



**Finance Committee**

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

**Tuesday, September 4, 2012**

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

Pg. #      ITEM

**MINUTES**

**FIN-3**      *Motion to adopt the minutes of the meeting of the Finance Committee held on Monday, June 4, 2012.*



**FINANCE AND CORPORATE SERVICES DEPARTMENT**

1. **FINANCIAL INFORMATION – 2<sup>ND</sup> QUARTER JUNE 30, 2012**  
(File Ref. No.) (REDMS No. 3599877 v.2)

**FIN-9**

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

*Designated Speaker: Jerry Chong*

**STAFF RECOMMENDATION**

*That the staff report titled Financial Information – 2<sup>nd</sup> Quarter June 30, 2012 be received for information.*



**RICHMOND OLYMPIC OVAL CORPORATION**

2.    **1<sup>ST</sup> QUARTER 2012 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.) (REDMS No. 3629763)

**FIN-27**

See Page **FIN-27** for full report

*Designated Speakers: Andrew Nazareth and John Mills*

**STAFF RECOMMENDATION**

*That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.*

☐

**ADJOURNMENT**

☐



## Finance Committee

Date: Monday, June 4, 2012

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Linda Barnes  
Councillor Derek Dang  
Councillor Evelina Halsey-Brandt  
Councillor Ken Johnston  
Councillor Bill McNulty  
Councillor Linda McPhail  
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:04 p.m.

## MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on Monday, May 7, 2012, be adopted as circulated.*

**CARRIED**

## BUSINESS AND FINANCIAL SERVICES DEPARTMENT

1. **RICHMOND OLYMPIC OVAL CORPORATION – 2011 AUDITED FINANCIAL STATEMENTS**  
(File Ref. No. 01-0060-20-ROVA1/2012-Vol 01) (REDMS No. 3526713)

In answer to questions from Committee, Andrew Nazareth, General Manager, Business and Financial Services, and John Mills, General Manager, Richmond Olympic Oval Corporation, provided the following information:

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- the Richmond Olympic Oval Corporation has an accumulated surplus of approximately 2.2 million dollars, with 1.7 million allocated as a capital reserve;
- there were 43 full-time employees at the end of the fiscal year, which has now increased to 49 full-time employees;
- the City will continue to receive funding from the 2010 Games Operating Trust Fund (GOT) as long as the City continues to comply with the obligations set by the Trust;
- GOT is an endowment fund which is maintained by the 2010 Games Operating Trust Society; and
- an annual report on GOT is provided to the City following the 2010 Games Operating Trust Society's Annual General Meeting.

Staff were requested to provide copies of the 2010 Games Operating Trust Fund Annual Report to Council when it is available.

It was moved and seconded

*That the report on the 2011 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.*

**CARRIED**

**2. 2011 ANNUAL REPORT AND 2011 ANNUAL REPORT – HIGHLIGHTS**

(File Ref. No.: ) (REDMS No. 3521666)

Ted Townsend, Senior Manager, Corporate Communications, accompanied by Jerry Chong, Director, Finance, drew attention to the following two changes that have been made to the Annual Report since last year: (i) the short version of the report was further reduced in size, and new reader friendly charts were introduced; and (ii) in the interest of accountability and transparency, a four page wrap will be developed and placed in the Richmond Review.

It was moved and seconded

*That the attached City of Richmond 2011 Annual Report and the 2011 Annual Report – Highlights be approved.*

**CARRIED**

**3. 2011 ANNUAL DEVELOPMENT COST CHARGES**

(File Ref. No. 03-0900-01/2012-Vol 01) (REDMS No. 3516552)

In answer to questions, Jerry Chong, Director, Finance, advised that: (i) the Annual Development Cost Charges (DCC) report is a local government requirement; (ii) DCCs are reviewed every three to four years, and that the last review and increase of DCCs took place in 2009; and (iii) an assessment of DCCs will take place at the end of 2012.

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It was moved and seconded

*That the staff report titled 2011 Annual Development Cost Charges (dated April 27, 2012 from the Director, Finance) be received for information.*

**CARRIED**

4. **REVENUE ANTICIPATION BORROWING (2012) BYLAW NO. 8896**  
(File Ref. No.: 03-0900-01/2011-Vol 01) (REDMS No. 3515105)

Jerry Chong, Director, Finance, advised that Bylaw No. 8896 addressed “housekeeping” matters, and that in the event the City needs to draw upon its lines of credit, the City would need prior approval via this bylaw.

It was moved and seconded

*That Revenue Anticipation Borrowing (2012) Bylaw No. 8896 be introduced and given first, second, and third readings.*

**CARRIED**

5. **2011 SURPLUS APPROPRIATION**  
(File Ref. No.: ) (REDMS No. 3518825)

Andrew Nazareth, Business and Financial Services, joined by Jerry Chong, Director, Finance, provided an overview of the process related to the proposed 2011 Surplus Appropriation, advising that over 60 submissions had been reviewed by the The Administrators Group (TAG) Cost Control Sub-Committee. The submissions were forwarded to the Corporate Directors Group to be prioritized, prior to TAGs final review.

A discussion then ensued about:

- options for the funds that have been proposed for Item No. 12 – 2013 Capital Program. It was noted that expenditure of any funds allocated to Item No. 12 would require further approval from Council, and that Council may access funds proposed for Item No. 12 for alternative uses if required;
- costs related to labour, and how the TAG Cost Control Sub-Committee has recommended that labour costs and requests for positions become a part of the budget process rather than the surplus appropriation process;
- Item No. 16 – Consultant Fees for Policy Development. It was noted that this item was not recommended at this time as it may also receive provincial funding;
- a request from the Child Care Development Committee for a three year Child Care Coordinator position. It was noted that the Committee had submitted a request last year, and that there was an understanding that the request would be addressed during the 2011 Surplus Appropriation process. Staff advised that the request had been deferred to the 2013 budget process, as it is a staff expenditure;

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- the feasibility of replenishing the Major Events Provision Fund (Item No. 13);
- the feasibility of providing seed funding for Item No. 15 – Mobile Community Safety Education Unit, and Item No. 18 – Salmon Row 2013. It was noted that sponsorship funding is being investigated for both items, and if achieved, sponsorship funding would be used to reduce the amount requested from the City;
- the feasibility of re-allocating funds from Item No. 12 – 2013 Capital Program to other items; and
- the need to place additional funds in reserves.

It was moved and seconded

*That the December 31, 2011 surplus of \$4.556 million be appropriated as outlined in the staff report titled 2011 Surplus Appropriation (dated April 26, 2012 from the General Manager, Business and Financial Services).*

The question on the motion was not called as the following **amendment** was introduced:

It was moved and seconded

*That \$50,000 be taken from Item No. 12 – 2013 Capital Program, for funding of a one year temporary part-time position of a Child Care Coordinator.*

**CARRIED**

Staff were directed to provide further information on the Child Care Coordinator position via memo.

The question on the motion was not called as the following **amendment** was introduced:

It was moved and seconded

*That \$167,500 be taken from Item No. 12 – 2013 Capital Program, and*

- (1) \$67,500 be appropriated to Item No. 15 – Mobile Community Safety Education Unit, as seed funding; and*
- (2) \$100,000 be appropriated to Item No. 18 – Salmon Row 2013, as seed funding.*

**CARRIED**

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The question on the motion was not called as the following **amendment** was introduced:

It was moved and seconded

*That \$500,000 be taken from Item No. 12 – 2013 Capital Program, and placed into reserves.*

The question on the amendment motion was not called as a **sub-amendment** was introduced:

It was moved and seconded

*That the \$500,000 for reserves be placed specifically into the Capital Building and Infrastructure Reserve.*

**CARRIED**

The question on the **amendment** motion, which now reads as:

*“That \$500,000 be taken from Item No. 12 – 2013 Capital Program, and placed into Capital Building and Infrastructure Reserve.”*

was then called, and it was **CARRIED** with Cllrs. McNulty and Steves opposed.

The question on the motion was not called as the following **amendment** was introduced:

It was moved and seconded

*That \$125,000 be taken from Item No. 12 – 2013 Capital Program, and placed in the Major Events Provision Fund.*

**CARRIED**

OPPOSED: Cllrs. Johnston  
McNulty

The question on the main motion as amended, which now reads as:

*“That the December 31, 2011 surplus of \$4.556 million be appropriated as outlined in the staff report titled 2011 Surplus Appropriation (dated April 26, 2012 from the General Manager, Business and Financial Services) with the following amendments:*

- (1) That \$50,000 be taken from Item No. 12 – 2013 Capital Program, for funding of a one year temporary part-time position of a Child Care Coordinator;*
- (2) That \$167,500 be taken from Item No. 12 – 2013 Capital Program, and*
  - (a) \$67,500 be appropriated to Item No. 15 – Mobile Community Safety Education Unit, as seed funding; and*
  - (b) \$100,000 be appropriated to Item No. 18 – Salmon Row 2013, as seed funding;*

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- (3) *That \$500,000 be taken from Item No. 12 – 2013 Capital Program, and placed into Capital Building and Infrastructure Reserve; and*
- (4) *That \$125,000 be taken from Item No. 12 – 2013 Capital Program, and placed in the Major Events Provision Fund.”*

**CARRIED**

OPPOSED: Cllrs. Johnston  
McNulty

**ADJOURNMENT**

It was moved and seconded  
*That the meeting adjourn (5:16 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 4, 2012.

