



Finance Committee

Anderson Room, City Hall
6911 No. 3 Road

Tuesday, September 4, 2018

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 4, 2018.*



FINANCE AND CORPORATE SERVICES DIVISION

1. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2018**
(File Ref. No. 03-0970-09-01) (REDMS No. 5938515 v. 4)

FIN-7

See Page FIN-7 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2018”, dated August 10, 2018 from the Director, Finance be received for information.



2. **ACTIVE CAPITAL PROJECTS INFORMATION - 2ND QUARTER JUNE 30, 2018**

(File Ref. No. 03-1200-05) (REDMS No. 5890653 v. 4)

FIN-33

See Page **FIN-33** for full report

Designated Speaker: Melissa Shiau

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Information – 2nd Quarter June 30, 2018”, dated July 17, 2018 from the Director, Finance be received for information.



RICHMOND OLYMPIC OVAL CORPORATION

3. **RICHMOND OLYMPIC OVAL CORPORATION – 2ND QUARTER 2018 FINANCIAL INFORMATION**

(File Ref. No.) (REDMS No. 5938904)

FIN-51

See Page **FIN-51** for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2018 from the Controller of the Richmond Olympic Oval Corporation be received for information.



LULU ISLAND ENERGY COMPANY

4. **LULU ISLAND ENERGY COMPANY – 2018 OPERATING BUDGET AMENDMENT AND 2ND QUARTER FINANCIAL INFORMATION**

(File Ref. No. 10-6600-10-01) (REDMS No. 5912386 v. 3)

FIN-57

See Page **FIN-57** for full report

Designated Speakers: John Irving and Jerry Chong

Finance Committee Agenda – Tuesday, September 4, 2018

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ITEM

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter Financial Information” dated July 20, 2018 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, June 4, 2018

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Derek Dang
Councillor Carol Day
Councillor Ken Johnston
Councillor Alexa Loo
Councillor Bill McNulty

Absent: Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:16 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on May 7, 2018, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2017 ANNUAL REPORT AND 2017 ANNUAL REPORT – HIGHLIGHTS**

(File Ref. No.) (REDMS No. 5831853)

It was moved and seconded

That the reports titled, “2017 Annual Report” and the “2017 Annual Report – Highlights” be approved.

CARRIED

Finance Committee
Monday, June 4, 2018

2. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2018**
(File Ref. No. 03-0970-09-01) (REDMS No. 5811673 v. 4)

It was moved and seconded

That the staff report titled, “Financial Information – 1st Quarter March 31, 2018”, dated May 11, 2018 from the Director, Finance be received for information.

CARRIED

3. **CAPITAL BUDGET INFORMATION – 1ST QUARTER MARCH 31, 2018**
(File Ref. No. 03-0970-01) (REDMS No. 5802367 v. 7)

It was moved and seconded

That the staff report titled, “Capital Budget Information – 1st Quarter March 31, 2018”, dated May 15, 2018 from the Director, Finance be received for information.

CARRIED

RICHMOND OLYMPIC OVAL CORPORATION

4. **1ST QUARTER 2018 – FINANCIAL INFORMATION FOR THE RICHMOND OLYMPIC OVAL**
(File Ref. No.) (REDMS No. 5850947)

It was moved and seconded

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2018 from the Controller of the Richmond Olympic Oval Corporation be received for information.

CARRIED

LULU ISLAND ENERGY COMPANY

5. **LULU ISLAND ENERGY COMPANY – 1ST QUARTER 2018 FINANCIAL INFORMATION**
(File Ref. No. 10-6600-10-01) (REDMS No. 5848791 v. 3)

It was moved and seconded

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 1st Quarter 2018 Financial Information” dated May 22, 2018 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

CARRIED

2.

Finance Committee
Monday, June 4, 2018

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:17 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, 2018.

Mayor Malcolm D. Brodie
Chair

Amanda Welby
Legislative Services Coordinator



City of Richmond

Report to Committee

To: Finance Committee

Date: August 10, 2018

From: Jerry Chong
Director, Finance

File: 03-0970-09-01/2018-
Vol 01

Re: Financial Information – 2nd Quarter June 30, 2018

Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2018”, dated August 10, 2018 from the Director, Finance be received for information.

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

Att: 5

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

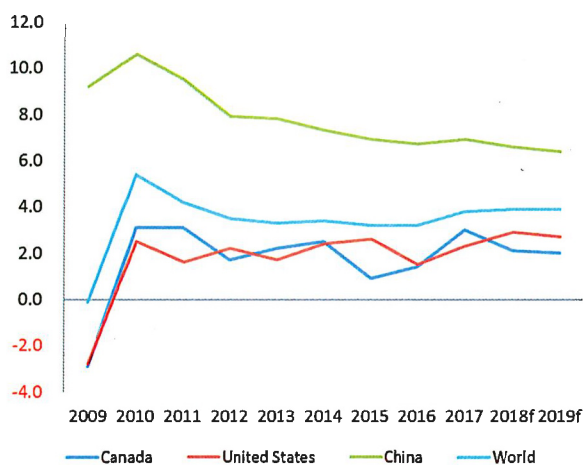
Origin

Pre-audited financial information for the 2nd quarter ended June 30, 2018 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City's financial results throughout the year and before the annual audited financial statements are presented.

