



**Finance Committee  
Electronic Meeting**

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

**Tuesday, September 3, 2024  
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 June 3, 2024.*

FINANCE AND CORPORATE SERVICES DIVISION

1. **ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE – 2ND QUARTER JUNE 30, 2024**

(File Ref. No. 03-0975-01) (REDMS No. 7763663)

FIN-9

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

*Designated Speaker: Jenny Ho*

STAFF RECOMMENDATION

*That the staff report titled “Active Capital Projects Financial Update – 2nd Quarter June 30, 2024”, dated August 6, 2024, from the Director, Finance, be received for information.*

Finance Committee Agenda – Tuesday, September 3, 2024

Pg. # ITEM

2. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2024**  
(File Ref. No. 03-0905-01) (REDMS No. 7754855)

FIN-26

See Page FIN-26 for full report

*Designated Speaker: Cindy Gilfillan*

STAFF RECOMMENDATION

*That the staff report titled “Financial Information – 2nd Quarter June 30, 2024”, dated August 2, 2024, from the Director, Finance, be received for information.*



LULU ISLAND ENERGY COMPANY

3. **LULU ISLAND ENERGY COMPANY – 2024 2ND QUARTER FINANCIAL INFORMATION**  
(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7773427)

FIN-53

See Page FIN-53 for full report

*Designated Speaker: Alen Postolka*

STAFF RECOMMENDATION

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 2<sup>nd</sup> Quarter Financial Information”, dated August 8, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.*



RICHMOND OLYMPIC OVAL CORPORATION

4. **RICHMOND OLYMPIC OVAL CORPORATION - 2ND QUARTER 2024 FINANCIAL INFORMATION**  
(File Ref. No. 03-1200-09) (REDMS No. 7778699)

FIN-63

See Page FIN-63 for full report

*Designated Speaker: Rick Dusanj*

**Finance Committee Agenda – Tuesday, September 3, 2024**

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Pg. #      ITEM

STAFF RECOMMENDATION

*That the Richmond Olympic Oval Corporation - 2nd Quarter 2024 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation, be received for Information.*

ADJOURNMENT



## Finance Committee

Date: Monday, June 3, 2024

Place: Anderson Room  
Richmond City Hall

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

Call to Order: The Chair called the meeting to order at 4:55 p.m.

### MINUTES

It was moved and seconded  
*That the minutes of the meeting of the Finance Committee held on May 6, 2024, be adopted as circulated.*

**CARRIED**

**FINANCE AND CORPORATE SERVICES DIVISION**

1. **2023 ANNUAL REPORT AND 2023 ANNUAL REPORT HIGHLIGHTS**  
(File Ref. No. 01-0375-01) (REDMS No. 7671605)

In response to queries from the Committee, staff noted (i) both the 2023 Annual Report and the 2023 Annual Report – Highlights will be posted online for the public inspection period in advance of adoption by Council, and that a copy of the reports will be forwarded to the Richmond Chamber of Commerce, as requested, and (ii) decreasing housing starts could be attributed to factors such as interest rates, the availability of labour, and uncertainties surrounding recent Provincial residential housing legislation.

It was moved and seconded

*That the reports titled, “2023 Annual Report” and “2023 Annual Report – Highlights” be approved.*

**CARRIED**

2. **ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE – 1ST QUARTER MARCH 31, 2024**  
(File Ref. No. 03-0975-01) (REDMS No. 7658433)

It was moved and seconded

*That the staff report titled, “Active Capital Projects Financial Update – 1st Quarter March 31, 2024”, dated May 6, 2024 from the Director, Finance, be received for information.*

The question on the motion was not called as staff responded to queries from the Committee, noting that (i) at this time there are no plans for additional parking at the Minoru Centre for Active Living, (ii) the Capital Building Program is on target and on budget, and (iii) the canal stabilization works for Sidaway Road is typical of the scope of work undertaken annually.

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

3. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2024**  
(File Ref. No. 03-0905-01) (REDMS No. 7654482)

It was moved and seconded

*That the staff report titled, “Financial Information – 1st Quarter March 31, 2024”, dated May 3, 2024 from the Director, Finance, be received for information.*

**CARRIED**

**Finance Committee**  
**Monday, June 3, 2024**

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4. **DEVELOPMENT COST CHARGES IMPOSITION BYLAW ANNUAL INFLATIONARY UPDATE (2024)**

(File Ref. No. 03-0900-01) (REDMS No. 7654741)

It was moved and seconded

- (1) *That the proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558, as recommended in the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be introduced and given first reading; and*
- (2) *That the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be endorsed as the basis for public consultation in establishing the amended Development Cost Charges Imposition Bylaw.*

The question on the motion was not called as a brief discussion ensued with respect to Development Cost Charges (DCC). Staff noted that not all infrastructure costs are born by the developers; depending on the burden of growth, a portion of infrastructure costs are partially paid by taxpayers.

The question on the motion was then called and it was **CARRIED** with Cllr. Loo opposed.

5. **RICHMOND OLYMPIC OVAL CORPORATION – 1<sup>ST</sup> QUARTER 2024 FINANCIAL INFORMATION**

(File Ref. No. 03-1200-09) (REDMS No. 7689869)

A revised Richmond Olympic Oval Corporation Balance Sheet (page FIN – 161), dated March 31, 2024, was distributed on table (attached to and forming part of these minutes as Schedule 1)

It was moved and seconded

*That the report on the first Quarter 2024 Financial Information for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.*

**CARRIED**

**Finance Committee**  
**Monday, June 3, 2024**

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6. **LULU ISLAND ENERGY COMPANY - 2024 1ST QUARTER  
FINANCIAL INFORMATION**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7689972)

It was moved and seconded

*That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 1st Quarter Financial Information”, dated May 17, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (5:13 p.m.).*

**CARRIED**

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, June 3, 2024.

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Mayor Malcolm D. Brodie  
Chair

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Lorraine Anderson  
Legislative Services Associate

**RICHMOND OLYMPIC OVAL CORPORATION**

**Balance sheet**

**As at Mar 31, 2024**

**Unaudited, prepared by management**

		<b>Mar 31 2024</b>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	1,470,877
Investments		16,600,001
Inventory		224,198
GOT receivable		800,000
Accounts receivable		1,229,537
		20,324,613
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,401,726
Post-employment benefits		1,183,650
Deferred revenue		10,970,100
Rental deposits		11,781
		13,567,257
Net financial assets		6,757,356
<b>Non-Financial Assets</b>		
Tangible capital assets		14,219,286
Prepaid expenses and other deposits		958,084
		15,177,371
Accumulated Surplus (Note 1)	\$	21,934,726

<b>Note 1 - Breakdown of accumulated surplus account is as follows:</b>	
Investment in capital assets	8,218,015
Reserves/Provisions	12,870,524
Common Shares	1
Surplus	846,186
21,934,727	

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.07M 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.





# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** August 6, 2024

**From:** Mike Ching  
Director, Finance

**File:** 03-0975-01/2024-Vol  
01

**Re:** **Active Capital Projects Financial Update – 2nd Quarter June 30, 2024**

### Staff Recommendation

That the staff report titled, “Active Capital Projects Financial Update – 2nd Quarter June 30, 2024”, dated August 6, 2024 from the Director, Finance, be received for information.

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

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	RCMP <input checked="" type="checkbox"/>
Climate & Environment	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	Recreation and Sport Services <input checked="" type="checkbox"/>
Facilities & Project Development	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Fire Rescue	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Parks Services	<input checked="" type="checkbox"/>	for J. Chong
Public Works	<input checked="" type="checkbox"/>	
<b>SENIOR STAFF REPORT REVIEW</b>	INITIALS: 	<b>APPROVED BY CAO</b> 

**Staff Report**

**Origin**

The Active Capital Projects Financial Update for the 2nd Quarter ended June 30, 2024 is provided to the Finance Committee for information.

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

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

**Analysis**

**ACTIVE CAPITAL PROJECT DEFINITION**

Active capital projects represent construction, non-construction and acquisition (e.g. equipment and land) capital projects previously approved by Council. A capital project is considered active for the purpose of this report if the project falls within one of the following stages as illustrated in Figure 1.

**Figure 1: Capital Project Completion Stages**



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

**FINANCIAL OVERVIEW**

The unaudited actual capital expenditures are reported using a cash basis accounting method. As such, there may be a timing difference between the actual costs incurred and the actual costs reported.

As of June 30, 2024, the approved budget of all active capital projects excluding the contingent external contribution project was \$1,031.5M, of which \$596.4M, or 57.8%, had already been spent or contractually committed. Any unspent budget for each active capital project will remain allocated until the project is closed.

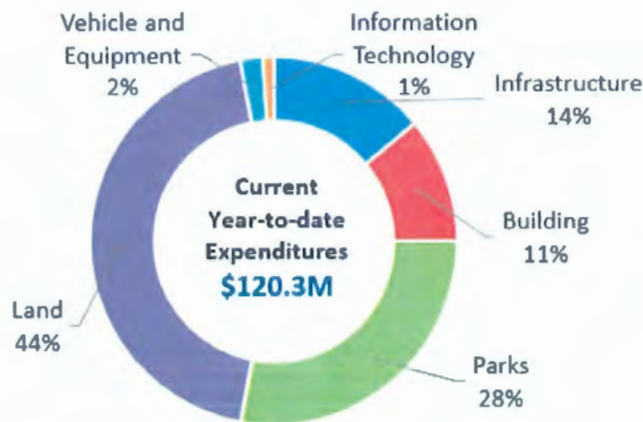
The Building and Infrastructure programs comprised 73.4% of the total capital budget. Table 1 highlights the capital financial information by program. As the active capital projects progress, additional expenditures and commitments will arise in future periods, which will be covered by the remaining budget.

**Table 1: Capital Financial Information by Program as of June 30, 2024 (in '000s)**

<b>Program</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Building	\$452,388	\$167,136	\$82,881	\$202,371
Infrastructure	304,961	124,695	30,141	150,125
Land	128,230	91,599	44	36,587
Parks	92,710	75,593	1,295	15,822
Vehicle and Equipment	36,309	12,191	2,844	21,274
Information Technology	16,913	5,779	2,188	8,946
<b>Total</b>	<b>\$1,031,511</b>	<b>\$476,993</b>	<b>\$119,393</b>	<b>\$435,125</b>

As of June 30, 2024, the total actual expenditures amounted to \$477.0M, with current year actual expenditures for active capital projects totaling \$120.3M. The breakdown by capital program of the current year expenditures is provided in Figure 2.

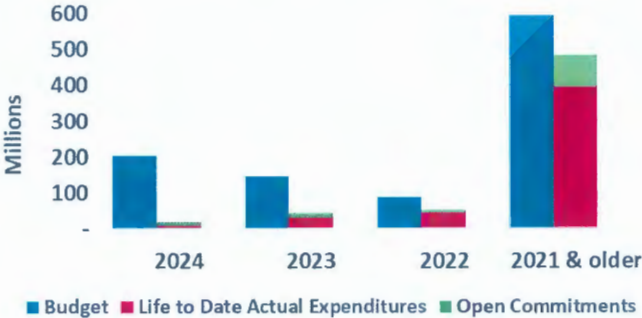
**Figure 2: Current Year Expenditures for Active Capital Projects by Capital Program**



- Of the \$120.3M, \$85.1M was spent on Council approved strategic real estate acquisitions, which were funded by the real estate acquisition projects (Land program) and the parkland acquisition projects (Parks program).
- \$4.1M was spent on the Steveston Community Centre and Library.
- \$2.6M was spent on various vehicle and equipment reserve purchases.
- \$2.1M was spent on the Richmond Nature Park.



Figure 3: Actual Expenditures and Commitments Vs. Budget by Plan Year



- Included in capital projects with Plan Years 2021 and prior are the Steveston Community Centre and Library and the Steveston Highway Multi-use Pathway projects, both of which are in the construction phase, and Strategic Land Acquisition projects, which is in the closeout phase.

**CAPITAL FINANCIAL INFORMATION BY CAPITAL PROGRAM**

**Building Program**



- Total approved budget for the Building Program is \$452.4M, of which \$250.0M has already been spent or contractually committed.
- Commitments as of June 30, 2024 were \$82.9M.
- Current year capital expenditures were \$13.0M.

Figure 4: Life to date Actual Expenditures and Commitments to Budget for Building

Key capital projects are highlighted in Table 2, with project status updates provided in Attachment 1.

Table 2: Key Capital Project Highlights – Building Program as of June 30, 2024 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Steveston Community Centre and Library (2021)	\$95,000	\$8,413	\$66,170	\$20,417
Works Yard Replacement Project–Phase 1 (2023 & 2024)	100,000	1,745	1,380	96,875
Bowling Green Community Activity Centre (2018)	5,300	724	4,092	484
Richmond Nature Park – Infrastructure Renewals (2022)	4,775	3,460	385	930
South Arm Community Centre - Infrastructure Renewals (2022)	1,900	916	668	316

*Steveston Community Centre and Library Financial Update*

The current year actual expenditures were \$4.1M, most of which were spent on site preparation work and design services. Commitments as of June 30, 2024, were \$66.2M, of which \$63.4M were related to the construction management contract for the new facility, on-site and off-site civil works, and landscaping.

*Works Yard Replacement Project – Phase 1 Financial Update*

On July 10, 2023, the Lynas Lane Works Yard site received Council approval as the replacement Works Yard site and the project received approval for an initial \$30.0M in funding. The phased project received Council approval in the 2024 Capital budget for \$70.0M in funding. To date, \$100.0M has been approved for the Works Yard Replacement project. The current year actual expenditures were \$1.5M for the operations centre set up, office relocations and initial environmental assessments. Commitments as of June 30, 2024, were \$1.4M for pre-construction management services, space planning, civil design services and site investigations.