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Mayor Malcolm D. Brodie  
Chair

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Shanan Dhaliwal  
Executive Assistant  
City Clerk's Office





# City of Richmond

## Report to Committee

To: Finance Committee

Date: August 8, 2012

From: Jerry Chong  
Director, Finance

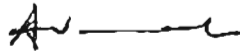


File:

Re: Financial Information – 2nd Quarter June 30, 2012

### Staff Recommendation

That the report titled Financial Information - 2nd Quarter June 30, 2012 be received for information.

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

| REPORT CONCURRENCE              |  |   |
|---------------------------------|--|---|
| ROUTED TO:                      | CONCURRENCE  | CONCURRENCE OF GENERAL MANAGER  |
| Enterprise Services             | <input checked="" type="checkbox"/>  | <br><hr/>                               |
| Information Technology          | <input checked="" type="checkbox"/>  |   |
| Arts, Culture & Heritage        | <input checked="" type="checkbox"/>  |   |
| Parks Services                  | <input checked="" type="checkbox"/>  |   |
| Recreation Services             | <input checked="" type="checkbox"/>  |   |
| Engineering                     | <input checked="" type="checkbox"/>  |   |
| Project Development             | <input checked="" type="checkbox"/>  |   |
| Sewerage & Drainage             | <input checked="" type="checkbox"/>  |   |
| Water Services                  | <input checked="" type="checkbox"/>  |   |
| Community Bylaws                | <input checked="" type="checkbox"/>  |   |
| Fire Rescue                     | <input checked="" type="checkbox"/>  |   |
| RCMP                            | <input checked="" type="checkbox"/>  |   |
| Building Approvals              | <input checked="" type="checkbox"/>  |   |
| Development Applications        | <input checked="" type="checkbox"/>  |   |
| Transportation                  | <input checked="" type="checkbox"/>  |   |
| REVIEWED BY SMT<br>SUBCOMMITTEE | INITIALS:<br> | REVIEWED BY CAO (Deputy) INITIALS:<br> |

## Staff Report

### Origin

Information for the 2nd quarter ended June 30, 2012 is being provided to Council with a global economic overview along with more specific economic updates with respect to Canada, the Province of B.C., the City of Richmond, and the financial activity and position of the City.

### Analysis

#### Global Economic Overview

The outlook for global economic growth has not materially changed since their forecast in March. Within the nuances of the forecasts, there were minor upward adjustments to GDP growth for Japan and China, alongside a slightly milder recession in the euro zone. Canadian, U.S. and emerging markets all saw minor downgrades relative to their March forecast. However, the overarching theme remains intact with modest recoveries across non-European advanced economies and a gradual economic slowdown across emerging markets. In all, the 2012 global economic growth forecast remains at 3.1%, whereas the 2013 forecast has been marginally downgraded to 3.5% from 3.6% prior.

#### Canadian Economic Overview

After enjoying a solid recovery over the last two years, the Canadian economy is transitioning into a period of softer economic growth of around 2% – a pace that the Economists at TD Bank anticipate will continue over the next couple of years. In relation to the Canadian economy, TD Bank also noted that:

- The best-case economic forecast assumes political leaders in Europe take sufficient actions to prevent the crisis from going global. Under these conditions, the global economic backdrop will support modest growth in the Canadian export sector. While a risk-filled external environment is likely to hold businesses back from making large outlays in 2012, business spending will likely pick up in 2013 on the back of improved global economic growth and a rebound in commodity prices.
- A 10-15% correction is anticipated in the Canadian housing market starting in early 2013, and will extend over the next two years.
- Despite the outlook for lacklustre growth, the Bank of Canada continues to signal that the next interest rate move will be up.

| CANADIAN ECONOMIC OUTLOOK   |      |      |     |     |      |     |     |     |      |     |     |     |                |     |     |                |     |     |
|---|------|------|-----|-----|------|-----|-----|-----|------|-----|-----|-----|----------------|-----|-----|----------------|-----|-----|
| <i>Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated</i>                     |      |      |     |     |      |     |     |     |      |     |     |     |                |     |     |                |     |     |
|   | 2011 |      |     |     | 2012 |     |     |     | 2013 |     |     |     | Annual Average |     |     | 4thQtr/4th Qtr |     |     |
|   | Q1   | Q2   | Q3  | Q4  | Q1   | Q2  | Q3F | Q4F | Q1F  | Q2F | Q3F | Q4F | 11             | 12F | 13F | 11             | 12F | 13F |
| Real GDP  | 3.6  | -1.0 | 4.5 | 1.9 | 1.9  | 2.3 | 2.1 | 1.8 | 1.7  | 2.0 | 2.4 | 2.5 | 2.4            | 2.1 | 2.0 | 2.2            | 2.0 | 2.1 |
| Labour Force  | 2.2  | 0.6  | 0.3 | 0.5 | 0.8  | 2.4 | 1.2 | 1.1 | 0.9  | 0.8 | 0.8 | 0.8 | 1.0            | 1.0 | 1.0 | 0.9            | 1.4 | 0.8 |
| Unemployment Rate   | 7.7  | 7.5  | 7.3 | 7.5 | 7.4  | 7.3 | 7.3 | 7.3 | 7.3  | 7.2 | 7.1 | 7.0 | 7.5            | 7.4 | 7.0 | -              | -   | -   |
| Cons. Price Index   | 2.6  | 3.4  | 3.0 | 2.7 | 2.3  | 1.7 | 1.3 | 1.5 | 1.8  | 1.9 | 2.0 | 2.1 | 2.9            | 1.7 | 2.0 | 2.7            | 1.5 | 2.1 |
| Core CPI  | 1.3  | 1.6  | 1.9 | 2.0 | 2.1  | 2.1 | 1.8 | 1.6 | 1.8  | 1.8 | 1.9 | 2.0 | 1.7            | 1.9 | 1.9 | 2.0            | 1.6 | 2.0 |
| Housing Starts ('000's)   | 177  | 192  | 205 | 199 | 208  | 225 | 211 | 203 | 191  | 188 | 188 | 185 | 193            | 211 | 187 | -              | -   | -   |
| Productivity: Real GDP/worker(Y/Y)  | 0.9  | 0.5  | 1.0 | 1.0 | 0.9  | 1.4 | 0.9 | 0.5 | 0.4  | 0.7 | 0.7 | 0.9 | 0.9            | 1.0 | 0.7 | 1.0            | 0.5 | 0.9 |
| F: Forecast by TD Economics as at June 2012   |      |      |     |     |      |     |     |     |      |     |     |     |                |     |     |                |     |     |
| Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics |      |      |     |     |      |     |     |     |      |     |     |     |                |     |     |                |     |     |

### Province of B.C. Economic Overview

Based on some recent B.C. economic forecast reports, the following highlights some of the recent quarterly trend:

- The B.C. labour market showed further improvement: employment was up 0.7% year over year for June.
- Real GDP is forecasted to be 2.6% in 2012, from 2.9% in 2011.
- The unemployment rate fell to a three-year low of 6.2% in April before it rose slightly to 6.6% in June.
- Housing starts, while quite volatile from month to month, sustained levels that were, on average, well ahead of the same period last year.
- The strong increases in BC merchandise exports in the past two years have slowed considerably. Much of this deceleration reflects drops in exports to the United States (concentrated in natural gas), Japan, and the European Union.

| <b>British Columbia forecast at a glance</b> |             |             |              |              |
|--|-------------|-------------|--------------|--------------|
| <b>% change unless otherwise indicated</b>   |             |             |              |              |
|  | <b>2010</b> | <b>2011</b> | <b>2012F</b> | <b>2013F</b> |
| Real GDP                                     | 3.0         | 2.9         | 2.6          | 2.9          |
| Employment                                   | 1.7         | 0.8         | 1.5          | 1.4          |
| Unemployment rate (%)                        | 7.6         | 7.5         | 7.0          | 6.8          |
| Retail Sales                                 | 5.4         | 3.1         | 4.1          | 4.4          |
| Housing Starts (units)                       | 26,479      | 26,400      | 25,200       | 23,500       |
| Consumer Price Index                         | 1.4         | 2.3         | 1.3          | 1.3          |

Source: Royal Bank Economics - Provincial Outlook - June 2012

### Lower Mainland Overview

Economic activity in the lower mainland region is expected to hold steady through 2013 on moderate employment gains and modest growth in housing activity. According to Central 1 Credit Union:

- The 2.2% gain in employment in 2011 will decelerate to an average of 1.8% in 2012 before rising to 2.1% in 2013.
- As a result, the lower mainland unemployment rate is forecast to average 7.3% in 2012 and edge down to 7.2% in 2013.
- Total residential building permits are estimated to continue to edge down slightly from 18,686 to 18,300 by the end of 2012, a 2.1% decrease from 2011.
- Slower growth is also forecast in public administration as government efforts to rein in spending lead to little net hiring.
- Moderate growth trends through the forecast horizon will keep the lower mainland housing market soft.