Analysis

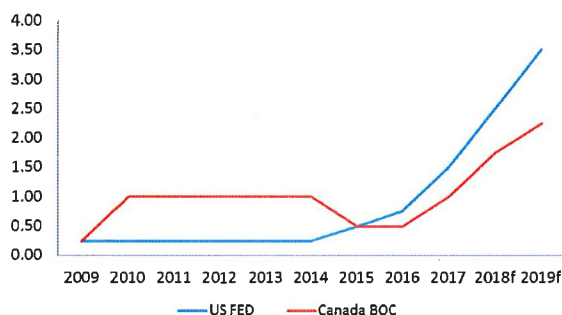
Macroeconomic Indicators & Forecast

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



- Global growth in GDP is projected to reach 3.9% in both 2018 and 2019, unchanged from the International Monetary Fund's World Economic Outlook from April 2018.
- The GDP growth forecast for the U.S. and Canada also remains unchanged, though downside risks are increasing amid escalating trade and geopolitical tensions.
- In Canada, GDP growth is forecasted at 2.1% in 2018 and 2.0% in 2019. The U.S. economy is expected to expand by 2.9% and 2.7%, and China is forecasted at 6.6% and 6.4% in 2018 and 2019 respectively.

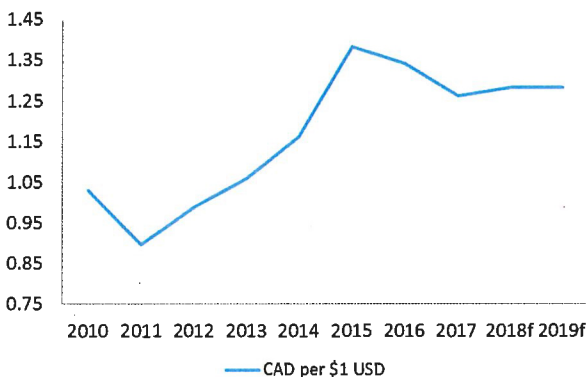
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End²



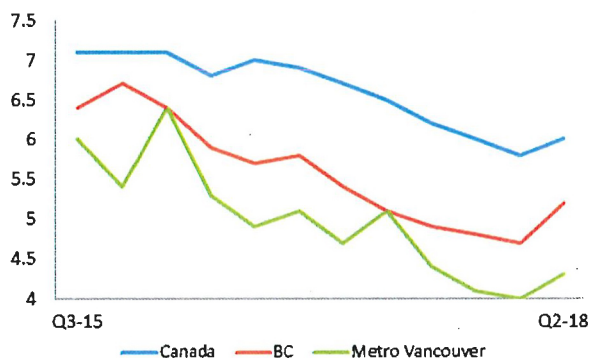
- Throughout the first half of the year, Canadian economic conditions were balanced by accelerating business investment offset by the drop in housing market activity. The Bank of Canada (BoC) overnight lending rate is expected to increase to 2.25% by the end of 2019.
- The U.S. Federal Reserve raised the overnight rate in Q2 2018 to 2.0%, the highest level since 2008. Citing strong economic conditions including job creation, wage growth and consumer spending, the rate is forecasted to increase to 3.5% by the end of 2019.

¹ International Monetary Fund, World Economic Outlook (July 2018)

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

3) Exchange Rates – CAD/USD at Year-End³

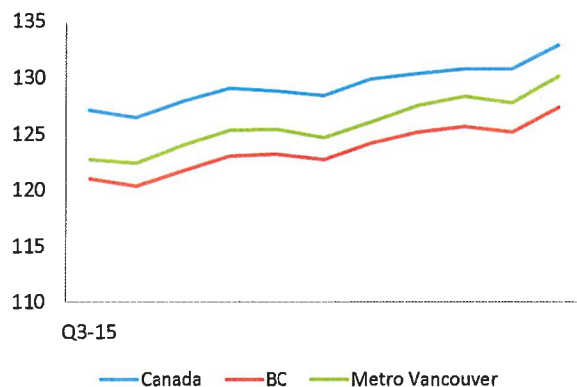
- A national economy performing at capacity caused the U.S. currency to continue to strengthen in Q2 2018.
- Strong data out of Canada influenced the position of the Canadian dollar (CAD). It was the best performing currency against the U.S. dollar (USD) falling only 2.6%.
- The CAD/USD exchange rate ended Q2 2018 at \$1.31 CAD per \$1 USD. It is expected to end 2019 at \$1.28 CAD per \$1 USD in anticipation of continued oil price stabilization, economic growth and resulting federal policy rate hikes.
- Downside risks to the CAD include uncertainty over NAFTA negotiations and broader trade tensions sparked by the U.S.

Regional & Local Economic Activity Indicators4) Unemployment⁴

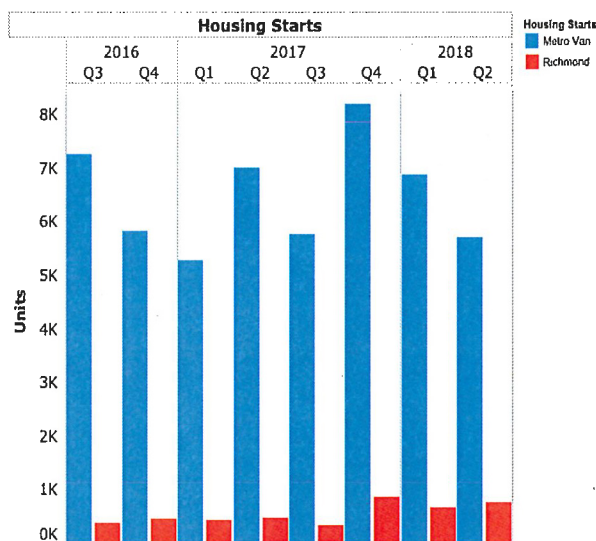
- National and regional economies continue to operate at close to full employment levels throughout the first half of 2018. The unemployment rate in Canada increased in Q2 2018, mainly due to growth in the overall labour force by nearly 76,000 workers.
- Unemployment rates ended the quarter at a low 6.0%, 5.2%, and 4.3% for Canada, B.C. and Metro Vancouver respectively. This represents a decrease of 7.7% and 15.7% for Canada and Metro Vancouver compared to the same quarter in 2017.
- Over the same period, B.C.'s unemployment rate increased by 2.0% but remains the lowest in the country.
- This employment growth is expected to put upward pressure on wages due to competition for skilled employees.