**Infrastructure Program**



**Figure 5: Life to date Actual Expenditures and Commitments to Budget for Infrastructure**

- Within the Infrastructure program, 64% of the Roads program budget was spent or contractually committed, while 43% of the Flood Protection Program budget and 43% of the Water Programs budget were spent or contractually committed, respectively.
- Commitments as of June 30, 2024 wer \$30.1M.
- Current year capital expenditures were \$16.5M.

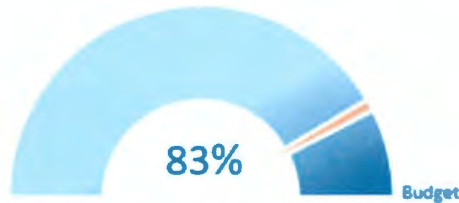
Key capital projects are highlighted in Table 3, with project status updates provided in Attachment 1.

**Table 3: Key Capital Project Highlights – Infrastructure Program as of June 30, 2024 (in '000s)**

<b>Project Name</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Active Transportation Improvement Program (2022)	\$1,517	\$157	\$44	\$1,316
Annual Asphalt Re-Paving Program (2024)	8,310	961	6,179	1,170
Cambie Road and No. 5 Road Intersection Improvements (2020)	3,450	491	2,402	557
No 2 Road Multi-Use Pathway, Steveston Highway to Williams Road (2020 & 2021)	3,390	177	37	3,176
Steveston Highway Multi-Use Pathway – Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road (2019 & 2020)	11,500	3,584	5,704	2,212
Burkeville Utility Improvements (2024)	4,005	986	-	3,019
Canal Stabilization and Drainage and Irrigation Upgrades (2023 & 2024)	6,000	1,098	22	4,880
Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)	25,216	8,058	1,072	16,086
Invasive Species Management (2022)	300	152	4	144
Laneway Drainage Upgrade (2024)	1,272	207	119	946
Watermain Replacement Upgrades Program (2023 & 2024)	10,685	1,449	-	9,236



**Parks Program**



**Figure 6: Life to date Actual Expenditures and Commitments to Budget for Parks**

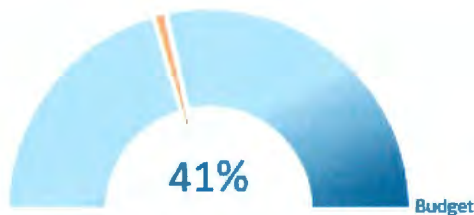
- Total approved budget for the Parks Program is \$92.7M, of which \$76.9M has already been spent or contractually committed.
- Total budget for Parkland Acquisition projects within the Parks Program is \$42.0M and was mostly spent or committed.
- Current year capital expenditures were \$33.5M.

Key capital projects are highlighted in Table 4, with project status updates provided in Attachment 1.

**Table 4: Key Capital Project Highlights – Parks Program as of June 30, 2024 (in '000s)**

<b>Project Name</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Brighthouse Park Baseball Diamond Infield Upgrade (2024)	\$520	\$-	\$-	\$520
City-wide Community Gardens (2023)	200	114	-	86
London/Steveston Neighbourhood Park (2020)	400	400	-	-
No. 3 Road Bark Park (2024)	385	-	-	385
Parks Ageing Infrastructure Replacement Program (2019-2022, & 2024)	2,330	1,639	24	667
Parks General Development (2020-2024)	2,085	1,694	13	378
Park Shelter and Shade Program (2023)	450	1	352	97
Playground Replacement Program (2022-2024)	1,550	770	20	760
Steveston Community Park Playground Renewal (2023)	2,200	-	-	2,200

**Vehicle and Equipment Program**



**Figure 7: Life to date Actual Expenditures and Commitments to Budget for Vehicle and Equipment**

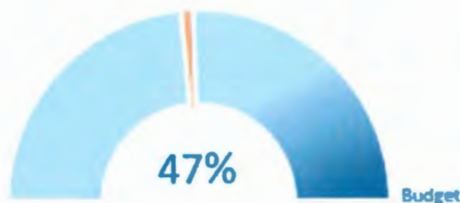
- Total approved budget for Vehicle and Equipment Program is \$36.3M, of which 46% of the Vehicle Program budget and 28% of Equipment Program budget have already been spent or contractually committed.
- Commitments as of June 30, 2024 were \$2.8M.
- Current year capital expenditures were \$2.8M.

Key capital projects are highlighted in Table 5, with project status updates provided in Attachment 1.

**Table 5: Key Capital Project Highlights – Vehicle and Equipment Program as of June 30, 2024 (in '000s)**

<b>Project Name</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Fire Vehicle Replacement Reserve Purchases (2019-2024)	\$11,109	\$3,816	\$-	\$7,293
Vehicle and Equipment Reserve Purchases (2021-2024)	14,408	6,042	2,362	6,004
Public Safety Mobile Command and Communication Centre Vehicle (2024)	1,815	-	-	1,815

**Information Technology Program**



**Figure 8: Life to date Actual Expenditures and Commitments to Budget for Information Technology**

- Total approved budget for Information Technology Program is \$16.9M, of which \$8.0M have already been spent or contractually committed.
- Commitments as of June 30, 2024 were \$2.2M.
- Current year capital expenditures were \$1.4M.

Key capital projects are highlighted in Table 6, with project status updates provided in Attachment 1.

**Table 6: Key Capital Project Highlights – Information Technology Program as of June 30, 2024 (in '000s)**

<b>Project Name</b>	<b>Budget</b>	<b>Actual Expenditures</b>	<b>Commitments</b>	<b>Remaining Budget</b>
Budget Planning & Monitoring Software Solution (2019 & 2023)	\$1,750	\$383	\$422	\$945
Permit Optimization Project (MyPermit) (2021 & 2024)	2,916	373	100	2,443
Workforce Management System (2016)	790	153	604	33

**CAPITAL BUDGET REALLOCATION**

For the quarter ended June 30, 2024, \$2.5M was reallocated from Contingent External Contributions to the following capital projects as outlined in Table 7 below:

**Table 7: Budget Reallocation for the Quarter Ended June 30, 2024 (in \$'000s)**

<b>Funding Sources</b>	<b>Project Name</b>	<b>Amount</b>
Translink: 2022 Municipal Funding Programs ICBC: 2023 Road Improvement Program	Active Transportation Improvement Program (2022)	\$767
Translink: 2021 Municipal Funding Programs	No 2 Road Multi-Use Pathway, Steveston Highway to Williams Road (2021)	750
Translink: 2020 Municipal Funding Programs	Cambie Road/No. 5 Road- Intersection Improvements (2020)	690



**Table 7: Budget Reallocation for the Quarter Ended June 30, 2024 (in \$'000s) - continued**

<b>Funding Sources</b>	<b>Project Name</b>	<b>Amount</b>
Fuel Switching & Greenhouse Gas Emission Reduction	Energy Management Projects - Gas Equipment Replacement and Upgrade Phase 1 (2019)	\$137
Developer Contribution	Public Works Minor Capital - Roads (2024)	118
<b>Total Budget Reallocation</b>		<b>\$2,462</b>

**CAPITAL PROJECTS CLOSED IN THE QUARTER**

The following capital projects were closed in the quarter ended June 30, 2024. Any unspent funding will be returned to the original source (e.g. Reserve Fund) for funding towards future projects.

**Table 8: Projects Closed in the Quarter Ended June 30, 2024 (in '000s)**

<b>Project Name</b>	<b>Plan Year</b>	<b>Funding</b>	<b>Actuals</b>	<b>Remaining Funding</b>
Annual Infrastructure Replacements and Building Improvements	2023	\$2,887	\$2,887	\$ -
Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works	2020	1,602	1,548	54
Burkeville Utility Improvements	2022	1,240	1,235	5
City Hall Upgrades and Repairs	2019	980	767	213
Citywide Sidewalk and Street Light Replacement Program	2023	500	500	-
Public Works Minor Capital - Sanitation & Recycling	2023	300	300	-
Watermain Tie-in and Restoration	2022	300	300	-
Road Weather Information System	2019	260	254	6
Citywide Connector Walkways Rehabilitation Program	2023	250	239	11
Land Acquisition for Flood Protection Program	2023	180	179	1
Sanitary Sewer Tie-in and Restoration	2021	150	150	-
<b>Total</b>		<b>\$8,649</b>	<b>\$8,359</b>	<b>\$290</b>

**CONTRIBUTED ASSETS**

Throughout the year, developers and third parties contribute assets to the City. Under the Public Sector Accounting Standards, these are recorded as revenue at fair market value at the time of contribution and is reflected in the financial statements in the annual surplus, with a corresponding increase to investment in tangible capital assets in accumulated surplus. These contributed assets are non-cash contributions and have no impact on the net operating surplus.

As of June 30, 2024, \$17.4M of contributed assets were recorded. The timing of the transfer of the contributed assets to the City is subject to the development and construction progress of the private developers, which the City cannot ascertain.



**Financial Impact**

None.

**Conclusion**

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



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

JH:sx

Att. 1: Highlights of Key Active Capital Projects

## **Highlights of Key Active Capital Projects**

### **Building Program**

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

#### **Steveston Community Centre and Library (2021)**

Budget: \$95.0M

Expected Completion Date: Q4 2026

Site preparation work for the new, three-storey, 60,350 sq. ft. facility is nearly complete. The replacement facility will target Richmond's Enhanced Accessibility Design Guidelines and Technical Specifications, LEED Gold Certification, Rick Hansen Foundation Accessibility Certification and Richmond's Circular Economy Principles and Criteria.

#### **Works Yard Replacement Project– Phase 1 (2023 & 2024)**

Budget: \$100.0M

Expected Completion Date: Q4 2028

The Works Yard is crucial for providing essential services, operations, emergency response and disaster recovery to the community. Throughout its completion at the current site, it will remain fully operational, serving the community during construction. Phase 1 involves building an administration facility and parkade, demolishing existing facilities, and relocating staff.

#### **Bowling Green Community Activity Centre (2018)**

Budget: \$5.3M

Expected Completion Date: Q4 2025

Following the deconstruction and material salvage of the existing lawn bowling clubhouse, site preparation and foundation works are underway. The new, single-storey replacement facility includes washrooms, change areas, a multipurpose room, kitchen and storage.

#### **Richmond Nature Park – Infrastructure Renewals (2022)**

Budget: \$4.8M

Expected Completion Date: Q4 2024

The septic field servicing the Nature House and caretaker's suite requires a new septic system to meet the demands of the Park. The roof, exterior cladding, windows, and HVAC and mechanical system renewals of the Nature House and Kinsmen Pavilion are currently underway to increase energy efficiency. Ramps to the Kinsmen Pavilion and Nature House will also be upgraded in line with the Richmond Accessibility Plan, and the outdated Fire Protection system at the Nature House will be upgraded to ensure the health and safety of all occupants.

South Arm Community Centre – Infrastructure Renewals (2022)

Budget: \$1.9M

Expected Completion Date: Q4 2024

The fire alarm system will be replaced with new equipment and components to ensure the health and safety of all occupants. Main floor washroom and second floor change room renovations are underway which include new flooring, wall tiles, partitions, lockers and lighting improvements. In addition, the flooring in the main corridor and most program rooms were replaced.

**Infrastructure Program****Roads**Active Transportation Improvement Program (2022)

Budget: \$1.5M

Expected Completion Date: Q2 2025

As part of the City's Active Transportation Program, upcoming upgrades include the installation of a special crosswalk and widening of the existing sidewalk along Francis Road between McCutcheon Place and Schaeffer Gate to improve the Midtown Neighbourhood Bike Route, and improvements to the existing Multi-Use Pathway on Garden City Road from Williams Road to Francis Road.

Annual Asphalt Re-Paving Program (2024)

Budget: \$8.3M

Expected Completion Date: Q4 2024

This program upgrades the City's Major Road Network and Non-Major Road Network as part of the City's Infrastructure Replacement Strategy and Pavement Management System. The 2024 work was awarded in Q1 of 2024 and includes the use of reclaimed asphalt pavement (RAP) at various locations that will be completed throughout the year.

Cambie Road and No. 5 Road Intersection Improvements (2020)

Budget: \$3.5M

Expected Completion Date: Q4 2024

This project will provide dedicated left-turn lanes on all four legs of the intersection. Construction has been awarded and started in July 2024, with the installation of improved sidewalks at the intersection to enhance safety of road users.

No. 2 Road Multi-Use Pathway – Steveston Highway to Williams Road (2020 & 2021)

Budget: \$3.4M

Expected Completion Date: Q4 2024

This project includes the provision of a paved multi-use pathway along the east side of No. 2 Road from Steveston Highway to Williams Road, along with the installation of new curbing, boulevard space, and street and path lighting upgrades. Construction has been awarded and started in July 2024.

Steveston Highway Multi-Use Pathway - Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road (2019 & 2020)

Budget: \$11.5M

Expected Completion Date: Q4 2024

This project includes the provision of a 3.0 meter wide paved multi-use pathway along the south side of Steveston Highway between Shell Road to Mortfield Gate (Phase 1) and Mortfield Gate to No. 2 Road (Phase 2), which entails the installation of new curbing, boulevard space, and street and path lighting upgrades. Construction is underway and nearing 50% completion, with an expected completion by the end of 2024.

***Flood Protection***Burkeville Utility Improvements (2024)

Budget: \$4.0M

Expected Completion Date: Q4 2024

This project consists of upgrading the drainage network, sanitary sewers, and watermains in the Burkeville area by increasing the City's storm system capacity to reduce local flood risks. The phasing construction schedule is designed to prioritize servicing concerns and reduce impacts to the community, with Phase 6 currently underway.

Canal Stabilization and Drainage and Irrigation Upgrades (2023 & 2024)

Budget: \$6.0M

Expected Completion Date: Q4 2024

The City's drainage infrastructure network routinely goes through condition assessments, where canals and ditches are identified as a priority location for bank stabilization. The City has identified priority locations, and the scope of work will include the design and construction of canal stabilization works for Sidaway Road from Blundell Road to Westminster Highway, with construction currently underway at this location.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)

Budget: \$25.2M

Expected Completion Date: Q4 2026

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Program. This project includes the upgrade of various drainage pump stations and diking upgrades, with the design of the North Dike Upgrades between No. 2 Road and Lynas Lane, and the No. 6 Road South and No. 9 Road Drainage Pump Stations currently underway.