- Resale housing transactions are forecast to edge up 1.1% to 47,000 units in 2012 before pushing above 50,000 transactions in 2013.
- Residential construction activity will be little changed from 2011 despite new tax measures including the first-time homebuyer income tax credit of up to \$10,000 and an increase of the new housing HST rebate threshold to \$825,000 from \$525,000. While these measures will boost new home purchases, elevated new home inventory will temper construction of new homes.
- The number of residential permits in 2012 is forecast to dip 2% before advancing 4% in 2013.

| <b>Lower Mainland-Southwest Economic Region</b> |             |             |             |              |              |
|---|-------------|-------------|-------------|--------------|--------------|
|   | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012F</b> | <b>2013F</b> |
| Labour Force, thousands                         | 1,475.9     | 1,503.0     | 1,531.1     | 1,558.0      | 1,589.0      |
| % change  | 2.2         | 1.8         | 1.9         | 1.8          | 2.0          |
| Employment, thousands                           | 1,369.2     | 1,388.4     | 1,419.1     | 1,445.0      | 1,475.0      |
| % change  | - 1.0       | 1.4         | 2.2         | 1.8          | 2.1          |
| Unemployment Rate, %                            | 7.2         | 7.6         | 7.3         | 7.3          | 7.2          |
| Resales Housing Sales, unit                     | 46,453      | 44,552      | 46,500      | 47,000       | 50,000       |
| % change  | 14.3        | - 4.1       | 4.4         | 1.1          | 6.4          |
| Resale Housing Median Price, \$                 | 415,000     | 448,000     | 491,000     | 498,000      | 510,000      |
| % change  | - 0.5       | 8.0         | 9.6         | 1.4          | 2.4          |
| Residential Building Permits, unit              | 11,605      | 19,498      | 18,686      | 18,300       | 19,000       |
| % change  | - 34.1      | 68.0        | - 4.2       | - 2.1        | 3.8          |
| Private Non-Res Building Permits, \$ millions   | 1,242.4     | 1,279.0     | 1,553.0     | 1,500.0      | 1,600.0      |
| % change  | - 40.4      | 2.9         | 21.4        | - 3.4        | 6.7          |
| Public Non-Res Building Permits, \$ millions    | 453.9       | 598.7       | 502.2       | 450.0        | 415.0        |
| % change  | 10.4        | 31.9        | - 16.1      | - 10.4       | - 7.8        |
| Population, thousands                           | 2,696.9     | 2,746.9     | 2,795.0     | 2,845.0      | 2,895.0      |
| % change  | 2.4         | 2.2         | 1.7         | 1.8          | 1.8          |

Source: Statistics Canada, Landcor Data Corp., Central 1 Credit Union forecasts as at June 2012

### City of Richmond Overview

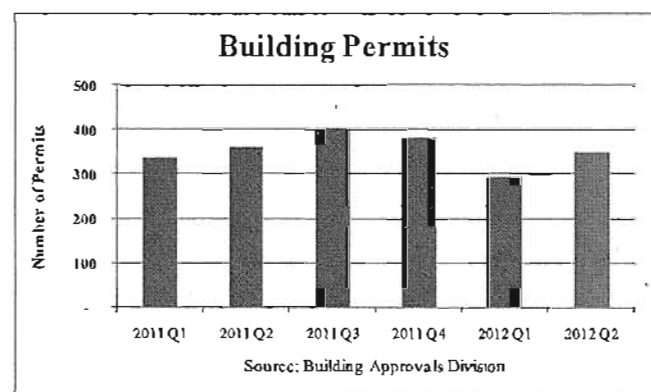
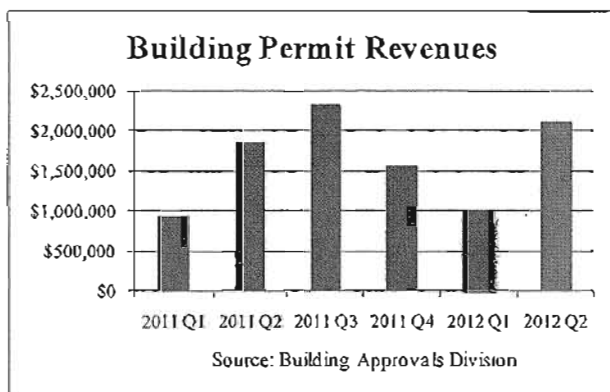
For the 2nd quarter of 2012, Richmond's median selling housing prices continued to decrease after a steady increase for the past few quarters. The median selling prices have decreased for a single family detached home to \$974,000, a townhouse to \$519,000 and an apartment to \$341,000. This equates to a price decline of 0.4% for single family detached homes, 6.8% for townhouses and 4.7% for apartments from the same period in 2011. Along with the decrease in the median selling prices, the number of sales from January to June 2012 compared to the same period in 2011 fell by 27.7%.

The office space vacancy rate in Richmond fell by 1.5% from the same quarter in 2011 from 19.69% to 19.39 %. The vacancy rate of the industrial sector also fell by 10.7% from the same quarter in 2011 from 4.40% to 3.93%.

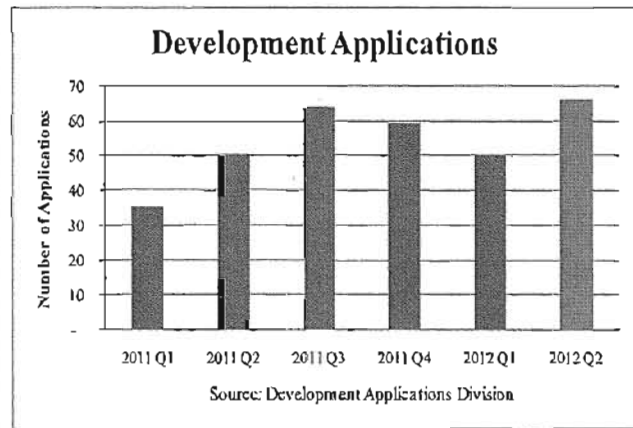
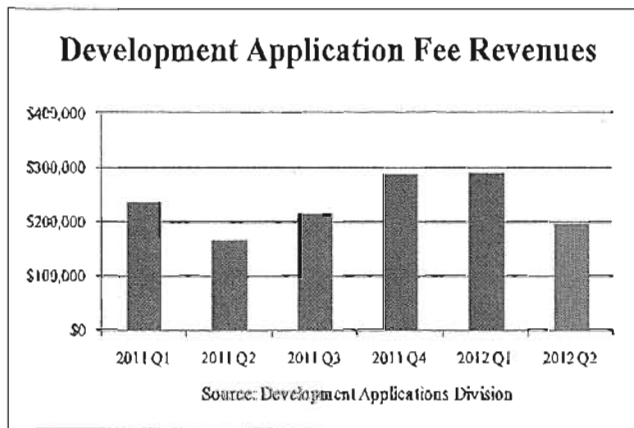


348 building permits were issued in the 2nd quarter, which is comprised of multi-family and residential building permits issued, representing a decrease of 3.6% compared to the 361 permits issued in the 2nd quarter 2011.

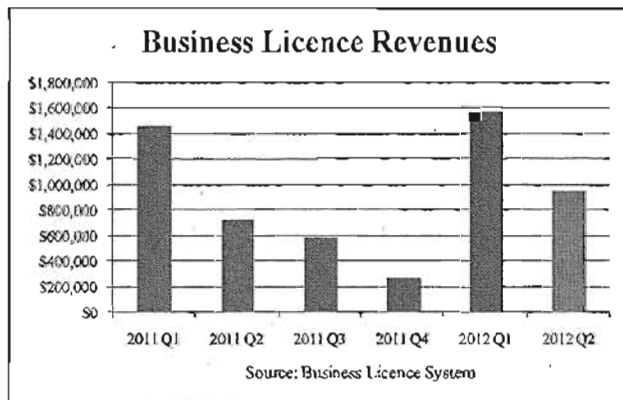
The value of building construction for permits issued increased during the 2nd quarter of 2012 by 122.6% from \$85.9M in the same quarter in 2011 to \$191.3M. This reflects the current trend of higher value construction projects, predominately as mixed-use residential and commercial buildings are starting to complete.



Sixty-six development applications were received in the 2nd quarter which is an increase of 32.0% as compared to the same quarter in 2011. The increase is a result of previous development enquiries and developers wishing to take advantage of the housing market conditions, which to July 2012 had been stable. It is anticipated that this number will slow in the coming quarters.



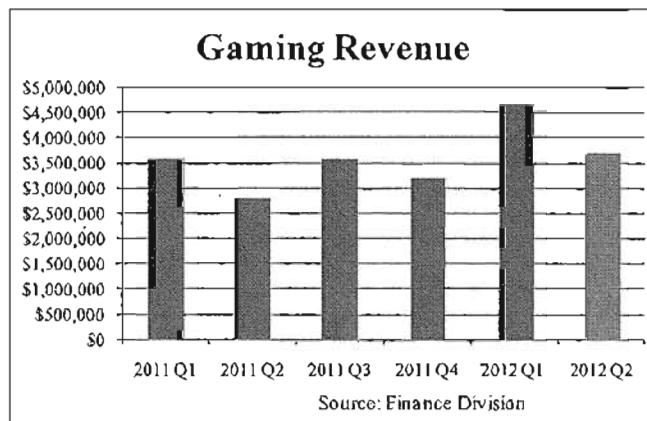
The total number of business licences issued in 2012 increased by 132 with 1,170 and 1,038 licences issued in 2012 and 2011 respectively, which is a 12.7% increase. The current revenues remained at approximately \$2.5M, which is comparable to last year's revenue.