³ Bank of Canada, Monetary Policy Report (July 2018)

⁴ Statistics Canada

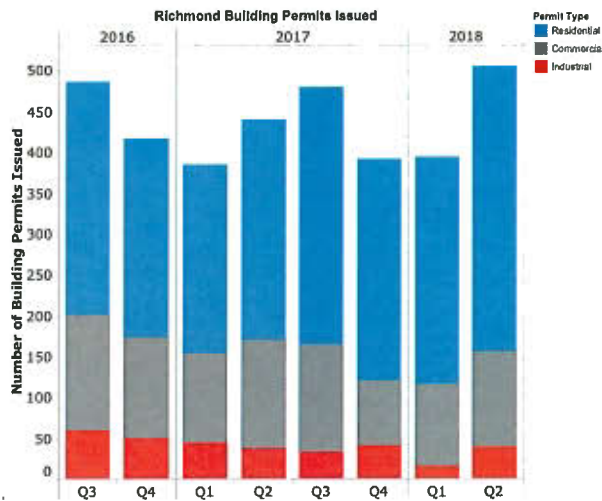
5) Consumer Price Index (CPI – 2002=100)⁵

- Inflation, as measured by the consumer price index (CPI), increased in Metro Vancouver, B.C. and Canada in Q2 2018, with energy prices, interest rates and minimum wages contributing to the rise.
- The country's annual inflation rate rose by 2.5% in June as consumer prices grew at their fastest pace in more than six years.
- At the end of Q2 2018, the CPI increased by 3.0% in Metro Vancouver and 2.7% in B.C., compared to the previous year.
- The BoC continues to monitor inflation closely, and increases to its policy interest rate are intended to maintain the CPI rate of increase at the midpoint between 1 and 3 percent.

6) Housing Starts⁶

- Construction of new homes in Richmond, particularly condos and townhouses, continued to surge in Q2 2018.
- Housing starts in Richmond increased by 60% in the first half of 2018, compared to the same period in 2017.
- This contrasts regional totals, where housing starts slowed in Q2 over Q1. Overall, 2018 year-to-date housing starts in Metro Vancouver increased by 2.4% over the same period last year.
- There were 12,562 housing starts in Metro Vancouver throughout the first six months of 2018, and 1,413 in Richmond during the same period.

⁵ Statistics Canada⁶ Canada Mortgage and Housing Corporation

7) Building Permits – Richmond⁷

- The total number of building permits issued in Richmond throughout the first half of 2018 increased by 9.0% over the same period in 2017.
- Residential construction was the only category that contributed to this increase, where year-to-date new home construction increased 25% over the same period last year.
- Commercial and industrial building permit activity declined in the same period, by 10% and 33% respectively.
- In total there were 628 residential, 217 commercial, and 54 industrial building permits issued in the first half of 2018.

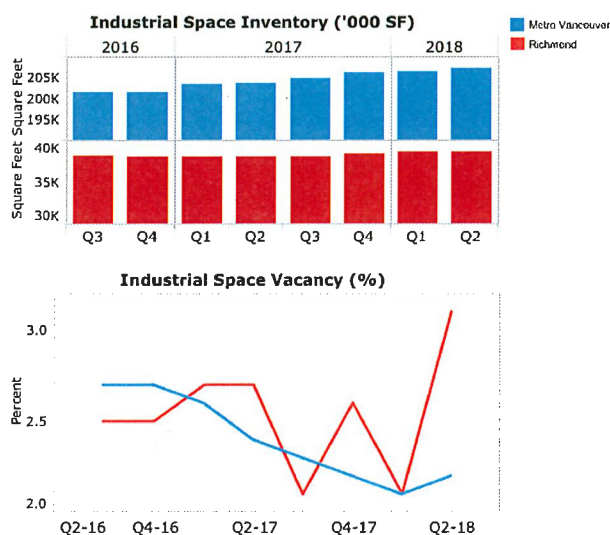


- The total value of construction activity throughout Richmond in the first half of 2018 totaled \$485 million.
- In the second quarter of 2018 alone, the value of construction activity in Richmond increased by a significant 92% over the same period last year.
- This was mainly attributed to a surge in multi-family residential construction activity that occurred prior to a planned average 2.2% increase in development cost charges in May 2018.