Invasive Species Management (2022)

Budget: \$300K

Expected Completion Date: Q4 2025

To reduce the spread of invasive species and mitigate the impacts of Richmond's flood protection system, the City has implemented an integrated management approach. Among the targeted invasive and aggressive species are parrot's feather, Chafer beetle, and various knotweed species, all of which are known to adversely affect local infrastructure and biodiversity.

Laneway Drainage Upgrade (2024)

Budget: \$1.3M

Expected Completion Date: Q4 2024

In order to resolve laneway drainage issues, the City has implemented a program to install drainage systems and upgrade road structures to laneways each year. The drainage and paving improvements along the laneway east of the 10,000 block of No. 4 Road have been completed. The laneway south of Seafield Crescent started construction in July 2024.

**Water**Watermain Replacement Upgrades Program (2023 & 2024)

Budget: \$10.7M

Expected Completion Date: Q4 2024

This program replaces and upsizes ageing watermains at the end of their service life in line with the City's Ageing Infrastructure Renewal Strategy. Construction includes the installation of 5,550 meters of watermain, which is underway along No. 2 Road from Williams Road to Steveston Highway, with the Seacote neighbourhood completed recently, and No. 7 Road from Cambie Road to River Road nearing completion.

## **Parks Program**

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

### Brighthouse Park Baseball Diamond Infield Upgrade (2024)

Budget: \$520K

Expected Completion Date: Ongoing

This project proposes to upgrade the existing baseball diamond's infield from natural grass to a synthetic turf surface with drainage system improvements. Detailed design is now completed, with procurement for construction targeted for Q3 2024.

### City-wide Community Gardens (2023)

Budget: \$200K

Expected Completion Date: Q3 2024

Site work for a new community garden at the Hamilton Community Park is now complete. Construction for a new community garden at the Alexandra Neighbourhood Park has commenced, and is expected to be finished in Q3 2024.

### London/Steveston Neighbourhood Park (2020)

Budget: \$400K

Expected Completion Date: Complete

Following Council's endorsement on a modified plan as a result of further community engagement, the construction of a new dog off-leash area at London/Steveston Neighbourhood Park is now complete and open for public use.

### No. 3 Road Bark Park (2024)

Budget: \$385K

Expected Completion Date: Ongoing

Based on Council's approved direction provided during the June 10, 2024 Council Meeting, the No. 3 Road Bark Park will undergo safety upgrades starting in the summer of 2024 and continuing into the fall. Expedite work will begin in Q3 2024 by installing gates and fencing at the east and west end of the park – detailed design is underway.

### Parks Aging Infrastructure Replacement Program (2019-2022, & 2024)

Budget: \$2.3M

Expected Completion Date: Ongoing

This program targets the replacement of aging parks and open space infrastructure, including drainage, electrical, and structural systems, as well as condition assessments of bridge assets.

The upgrade to the basketball court at Heather Dolphin Neighbourhood Park was completed in Q2 2024, which included new hoop structures and sport surfacing.

Parks General Development (2020-2024)

Budget: \$2.1M

Expected Completion Date: Ongoing

This program funds park enhancements that address the community's needs for ongoing park improvements to infrastructure, equipment and landscape amenities.

Terra Nova Rural Park

Site works at the Terra Nova Red Barn Entry Garden is nearing completion. This garden refresh project includes upgrades to the community garden plots with recycled plastic lumber from a local Non-Governmental Organization (NGO), accessibility-friendly garden beds, new fencing and path, and a feature trellis at the south entrance.

Parks Shelter and Shade Program (2023)

Budget: \$450K

Expected Completion Date: Q3 2024

New shade structures at Dover Neighbourhood Park and McLean Neighbourhood Park were completed by the end of Q2 2024, with invoices being processed in Q3 2024. The installation of an outdoor shade structure at Garden City Community Park is underway and on track for completion in Q3 2024.

Playground Replacement Program (2022-2024)

Budget: \$1.6M

Expected Completion Date: Ongoing

Playground construction at Heather Dolphin Neighbourhood Park, Odlinwood Neighbourhood Park and Great West Cannery Park have been completed and are open for public use.

Steveston Community Park Playground Renewal (2023)

Budget: \$2.2M

Expected Completion Date: Q3 2025

Procurement for construction tender and award process are ongoing, with construction expected to start in Q3 2024.

**Land Program**

Strategic Land Acquisition (2016-2024)

Budget: \$128.2M

Expected Completion Date: Ongoing

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

## **Equipment Program**

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

### Fire Vehicle Replacement Reserve Purchases (2019-2024)

Budget: \$11.1M

Expected Completion Date: Ongoing

The Fire Vehicle Replacement Reserve Purchases projects in Plan Year 2019 to 2024 have an outstanding acquisition of six front-line and five support vehicles. The project team is taking proactive steps in evaluating vehicle specifications and developing a replacement plan.

### Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2021-2024)

Budget: \$14.4M

Expected Completion Date: Ongoing

The 2021 to 2024 fleet vehicle and equipment projects involve the estimated acquisition of over 150 vehicles and equipment that have been identified for replacement. As of Q2 2024, 88 units have arrived and are in operation, 14 units are on order, and 48 units are in the evaluation process.

### Public Safety Mobile Command and Communication Centre Vehicle (2024)

Budget: \$1.8M

Expected Completion Date: Q4 2025

The project team is currently evaluating truck specifications and gathering vendor insights to develop the procurement plan.

## **Information Technology**

### Budget Planning & Monitoring Software Solution (2019 & 2023)

Budget: \$1.8M

Expected Completion Date: Q3 2024

A modern solution is being implemented that is directly integrated to the City's Financial and Payroll systems that enables budget scenario planning and modelling to support the creation, submission, and approval of capital, operating and five-year budget requirements. This new system replaces a legacy, outdated system that has been in operation for over 25 years, and Phase 1 is expected to complete by Q3, 2024.

### Permit Optimization Project (MyPermit) (2021 & 2024)

Budget: \$2.9M

Expected Completion Date: Q4 2027

MyPermit is a multi-phased initiative aimed at fully digitizing and enabling customer self-service for development and building permits. Phase 1 of the MyPermit project has streamlined the permitting process for simple permit types, including plumbing and gas trades permits, with the sprinkler permit launched in May 2024 through an online self-service portal option.



Workforce Management System (2016)

Budget: \$790K

Expected Completion Date: Q2 2025

The City is implementing a fully digital solution to enable the scheduling, attendance management and timekeeping functions for payroll. This will eliminate all manual and paper-based processes and greatly enhance the accuracy of data and data analytics capabilities for labour management.



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** August 2, 2024

**From:** Mike Ching  
Director, Finance

**File:** 03-0905-01/2024-Vol  
01

**Re:** Financial Information – 2nd Quarter June 30, 2024

### Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2024”, dated August 2, 2024 from the Director, Finance, be received for information.

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

Att: 4

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

## Staff Report

### Origin

Pre-audited financial information for the second quarter (ended June 30, 2024) is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City's) financial results throughout the year and before the annual audited financial statements are presented.

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

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

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

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

### **Economic Overview**

Global economic activity has started to strengthen midway through 2024, driven notably by robust exports from Asia, particularly in the technology sector. The International Monetary Fund (IMF) is projecting a global growth rate of 3.2% in 2024 and 3.3% in 2025. Emerging-market economies and the Euro area are experiencing a more favourable outlook for 2024<sup>1</sup>. Conversely, the U.S. economy, which outperformed expectations in 2023, is projected to slow down in 2024 due to the effect of high interest rates on demand. By 2025, a recovery in overall growth is anticipated, once the U.S. Federal Reserve (U.S. FED) normalizes interest rates.

After a period of slowdown in 2023 and early 2024, Canada's economy is anticipated to start recovering in the second half of 2024 with expected improvements in both exports and household spending. Inflation has been easing (from 8.1% in June 2022 to 2.7% in June 2024) in alignment with the Bank of Canada (BoC)'s interest rate decisions. Most recently, the BoC announced two consecutive rate cuts of 25 basis points each in June and July 2024.

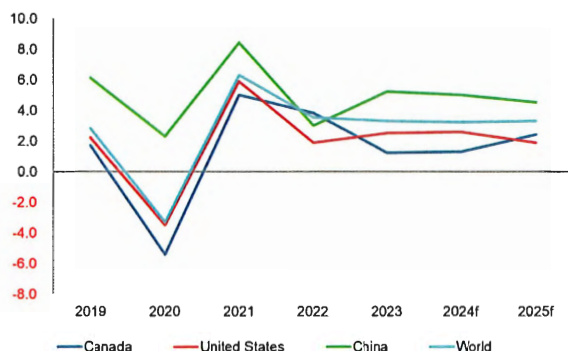
Richmond's economic activity, thanks to its diverse nature, remains relatively robust and resilient. That said, businesses continue to face challenges related to economic slowing and inflation. These challenges include but are not limited to difficulties in obtaining financing for complex projects, labour shortages and elevated input costs. Industrial vacancy rates have started to ease after an extended period of historic lows, and office vacancy rates are tracking very close to the Metro Vancouver average. Slow but steady growth is anticipated in 2024, aligned with global economic conditions.

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<sup>1</sup> Bank of Canada, Monetary Policy Report, July 2024.

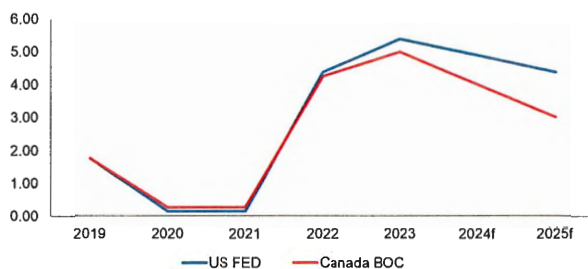
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product % Change<sup>2</sup>



- The IMF projects global Gross Domestic Product (GDP) will dip slightly to 3.2% in 2024 and rebound to 3.3% in 2025. This reflects a slight upward revision to the 2025 forecast.
- In 2024, Canadian GDP is forecasted to grow by 1.3%, with U.S. and China GDP growth forecasts of 2.6% and 5.0%, respectively.
- The growth profile for 2024 reflects upward revisions for Canada and China, though a downward revision to the U.S. forecast.

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End<sup>3</sup>

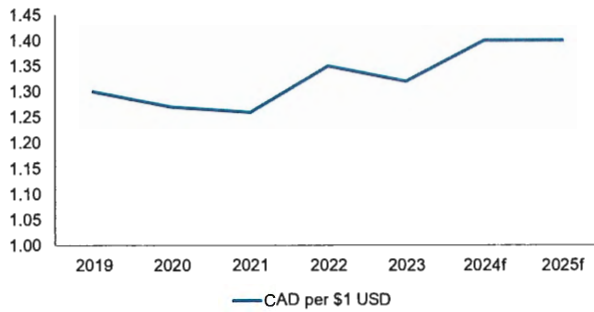


- The BoC reduced its overnight lending rate from 5.00% to 4.75% in June 2024, the first reduction since the last rate increase in July 2023. This was followed by a further reduction to 4.50% in July 2024.
- The U.S. FED continued to hold steady its rate of 5.38% (5.25% - 5.50%), as it also has since its last increase in July 2023.
- The rate reduction by the BoC responds to the downward inflation trend in Canada. The U.S. FED is not expected to follow suit until later this year as inflation in the U.S. remains above target.

<sup>2</sup>International Monetary Fund, *World Economic Outlook (July 2024): The Global Economy in a Sticky Spot*.

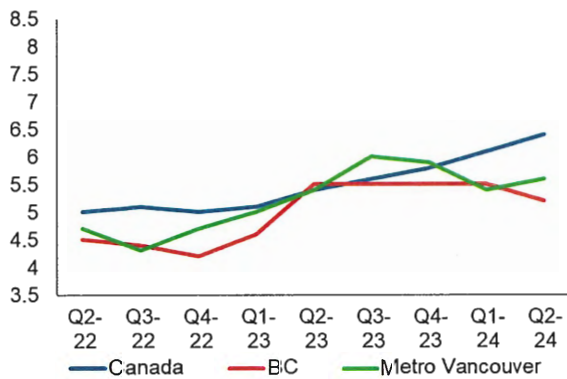
<sup>3</sup>US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (July 2024); RBC Financial Markets Monthly (July 2024).

3) Exchange Rates – CAD/USD at Year End<sup>4</sup>



- The Canadian Dollar (CAD) continued to weaken against the U.S. Dollar (USD) in Q2 2024 and is now anticipated to stabilize at \$1.4 CAD/\$1 USD in 2024 and 2025.
- As the BoC has started cutting interest rates before the U.S. FED, the CAD may face short-term weakening, meaning that the purchase price of a USD is a higher amount of CAD.

4) Unemployment<sup>5</sup>

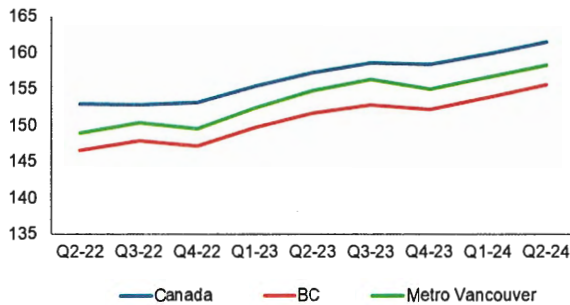


- According to Statistics Canada’s June 2024 Labour Force Survey, nation-wide unemployment increased to 6.4% in June, the highest since January 2022, though it decreased to 5.2% in B.C.
- In B.C. as compared with a year ago, employment in services-producing sectors, such as healthcare, has increased more than goods-producing sectors, such as construction.
- At the end of Q2 2024, the Canadian, B.C., and Metro Vancouver unemployment rates were 6.4%, 5.2%, and 5.6%, respectively.

