exceeded the year to date budget by 3%.

### Cost of Sales

The cost of sales is the accumulated total of expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense increased by 2% due to the CPI index and less unscheduled repairs and maintenance. The utility expense increased by 3% due to more energy sales. The amortization expense increased due to capital asset additions. The gross margin percentage has increased by 3% to 46% from 43%. The main reason is due to the fact that the ADEU service area is utilizing more renewable energy sources to meet heating demand while consuming less conventional energy sources.

### General and Administration Expenses

The general and administration (G&A) expenses are expenditures that LIEC incurs to engage in operating activities which include salaries and benefits, administration expenses, professional fees, etc. The increase of salaries and benefits is due to adjustments of fringe benefits as a result of the new Employee Health Tax. The administration expense includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. The insurance expense increased by 6% due to additional DEU assets being insured. Overall, G&A expenses as a percentage of revenues are in line at 18% versus 19% for the six months ended June 30, 2019.

### Contributions and Financing

The contributions and financing expense section represent other sources of revenue and financing expense for the business. The current energy modeling review fee is higher than 2018 due to more building permits being reviewed in the first two quarters than in 2018. The net finance cost is the result of finance costs on concession liabilities in the first half of the year, offset by interest income. The advanced payment received from developers for future building connections has resulted in a higher cash balance. Therefore, interest income is higher than expected and the net finance cost is lower than 2018.



LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure LIEC's financial performance, increased by 24% compared to the first six months ended in 2018. EBITA as a percentage of revenue is 62% for 2019 compared to 53% in 2018.

Overall, the net income as a percentage of revenue is 29% for 2019 compared to 19% in 2018. The year to date net income of \$682,058 has exceeded the budget by 49%. Consistent with the corporation's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital replacements.

### **Financial Impact**

None.

### **Conclusion**

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



Helen Zhao, CPA, CA  
Controller

- Attachment 1: Interim Statement of Financial Position as at June 30, 2019 (unaudited)
- Attachment 2: Interim Income Statement for the period ended June 30, 2019 (unaudited)
- Attachment 3: Year To Date Budget vs. Actual Comparison (unaudited)

## Interim Statement of Financial Position

	As at June 30 2019	As at December 31 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,617,360	\$ 1,640,019
Accounts receivable	1,463,734	2,242,644
Other investments	5,515,567	6,955,532
	11,596,661	10,838,195
Non-current assets:		
Plant and equipment	32,500,964	32,360,749
	\$ 44,097,625	\$43,198,944
<b>Liabilities and Shareholder's Equity</b>		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 517,180	\$ 414,437
Deferred developer contributions	5,514,089	5,374,637
Concession liability	7,604,533	7,630,104
	13,635,802	13,419,178
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	3,064,708	2,382,651
	30,461,823	29,779,766
	\$ 44,097,625	\$43,198,944

## Interim Income Statement for the six months ended

	June 30 2019	June 30 2018	\$ Changes	% Change
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 1,868,109	\$ 1,738,590	129,519	7%
Service fee	481,121	467,108	14,013	3%
	2,349,230	2,205,698	143,532	7%
<b>Cost of Sales</b>				
Contracts	341,817	334,903	6,914	2%
Utilities	375,160	365,700	9,460	3%
Amortization	557,307	556,190	1,117	0%
	1,274,284	1,256,793	17,491	1%
<b>Gross margin</b>	<b>1,074,946</b>	<b>948,905</b>	<b>126,041</b>	<b>13%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	319,490	302,318	17,172	5%
Administration expenses	59,876	61,399	(1,523)	(2%)
Insurance	35,000	33,000	2,000	6%
Professional Fees	19,107	29,799	(10,692)	(36%)
	433,473	426,516	6,957	2%
<b>Net income before other items</b>	<b>641,473</b>	<b>522,389</b>	<b>119,084</b>	<b>23%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	53,381	53,381	-	0%
Energy modeling review fee	88,199	12,216	75,983	622%
Net financing cost	(100,995)	(173,755)	72,760	(42%)
	40,585	(108,158)	148,743	(138%)
<b>Net Income</b>	<b>\$682,058</b>	<b>\$414,231</b>	<b>\$267,827</b>	<b>65%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	682,058	414,231	267,827	65%
Financing expense	212,928	204,110	8,818	4%
Amortization expense	557,307	556,190	1,117	0%
<b>EBITA</b>	<b>1,452,293</b>	<b>1,174,531</b>	<b>277,762</b>	<b>24%</b>

Notes:

	As at June 30 2019	As at June 30 2018
Percentage of Revenue		
Gross margin percentage	46%	43%
General and administration percentage	18%	19%
Net income percentage	29%	19%
EBITA percentage	62%	53%

## Attachment 3

## Year-To-Date Budget vs. Actual Comparison

	2019 Q2 Budget	2019 Q2 Actual	\$ Variance	%Variance
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 1,821,665	\$ 1,868,109	46,444	3%
Service fee	481,121	481,121	-	0%
	2,302,786	2,349,230	46,444	2%
<b>Cost of Sales</b>				
Contracts	374,992	341,817	(33,175)	(9%)
Utilities	447,879	375,160	(72,719)	(16%)
Amortization	555,444	557,307	1,863	0%
	1,378,315	1,274,284	(104,031)	(8%)
<b>Gross margin</b>	<b>924,471</b>	<b>1,074,946</b>	<b>150,475</b>	<b>16%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	334,527	319,490	(15,037)	(4%)
Administration expenses	62,062	59,876	(2,186)	(4%)
Insurance	35,000	35,000	-	0%
Professional Fees	21,000	19,107	(1,893)	(9%)
	452,589	433,473	(19,116)	(4%)
<b>Net income before other items</b>	<b>471,882</b>	<b>641,473</b>	<b>169,591</b>	<b>36%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	53,381	53,381	-	0%
Energy modeling review fee	16,000	88,199	72,199	451%
Net financing cost	(84,835)	(100,995)	(16,160)	(19%)
	(15,454)	40,585	56,039	(363%)
<b>Net Income</b>	<b>\$456,428</b>	<b>\$682,058</b>	<b>\$225,630</b>	<b>49%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	456,428	682,058	225,630	49%
Financing expense	204,835	212,928	8,093	4%
Amortization expense	555,444	557,307	1,863	0%
<b>EBITA</b>	<b>1,216,707</b>	<b>1,452,293</b>	<b>235,586</b>	<b>19%</b>