⁷ City of Richmond Building Permits

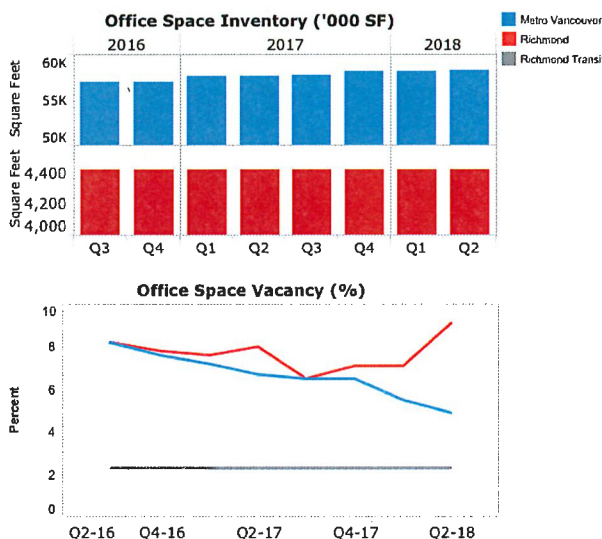
8) Commercial Space⁸

a) Industrial Space



- Despite a net addition of 545,000 square feet of industrial space in Richmond over the same period last year, high demand and absorption has kept the industrial vacancy rate low. It ended Q2 2018 at 3.1%.
- Meanwhile, the vacancy rate in Metro Vancouver decreased again year over year, by 8.3%, and ended Q2 2018 at 2.2%.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- At 38.5 million square feet, Richmond has the largest inventory of industrial space in the region followed by Surrey (35 million), Burnaby (30 million), Delta (24 million), and Vancouver (24 million).

b) Office Space

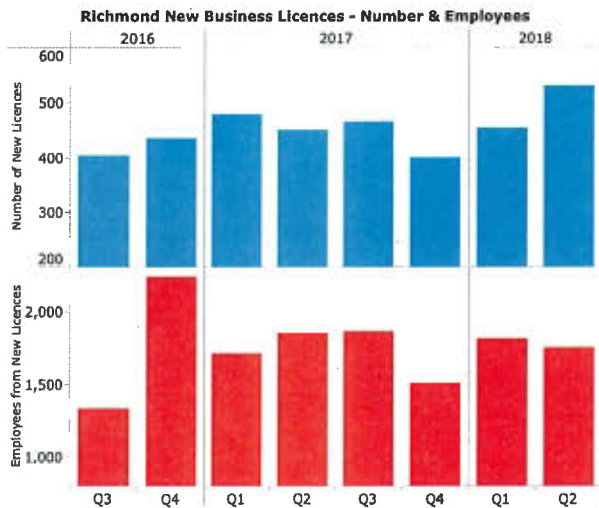


- The overall office vacancy rate in Richmond increased by 13% over the same period last year. It is now 9% city-wide and close to nil in the City Center.
- Demand for office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market. The uptick in the Richmond office vacancy rate is likely due to companies relocating to this type of space in other communities.
- High demand throughout Metro Vancouver caused the office vacancy rate to decline by 27% year-over-year and ended Q2 2018 at a low 4.9%.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

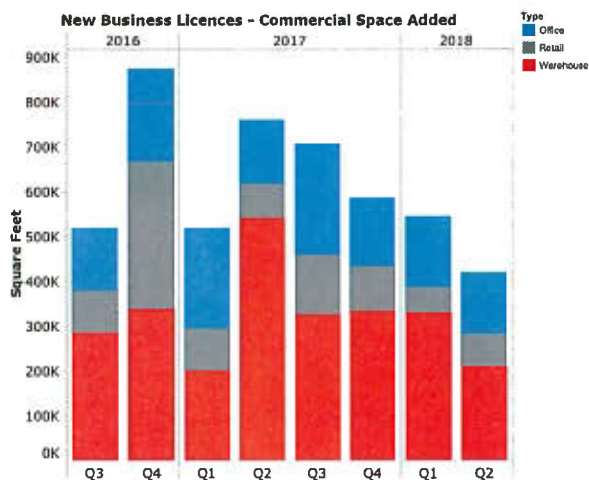
9) Business Growth – Richmond

a) New Business Licences



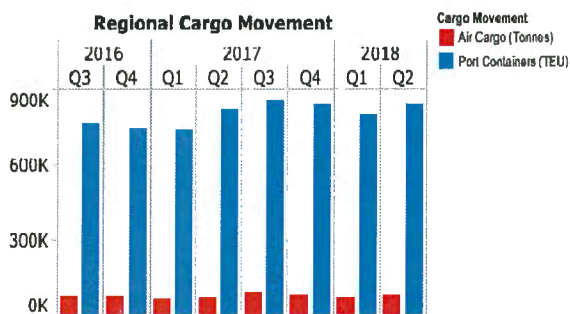
- There were 982 new business licences issued in Richmond during the first half of 2018, an increase of 6% over the same period in 2017.
- The addition of 3,556 jobs was attributed to these new businesses.

b) New Business Licences – Commercial Space

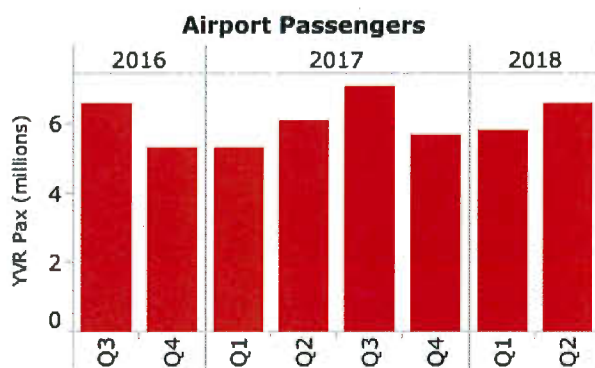


- Almost 1 million square feet of commercial space absorption was tied to the new business licences issued throughout the first half of 2018.
- As industrial users typically require more space, it is not surprising that 56% of total commercial space absorption was warehouse-type industrial space.
- One third of commercial absorption in the first half of 2018 was tied to office-based businesses. Only 13% of commercial space absorption throughout this period was from retail businesses