<sup>4</sup>RBC Economics (RBC Financial Markets Monthly, July 2024).

<sup>5</sup>Statistics Canada Labour Force Survey (June 2024); Labour Force Statistics Highlights Issue #24-06.

5) Consumer Price Index (CPI – 2002=100)<sup>6</sup>

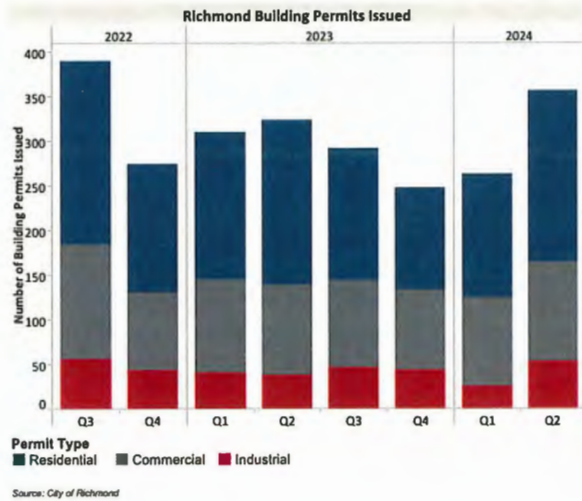


- In June, the Consumer Price Index (CPI) increased to 2.7% year-over-year, which is less than it did in May (2.9%).
- The slowing in inflation was largely due to a slowdown in gasoline price growth, as well as lower prices for durable goods, including passenger vehicles. In B.C., shelter costs remain a key driver of inflation.
- Compared with other provinces, B.C. remains near the middle, with the fifth lowest rate of inflation in June.
- On average over the past 12 months, inflation has been higher in Metro Vancouver (3.3%) than in B.C. (3.0%) or nationally (3.1%).

<sup>6</sup>Statistics Canada, Consumer Price Index; also Consumer Price Index, June 2024; also BC Stats, Consumer Price Index, June 2024, Issue 24-06; also TD Economics, Canadian Consumer Price Index (June 2024).

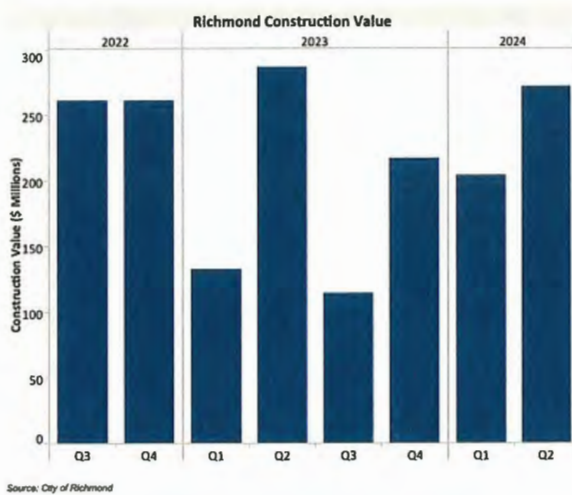
Regional & Local Economic Activity Indicators

6) Building Permits – Richmond<sup>7</sup>



- During the second quarter of 2024, there were 192 residential, 111 commercial, and 53 industrial building permits issued in Richmond.
- This represents a 10.2% increase in total building permits issued over the same period in 2023, with the highest increase in industrial building permits (39.5%).
- 319 new units were added to the local housing supply in Q2 2024, which represents a 57.4% decline relative to the same period in 2023. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

7) Construction Value<sup>8</sup>



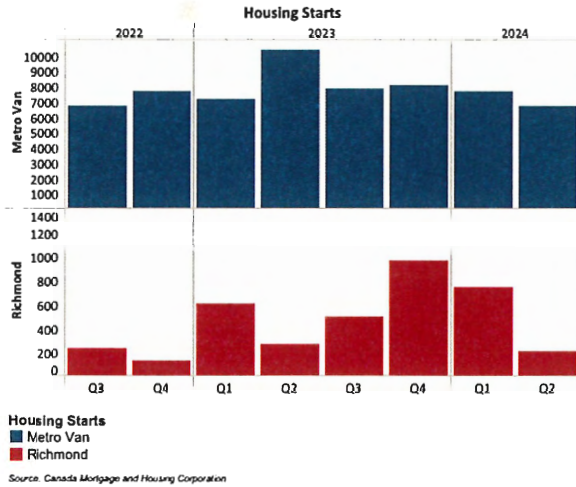
- Approximately \$271.5 million in construction value was registered in Q2 2024, a decrease of 5.3% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter.

<sup>7</sup>City of Richmond Building Permits.

<sup>8</sup>City of Richmond Building Permits.



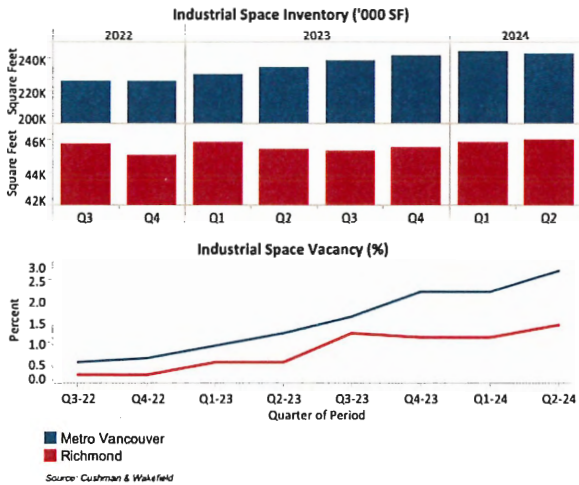
8) Housing Starts<sup>9</sup>



- In Q2 2024, there were 199 housing starts in Richmond and 6,651 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced<sup>10</sup>.
- Year-to-date housing starts increased by 8.6% in Richmond and decreased by 18.2% in Metro Vancouver, as compared to the same period in 2023. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.

9) Commercial Space<sup>11</sup>

a) Industrial Space



- In Q2, the Metro Vancouver industrial vacancy rate increased to 2.7% and is approaching a more balanced market. Recent new construction completions are driving the increased vacancy rate.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver at 1.4% in Q2 2024. This rate has continued to increase from previous historic lows, after decreasing briefly last quarter.
- Asking rents have started to moderate, as is generally expected with increasing vacancy rates.

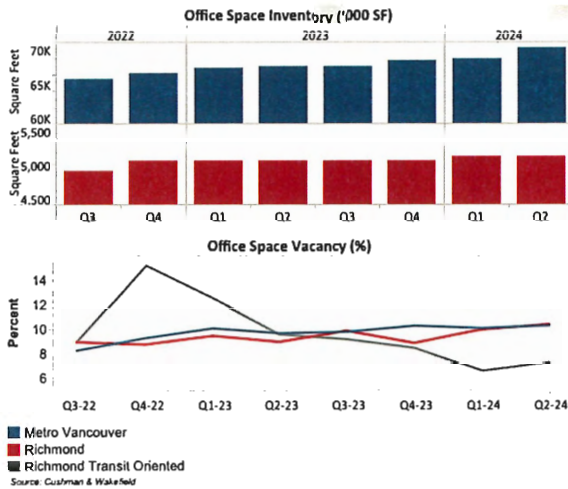
<sup>9</sup>Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.

<sup>10</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.

<sup>11</sup>Cushman & Wakefield Office and Industrial Market Beat Reports Q2 2024.



b) Office Space



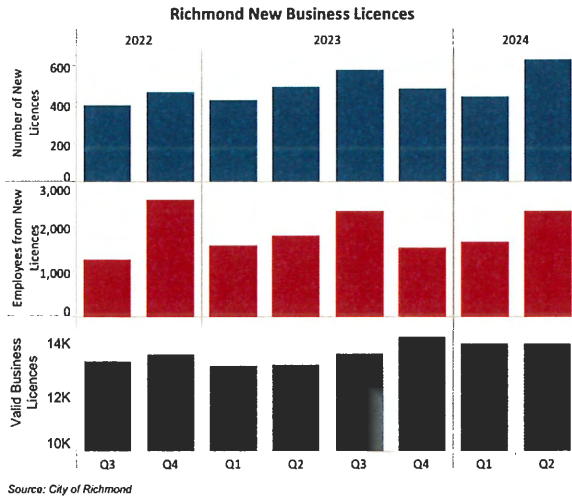
Note that the increased transit-oriented vacancy rate in Q4 2022 was due to the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added.

- At the end of Q2 2024, Metro Vancouver's office vacancy rate had increased to 10.3%, after a decrease to 10.1% in Q1 2024. This continues to be the lowest vacancy rate across major North American markets.
- In Richmond, the Q2 office vacancy rate increased to 10.4%, with transit-oriented vacancy increasing slightly from last quarter to 7.3%<sup>12</sup>.
- New leasing activity in Metro Vancouver increased by 48% quarter-over-quarter, reaching its highest level since the first quarter of 2023. This increase is predominantly driven by technology and public sector companies securing space in premium Class A and AAA buildings.

<sup>12</sup>Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

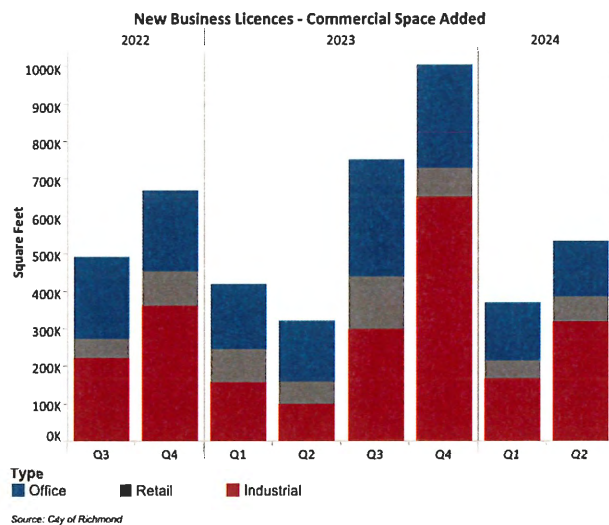
10) Business Growth – Richmond<sup>13</sup>

a) New Business Licences – Number and Employees



- 630 new business licences (representing 2,361 jobs) were issued by the City of Richmond in Q2 2024, a 28.8% increase in new licences (and a 31.1% increase in corresponding jobs) as compared to the same period last year. This is a positive indicator of economic health, especially in times of challenges caused by inflation and other slowdowns.
- These new business licences are part of the City’s 14,007 total valid business licences at the end of Q2 2024. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.
- In Q2 2024, 17 business licences became inactive. This includes businesses that ceased operations and home occupation businesses that may have stopped operating or moved out of Richmond.

b) New Business Licences – Commercial Space

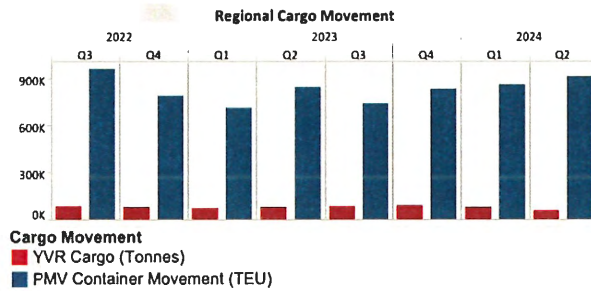


- 533,297 square feet of commercial space absorption was tied to the new business licences issued during Q2 2024.
- This is an increase of 65.9% compared to the same time period last year. The greatest amount of space was required by industrial (318,979 sq ft), followed by office (147,634 sq ft), and then retail (66,684 sq ft).

<sup>13</sup>City of Richmond Business Licencing data.

11) Goods and People Movement

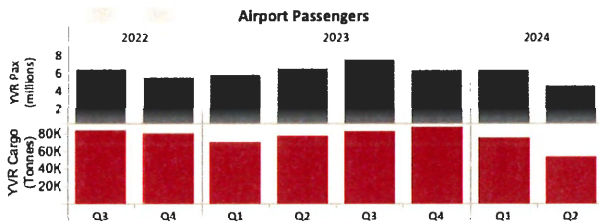
a) Regional Cargo Movement<sup>14</sup>



Source: Port of Vancouver, YVR  
 Note: YVR data Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

- In Q2 2024, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), increased by 7.3%, as compared to the same period last year.
- In the first two months of Q2, 53,272 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 3.7% increase as compared to the same period last year.

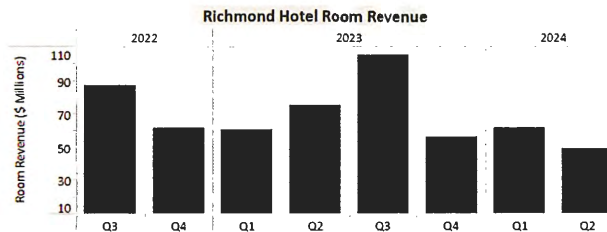
b) Airport Passengers<sup>15</sup>



Source: YVR  
 Note: YVR data for Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

- Passenger travel through YVR continues to be strong, with an increase of 7.3% during the first two months of Q2 2024 (4.3M) as compared to the same period last year (4.0M).
- Globally, the aviation industry has returned to pre-pandemic profitability levels. North America remains a significant contributor to industry profits, with high passenger numbers and strong consumer spending.

c) Richmond Hotel Room Revenue<sup>16</sup>



Source: City of Richmond Hotel Tax Ledger  
 Note: Richmond Hotel Room Revenue for Q2 2024 includes April and May data only where Q2 2023 includes the full 3 months

- Richmond hotel revenues were \$49M during the first two months of Q2 2024, which is 7.5% higher than the first two months of Q2 2023. (Note that the graph provides full data on Q2 2023 for a quarter-over-quarter comparison, though full data for Q2 2024 is not yet available).

<sup>14</sup>Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.