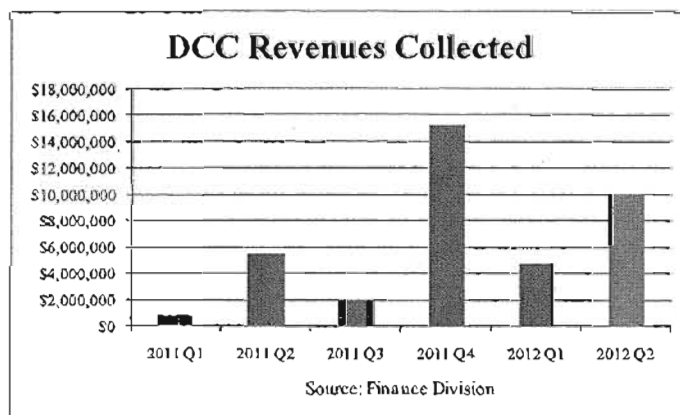
The Parking Program revenues from meters, permits and enforcement for the 2nd quarter of 2012 increased to \$0.4M from \$0.3M for the same period in 2011.



Gaming revenues for the 2nd quarter is \$3.7M compared to \$2.8M in the same quarter last year.



DCC contributions received in the 2nd quarter were \$9.9M as compared to \$5.4M in the same quarter last year due to DCC revenues collected from three major multi-family developments.



**Statement of (net revenues)/expenditures for  
June 30th, 2012**

| <b>Operating<br/>(000's)</b>            | <b>Budget<br/>Year to Date<br/>June 30,2012</b> | <b>Actuals<br/>Year to Date<br/>June 30, 2012</b> | <b>Variance</b> | <b>Projected<br/>Year-End<br/>Surplus</b> |
|---|---|---|-----------------|---|
| RCMP                                    | 18,493  | 18,189  | 304             | 258                                       |
| Fire Rescue                             | 14,025  | 13,300  | 725             | 108                                       |
| Parks & Recreation                      | 13,109  | 12,706  | 403             | 0   |
| Engineering & Public Works              | 10,011  | 7,544   | 2,467           | 445                                       |
| Corporate Services                      | 7,662   | 7,175   | 487             | 533                                       |
| Project Development & Facility Services | 4,332   | 3,930   | 402             | 467                                       |
| Library                                 | 3,972   | 3,926   | 46              | 35  |
| Planning & Development                  | 3,008   | 1,215   | 1,793           | 774                                       |
| Community Services                      | 3,824   | 3,254   | 570             | 343                                       |
| Corporate Administration                | 2,232   | 1,828   | 404             | 828                                       |
| Law & Community Safety                  | 2,823   | 2,610   | 213             | (93)                                      |
| Business & Financial Services           | 1,584   | 405   | 1,179           | 799                                       |
| Fiscal & Transfer to Reserves           | (85,075)  | (91,738)  | 6,663           | 75  |
|   | <b>\$0</b>                                      | <b>(\$15,656)</b>                                 | <b>\$15,656</b> | <b>4,572</b>                              |

The following are the explanations for net expenditure variances at the departmental level:

- The RCMP budget is on track for spending at 99% to the end of June. The 1% variance is a result of staffing lag, and contract savings. There is a need to acknowledge that with the changes to benefits announced by the Federal Government March 30th, the City of Richmond may be liable for an estimated \$3.5M in severance payouts to Members. This figure is not included in the forecast.
- Richmond Fire Rescue is on track for spending at 95% to the end of June. The 5% variance is due to retirements and training.
- Parks and Recreation has a favourable variance due to the timing of larger expenditures such as community major events, outdoor pools operations and park maintenance which will occur in the 3rd quarter.
- Engineering and Public Works are due to be on budget by the end of the year. The favourable variance in the first two quarters can be attributed to a number of preventative maintenance programs not being initiated due to unfavourable weather conditions. It is anticipated that most of the expenditures will occur in the summer, due to increased volume of work for seasonal maintenance programs, road work and construction and development related projects.
- Corporate Services has a favourable variance due to lower contract costs in IT anticipated this year which will be partially offset by salaries. The total overall permanent difference in salaries



in the Corporate Services portfolio is due to vacancies and maternity leaves which have been partially backfilled in HR, City Clerks and Customer Services.

- Project Development and Facility Services have a favourable variance due to vacancies, savings from utilities & rent and seasonal expenditures such as the annual maintenance of Watermania pool.
- Library is on budget.
- Community Services has a favourable variance due the timing of larger expenditures such as the Maritime Festival, Social Planning Strategy, CEEP and Energy Measurement Audit and the On-line Event Program that are anticipated to be incurred in the 3rd and 4th quarters.
- Planning and Development has realized higher than budgeted building permit revenues and development application revenues. The residential market in Richmond is beginning to show signs of slowing down so the revenue projections for the balance of the year are expected to be in line with projections.
- Corporate Administration has a favourable variance due to unfilled vacant positions.
- Law and Community Safety has spending at 93% to the end of June. Additional costs will be incurred in the last half of the year as some departmental expenditures are seasonal and due to retirement.
- Business and Financial Services has a favourable variance due to vacant positions within the Finance Division.
- Fiscal is favourable for the 2nd quarter with anticipated expenditures to follow in the second half of 2012.

#### Utilities

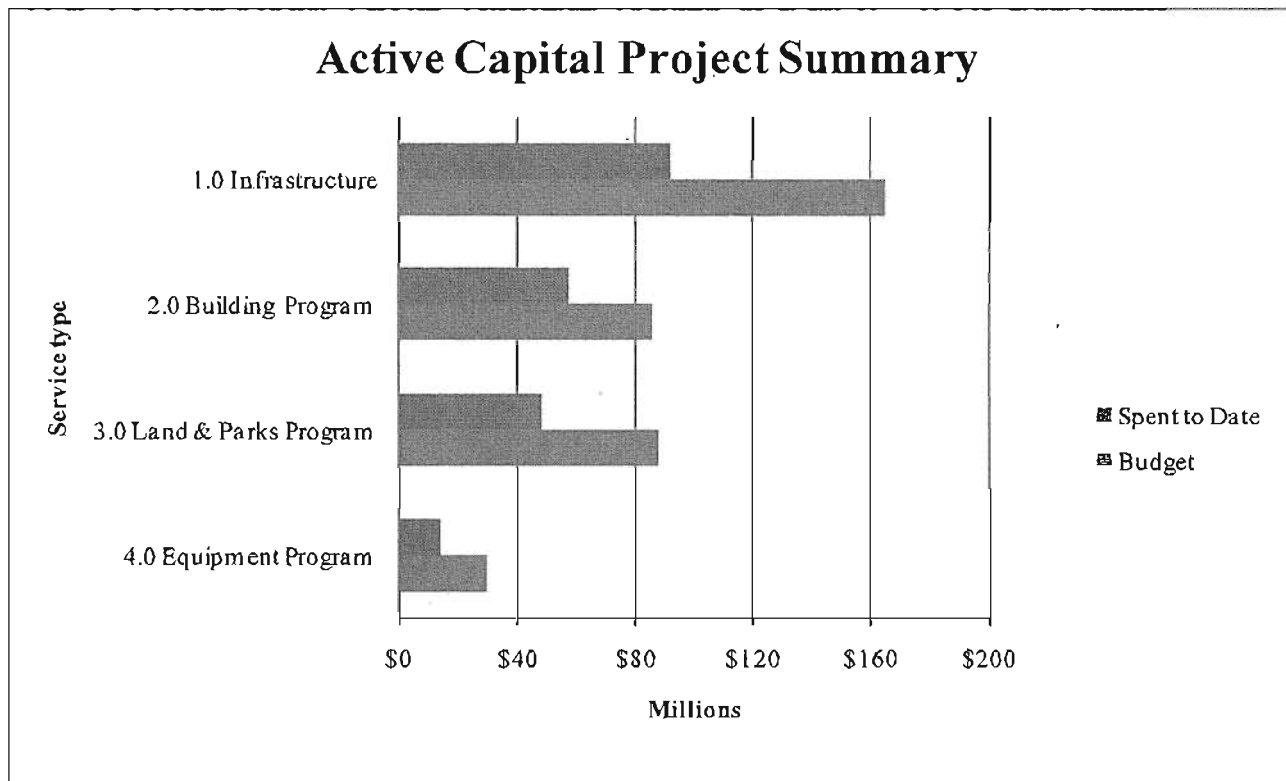
- Water Utility is currently on budget with water consumption anticipated to peak through the high usage summer months. Increased receivable activity costs have been matched with increased receivable income.
- Sewer Utility is on budget.
- Sanitation and Recycling Utility is on budget.

### Active Capital Project Summary

The 2012 Capital Budget of \$64.8M (excluding internal payment transfers and debt repayments) are included in the figures below as are amounts relating to capital projects from previous years' Capital budgets that remain active.

The projects within the Infrastructure, Building, Land & Parks and Equipment Programs are in progress.

| Statement of Active Capital Project Expenditures |                  |                  |                  |
|--|------------------|------------------|------------------|
| \$'000s  |                  |                  |                  |
| Asset Category                                   | Budget           | Spent to Date    | Commitment       |
| 1.0 Infrastructure                               | \$164,943        | \$91,435         | \$73,508         |
| 2.0 Building Program                             | \$85,701         | \$57,448         | \$28,253         |
| 3.0 Land & Parks Program                         | \$87,958         | \$48,153         | \$39,805         |
| 4.0 Equipment Program                            | \$29,884         | \$13,787         | \$16,097         |
| <b>Grand Total</b>                               | <b>\$368,486</b> | <b>\$210,823</b> | <b>\$157,663</b> |



### Cash and Investment Portfolio

The City's cash and investment portfolio at June 30, 2012 was \$685.5M, with an average yield on investment for the 2nd quarter of 2.26%. The City's investment policy and cash flow projections have been factored into the terms and types of investments that the City holds (**Appendix 1**).