10) Goods and People Movement

a) Regional Cargo Movement⁹

- Regional cargo data indicators of regional trade activity continued to demonstrate solid year over year growth in Q2 2018.
- The Port of Vancouver hit a record shipping container volume. In the first half of 2018, container movements measured by Twenty-Foot Equivalent Units increased by 5% over the previous year.
- 156,967 tonnes of air cargo moved through the Vancouver International Airport (YVR) in the first 6 months of 2018, an 11% increase over the same period last year.

b) Airport Passengers¹⁰

- 2017 was a record-breaking year of growth for YVR. The airport saw 24.2 million passengers throughout the year, an 8.4% increase over 2016.
- 2018 is on track to be another record breaking year. Passenger traffic throughout the first half of the year increased by 8.8% to 12.4 million passengers, over the same period in 2017.

c) Richmond Hotel Room Revenue¹¹

* Q2 data for both 2017 and 2018 include figures from April and May. June figures not yet available.

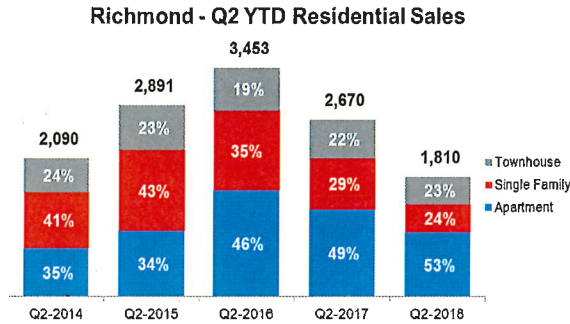
⁹ Port of Vancouver Monthly Cargo Statistics

¹⁰ YVR Monthly Statistics

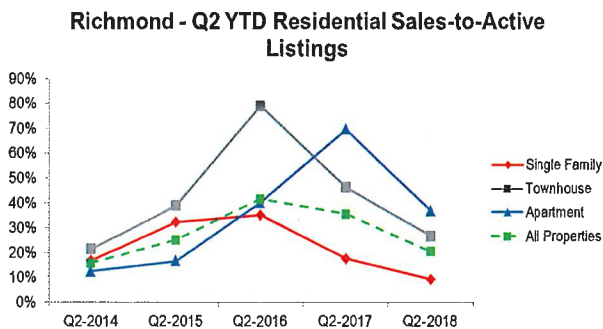
¹¹ City of Richmond Additional Hotel Room Tax Ledger; Destination BC

Residential Real Estate

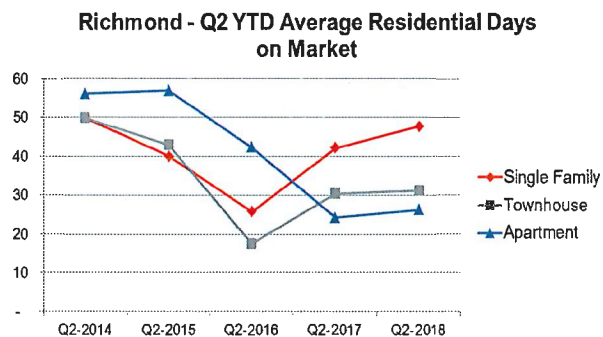
In the first half of 2018, home buyer activity has decreased with increasing interest rates, more restrictive mortgage requirements, increases to the property transfer tax and foreign buyer's tax, introduction of the speculation tax, and the upcoming school tax increase.



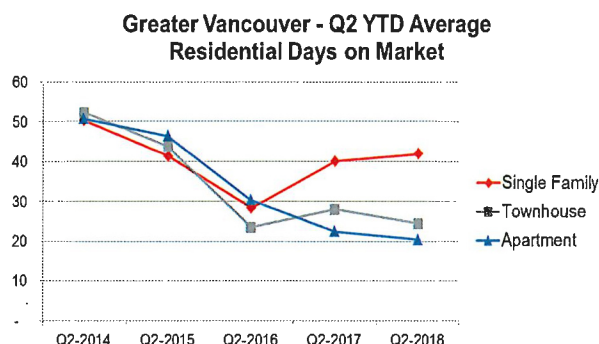
- Single family detached (SFD) home sales have continued to decline with a 44% year-over-year decrease.
- Apartment and townhome sales have declined 27% and 29% respectively year-over-year.
- Apartment sales currently comprise more than half of the residential home sales in the city. Townhome sales remain relatively constant and are approximately 23% of current home sales in the city.
- There were 1,810 residential home sales in Richmond at the end of Q2 2018, a 32% decrease compared to the same period last year.



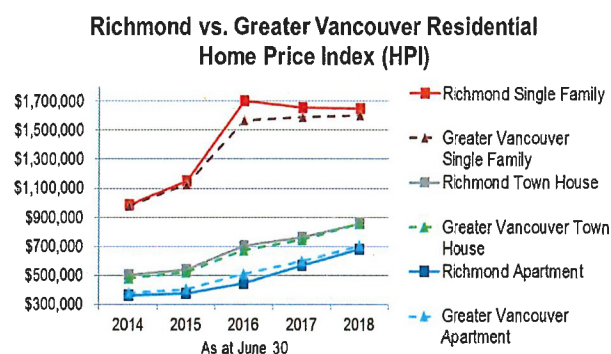
- Richmond residential properties had a sales-to-active listings ratio of 20% as at June 30, 2018 which indicates that 20% of the homes listed are sold in the first half of 2018. This is an approximate 15% year-over-year decrease.