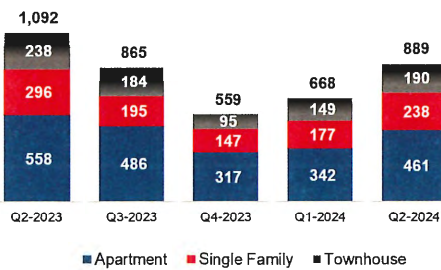
<sup>15</sup>YVR Monthly Statistics; International Air Transport Association, Global Outlook for Air Transport (June 2024).

<sup>16</sup>City of Richmond Additional Hotel Room Tax Ledger.

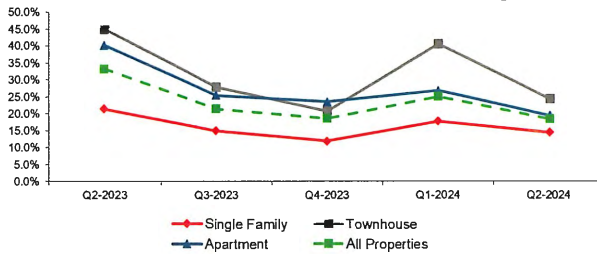
**Residential Real Estate<sup>17</sup>**

In Q2, home sales stayed below seasonal and historical averages, leading to less competition amongst buyers. As a result, inventory has built up to a healthy range, offering buyers more options and moving all market segments towards balanced conditions. In July, the BoC further reduced the interest rate tilting the market in favor of buyers, even if the boost to affordability is modest.

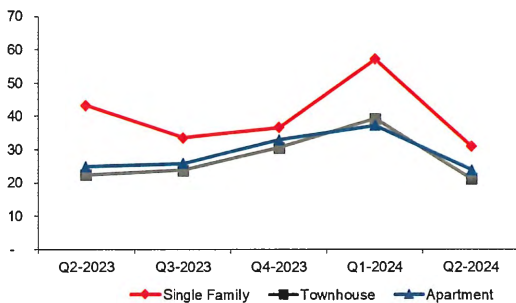
**Richmond - Residential Sales**



**Richmond - Residential Sales-to-Active Listings**

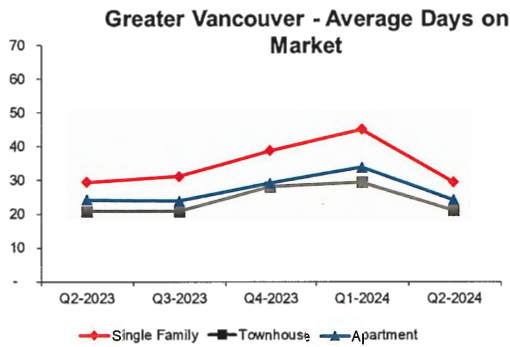


**Richmond - Average Days on Market**



- Single family detached (SFD) home sales decreased by 19.6% compared to Q2 2023.
- Townhouse sales have decreased by 20.2% and apartment sales have decreased by 17.4% compared to Q2 2023.
- Townhouse sales comprise 21.4% of the residential home sales in Richmond. SFD and apartment sales account for 26.7% and 51.9%, respectively, of home sales in Richmond.
- There were 889 residential home sales in Richmond in Q2 2024, an 18.6% decrease compared to the same period last year.
- Richmond residential properties had a sales-to-active listings ratio of 18.6% as at June 30, 2024.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.
- At Q2 2024, SFD properties in Richmond had an average of 31 days on the market, a 27.9% decrease compared to Q2 2023.
- Townhouses and apartments in Richmond had an average of 21 and 24 days on the market, respectively, representing an 8.7% and a 4.0% decrease, respectively, over the same period last year.

<sup>17</sup>Real Estate Board of Greater Vancouver.



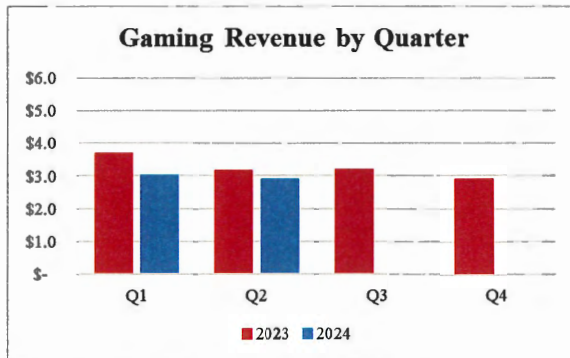
- At Q2 2024, SFD properties in GVRD had an average of 30 days on the market, which is equivalent to Q2 2023.
- Townhouses and apartments in GVRD had an average of 21 and 24 days on the market, respectively, which is also on par compared to Q2 2023.
- The Home Price Index (HPI)<sup>18</sup> for SFD properties in Richmond at Q2 2024 was \$2,179,800, a 0.1% decrease compared to Q2 2023. The GVRD housing market has increased with SFD properties priced at \$2,061,000, which represents a 3.5% increase compared to the same quarter last year.
- At Q2 2024, the HPI for townhouse properties in Richmond was \$1,163,300, an increase of 3.7% compared to Q2 2023. The HPI for townhouse properties in GVRD was \$1,138,100, which represents a 3.6% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$747,000, an increase of 1.0% compared to Q2 2023. The HPI for apartments in GVRD was \$773,400, which represents a 0.8% increase compared to the same time last year.

<sup>18</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 (Province), the Province pays 10% of net gaming income to the City. Net gaming revenue is calculated as net win from casino games less (i) fees payable by BC Lottery Corporation (BCLC) to the service provider, and (ii) BCLC’s administrative and operating costs. Distributions are subject to volatility due to fluctuations in net win from casino games, operating costs and accounting adjustments.



- The gaming revenue for Q2 2024 was \$2,932,479, a decrease of 7.2% compared to the same quarter last year when \$3,160,472 was received.
- Year to date revenue for 2024 is \$5,977,578 which is 12.7% lower than for same period for 2023 which was \$6,850,768.
- The 2024 budget for gaming revenue is \$12,500,000. Actual revenue received year to date is 47.8% of the total budget.

Gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 29, 2024 Council meeting, the 2024 Budget was approved which included the gaming revenue allocation for 2024. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be transferred to the capital reserve.

Table 1: Distribution of the 2024 gaming revenue allocation

	Distribution	2024 Budget
Capital Reserves	Remainder	\$1.8M
Grants	25%	3.1M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)*	7%	0.9M
<b>Total</b>		<b>\$12.5M</b>

\*The funding allocation towards total policing costs is calculated based on the cost of four officers and does not reflect actual policing effort.

## Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2024. The net figure represents combined revenue and expense amounts. Actuals include 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, 2024 to June 30, 2024 (in \$000's)

<b>Division/Department<sup>1,2</sup></b>	<b>Q2 YTD Net Budget<sup>3</sup></b>	<b>Q2 YTD Actuals and Commitments<sup>4</sup></b>	<b>Q2 YTD Variance (\$)</b>
Community Safety <sup>5</sup>	378	(160)	538
Corporate Administration	5,281	5,067	214
Engineering and Public Works	26,302	26,051	251
Finance and Corporate Services	13,866	13,558	308
Fire Rescue	25,593	25,361	232
Law and Legislative Services	2,433	2,282	151
Library	5,571	5,401	170
Parks, Recreation and Culture Services	26,413	25,453	960
Planning and Development	5,296	4,357	939
Policing	37,868	36,607	1,261
Fiscal	(115,560)	(116,312)	752
<b>Total</b>	<b>33,441</b>	<b>27,665</b>	<b>5,776</b>
Flood Protection Utility	8,228	7,537	691
Sanitary Sewer Utility	3,625	2,263	1,362
Sanitation and Recycling Utility	13	(485)	498
Water Utility	3,549	2,290	1,259
<b>Utilities Total</b>	<b>15,415</b>	<b>11,605</b>	<b>3,810</b>

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

<sup>2</sup>Based on the organizational structure in place as of June 30, 2024

<sup>3</sup>The Net Budget is based on the operating budget approved by Council on January 29, 2024.

<sup>4</sup>Includes budgeted equity transactions such as transfer to reserves, transfer to provision, transfers from provision, etc.

<sup>5</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 2024 Financial Plan:

During the second quarter the collective agreements for CUPE 718 and 394 were settled through mediation and retroactive payments were made. The settled rates were higher than anticipated in the budget thus Council has approved one-time provision funding to cover the shortfall. This one-time funding is reflected within the YTD results.

- Community Safety (excluding fire rescue and policing) has a favourable variance due to higher than anticipated dog and business licence revenue, lower operational spending and vacancies.

- Corporate Administration's favourable variance is mainly due to vacant positions and lower operational spending.
- Engineering and Public Works is on budget.
- Finance and Corporate Services is on budget.
- Fire Rescue is on budget.
- Law and Legislative Services' favourable variance is mainly due to vacant positions and underspend in operating expenses.
- Library's favourable variance is due to vacant positions.
- Parks, Recreation and Culture Services' favourable variance is mainly due stronger revenue from recreation activities, vacant positions and lower than budgeted operating expenses to date.
- Planning and Development's favourable variance is primarily due to staff vacancies.
- Policing's favourable variance is due to a combination of a lower than budgeted complement offset by additional collective agreement costs for the RCMP.
- Fiscal's favourable variance is mainly due to higher investment income earned.
- Flood Protection Utility's favorable variance is mainly due to vacant positions and timing on operational spending. Any surplus at year-end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenue received from developers for sanitary sewer user fees during construction of residential developments and operational savings. 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 more utilities fees than budgeted. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly due to unbudgeted revenue received from developers for water consumption charges during construction of new residential developments and lower water consumption than budgeted. Any surplus at year-end will be transferred to the Water Levy Provision.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and expenses, and presents the net amount inclusive of transfers. The Statement of Operations



presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Six Month Period Ended June 30, 2024, with comparative figures for 2023, is included in Attachment 3.

### **Cash and Investment Portfolio**

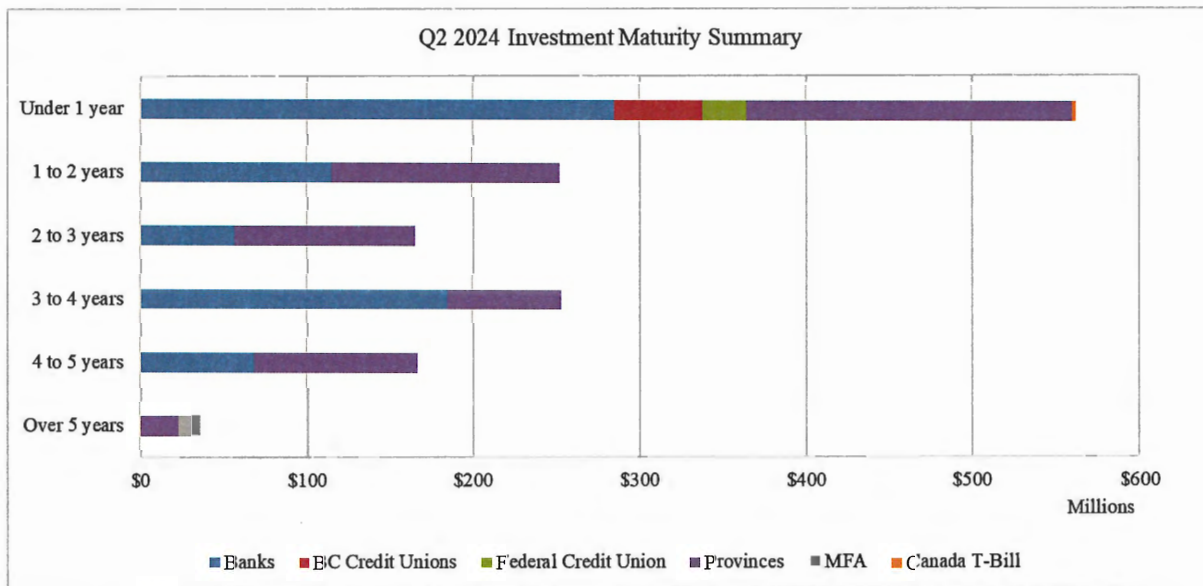
As of June 30, 2024, the City's total cash and investment balance was \$1.98 billion, which represents the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses. The higher than usual cash and investment balance is mainly due to the timing of property taxes collection for the July 2, 2024 due date. The City has subsequently remitted over \$300 million to various external agencies for taxes that were collected on their behalf.

The City's total cash and investment balance was comprised of \$1.44 billion in investments and \$541 million in high interest savings cash account, with a weighted average annualized yield of 4.68%.

With broad price pressures continuing to ease and inflation remaining below 3% for several months, the BoC in its June 5 meeting cut its target interest rate by 0.25% for the first time since March 2020. At the subsequent interest rate announcement on July 24, the BoC further reduced the overnight rate by 0.25% to the current level of 4.50%. Further quantitative tightening is expected as inflation continues to ease.

The City's overall credit risk exposure remains low as the City continues to maintain a diversified and high credit quality investment portfolio, where 49% is invested in chartered bank deposits and bonds, 44% in provincial government bonds, 5% in B.C. credit unions deposits, 1% in federal credit union deposits and approximately 1% in MFA long-term bond.

The chart below shows the investment maturity summary by term to maturity. The City's cash and investment portfolio has been strategically repositioned to allow the City to lock in higher interest rates by extending investment duration. This strategy allows the City to sustain favourable investment yields in the long-run, while balancing the needs of near-term cash flow required to support operations and approved capital plans.



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

All investment activities have been conducted in compliance with the City’s Investment Policy 3703. Based on the independent ESG rating<sup>19</sup> of the City’s fixed income portfolio, the City continues to receive a high ESG Rating of “AA” as of Q2 2024.

**Contract Awards**

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the second quarter, 36 contracts greater than \$75,000 were awarded totalling over \$19.7 million (Attachment 4).

**Financial Impact**

None.