The Bank of Canada has left the key interest rates unchanged and has revised its growth expectations for Canada, now forecasting real GDP to advance by 2.1% in 2012 and 2.3% in 2013, compared to April's forecast of 2.4% in both years. The key factor with the revised forecast was the weaker view of emerging market economies (EMEs), notably China, with inflation pressures easing. The Bank also noted that the U.S. is growing at a slower pace than was previously envisioned in April's Monetary Policy Report and Europe is likely undergoing an economic downturn. Overall, weaker global growth is expected to weigh on the Canadian economy through depressed commodity prices and weaker exports. In Europe, another contraction is expected with higher-than-expected euro zone GDP growth in Q1 2012 likely to be followed by three quarters of decline.

Reflecting on all these factors, yields across the Canadian yield curve remained low during the quarter as investors continue their "flight to safety". It is projected that the interest rate is going to remain at the low level in 2012 and is not likely to increase until 2013.

The City in accordance with its Investment Policy (3702) is required to carry a diversified investment mix with strong credit quality and at the same time meet the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

### Key Indicators (Appendix 2)

This appendix provides information with regard to various financial and market indicators for the year 2012 as compared to 2011.

### Contract Awards (Appendix 3)

This report provides Committee members information with regard to the formal contracts awarded by the City during the 2nd quarter.

### **Financial Impact**

None

### **Conclusion**

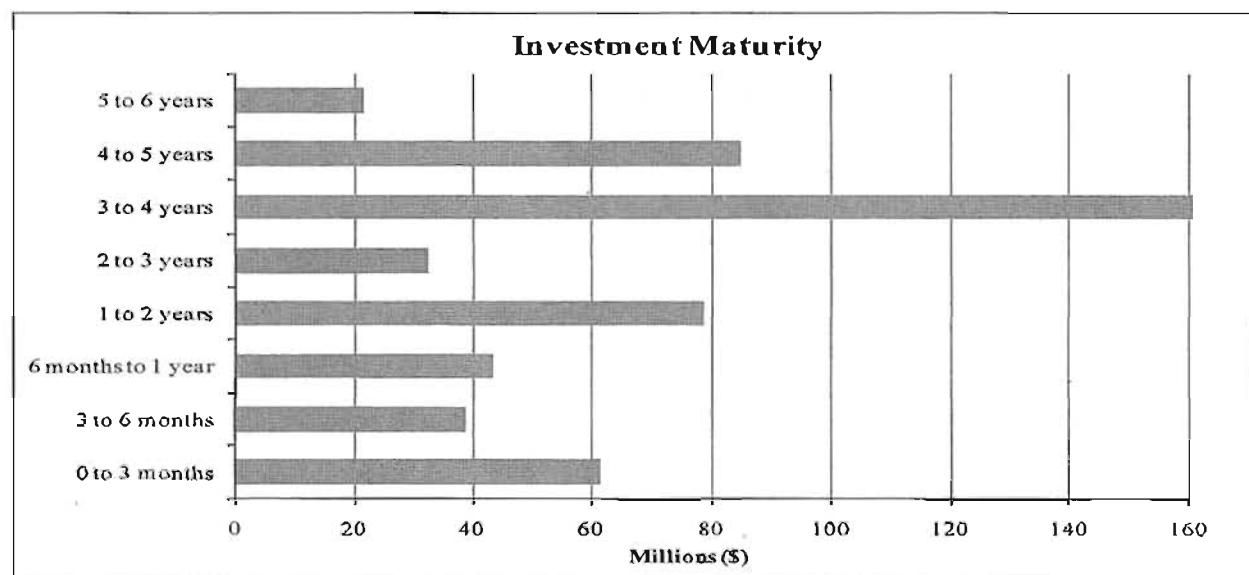
The City of Richmond is continuing on the favourable start it had to the fiscal 2012 year. The economic environment has also improved slightly and the City is projected to experience modest growth.




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Manager, Budgets & Accounting  
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**Cash and Investment Portfolio – June 30, 2012 (In'000s)**

| <b>Issuer</b>   | <b>Amount</b>     | <b>% of Portfolio</b> |
|---|-------------------|-----------------------|
| <b>Federal Government and Federal Crown Corporations</b>        |                   |                       |
| Canadian Mortgage and Housing Corporation                       | \$ 272,871        | 39.52%                |
| Government of Canada  | 8,601             | 1.25%                 |
| <b>Total</b>  | <b>\$ 281,472</b> | <b>40.77%</b>         |
| <b>Provincial Governments and Provincial Crown Corporations</b> |                   |                       |
| Province of Ontario   | \$ 113,759        | 16.48%                |
| Financement Quebec  | \$ 43,087         | 6.24%                 |
| <b>Total</b>  | <b>\$ 156,846</b> | <b>22.72%</b>         |
| <b>Schedule I Banks</b>   |                   |                       |
| Royal Bank of Canada  | \$ 15,426         | 2.23%                 |
| TD Financial  | 14,501            | 2.10%                 |
| CIBC  | 8,992             | 1.30%                 |
| Scotia Bank   | 7,769             | 1.13%                 |
| <b>Total</b>  | <b>\$ 46,688</b>  | <b>6.76%</b>          |
| <b>Credit Unions</b>  |                   |                       |
| Vancity Savings Credit Union                                    | \$ 29,960         | 4.34%                 |
| Gulf & Fraser Financial Group                                   | 28,433            | 4.12%                 |
| Coast Capital Savings   | 16,078            | 2.33%                 |
| <b>Total</b>  | <b>\$ 74,472</b>  | <b>10.79%</b>         |
| <b>Pooled Investments</b>                                       |                   |                       |
| Municipal Finance Authority                                     | \$ 21,491         | 3.11%                 |
| <b>Total</b>  | <b>\$ 21,491</b>  | <b>3.11%</b>          |
| <b>Total Investments</b>  | <b>\$ 580,968</b> |                       |
| <b>Total Cash &amp; Cash Equivalents</b>                        | <b>\$ 109,418</b> | <b>15.85%</b>         |
| <b>Total Investments and Cash &amp; Cash Equivalents</b>        | <b>\$ 690,386</b> |                       |