- At Q2 2018, SFD properties in Richmond and the Greater Vancouver Regional District (GVRD) had an average of 48 and 42 days on the market, respectively. Comparing to the average of 42 and 40 days in Q2 2017, both Richmond and GVRD SFD markets are slowing.



- The Richmond townhome and apartment average days on market exceed the GVRD average. In Q2 2018, Richmond showed an average of 31 and 26 days for townhomes and apartments, respectively, while GVRD indicated an average of 25 and 21 days.

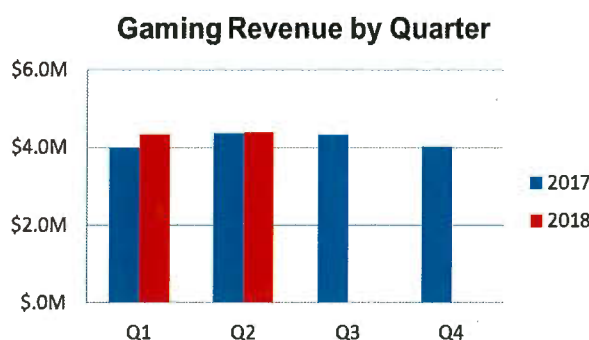


- The Home Price Index (HPI)¹² for SFD properties in Richmond at Q2 2018 is \$1,648,600 and decreased 0.1% compared to the same time last year.
- The HPI for townhouse properties in Richmond is \$854,800 and increased 12% compared to the same time last year.
- The HPI for apartments is \$683,800 and increased 19% compared to the same time last year. Based on the recent HPI increases, Richmond apartment prices are approaching the average GVRD price of \$704,200.

Gaming Revenue

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

¹² 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 for Q2 2018 increased by 0.2% to \$4.39 million compared to \$4.38 million in Q2 2017.
- Q2 2018 increased by 1.1% compared to the previous quarter from \$4.34 million to \$4.39 million.
- At the end of Q2 2018, the City received \$8.73 million or 52.9% of the annual budgeted amount.

River Rock continues to see a decrease in Tables Drop¹³ revenue as a result of the new procedures enacted earlier in the year. The decline continues to be offset by increased Slot Coin-In¹⁴ revenue, attributable to the renovations completed in the first quarter.

Effective June 3, 2018, Great Canadian Gaming Corporation (GCGC) signed new Operational Services Agreements (OSA) which replaced the existing casino operating and services agreements with BCLC for all gaming facilities in BC. The new OSAs will increase GCGC's accountability to BCLC through annual business planning requirements, compliance, and standards, while also creating strategic opportunities for greater alignment between BCLC and the GCGC.

On June 27, 2018, the BC provincial government released a report on the review of anti-money laundering (AML) policies and practices in Lower Mainland casinos. GCGC has stated that they are continuing to work in collaboration with regulators and Crown corporations to enhance the AML system and that the report's recommendations are not expected to have a material impact on GCLC's business.

At the December 11, 2017 Council meeting, the 2018 Budget was approved which included the gaming revenue allocation for 2018. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building Infrastructure Reserve). The distribution is consistent with the 2017 gaming revenue allocation.

Table 1: *Distribution of the 2018 gaming revenue allocation*

| | Distribution | 2018 Budget |
|---|---------------|----------------|
| Capital Reserves | 30% | \$5.0M |
| Grants | 15% | 2.5M |
| Council Community Initiatives Account | 2% | 0.3M |
| Debt Servicing | Fixed | 5.0M |
| Operating (RCMP) | Four Officers | 0.7M |
| Capital Building Infrastructure Reserve | Remainder | 3.0M |
| Total | | \$16.5M |

¹³ Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

¹⁴ Coin in/coin out refer to the number of credits or units both played and paid out. Coin in are the number of units played and coin out are the number of units won.

Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2018. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: *Net Operational Activity for the period January 1, 2018 to June 30, 2018 (in \$000 's)*

| Net operational activity ¹ | | Unaudited 2018 results | | |
|---|---------------------|---|-------------------|-----------------|
| Division/Department ² | 2018 YTD Net Budget | 2018 YTD Actuals and Commitments ³ | Variance YTD (\$) | Variance YTD(%) |
| Community Safety (including business licences) | (\$1,195) | (\$1,917) | \$722 | 60% |
| Community Services | 21,355 | 20,356 | 999 | 5% |
| Corporate Administration | 5,454 | 4,911 | 543 | 10% |
| Engineering and Public Works | 20,316 | 19,700 | 616 | 3% |
| Finance and Corporate Services | 13,179 | 12,372 | 807 | 6% |
| Fire Rescue | 18,565 | 18,527 | 38 | 0% |
| Library | 4,688 | 4,674 | 14 | 0% |
| Planning and Development | 2,719 | 985 | 1,734 | 64% |
| Policing | 23,694 | 22,925 | 769 | 3% |
| Fiscal | (87,543) | (88,079) | 536 | 1% |
| Total Operating | \$21,232 | \$14,454 | \$6,778 | |
| Water utility | (864) | (1,174) | 310 | 36% |
| Sanitary sewer utility | (154) | (291) | 137 | 89% |
| Sanitation and recycling utility | (267) | (1,138) | 871 | 326% |
| Total Utilities | (\$1,285) | (\$2,603) | \$1,318 | |

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

²Based on the organizational structure in place as of June 30, 2018.