<sup>19</sup> Morgan Stanley Capital International (MSCI) ESG Rating

**Conclusion**

The June 30, 2024 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



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

**Economic Indicators****June 30, 2024****Macroeconomic Indicators & Forecast**

<b>1) Real GDP (% at YE)</b>	<b>2024f</b>	<b>2025f</b>			
Canada	1.3	2.4			
United States	2.6	1.9			
China	5.0	4.5			
World	3.2	3.3			
<b>2) Interest Rates (at YE)</b>	<b>2024f</b>	<b>2025f</b>			
Bank of Canada	4.00	3.00			
US FED	4.88	4.38			
<b>3) Exchange Rate (at YE)</b>	<b>2024f</b>	<b>2025f</b>			
CAD per \$1 USD	1.4	1.4			
<b>4) Unemployment (% at QE)</b>	<b>Q2-2024</b>	<b>Q1-2024</b>	<b>Change</b>	<b>Q2-2023</b>	<b>Change</b>
Canada	6.4	6.1	4.9%	5.4	18.5%
BC	5.2	5.5	(5.5%)	5.5	(5.5%)
Metro Vancouver	5.6	5.4	3.7%	5.4	3.7%
<b>5) CPI (2002=100) (at QE)</b>	<b>Q2-2024</b>	<b>Q1-2024</b>	<b>Change</b>	<b>Q2-2023</b>	<b>Change</b>
Canada	161.4	159.8	1.0%	157.2	2.7%
BC	155.5	153.8	1.1%	151.6	2.6%
Metro Vancouver	158.2	156.6	1.0%	154.7	2.3%

**Regional and Local Market Indicators**

<b>6) Richmond Building Permits</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Residential – New Construction	41	53	(22.6%)	80	116	(31.0%)
Residential – Alterations	151	131	15.3%	251	234	7.3%
Residential Total	192	184	4.3%	331	350	(5.4%)
Number of units from new residential construction	319	748	(57.4%)	635	903	(29.7%)
Residential	192	184	4.3%	331	350	(5.4%)
Commercial	111	101	9.9%	210	205	2.4%
Industrial	53	38	39.5%	78	78	0.0%
Building Permits Total	356	323	10.2%	619	633	(2.2%)
Construction Value (\$ million)	271.5	286.7	(5.3%)	475.4	419.3	13.4%
<b>7) Housing Starts CMHC (Units)</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Starts - Richmond	199	261	(23.8%)	934	860	8.6%
Starts - Metro Vancouver	6,651	10,340	(35.7%)	14,278	17,458	(18.2%)
<b>8) Richmond Residential Sales Activity</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Sales - Detached	238	296	(19.6%)	415	475	(12.6%)
Sales - Townhouse	190	238	(20.2%)	339	372	(8.9%)
Sales - Apartment	461	558	(17.4%)	803	937	(14.3%)
Sales - Total	889	1,092	(18.6%)	1,557	1,784	(12.7%)

**Economic Indicators****June 30, 2024****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

<b>Ratio (% at QE)</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	14.6%	21.5%	(32.1%)
Townhouse	24.5%	44.8%	(45.3%)
Apartment	19.5%	40.1%	(51.4%)
<b>Total</b>	<b>18.6%</b>	<b>33.2%</b>	<b>(44.0%)</b>

**10) Average Days on Market**

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	31	43	(27.9%)	30	30	0.0%
Townhouse	21	23	(8.7%)	21	21	0.0%
Apartment	24	25	(4.0%)	24	24	0.0%

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

<b>Property Type</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Single Family Detached	2,180	2,182	(0.1%)	2,061	1,991	3.5%
Townhouse	1,163	1,122	3.7%	1,138	1,099	3.5%
Apartment	747	739	1.0%	773	767	0.8%

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

	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>
Office Vacancy (%)	10.4	9.0	15.6%	10.3	9.7	6.2%
Transit Oriented Office Vacancy (%)	7.3	9.6	(24.0%)	N/A	N/A	N/A
Office Inventory (000 sf)	5,090	5,043	0.9%	69,233	66,989	3.3%
Industrial Vacancy (%)	1.4	0.5	180.0%	2.7	1.2	125.0%
Industrial Inventory (000 sf)	46,003	45,432	1.3%	242,826	234,392	3.6%

**13) Richmond Business Growth**

	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Total Valid Business Licences (at QE)	14,007	13,212	6.0%	N/A	N/A	N/A
New Licences - Number Issued	630	489	28.8%	1,071	912	17.4%
New Licences - Employees	2,361	1,801	31.1%	4,023	3,405	18.1%
Inactive Business Licences	17	12	41.7%	38	32	18.8%
New Licences - Office Added (sf)	147,634	163,031	(9.4%)	301,729	337,305	(10.5%)
New Licences - Retail Added (sf)	66,684	58,492	14.0%	114,693	147,530	(22.3%)
New Licences - Industrial Added (sf)	318,979	99,943	219.2%	485,635	256,979	89.0%
<b>Total Space Added (sf)/Avg. Change</b>	<b>533,297</b>	<b>321,466</b>	<b>65.9%</b>	<b>902,057</b>	<b>741,814</b>	<b>21.6%</b>

**Economic Indicators****June 30, 2024****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
YVR Air Cargo (tonnes)*	53,272	51,363	3.7%	128,432	121,013	6.1%
PMV Container Movement (TEUs)	908,413	846,629	7.3%	1,769,017	1,554,904	13.8%
YVR Passengers (million)*	4.29	4.00	7.3%	10.28	9.50	8.2%
Richmond Hotel Revenue (\$ million)**	49.0	45.6	7.5%	110.6	105.7	4.6%

**Notes:**

- a) *QE indicates quarter-end; YE indicates year-end.*  
b) *f - forecast to year-end.*  
c) *Figures have been updated to reflect changes in source data.*  
*\*YVR data for Q2 includes April and May data only. YTD includes data from January to May.*  
*\*\*Richmond Hotel Room Revenue for Q2 includes April and May date only. YTD includes January to May only.*

**List of Sources:**

- 1) *International Monetary Fund, World Economic Outlook (July 2024). The Global Economy in a Sticky Spot.*  
2) *US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report, July 2024.*  
3) *RBC Economics RBC Financial Markets Monthly, July 2024.*  
4) & 5) *Statistics Canada, BC Stats.*  
6) *City of Richmond Building Permits.*  
7) *Canada Mortgage and Housing Corporation.*  
8), 9), 10) & 11) *Real Estate Board of Greater Vancouver.*  
12) *Cushman & Wakefield Office and Industrial Market Beat Reports.*  
13) *City of Richmond Business Licences*  
14) *Port of Vancouver Monthly Cargo Statistics.*  
*YVR Monthly Statistics.*  
*City of Richmond Additional Hotel Room Tax Ledger.*



**Financial and Key Indicators****June 30, 2024**

(All dollar amounts in \$000's)

	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
<b>1) Development Cost Charges Contributions</b>						
Roads, Water, Sewer DCCs Received	\$4,150	\$125	3229%	\$7,439	\$1,211	514.3%
Parks DCCs Received	\$1,910	\$43	4345%	\$5,164	\$609	747.9%
Total DCC Fees Received	\$6,060	\$168	3515%	\$12,603	\$1,820	592.5%
DCC Reserves – Uncommitted Balance at QE	\$157,260	\$142,042	10.7%	N/A	N/A	N/A
<b>2) Uncommitted Reserves (at QE)</b>						
Capital Funding Reserves	\$204,970	\$240,622	(14.8%)			
Utility Reserves	\$87,770	\$105,864	(17.1%)			
Affordable Housing Reserves	\$9,046	\$9,436	(4.1%)			
Other Reserves	\$113,141	\$105,416	7.3%			
Total Uncommitted Reserves	\$414,927	\$461,338	(10.1%)			
<b>3) Taxes to date</b>						
Taxes Collected	\$402,507	\$358,561	12.3%	\$420,336	\$374,050	12.4%
City Portion of Taxes Collected	\$205,279	\$182,866	12.3%	\$214,372	\$190,765	12.4%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$10,779	\$9,268	16.3%	\$10,779	\$9,268	16.3%
No. of Participants on Pre-authorized withdrawal (at QE)	6,334	6,281	0.8%	6,334	6,281	0.8%
Pre-authorized withdrawals payments	\$8,972	\$8,231	9.0%	\$22,446	\$20,555	9.2%
Interest rate % paid	5.20%	4.70%	10.6%	5.20%	4.70%	10.6%
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Cash and Investments</b>						
Investments	\$1,437,512	\$1,186,081	21.2%			
Cash (includes high interest savings accounts)	\$540,551	\$697,313	(22.5%)			
Total Cash and Investments	\$1,978,063	\$1,883,394	5.0%			
Average City Rate of Return on Investments %	4.68%	4.50%	4.0%			

**Financial and Key Indicators**

June 30, 2024

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

5) Planning and Development	Q2-2024	Q2-2023	Change	YTD-2024	YTD-2023	Change
Building Permit Fees Collected	\$1,170	\$1,880	(37.8%)	\$3,494	\$3,589	(2.6%)
Development Applications Received	35	31	12.9%	58	67	(13.4%)
Development Applications Fees	\$335	\$170	97.1%	\$546	\$384	42.2%
<b>6) Business Licences</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Revenue Received for Current Year Licences	\$1,218	\$1,191	2.3%	\$3,499	\$3,148	11.1%
Revenue Received for Next Year (Deferred)	\$317	\$294	7.8%	\$429	\$398	7.8%
<b>Total Licence Revenue</b>	<b>\$1,535</b>	<b>\$1,485</b>	<b>3.4%</b>	<b>\$3,928</b>	<b>\$3,546</b>	<b>10.8%</b>
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
<b>7) Other Revenues</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2023</b>	<b>Change</b>
Parking Program Revenue	\$624	\$561	11.2%	\$1,201	\$1,060	13.3%
Gaming Revenue	\$2,932	\$3,160	(7.2%)	\$5,978	\$6,851	(12.7%)
Traffic Fine Revenue	\$2,303	\$2,475	(6.9%)	\$2,303	\$2,475	(6.9%)
<b>8) Employees</b>	<b>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>			
Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i>	1,698	1,636	3.8%			
<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>Q2-2024</b>	<b>Q2-2023</b>	<b>Change</b>	<b>YTD-2024</b>	<b>YTD-2024</b>	<b>Change</b>
RCMP - Calls for Service Handled	17,365	17,221	0.8%	34,250	33,054	3.6%
Community Bylaws	2,026	2,151	(5.8%)	3,720	3,790	(1.8%)
Fire-Rescue Incidents	3,183	2,982	6.7%	6,687	5,890	13.5%
Public Works Calls for Service	3,556	3,505	1.5%	6,978	6,586	6.0%
<b>10) Richmond Population Estimate Year End</b>	<b>2024f</b>	<b>2023</b>				
	240,996	228,093				

*Population figures from BC Stats***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, 2024, with comparative figures for 2023.

(in \$000's)

	Budget June 30, 2024	Actuals June 30, 2024	Actuals June 30, 2023
<b>Revenue:</b>			
Taxes and levies	\$ 154,666	\$154,666	\$144,538
Utility fees	73,476	75,613	65,041
Sales of services	20,618	21,879	19,336
Payments-in-lieu of taxes	7,325	7,325	6,824
Provincial and federal grants	9,857	9,097	26,573
Development cost charges	8,302	33,385	9,087
Other capital funding sources	31,110	18,539	11,890
Other revenue:			
Investment income	12,817	32,476	17,482
Gaming revenue	6,707	5,978	6,851
Licences and permits	7,842	8,980	8,556
Other	7,246	21,587	10,211
Equity income	304	1,359	1,194
	<b>\$340,270</b>	<b>\$390,884</b>	<b>\$327,583</b>
<b>Expenses:</b>			
Community safety	\$76,843	\$73,441	65,786
Utilities <sup>4</sup>	73,770	66,932	62,054
Engineering, public works and project development	36,635	30,844	28,432
Parks, recreation and culture services	39,867	36,364	33,095
General government	47,461	41,902	37,516
Planning and development	22,592	16,722	11,699
Library services	6,225	5,884	5,612
	<b>\$303,393</b>	<b>\$272,089</b>	<b>\$244,194</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	\$36,877	\$118,795	\$83,389
Accumulated surplus, beginning of year	3,594,084	3,594,084	3,510,695
Accumulated surplus, end of June 30 <sup>3</sup>	\$3,630,961	\$3,712,879	\$3,594,084

<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>Utilities includes flood protection, water, sewer and sanitation recycling.