## Key Indicators

|  <b>City of Richmond</b><br><b>Key Indicators - June 30, 2012</b> |                          |                          |           |                               |                               |                          |
|--|--------------------------|--------------------------|-----------|-------------------------------|-------------------------------|--------------------------|
| All \$ in 000s   | Q2 2012<br>Apr-June 2012 | Q2 2011<br>Apr-June 2011 | % Change  | Year to Date<br>Jan-June 2012 | Year to Date<br>Jan-June 2011 | Year to date %<br>change |
| <b>Housing Starts</b>  |                          |                          |           |                               |                               |                          |
| Number of Housing Starts (number of units)   | 644                      | 374                      | 72.2%     | 999                           | 552                           | 81.0%                    |
| Number of Demolitions  | 162                      | 186                      | (12.4%)   | 296                           | 309                           | (4.2%)                   |
| Net Housing Units Added  | 482                      | 189                      | 155.0%    | 703                           | 243                           | 189.3%                   |
| <b>Building Permits</b>  |                          |                          |           |                               |                               |                          |
| Number of Building Permits Issued  | 348                      | 361                      | (3.6%)    | 642                           | 696                           | (7.8%)                   |
| Permit Revenues Collected  | \$2,102                  | \$1,857                  | 13.2%     | \$3,510                       | \$2,785                       | 26.0%                    |
| Value of Building Construction for Permits Issued  | \$191,362                | \$85,969                 | 122.6%    | \$257,961                     | \$183,799                     | 40.3%                    |
| <b>Development Applications</b>  |                          |                          |           |                               |                               |                          |
| Development Applications Received  | 68                       | 50                       | 32.0%     | 116                           | 85                            | 36.5%                    |
| Development Applications Revenue   | \$195                    | \$166                    | 17.1%     | \$483                         | \$402                         | 20.2%                    |
| <b>Business Licenses</b>   |                          |                          |           |                               |                               |                          |
| Number of New Business Licenses Issued   | 669                      | 496                      | 34.9%     | 1,170                         | 1,038                         | 12.7%                    |
| Number of Employees Reported - New Licenses  | 2,827                    | 1,311                    | 115.6%    | 4,366                         | 2,876                         | 51.8%                    |
| Total Valid Licenses Renewed/(Discontinued)  | 448                      | (16)                     | (2900.0%) | 13,652                        | 12,600                        | 8.3%                     |
| Revenue Received for Current Year Licenses   | \$779                    | \$621                    | 25.4%     | \$2,348                       | \$2,080                       | 12.9%                    |
| Revenue Received for Next Year (Deferred)  | \$173                    | \$105                    | 64.9%     | \$228                         | \$158                         | 44.8%                    |
| Total License Revenue  | \$952                    | \$726                    | 31.1%     | \$2,574                       | \$2,238                       | 15.1%                    |
| <i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>   |                          |                          |           |                               |                               |                          |
| <b>Other Revenues</b>  |                          |                          |           |                               |                               |                          |
| Parking Program Revenue  | \$412                    | \$345                    | 19.4%     | \$772                         | \$697                         | 10.8%                    |
| Gaming Revenue   | \$3,675                  | \$2,778                  | 32.3%     | \$8,305                       | \$5,557                       | 49.5%                    |
| Traffic Fine Revenue to date   | \$390                    | \$544                    | (28.4%)   | \$780                         | \$1,088                       | (28.4%)                  |
| <b>Development Cost Charges Income</b>   |                          |                          |           |                               |                               |                          |
| Roads, Water, Sewer DCC's Received   | \$3,678                  | \$3,084                  | 19.2%     | \$5,995                       | \$3,484                       | 72.1%                    |
| Parks DCC's Received   | \$6,269                  | \$3,209                  | 95.3%     | \$8,628                       | \$3,636                       | 137.3%                   |
| Total DCC Fees Received  | \$9,946                  | \$6,294                  | 58.0%     | \$14,624                      | \$7,121                       | 105.4%                   |
| <b>Uncommitted Reserves</b>  |                          |                          |           |                               |                               |                          |
| DCC Reserves to date   | \$34,408                 | \$27,653                 | 24.4%     | \$34,408                      | \$27,653                      | 24.4%                    |
| Capital Funding Reserves to date   | \$72,064                 | \$50,679                 | 42.2%     | \$72,064                      | \$50,679                      | 42.2%                    |
| Affordable Housing Reserves to date  | \$1,748                  | \$1,830                  | (4.5%)    | \$1,748                       | \$1,830                       | (4.5%)                   |
| Other Reserves to date   | \$95,980                 | \$73,862                 | 29.9%     | \$95,980                      | \$73,862                      | 29.9%                    |
| Total Uncommitted Reserves to date   | \$204,200                | \$154,024                | 32.6%     | \$204,200                     | \$154,024                     | 32.6%                    |
| <b>Taxes to date</b>   |                          |                          |           |                               |                               |                          |
| Taxes Collected  | \$153,687                | \$140,795                | 9.2%      | \$161,477                     | \$148,025                     | 9.1%                     |
| City Portion of Taxes Collected  | \$75,308                 | \$68,989                 | 9.2%      | \$79,124                      | \$72,532                      | 9.1%                     |
| Unpaid Taxes - Delinquent & Arrears  | \$4,437                  | \$4,077                  | 8.8%      | \$4,437                       | \$4,077                       | 8.8%                     |
| No. of Participants on PAWS (Pre authorized withdrawal)  | 5,755                    | 5,655                    | 1.8%      | 5,755                         | 5,655                         | 1.8%                     |
| PAWS   | \$4,094                  | \$3,458                  | 18.4%     | \$10,252                      | \$8,896                       | 17.9%                    |
| Interest Rate Paid to PAWS   | 1.00%                    | 1.00%                    | 0.00%     | 1.00%                         | 1.00%                         | 0.00%                    |
| <i>Sources: All data is from City of Richmond records</i>  |                          |                          |           |                               |                               |                          |

|  <b>City of Richmond</b><br><b>Key Indicators - June 30, 2012</b> |                          |                          |          |                               |                               |                          |
|--|--------------------------|--------------------------|----------|-------------------------------|-------------------------------|--------------------------|
| All \$ in 000s   | Q2 2012<br>Apr-June 2012 | Q2 2011<br>Apr-June 2011 | % Change | Year to Date<br>Jan-June 2012 | Year to Date<br>Jan-June 2011 | Year to date %<br>change |
| <b>Affordable Housing</b>  |                          |                          |          |                               |                               |                          |
| Affordable Rental Units  | 38                       | 8                        | 375.0%   | 132                           | 8                             | 1550.0%                  |
| Secondary Suite/Coach House Units  | 4                        | 6                        | (33.3%)  | 12                            | 11                            | 9.1%                     |
| Market Rental Units  | -                        | -                        | 0.0%     | -                             | -                             | 0.0%                     |
| Unspent Funds Allocated to Capital Projects to date  | \$10,442                 | \$9,198                  | 13.5%    | \$10,442                      | \$9,198                       | 13.5%                    |
| <b>Investments</b>   |                          |                          |          |                               |                               |                          |
| Total Investments  | \$567,838                | \$607,877                | (6.6%)   | \$567,838                     | \$607,877                     | (6.6%)                   |
| <b>Interest Earned on Investments</b>  |                          |                          |          |                               |                               |                          |
| Average City Rate of Return on Investments   | 2.26%                    | 2.40%                    | (0.14%)  | 2.25%                         | 2.84%                         | (0.59%)                  |
| <i>Sources: All data is from City of Richmond records</i>  |                          |                          |          |                               |                               |                          |
| <b>Market Indicators</b>   |                          |                          |          |                               |                               |                          |
| <b>Median Residential Selling Prices - Richmond</b>  |                          |                          |          |                               |                               |                          |
| Single Family Detached   | \$974                    | \$970                    | 0.4%     | \$977                         | \$989                         | (1.2%)                   |
| Townhouse  | \$519                    | \$557                    | (6.8%)   | \$529                         | \$547                         | (3.3%)                   |
| Apartment  | \$341                    | \$358                    | (4.7%)   | \$343                         | \$356                         | (3.7%)                   |
| Number of Sales (all housing types)  | 825                      | 1,141                    | (27.7%)  | 1,871                         | 2,667                         | (37.3%)                  |
| <i>Source: Real Estate Board of Greater Vancouver</i>  |                          |                          |          |                               |                               |                          |
| <b>Unemployment Rate-Greater Vancouver</b>   | 7.3%                     | 7.3%                     | 0.0%     | 7.3%                          | 7.3%                          | 0.0%                     |
| <i>Regional Unemployment Rate (3 month moving average)</i>   |                          |                          |          |                               |                               |                          |
| <i>Source: Statistics Canada &amp; BC Stats (Data not available for Richmond)</i>  |                          |                          |          |                               |                               |                          |
| <b>Economic Development</b>  |                          |                          |          |                               |                               |                          |
| Total sq. ft space Office YTD  | 4,358,727                | 4,319,927                | 0.9%     | 4,358,727                     | 4,319,927                     | 0.9%                     |
| Total sq. ft vacant space available Office YTD   | 845,205                  | 850,682                  | (0.6%)   | 845,205                       | 850,682                       | (0.6%)                   |
| Vacancy rate - Office (in %) YTD   | 19.39%                   | 19.69%                   | (1.5%)   | 19.39%                        | 19.69%                        | (1.5%)                   |
| Total sq. ft space Industrial YTD  | 36,306,863               | 36,246,862               | 0.2%     | 36,306,863                    | 36,246,862                    | 0.2%                     |
| Total sq. ft vacant space available Industrial YTD   | 1,225,757                | 1,594,862                | (23.1%)  | 1,225,757                     | 1,594,862                     | (23.1%)                  |
| Vacancy rate - Industrial (in %) YTD   | 3.93%                    | 4.40%                    | (10.7%)  | 3.93%                         | 4.40%                         | (10.7%)                  |
| <i>Source: Cushman &amp; Wakefield Ltd. - Market Report</i>  |                          |                          |          |                               |                               |                          |
| <b>Richmond Population Estimate Year End**</b>   | 2012                     | 201,471                  |          |                               |                               |                          |
| <b>**Note: BC Stats Population figures</b>   | 2011                     | 199,141                  |          |                               |                               |                          |