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

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2018 Financial Plan:

- Community Safety's favourable variance is mainly due to higher than expected revenues from Business Licences and vacant positions which are in the recruitment process.
- Community Services' favourable variance is primarily due to Parks expenditures being lower than budget to date but is expected to be more active throughout the summer months. Recreation also has a favourable variance due to vacant positions that are in the process of being filled.
- Corporate Administration's favourable variance is due to vacant positions in Corporate Programs.

- Engineering and Public Works' favourable variance is mainly due to lower consulting in Engineering and lower contract expenses in Roads.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions which are in the recruitment process and timing of IT maintenance contracts.
- Fire Rescue is on budget.
- Library is on budget.
- Planning and Development's favourable variance is primarily due to higher than expected building permit fees for multi residential buildings and lower than budgeted salary expense due to vacancies in the process of being filled.
- Policing's favourable variance is mainly due to lower than budgeted RCMP contract costs incurred year-to-date, as well as savings from multiple vacant municipal positions.
- Fiscal is on budget.
- The Water Utility's surplus is mainly driven by lower year-to-date Water Purchases as a result of lower water consumption relative to budget, offset by higher material and equipment expenses.
- Sanitary Sewer Utility's favourable variance is due to unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments.
- Sanitation and Recycling's favourable variance due to higher than budgeted Garbage Utility and Multi-Material BC revenues, offset by increasing costs to address illegal dumping.

The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the Six Month Period Ended June 30, 2018, with comparative figures for 2017 is included in Attachment 3.

Investment Portfolio

The City's investment portfolio at June 30, 2018 was \$943.8 million, with an average yield on investment of 2.31%. The interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 4).

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

| | June 30, 2018 |
|------------------------------------|---------------|
| 2 Year Government of Canada Bonds | 1.77% |
| 5 Year Government of Canada Bonds | 1.93% |
| 10 Year Government of Canada Bonds | 2.06% |

Source: Bank of Canada

Despite the ongoing trade war and trade tensions and the impact of steel and aluminum tariffs from the NAFTA negotiation, the Bank of Canada's recent assessment of the economy was constructive. At the last interest rate announcement on July 11, 2018, the Bank of Canada increased for the third time this year its key policy interest rate by 0.25%. The target overnight interest rate is at 1.50%, the highest level since 2009.

Housing markets are beginning to stabilize as rising interest rates and tighter mortgage lending resulted in a soft start to 2018. Canadian exports have been seeing a boost due to strong global demand and rising commodity prices, which drives growth and business investments. The Bank of Canada believes that higher interest rates will be warranted to keep inflation near target and it will continue to take a gradual approach to future policy adjustments, as guided by incoming data.

The improved interest rate conditions allow the City to reinvest funds at more attractive market rates, thereby boosting the City's average yield to 2.31%. This increasing trend is expected to continue as maturities take place throughout the year which will allow the City to reinvest funds in higher yielding products.

The current yield enhancement strategies continue to play a key role in the City's investment portfolio. The duration of the City's holding continues to remain in the short to mid-term range to achieve liquidity (for capital requirements) and to allow flexibility for reinvestment due to the rising interest rate environment.

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

Contract Awards


This report provides information on the formal contracts awarded by the City during the 2nd quarter. In accordance with Policy 3104, 30 contracts greater than \$75,000 were awarded totalling over \$8.2 million (Attachment 5).

Financial Impact

None.

Conclusion

The City of Richmond is maintaining its strong financial position through the second quarter of 2018. Building construction and development activity are showing signs of moderating from the extreme levels of the past few years due to the constraints on new construction. It is expected that these trends will continue throughout 2018.



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

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

Economic Indicators**June 30, 2018****Macroeconomic Indicators & Forecast**

| 1) Real GDP - % Change | 2016 | 2017 | Change | 2018f* | 2019f* |
|---------------------------|------|------|--------|--------|--------|
| Canada | 1.4 | 3.0 | 114.3% | 2.1 | 2.0 |
| United States | 1.5 | 2.3 | 53.3% | 2.9 | 2.7 |
| China | 6.7 | 6.9 | 3.0% | 6.6 | 6.4 |
| World | 3.2 | 3.8 | 18.8% | 3.9 | 3.9 |
| 2) Interest Rates (at YE) | 2016 | 2017 | Change | 2018f* | 2019f* |
| Bank of Canada | 0.50 | 1.00 | 100.0% | 1.75 | 2.25 |
| US FED | 0.75 | 1.50 | 100.0% | 2.50 | 3.50 |
| 3) Exchange Rate | 2016 | 2017 | Change | 2018f* | 2019f* |
| CAD per \$1 USD | 1.34 | 1.26 | (6.0%) | 1.28 | 1.28 |