## Contract Awards Greater than \$75,000

April 1<sup>st</sup> to June 30<sup>th</sup>, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
1	No. 4 Road Box Culvert Reconstruction & Rehabilitation	PW Trenchless Construction Inc.	\$1,545,879	Engineering & Public Works
2	Cambie Road Overpass at Knight Street Repair	MDBS Quattro Constructors Ltd.	233,959	Engineering & Public Works
3	Asphaltic Concrete Paving	Save On Blacktop	6,568,775	Engineering & Public Works
4	Supply of Pedestrian, Cyclists and E-Scooter Counters and Software Maintenance	Eco-Counter Inc.	112,730	Engineering & Public Works
5	No. 3 Road Watermain Design - Westminster Highway to North of Lansdowne Road	R F Binnie and Associates Ltd.	83,060	Engineering & Public Works
6	Provision of Security Guard Services - (5 year term)	BC Corps of Commissionaires	2,114,417	Engineering & Public Works
7	City Hall Lighting Upgrade	Holaco Construction (1997) Ltd.	672,617	Engineering & Public Works
8	City Hall Chiller Replacement, Domestic Waterline and Elevator Renewals - Elevator Equipment Supply	Heatherbrae Builders Co. Ltd.	184,870	Engineering & Public Works
9	Berkeley House Streetlight Relocation	Hexcel Construction Ltd.	141,835	Engineering & Public Works
10	Supply and Delivery of Bank Stabilizing Materials for Sidaway Canal Stabilization Project	White Cap Supply Canada Inc.	142,645	Engineering & Public Works
11	Construction Manager for Works Yard Replacement Pre-Construction Services - Phase 1	PCL Constructors Westcoast Inc.	607,363	Engineering & Public Works
12	PeopleSoft Software Technical Support Services (3 year term)	Oracle Canada ULC	1,263,009	Finance and Corporate Services
13	Charter Vessel for Tour of Fraser River from Britannia Shipyards National Historic Site (5 year term)	Searidge Ventures Ltd.	124,000	Community Services
14	Firefighter Candidate Assessment Services (3 year term)	BL Associates Corporate Psychologists Inc.	225,000	Community Safety
15	Construction Manager for Hugh Boyd Community Facility and Fieldhouse - Pre-Construction Services	PCL Constructors Westcoast Inc.	99,967	Engineering & Public Works

**Contract Awards Greater than \$75,000 (continued)**

April 1st to June 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
16	Data Hosting and Support of Computerized Maintenance Planning Software (5 year term)	VFA Canada Corporation	\$246,778	Engineering & Public Works
17	Supply and Delivery of One (1) Tier 4 Front End Loader with a Four (4) Cubic Yard Bucket	Wajax Limited	414,552	Engineering & Public Works
18	Asphalt Re-Paving Program - 2024 Manhole Adjustments	BC Hydro	96,519	Engineering & Public Works
19	Supply and Delivery of Four (4) Four Wheel Drive Tier 4 Utility Tractors with Cabs	Avenue Machinery Corp	164,964	Engineering & Public Works
20	Provincial Housing Legislation and City's OCP Update	JK49 City Consulting Services	293,000	Finance and Corporate Services
21	Supply and Delivery One (1) Turf Tractor	Avenue Machinery Corp	95,414	Engineering & Public Works
22	Employee and Family Assistance Program	FSEAP Vancouver	117,000	Corporate Administration
23	Oracle Database Software Support Renewal	Eclipsys Solutions Inc.	86,043	Finance and Corporate Services
24	PeopleSoft Financials License Expansion 2024	Oracle Canada ULC	75,015	Finance and Corporate Services
25	Schematic Designs for 2025 Capital Planning	Kasian Architecture Interior Design and Planning Ltd.	143,220	Engineering & Public Works
26	Caretaker Suites Infrastructure Renewals	Holaco Construction Ltd.	975,162	Engineering & Public Works
27	Business Continuity Program and Incident Response Plan (2 year term)	Deloitte LLP	392,000	Finance and Corporate Services
28	CCTV Inspection Services for Sewer Collection System (3 year term)	McRae's Environmental Services	423,000	Engineering & Public Works
29	HVAC Water Treatment Chemical Services (5 year term)	Chem-Aqua, Div of NCH Canada Inc.	154,037	Engineering & Public Works

**Contract Awards Greater than \$75,000 (continued)**

April 1st to June 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
30	City Hall Annex - Space Planning Pilot Project Design Services	Kasian Architecture Interior Design and Planning Ltd.	\$129,580	Engineering & Public Works
31	Provision of Annual and Quarterly Utility Billing, Annual Property Tax Notice and General Information Mail-Out Services (4 year term)	IDRS - International Direct Response Services	389,642	Finance and Corporate Services
32	Richmond Maritime Festival Programming (2024)	Anigraph Productions Limited	141,000	Community Services
33	Bus Speed and Reliability Program & Priority Collision Prone Intersection Improvements 2024	McElhanney Consulting Services Ltd	414,090	Engineering & Public Works
34	Supply and Install Replacement Roofing - 5831 Minoru Boulevard	Homan Roofing Ltd.	96,696	Finance and Corporate Services
35	Priority Collision Prone Intersection Improvements 2024 (intersections of Blundell Road and No. 2 Road, Alderbridge Way and No. 4 Road and Westminster Highway and No. 4 Road)	McElhanney Consulting Services Ltd	339,901	Engineering & Public Works
36	Community Safety Building Lighting Upgrades	Ashton Mechanical Group	421,758	Engineering & Public Works



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** August 8, 2024

**From:** John Irving, P.Eng., MPA  
Deputy CAO  
Chief Executive Officer, Lulu Island Energy  
Company

**File:** 01-0060-20-LIEC1/2024-  
Vol 01

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

**Re:** Lulu Island Energy Company – 2024 2<sup>nd</sup> Quarter Financial Information

### Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 2<sup>nd</sup> Quarter Financial Information”, dated August 8, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.

John Irving, P.Eng., MPA  
Deputy CAO  
Chief Executive Officer,  
Lulu Island Energy Company  
(604-276-4140)

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

Att. 4

<b>REPORT CONCURRENCE</b>	
<b>CONCURRENCE OF DEPUTY CAO</b> 	
<b>REVIEWED BY SMT</b>	<b>INITIALS:</b> 
<b>APPROVED BY CAO</b> 	





6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** July 22, 2024  
**TO:** Board of Directors  
**FROM:** Jerry Chong, CPA, CA, Chief Financial Officer  
**Re:** Lulu Island Energy Company – 2024 2<sup>nd</sup> Quarter Financial Information

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### **Staff Recommendation**

That the 2nd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2024 2nd Quarter Financial Information”, dated July 22, 2024, 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. Information regarding LIEC’s district energy utility (DEU) operations can be found in Attachment 1. All capital and operating costs are recovered through revenues from user fees, ensuring that the business is financially sustainable. City Council is the regulator and thus sets customer rates.

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

### **Analysis**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s pre-audited Q2 financial information consists of the interim statement of financial position as of June 30, 2024 (Attachment 2) and the interim income statement for the period ended June 30, 2024 (Attachment 3). Year-to-date budget to actual numbers are shown in Attachment 4.

## 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) of \$23,759,603 and non-current assets (plant and equipment) of \$54,478,987. Current assets increased by \$4,439,782 from December 31, 2023, mainly due to increases in accounts receivable as a result of new building connections and advance payments from developers for developer contributed infrastructure. The collection of the advance payments from developers is dependent on the project's construction schedules and the payments will be collected before the building permits issuance. The majority of the accounts receivable balance for advance payments from developers was collected in July 2024.

The total liabilities of \$39,781,388 include outstanding invoices, deferred developer contributions and City Center District Energy Utility (CCDEU) Project Agreement liabilities. Deferred developer contributions and CCDEU Project Agreement liabilities make up the majority of the liabilities as they are the primary source of funding for new infrastructure.

As of June 30, 2024, LIEC's shareholder equity is \$38,457,202, increase of \$1,359,302 compared to December 31, 2023.

## Interim Income Statement and Budget Variance

### *Revenues*

The metered billings reflect the energy sales of the ADEU and CCDEU service areas<sup>1</sup>. The year to date metered billing revenue is \$1,399,204 from ADEU, and \$3,035,306 from CCDEU. Overall, 2024 year to date metered billing revenue grew by 14% to \$4,434,510 (Q2 2023 - \$3,879,363). This increase is due to new building connections, additional energy use by buildings that were not fully occupied in prior years, and the approved 2024 customer rates. The revenue is in line with budget.

### *Cost of Sales*

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. Contract expenses increased by \$265,899 to \$1,048,938 (Q2 2023 - \$783,039) due to additional operations and maintenance requirements as a result of more buildings being serviced, including one additional on-site low carbon energy plant (LCEP). Contract expenses are 12% below budget due to less unplanned maintenance than anticipated.

Compared to Q2 2023, utility costs increased by \$86,591 to \$1,013,774 (Q2 2023 - \$927,183) due to the additional building connections, the addition of one LCEP, and natural gas and carbon tax rate increases. Despite this, utility costs remain 26% below budget. The amortization expense increased from Q2 2023 due to the additional capital assets.

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<sup>1</sup> Note that OVDEU is now combined under the CCDEU service area.

The gross margin as a percentage of revenue is 40% compared to 46% in Q2 2023, mainly due to additional maintenance required and higher utility costs for the LCEP's. Low carbon energy production technologies in LCEP's are more complex than natural gas boilers, and are using low carbon electricity which is more expensive than natural gas. The gross margin of 40% still exceeded budget by 11% due to the lower than forecasted utility and contract costs.

#### *General and Administration Expenses*

General and administration (G&A) expenses are expenditures that LIEC incurs with respect to supporting operations which includes salaries and benefits, administration expenses, insurance and professional fees. Comparing to Q2 2023, the general and administration expenses is 8% higher than prior year and 6% below budget.

- Salaries and benefits are in line with budget and Q2 2023.
- The administration expenses include overhead costs to administer Corix's special purpose entity, LIEC reporting, Canada Infrastructure Bank (CIB) reporting and financial administration requirements.
- Insurance expenses increased by \$37,698 from Q2 2023 due to general insurance rate increases and additional assets being insured under the CCDEU Project Agreement. It is 23% below the budget.
- Professional fees are higher than prior year due to expenses related to the CCDEU Project Agreement and increase in audit fees in line with the growth of the infrastructure assets. It is in line with the budget.

Overall, the G&A expenses as a percentage of revenues are 20% in Q2 2024 compared to 21% in 2023. As more customers are connected to the utility, the general and administration expenses in relation to the revenue is expected to decrease.

#### *Contributions and Financing Expenses*

The contributions and financing expense section represents other sources of income and costs for the business. The recognized developer contributions revenue is higher than 2023 due to additional onsite assets being placed into service. The net finance cost is the net balance of year-to-date finance costs on CCDEU Project Agreement liabilities, offset by interest income. The net finance cost is lower than Q2 2023 due to higher investment income. LIEC has taken advantage of the high interest rates by investing in short-term term deposits which have yielded higher returns compared to the budgeted rate. This has resulted in a positive variance in the budget comparison.

LIEC's earnings before interest, tax, and amortization (EBITA), used as a proxy to measure the company's financial performance, as a percentage of revenue increased to 45% from 44% in Q2 2023. As more customers are connected to the system, the EBITA is expected to increase. The EBITA has also exceeded the budget by 37%.



The net income for Q2 2024 is \$1,359,302. LIEC's overall financial performance exceeded budget by \$601,763. Consistent with the company's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

**Financial Impact**


None.

**Conclusion**

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



Helen Zhao  
Controller  
(604-204-8699)



Cody Lan  
Assistant Controller  
(604-247-4698)

- Att. 1: District Energy in Richmond
- 2. Interim Statement of Financial Position as of June 30, 2024 (unaudited)
- 3: Interim Income Statement for the period ending June 30, 2024 (unaudited)
- 4: Year-To-Date Budget vs. Actual Comparison (unaudited)

## District Energy in Richmond

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

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

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

Table 1 – DEU Service Areas - Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra DEU	13	2,200	2.4M ft <sup>2</sup>	4.4M ft <sup>2</sup>
Oval Village DEU	14	3,174	3.7M ft <sup>2</sup>	6.4M ft <sup>2</sup>
City Centre DEU	3	1,082	1.2M ft <sup>2</sup>	48.0M ft <sup>2</sup>
<b>Total</b>	<b>30</b>	<b>6,456</b>	<b>7.3M ft<sup>2</sup></b>	<b>58.8M ft<sup>2</sup></b>

The ADEU provides heating and cooling services to ten residential buildings, the large commercial development at "Central at Garden City", the Richmond Jamatkhana Temple and Fire Hall No. 3, comprising of 2,200 residential units and over 2.4 million square feet of floor area. While some electricity is consumed for pumping and equipment operations, most of this energy is currently produced locally from the geo-exchange fields in the greenway corridor and West Cambie Park, and highly efficient air source heat pumps.

The OVDEU services 14 buildings, containing 3,174 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. This project is in the preliminary design stage and is expected to be completed in 2028. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The CCDEU currently services three buildings, comprised of 1,082 residential units and approximately 1.2M ft<sup>2</sup> of floor area. While offsite energy centres progress through development, CCDEU utilizes on-site low carbon energy plants as a source of energy production. At full build-out, 176 developments, 28,000 residential units and approximately 48M ft<sup>2</sup> of floor space will be serviced by 5 permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built out system is estimated to reduce over one million tonnes of GHG emissions compared to conventional service.