**Contract Awards > \$ 25,000**  
**April 1, 2012 – June 30, 2012**

|     | <b>Contract Name</b>   | <b>Award</b>                         | <b>Amount</b> | <b>Description</b>  | <b>Department or Division</b>           |
|-----|--|--------------------------------------|---------------|---|---|
| 1.  | 4201P - Artist Affordable Housing  | Public                               | \$26,210.00   | Needs Assessment for Artists' affordable housing and creation space survey  | Community Services                      |
| 2.  | 4234Q - Armoured Car Service (Co-op)   | Churchill Armoured Car Services      | \$81,835.68   | To provide armoured car services to community centres, aquatic centres, arenas, outdoor pools, senior centre, and city hall   | Business & Financial Services           |
| 3.  | 4281Q - Supply and Delivery of eight (8) 3/4 Ton Extended Cab Pickup Truck   | Maple Ridge Chrysler                 | \$375,895.00  | Replacement of 8 vehicles for various departments in Parks and Public Works to replace aging units. Note that four additional units were negotiated into the contract as rental units administered by the Fleet department for a total purchase of 12 vehicles. | PW - Fleet                              |
| 4.  | 4411F - Annual Powder Post Beetle Remediation at Britannia Heritage Shipyards  | Entech Environmental Ltd.            | \$50,000.00   | Annual program to prevent pests from destroying building on site  | Project Development & Facilities Maint. |
| 5.  | 4412F - Consulting services and structural engineering to design sound absorption panels at Watermania                                 | Read Jones Christofferson            | \$48,500.00   | Consultant services to create design and shop drawings for new acoustical absorption panels over the pool natatorium  | Project Development & Facilities Maint. |
| 6.  | 4415F - West Richmond Community Centre Court conversion to weight room   | Colter Developments                  | \$25,978.00   | Renovations to existing racquet court to create additional weight room space, as requested by Association   | Project Development & Facilities Maint. |
| 7.  | 4416F - 2012 Media monitoring services provided by Infomart  | FP Infomart                          | \$28,740.00   | Media monitoring services   | Communications                          |
| 8.  | 4417F - Auto CAD, Auto CAD Civil 3D & Auto CAD Roster Design subscriptions   | ImaginIt Technologies                | \$27,582.51   | Software subscriptions for Auto CAD program   | Information Technology                  |
| 9.  | 4420F - Supply and delivery of Hardware for Voiceover Wi-Fi  | Telus Communications                 | \$43,134.96   | Supply and delivery of hardware for Voiceover WiFi capability   | Information Technology                  |
| 10. | 4421F - Amanda 5 Upgrade Assessment  | CSDC Systems Inc.                    | \$38,700.00   | Review of current business processes and system requirements for Amanda 5 upgrade (UD, Building Approval, FoH, )  | Information Technology                  |
| 11. | 4422F - Hansen Annual Maintenance Contract   | Infor Global Solutions (Canada) Ltd. | \$94,375.68   | Annual Service and Support fees for Hansen (PW maintenance management system)   | Information Technology                  |
| 12. | 4424F - Assessment of existing Hansen 7, support of current operational reports, process improvement with PW, Parks and Facilities, CH | Infor Global Solutions (Canada) Ltd. | \$29,000 (US) | Review of current business processes and system requirements for Hansen 8 upgrade (Utilities, Parks, Facilities, Fleet and FoH, )   | Information Technology                  |
| 13. | 4425F - Presentation of 2 day courses to Richmond Fire and Rescue "Marine Fire Fighting for Land-based                                 | Seafire Training Ltd.                | \$ 78,000.00  | Presentation of 2 day courses to Richmond Fire and Rescue "Marine Fire Fighting for Land-based Firefighters - Awareness Level &   | Human Resources                         |

|     | <b>Contract Name</b>   | <b>Award</b>                       | <b>Amount</b> | <b>Description</b>  | <b>Department or Division</b>           |
|-----|--|------------------------------------|---------------|---|---|
|     | Firefighters - Awareness Level & Marina Operations   |                                    |               | Marina Operations   |   |
| 14. | 4426F - KSB submersible pump for the Williams Pump station upgrade   | KSB Pumps Inc.                     | \$92,295.00   | KSB brand submersible pump for the Williams Pump station upgrade (compatible with existing infrastructure)                            | PW - Engineering                        |
| 15. | 4427 - KSB submersible pump for the No. 1 Road Pump station upgrade  | KSB Pumps Inc.                     | \$208,650.00  | KSB submersible pump for the No. 1 Road Pump station upgrade (compatible with existing infrastructure)                                | PW - Engineering                        |
| 16. | 4429F - Tempest eBilling Tax / Utility software, consulting, implementation and training services  | Tempest Development Group Inc.     | \$28,000.00   | Implementation of the electronic presentation of Tax and Utilities Bills for the Tax Dept.  | Information Technology                  |
| 17. | 4430F - Yearly contract with Mainroad to provide maintenance to the Knight Street corridor for March 15, 2011 – September 14, 2011       | Mainroad Lowermainland Contracting | \$53,397.50   | To provide street maintenance on Knight Street from Westminster Hwy to the south end of the Knight Street bridge deck                 | Roads & Construction                    |
| 18. | 4431F - Yearly contract with Mainroad to provide maintenance to the Knight Street corridor for September 15, 2011 – March 14, 2012       | Mainroad Lowermainland Contracting | \$53,397.50   | To provide street maintenance on Knight Street from Westminster Hwy to the south end of the Knight Street bridge deck                 | Roads & Construction                    |
| 19. | 4433F - Windows Exchange Server software   | Dell Canada                        | \$29,468.27   | Software for the Windows Exchange server  | Information Technology                  |
| 20. | 4434F - Animal Shelter Feasibility Study   | Office of McFarlane Biggar         | \$41,250.00   | Conducted a feasibility to expand the City's animal welfare services from the existing site   | Project Development & Facilities Maint. |
| 21. | 4436F - Supply and install of sewerage system as per Cleartech Consulting drawings (6) dated April 2012 for Terra Nova Heritage Precinct | RH Contracting Ltd.                | \$37,500.00   | Supply and installation of sewerage system as per Cleartech Consulting drawings (6) dated April 2012 for Terra Nova Heritage Precinct | Project Development & Facilities Maint. |
| 22. | 4437F - Concord Pacific Developments "Omega" private development public art project  | Ruth Beer & Charlotte Wall         | \$100,000.00  | To create and install public art just inside property line of new development at 9388 Odlin Rd, along pedestrian greenway.            | Community Services                      |
| 23. | 4438F - 16 MS SQL Server 2012 2-core license packs for REDMS databases   | SoftChoice Corporation             | \$51,570.08   | 2012 licenses for REDMS database servers  | Information Technology                  |
| 24. | 4439F - PSB: Demo work for floors 3, 4, 5  | Thermatech Installation Ltd.       | \$267,209.00  | Demolition work and asbestos abatement at the old Public Safety Building (aka City Hall Annex)  | Project Development & Facilities Maint. |
| 25. | 4442F - OPSB (Annex) Mechanical Consulting   | IMEC Mechanical Consulting         | \$40,000.00   | Consultant for the mechanical services at the City Hall Annex   | Project Development & Facilities Maint. |
| 26. | 4443F - RCMP CSB: Supply & install ECOMM & cellular booster system   | Cartel                             | \$75,787.06   | Supply and installation of a cellular signal booster system at the new RCMP CSB   | Project Development & Facilities Maint. |
| 27. | 4444F - BlueGreen Productions  | BlueGreen Productions              | \$120,000.00  | Production costs for 2012 Maritime Festival   | Community Service                       |
| 28. | 4572P - Quality Assurance Program  | Golder Associates Ltd.             | \$85,153.00   | Quality Assurance Testing for City infrastructure projects  | PW - Engineering                        |



|     | <b>Contract Name</b>   | <b>Award</b>                        | <b>Amount</b> | <b>Description</b>   | <b>Department or Division</b>           |
|-----|--|-------------------------------------|---------------|--|---|
| 29. | 4635T - Multi Family Underground Water Meter Installations                         | TGK Irrigation Ltd                  | \$74,850.00   | Water meter installation – Volunteer Multi-Family Water Meter Program  | PW - Engineering                        |
| 30. | 4641Q - Pre-Load for the Child Care Centre at 23591 Westminster Highway (Hamilton) | E. Mathers Bulldozing               | \$185,000.00  | Pre-Load for the Child Care Centre at 23591 Westminster Highway (Hamilton)                                       | Project Development & Facilities Maint. |
| 31. | 4642Q - Recycling Bins   | Muralis Architectural Products Ltd. | \$58,732.80   | Purchase of recycling bins for City facilities as part of Public Spaces Recycling Program – graduated expansion. | PW - Environmental Programs             |
| 32. | 4643 EOI - Functional Consultant - Purchasing On-Line Requisitioning Program       | Pauline Sykes - Consultant          | \$239,400.00  | Implementation of Purchase Requisition & Security functionalities in PeopleSoft Financials.                      | Purchasing/Information Technology       |
| 33. | 4650T - Minoru Arena Refrigeration Upgrade   | Fraser Valley Refrigeration Ltd.    | \$305,650.00  | Infrastructure replacement project to replace 30+ yr old brine chiller and BC Safety Authority requirements      | Project Development & Facilities Maint. |
| 34. | 4653Q - Exterior Repainting of Facilities (2012)                                   | A Craig and Son                     | \$66,309.50   | Exterior painting at Gateway Theatre, East Richmond Comm Ctr and the Library Cultural Centre parkade.            | Facilities Maint.                       |
| 35. | 4656P - Consulting Services - Network Engineering                                  | Teema Consulting                    | \$72,000.00   | Consulting Services - Network Engineer/ Consulting for Extreme Network Technologies equipment                    | Information Technology                  |
| 36. | 4657Q - Resurface Tennis Courts @ Minoru Park                                      | Marathon Surfaces Inc.              | \$25,365.00   | Colour Coat Resurfacing of the existing 5 tennis courts at Minoru Park   | Community Services                      |





# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** August 22, 2012

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

**File:**

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

**Re:** 1st Quarter 2012 - Financial Information for the Richmond Olympic Oval Corporation

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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



**DATE:** August 22, 2012

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
General Manager, Richmond Olympic Oval Corporation

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

**Re:** Richmond Olympic Oval Corporation – 1<sup>st</sup> Quarter 2012 Financial Information

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#### Origin

Section 7.3 of the Operating Agreement between the City of Richmond (the "City") and the Richmond Olympic Oval Corporation (the "Corporation") requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the first quarter business plan and financial results for the 3 months ended March 31, 2012 ("Q1").

#### Business Plans and Planning

Highlights of the activities undertaken by Corporation staff during Q1 are described below.

#### Community Use

The Corporation continued to provide facility access to the Richmond community. Richmond organizations and residents represented a large portion of the usage of the ice, track and court areas during prime time, including: 64% of ice usage, 44% of track usage and 73% of court usage. The Corporation's membership usage also continues to grow with 78% of members being Richmond residents at the end of Q1. There was an average of 889 member scans per day in Q1 2012 (up from 740 per day in Q4 2011).