**Interim Statement of Financial Position (Unaudited)**

	As of June 30 2024	As of December 31 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,030,542	\$ 2,511,976
Accounts receivable	9,346,923	4,792,892
Other investments	12,382,138	12,014,953
	23,759,603	19,319,821
Non-current assets:		
Plant and equipment	54,478,987	53,740,785
	\$ 78,238,590	\$ 73,060,606
<b>Liabilities and Shareholder's Equity</b>		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,153,006	\$ 1,848,902
Deferred developer contributions	23,005,113	19,235,460
Government grants	403,026	403,026
Project Agreement liability	15,220,243	14,475,318
	39,781,388	35,962,706
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	11,060,087	9,700,785
	38,457,202	37,097,900
	\$ 78,238,590	\$ 73,060,606

## Interim Income Statement (Unaudited)

	June 30 2024	June 30 2023	\$ Changes	% Change
<b>Revenues</b>				
Metered billings (Quarterly)	\$ 4,434,510	\$ 3,879,363	\$ 555,147	14%
Service fee	490,743	490,743	-	0%
	4,925,253	4,370,106	555,147	13%
<b>Cost of Sales</b>				
Contracts	1,048,938	783,039	265,899	34%
Utilities	1,013,774	927,183	86,591	9%
Amortization	880,990	659,958	221,032	33%
	2,943,702	2,370,180	573,522	24%
<b>Gross margin</b>	<b>1,981,551</b>	<b>1,999,926</b>	<b>(18,375)</b>	<b>(1%)</b>
<b>General and administration expenses</b>				
Salaries and benefits	548,559	542,095	6,464	1%
Administration expenses	180,867	172,687	8,180	5%
Insurance	160,089	122,391	37,698	31%
Professional fees	108,540	90,921	17,619	19%
	998,055	928,094	69,691	8%
<b>Net income before other items</b>	<b>983,496</b>	<b>1,071,832</b>	<b>(88,336)</b>	<b>(8%)</b>
<b>Contributions and financing expense</b>				
Developer contributions	334,066	180,774	153,292	85%
Other income	11,984	394	11,590	-
Net financing cost	29,754	(58,679)	88,433	(151%)
	375,804	122,489	253,315	-
<b>Net Income</b>	<b>\$ 1,359,302</b>	<b>\$ 1,194,321</b>	<b>\$ 164,981</b>	<b>14%</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	\$ 1,359,302	\$ 1,194,321	\$ 164,981	14%
Net financing cost	(29,754)	58,679	(88,433)	(151%)
Amortization expense	880,990	659,958	221,032	33%
<b>EBITA</b>	<b>\$ 2,210,538</b>	<b>\$ 1,912,958</b>	<b>\$ 297,580</b>	<b>16%</b>

Notes:

	Ending June 30 2024	Ending June 30 2023
Percentage of Revenue		
Gross margin percentage	40%	46%
General and administration percentage	20%	21%
Net income percentage	28%	27%
EBITA percentage	45%	44%

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

	<b>2024 Q2 Budget</b>	<b>2024 Q2 Actual</b>	<b>\$ Variance</b>	<b>%Variance</b>
<b>Revenues</b>				
Metered Billings (Quarterly)	\$ 4,454,402	\$ 4,434,510	(\$ 19,892)	0%
Service fee	490,743	490,743	-	0%
	4,945,145	4,925,253	(19,892)	0%
<b>Cost of Sales</b>				
Contracts	1,192,439	1,048,938	(143,501)	(12%)
Utilities	1,371,705	1,013,774	(357,931)	(26%)
Amortization	961,990	880,990	(81,000)	(8%)
	3,526,134	2,943,702	(582,432)	(17%)
<b>Gross margin</b>	<b>1,419,011</b>	<b>1,981,551</b>	<b>562,540</b>	<b>40%</b>
<b>General and Administration Expenses</b>				
Salaries and benefits	543,704	548,559	4,855	1%
Administration expenses	201,536	180,867	(20,669)	(10%)
Insurance	209,080	160,089	(48,991)	(23%)
Professional Fees	108,627	108,540	(87)	0%
	1,062,947	998,055	(64,892)	(6%)
<b>Net income before other items</b>	<b>356,064</b>	<b>983,496</b>	<b>627,432</b>	<b>176%</b>
<b>Contributions and Financing expense</b>				
Developer contributions	278,721	334,066	55,345	20%
Other income	12,000	11,984	(16)	0%
Net financing cost	(342,308)	29,754	372,062	-
	(51,587)	375,804	427,391	-
<b>Net Income</b>	<b>\$ 304,477</b>	<b>\$ 1,359,302</b>	<b>\$ 1,054,825</b>	<b>-</b>
<b>Earnings before interest, taxes and amortization (EBITA)</b>				
Net income per above	\$ 304,477	\$ 1,359,302	\$ 1,054,825	-
Net Financing cost	342,308	(29,754)	(372,062)	-
Amortization expense	961,990	880,990	(81,000)	(8%)
<b>EBITA</b>	<b>\$ 1,608,775</b>	<b>\$ 2,210,538</b>	<b>\$ 601,763</b>	<b>37%</b>





# City of Richmond

## Report to Committee

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**To:** Finance Committee **Date:** August 22, 2024  
**From:** Jerry Chong, CPA, CA **File:** 03-1200-09/2024-Vol  
General Manager, Finance & Corporate Services 01  
**Re:** **Richmond Olympic Oval Corporation – 2nd Quarter 2024 Financial Information**

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### Staff Recommendation

That the Richmond Olympic Oval Corporation – 2nd Quarter 2024 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

On behalf of,  
Jerry Chong, CPA, CA  
General Manager  
Finance & Corporate Services  
(604-276-4064)

<b>REPORT CONCURRENCE</b>
<b>APPROVED BY CAO</b> 

**DATE:** August 22, 2024

**TO:** Serena Lusk  
Chief Administrative Officer, City of Richmond

Jerry Chong  
General Manager, Finance & Corporate Services, City of Richmond

**FROM:** Rick Dusanj, CPA, CA  
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation – 2<sup>nd</sup> Quarter 2024 Financial information**

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## Origin

This staff report addresses the second quarter financial results for the 3 months ending June 30, 2024 (“Q2”) which was endorsed by the Corporation’s Board of Directors. Below are some of the highlights undertaken in Q2, in addition to a programmatic focus on the Oval’s community engagement initiative.

## Q2 Highlights

The sustained uptake of the Oval’s core services and programs, reflected in the Membership Admissions and Programs revenue line item continues to point to a return to steady state operations. Some of the notable highlights from Q2 2024 include the following:

- Climbing and learn to skate registered programs had a 15% increase from last year.
- Membership is now approaching 4,300 active members, with over 31,000 member visits per month, which was an 11% increase from last year in member visits.

## Sport Development and Events - Q2

Following the successful Sport Climbing BC 2024 Provincials over the Easter long weekend, the Ovalclimb team focused on regional and national championships with a record number of climbers (21) going to the Climbing Escalade Canada Youth Lead and Bouldering Nationals. Oval athletes Noah Schwartz, Ashley Kam, and Bruce Kong all made the finals, with Noah finishing 3rd in lead/rope climbing.

Events that took place at the Oval in Q2 included: Ramp it Up, Karate BC Provincials, Volleyball BC U17 Provincials, Pet Industry Joint Advisory Council Trade Show, Volleyball Canada U14 Nationals, Hoopfest, BC Provincial Gymnaestrada, Delta Gymnastics Cash and Carry, International Shotokan Karate Federation Karate Nationals, BC Butterfly Table Tennis Open, Wheel Chair Rugby Canada Cup, BC Sports Rep

Association Summer Trade Show, Dodgeball Nationals, and the Can Am International Martial Arts Championships.

New events secured in Q2 by Events and Sport Hosting included: BC Hockey Showcase U17 AAA Tournament, Super Hero Run, Rev It Up Car Show, 2024 Fraser Valley Throwdown (fitness competition), 2025 North American Cup Series by Climbing Escalade Canada, 2025 Karate Canada Nationals, and the 2025 Table Tennis Canadian Championships.

#### Community Engagement Initiative

A strategic directive initiated in 2023 to provide the community additional low-cost or no-cost opportunities at the Oval was recently launched. In collaboration with the City of Richmond and Richmond Libraries, the Oval's Community Engagement Initiative aims to provide access opportunities to community members of all ages. A summary of these initiatives is listed below.

#### *The Fields*

Unveiled in August 2023, the Fields is a multi-use community asset that houses turf fields, 3x3 basketball courts and an outdoor fitness area. This community amenity not only assists with the increased demand for Oval programs, rentals and events, but in 2024 has also become a hub for hundreds of residents each week playing pick-up basketball and soccer at no cost. The Oval Corporation received approval from Council to build the Fields at Richmond Olympic Oval. The project was built for approximately \$3.7M, with over 90% funded with external resources including federal and provincial grants of \$1.75M and a \$1.3M contribution from the Richmond Hotels Destination Association.

#### *Oval Community Day*

On August 25<sup>th</sup>, the Oval will welcome hundreds of community members to celebrate a day of sport, fitness and fun. Activities for Oval Community Day include an obstacle course, sports 'try it' demos, selfie stations, prizeing, self-guided tours of the Richmond Olympic Experience (ROX), 3x3 basketball tournament, youth soccer tournament, festival food and a DJ. The free community event also welcomes Richmond community sport organizations to activate on site.

#### *Richmond Libraries Summer Reading Club*

The Oval is pleased to work with Richmond Libraries on delivering a physical literacy component to the 4,000 children that participate in the annual Summer Reading Club. In addition to teaching fundamental movement skills as part of the reading club curriculum, physical literacy cards are posted throughout the library to encourage movement from the young readers. Complimentary guest passes to the ROX were also provided for prizes.

#### *ROX Community Thursdays*

Launched on August 1<sup>st</sup>, ROX Community Thursdays provides free admission to the Olympic Experience at Richmond Olympic Oval on the first Thursday of every month from 2pm-5pm. The free admission tickets are available on a first-come, first-served basis at the front desk. Admission to the ROX will also be free on Canada Day. Total visitation on the inaugural Community Thursday reached 144 (82 complimentary and 62 paid guests in the morning), which is more than double than the three previous Thursdays.

#### *Farever Young 8K (FY8K) 10<sup>th</sup> Anniversary*

On September 8<sup>th</sup>, the Oval will host the 10<sup>th</sup> annual FY8K Run, which is the largest sanctioned run for participants over 55 years of age. Approximately 300 registrants are expected to participate this year. The

FY8K is the signature event of Richmond's Forever Young Running Club, and for the last several years the Oval has played a key role in the promotion and execution of the race that starts and finishes at Riverside Plaza. The FY8K is a celebration of active living with proceeds from the race supporting the *Dream On Seniors Foundation*, which helps make dreams a reality for seniors in need.

#### *Forever Young Wednesdays*

To commemorate the 10-year anniversary of the FY8K, the Oval will launch Forever Young Wednesdays - a low-cost (\$55/year) facility access membership to anyone 55 years and older. Included in this membership is access to non-registered drop-in programs at the Oval from September to June each Wednesday until 4pm. Also included in this membership are parking and discounts to the Oval Sports Store and to the Time Out Café.

#### *Expanded Participation in Richmond's Fee Subsidy Program (RFSP)*

For 2024, the Oval will continue to support the City's Fee Subsidy Program and will offer additional options for participants in the RFSP. Eligible registered programs now include various summer camps, sport climbing programs, and the ROX Podium Pioneers program. Forever Young Wednesdays will also be an RFSP eligible program, and free drop-in admissions before 4pm on each Richmond School District Pro-D Days will also be offered.

### Governance

Meetings of the Board of Directors took place during Q2.

### Financial

The results for the 3 months ended June 30, 2024 show income of \$82,000 after amortization compared to a budgeted loss of \$375,000, indicating a favorable variance of \$457,000 (please see page 5 for the Corporation's balance sheet as of June 30, 2024 and page 6 for the statement of operations). In Q2, \$528,000 was allocated to the reserves/equity.

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

#### Revenues

The Q2 portion of the estimated 2024 Games Operating Trust Fund ("GOT") distribution of \$800,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,773,000 in Q2 and other revenue of \$697,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$449,000 favorable to budget.

#### Expenses

Memberships, admissions and program services costs for Q2 2024 were \$2,111,000, facility operations costs were \$1,353,000, marketing expenses were \$160,000, and administration and finance expenses were \$1,114,000. Overall, expenditures were \$8,000 favorable to budget.



Rick Dusanj, CPA, CA  
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

# RICHMOND OLYMPIC OVAL CORPORATION

## Balance sheet

As at June 30, 2024

Unaudited, prepared by management

		June 30 2024
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	1,068,983
Investments		16,033,379
Inventory		207,883
GOT receivable		1,600,000
Accounts receivable		1,209,577
		<u>20,119,822</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,385,289
Post-employment benefits		1,182,000
Deferred revenue		10,328,674
Rental deposits		11,781
		<u>12,907,744</u>
Net financial assets		7,212,078
<b>Non-Financial Assets</b>		
Tangible capital assets		14,025,540
Prepaid expenses and other deposits		778,812
		<u>14,804,352</u>
Accumulated Surplus (Note 1)	\$	22,016,430

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

Investment in capital assets	8,102,899
Reserves/Provisions	13,062,010
Common Shares	1
Surplus	851,520
<u>22,016,430</u>	

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.07M 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.

Numbers may be off due to rounding.



**RICHMOND OLYMPIC OVAL CORPORATION**

**Statement of Operations**

**For the quarter ended June 30, 2024**

**Unaudited, prepared by management**

	QTR 2 2024		\$ Variance Fav(Unfav)	% Variance Fav(Unfav)	YTD ended June 30, 2024		\$ Variance Fav(Unfav)	% Variance Fav(Unfav)	2024 BUDGET
	BUDGET	ACTUAL			BUDGET	ACTUAL			
<b>REVENUES</b>									
2010 Games Operating Trust Fund	800,000	800,000	-	0%	1,600,000	1,600,000	-	0%	3,200,000
Contribution from City of Richmond	1,000,325	1,000,325	-	0%	2,000,651	2,000,651	-	0%	4,001,306
Memberships, admissions and programs	2,494,269	2,773,397	279,128	11%	5,308,176	5,692,772	384,596	7%	10,515,858
Other	526,980	696,597	169,617	32%	1,095,462	1,357,073	261,611	24%	2,041,919
	4,821,574	5,270,319	448,745	9%	10,004,289	10,650,496	646,207	6%	19,759,083
<b>EXPENSES</b>									
Memberships, admissions and program services	1,893,923	2,110,748	(216,825)	-11%	3,861,156	4,134,111	(272,955)	-7%	7,738,885
Facility Operations	1,416,063	1,352,738	63,325	4%	2,732,124	2,633,926	98,198	4%	5,433,275
Marketing	152,086	160,162	(8,076)	-5%	300,526	302,937	(2,411)	-1%	602,864
Admin/Finance	1,105,731	1,113,502	(7,771)	-1%	2,141,375	2,129,591	11,784	1%	3,986,153
Amortization	628,701	451,466	177,235	28%	1,193,565	905,089	288,476	24%	2,600,000
	5,196,504	5,188,616	7,888	0%	10,228,746	10,105,653	123,093	1%	20,361,176
<b>Net Income/(Loss) (Note 1)</b>	<b>(374,930)</b>	<b>81,703</b>	<b>456,633</b>	<b>122%</b>	<b>(224,457)</b>	<b>544,843</b>	<b>769,300</b>	<b>343%</b>	<b>(602,093)</b>

Note 1 - In Q2, \$0.53M was transferred into reserves/equity mainly for future minor capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.07M annually over the past 5 years.

Numbers may be off due to rounding.