Registered programs experienced strong growth in Q1 2012 as revenue from this area increased by 25% compared to Q1 2011 primarily due to the revenue generated from the new High Performance Training area. Drop-in fitness classes and Fitness Centre usage are continuing to show strong growth as evidenced by increased attendance figures. Summer sport camp registrations were also 15% ahead at the end of Q1 2012 compared to the end of Q1 2011. The Corporation's new Climbing Wall

opened to 'Member Sneak Peaks' and 'Spring Break Tie 'n Tries' during the last week of March with 369 registrants. Learn to Climb courses and paid climbing admissions began in Q2. The Corporation is also currently researching the feasibility of offering programs for children aged 0-6.

DRIVE Basketball at the Richmond Olympic Oval launched successfully in January with daily/weekend sessions and camps involving 335 athletes.

### Sport Development and Events

The Corporation's new High Performance Training Centre opened in January of 2012. Programming of this space has already showcased the Corporation's unique legacy by seamlessly combining community and high performance sport. The Oval is becoming the home to HighER Performance programs for aspiring youth athletes and adult recreationalists as well as Canada's Olympic Women's Soccer Team as they trained for the 2012 Olympic Summer Games in London. There were 36 Olympic athletes that trained in our High Performance programs preparing for competition in the 2012 Olympic Summer Games in London in 10 different Olympic sports, including: Synchronized Swimming, Biathlon, Judo, Soccer, Table Tennis, Volleyball, Beach Volleyball, Tennis, Fencing and Rugby.

In Q1, the Corporation confirmed the IGNITE program start date of June 12, 2012. This program is a joint effort between the Corporation and Canadian Sport Centre Pacific and is designed to help athletes between the ages of 14 and 17 improve their athleticism, physical literacy and fitness with the aim of producing future champions for Canada.

Richmond Celebrates Scotiabank Hockey Day in Canada, which attracted 16,000 participants from across Metro Vancouver and highlighted the Oval on national television, headlined a variety of local and national events hosted at the Oval in Q1, including: the Futsal Provincial Championships, the Judo Vancouver International Open, ISEA Play Day, the Harry Jerome Track and Field Indoor Classic, the Canadian Junior National Short Track Speed Skating Championships, Karate National Championships, the Vancouver International Table Tennis tournament, and the Province Grand Forza Pentathlon.

### Governance

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q1.

## **Comments on the Financial Results for Q1**

The unaudited financial statements and budget have been prepared based on the following information:

- 1) The 2012 approved budget is based on fiscal 2012 having operating revenues and operating expenses at levels for a normal year's uninterrupted operations.
- 2) The Q1 portion of the 2011 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$696,000 was recorded as a receivable and recognized as revenue (2012 fiscal funding of \$2,785,000 was received in July).
- 3) Effective July 1, 2011, the Sport Hosting department from the City of Richmond was transferred over to the Corporation along with separate funding that is attached to that function. The funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized. In Q1, \$118,000 of expenses pertaining to Sport Hosting were incurred. The identical amount of revenue was recognized.
- 4) In the fourth quarter of 2011, the CEO of the Corporation implemented a spending freeze on discretionary items whereby purchases of discretionary items were to go to the Discretionary Spending Committee for approval prior to the purchase being made. This added level of oversight has continued in 2012 and contributes to the overall favorable variance in the first quarter of 2012.

### **Analysis of Significant Variances of actual results compared to Budget for Q1 of Fiscal Year 2012:**

**Q1 result** was budgeted at a net income of \$297,000 and the actual results show a net income of \$870,000 a favorable variance of \$573,000. This was the Corporation's most profitable quarter since opening.

#### **Revenues**

**Memberships, admissions and programs** revenue of \$1,411,000 had a positive variance of \$198,000 (16%) when compared to budget.

**Sport Hosting** revenue of \$118,000 was recognized to offset the expenditures during Q1.

**Other Revenue** of \$236,000 was recorded during the quarter which mainly included sponsorship revenue, space leasing, parking, and interest revenue.

### Expenses

Aggregate Member Care Services, Event Services, and Fitness Services costs over the first quarter of 2012 were \$484,000 which is \$58,000 (14%) over budget primarily due to events being \$74,000 over budget as a result of the 'Hockey Day in Canada' event not being included in the budget of which our expenditures were \$85,000. Most of this expense was offset by sponsorship revenue which is included in Memberships, admissions, and programs.

Sports Services costs for Q1 were \$354,000 which was \$75,000 (18%) under budget primarily due to cost control and salaries being under budget.

Facility Operations costs for Q1 were \$764,000 which was \$148,000 (16%) under budget primarily due to utilities being under budget by \$75,000 and repairs, maintenance and supplies being \$48,000 under budget.

Sport Hosting expenses for Q1 were \$118,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q1 were \$103,000 and were \$26,000 (33%) over budget primarily due to a large advertising initiative funded in Q1 (bus shelter ads).

Administration and Finance expenses for Q1 were \$537,000 being \$138,000 (20%) under budget.

### Summary

The three month period ending March 31, 2012 was the Corporation's most profitable quarter since opening. The Corporation budgeted a net income of \$297,000 and the actual results showed a net income of \$870,000; a favorable variance of \$573,000.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

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

# **RICHMONT OLYMPIC OVAL CORPORATION**

Statement of Operations - Non PSAB

For the quarter ended March 31, 2012

Unaudited, prepared by management

|   | QTR 1<br>2012 |           |                            | QTR 1<br>2011             |           |           | 2012<br>BUDGET             |                           |            |
|---|---------------|-----------|----------------------------|---------------------------|-----------|-----------|----------------------------|---------------------------|------------|
|   | BUDGET        | ACTUALS   | \$ Variance<br>Fav/(Unfav) | % Variance<br>Fav/(Unfav) | BUDGET    | ACTUALS   | \$ Variance<br>Fav/(Unfav) | % Variance<br>Fav/(Unfav) | BUDGET     |
| <b>REVENUES</b>                               |               |           |                            |                           |           |           |                            |                           |            |
| 2010 Games Operating Trust Fund               | 625,000       | 696,159   | 71,159                     | 11%                       | 625,000   | 684,850   | 59,850                     | 10%                       | 2,500,000  |
| Contribution from City of Richmond            | 768,471       | 768,471   | -                          | 0%                        | 755,625   | 755,625   | -                          | 0%                        | 3,073,883  |
| Memberships, admissions and programs (Note 1) | 1,213,875     | 1,411,426 | 197,552                    | 16%                       | 988,390   | 1,039,065 | 50,675                     | 5%                        | 4,828,246  |
| Sport Hosting (Note 2)                        | 139,500       | 118,015   | (21,485)                   | -                         | -         | -         | -                          | -                         | 500,000    |
| Interest and other                            | 209,733       | 236,057   | 26,324                     | 13%                       | 199,546   | 189,869   | (9,676)                    | -5%                       | 838,930    |
|   | 2,956,578     | 3,230,128 | 273,551                    | 9%                        | 2,568,561 | 2,669,409 | 100,848                    | 4%                        | 11,741,059 |
| <b>EXPENSES</b>                               |               |           |                            |                           |           |           |                            |                           |            |
| Member care services                          | 198,471       | 215,136   | (16,665)                   | -8%                       | 232,903   | 190,107   | 42,795                     | 18%                       | 834,553    |
| Event services (Note 1)                       | 39,986        | 113,757   | (73,771)                   | -184%                     | 38,063    | 52,790    | (14,727)                   | -39%                      | 159,942    |
| Sport services                                | 429,316       | 354,125   | 75,191                     | 18%                       | 324,135   | 219,045   | 105,091                    | 32%                       | 1,759,453  |
| Business services                             | 187,382       | 154,671   | 32,711                     | 17%                       | 151,425   | 141,611   | 9,814                      | 6%                        | 726,475    |
| Facility Operations                           | 911,850       | 763,669   | 148,181                    | 16%                       | 960,192   | 760,399   | 199,794                    | 21%                       | 3,724,158  |
| Marketing                                     | 77,241        | 103,056   | (25,815)                   | -33%                      | 153,741   | 101,920   | 51,820                     | 34%                       | 480,525    |
| Sport Hosting (Note 2)                        | 139,500       | 118,015   | 21,485                     | -                         | -         | -         | -                          | -                         | 500,000    |
| Admin/Finance                                 | 675,684       | 537,261   | 138,423                    | 20%                       | 683,651   | 620,718   | 62,933                     | 9%                        | 2,711,293  |
|   | 2,659,430     | 2,359,690 | 299,739                    | 11%                       | 2,544,110 | 2,086,589 | 457,521                    | 18%                       | 10,896,400 |
| <b>NET INCOME</b>                             | 297,148       | 870,438   | 573,290                    |                           | 24,451    | 582,820   | 558,369                    |                           | 844,659    |

Note 1 - Included in Event Services is \$85,000 of expenditures pertaining to the Hockey Day in Canada (HDIC) event. Most of these expenditures were offset by sponsorship revenue which is included in memberships, admissions and programs revenue.

Note 2 - Effective July 1, 2011 the Sport Hosting department (along with the funding) was transferred over from the City of Richmond to the Oval Corporation. The funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

Numbers may be off due to rounding.

Also see attached comments on the results for the First Quarter of Fiscal Year 2012.