Regional and Local Market Indicators

| | | | | | | | |
|----|-------------------------------------|---------|----------|---------|----------|-------------------|---------|
| 4) | Unemployment (%) | Q2-2018 | Q1-2018 | Change | Q2-2017 | Change | |
| | Canada | 6.0 | 5.8 | 3.4% | 6.5 | (7.7%) | |
| | BC | 5.2 | 4.7 | 10.6% | 5.1 | 2.0% | |
| | Metro Vancouver | 4.3 | 4.0 | 7.5% | 5.1 | (15.7%) | |
| 5) | CPI (2002=100) | Q2-2018 | Q1-2018 | Change | Q2-2017 | Change | |
| | Canada | 133.6 | 132.9 | 0.5% | 130.4 | 2.5% | |
| | BC | 128.6 | 127.4 | 0.9% | 125.2 | 2.7% | |
| | Metro Vancouver | 131.3 | 130.1 | 0.9% | 127.5 | 3.0% | |
| 6) | Housing Starts (Units) | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| | Starts - Metro Vancouver | 5,698 | 7,004 | (18.6%) | 12,562 | 12,273 | 2.4% |
| | Starts - Richmond | 753 | 462 | 63.0% | 1,413 | 884 | 59.8% |
| 7) | Richmond Residential Sales Activity | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| | Sales - Detached | 234 | 470 | (50.2%) | 429 | 768 | (44.1%) |
| | Sales - Townhouse | 222 | 362 | (38.7%) | 416 | 587 | (29.1%) |
| | Sales - Apartment | 516 | 740 | (30.3%) | 965 | 1,315 | (26.6%) |
| | Sales Total/Average Change | 972 | 1,572 | (38.2%) | 1,810 | 2,670 | (32.2%) |
| 8) | Average Days on Market | | | | | | |
| | | | Richmond | | | Greater Vancouver | |
| | Property Type | Q2-2018 | Q2-2017 | Change | Q2-2018 | Q2-2017 | Change |
| | Single Family Detached | 48 | 42 | 14.3% | 42 | 40 | 5.0% |
| | Townhouse | 31 | 31 | 0.0% | 25 | 28 | (10.7%) |
| | Apartment | 26 | 24 | 8.3% | 21 | 23 | (8.7%) |

Economic Indicators**June 30, 2018****Regional and Local Market Indicators (continued)****9) Home Price Index (\$000 at QE)**

| Property Type | Richmond | | | Metro Vancouver | | |
|------------------------|----------|---------|--------|-----------------|---------|--------|
| | Q2-2018 | Q2-2017 | Change | Q2-2018 | Q2-2017 | Change |
| Single Family Detached | 1,649 | 1,650 | (0.1%) | 1,598 | 1,588 | 0.1% |
| Townhouse | 855 | 766 | 11.6% | 860 | 746 | 15.3% |
| Apartment | 684 | 573 | 19.4% | 704 | 601 | 17.1% |

10) Richmond Building Permits

| | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
|---------------------------------|---------|---------|---------|----------|----------|---------|
| Building Permits - Residential | 350 | 270 | 29.6% | 628 | 502 | 25.1% |
| Building Permits - Commercial | 116 | 133 | (12.8%) | 217 | 242 | (10.3%) |
| Building Permits - Industrial | 39 | 37 | 5.4% | 54 | 81 | (33.3%) |
| Building Permits Total | 505 | 440 | 14.8% | 899 | 825 | 9.0% |
| Construction Value (\$ million) | 269.8 | 140.4 | 92.2% | 484.7 | 329.7 | 47.0% |

11) Commercial Space (at QE)

| | Richmond | | | Metro Vancouver | | |
|-------------------------------------|----------|---------|--------|-----------------|---------|---------|
| | Q2-2018 | Q2-2017 | Change | Q2-2018 | Q2-2017 | Change |
| Office Vacancy (%) | 9.0 | 8.0 | 12.5% | 4.9 | 6.7 | (26.9%) |
| Transit Oriented Office Vacancy (%) | 2.3 | 2.3 | 0.0% | 13.6 | 13.6 | 0.0% |
| Office Inventory (000 sf) | 4,419 | 4,419 | 0.0% | 58,243 | 57,599 | 1.1% |
| Industrial Vacancy (%) | 3.1 | 2.7 | 14.8% | 2.2 | 2.4 | (8.3%) |
| Industrial Inventory (000 sf) | 38,539 | 37,994 | 1.4% | 207,097 | 203,535 | 1.8% |

12) Richmond Business Growth

| | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
|---------------------------------------|---------|---------|---------|----------|-----------|---------|
| Total Valid Business Licences (at QE) | n/a | n/a | n/a | 14,368 | 13,912 | 3.3% |
| New Licences - Number Issued | 529 | 449 | 17.8% | 982 | 927 | 5.9% |
| New Licences - Employees | 1,747 | 1,845 | (5.3%) | 3,556 | 3,551 | 0.1% |
| New Licences - Office Added (sf) | 137,396 | 143,711 | (4.4%) | 296,656 | 370,485 | (19.9%) |
| New Licences - Retail Added (sf) | 73,035 | 76,517 | (4.6%) | 129,665 | 169,241 | (23.4%) |
| New Licences - Industrial Added (sf) | 208,990 | 540,735 | (61.4%) | 538,743 | 741,446 | (27.3%) |
| Total Space Added (sf)/Avg. Change | 419,421 | 760,963 | (44.9%) | 965,064 | 1,281,172 | (24.7%) |

Economic Indicators**June 30, 2018****Regional and Local Market Indicators (continued)**

| 13) Goods & People Movement | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
|--|----------------|----------------|---------------|-----------------|-----------------|---------------|
| YVR Air Cargo (tonnes) | 84,908 | 73,425 | 15.6% | 156,967 | 141,488 | 10.9% |
| PMV Container Movement (TEUs) | 836,224 | 818,294 | 2.2% | 1,637,441 | 1,558,534 | 5.1% |
| YVR Passengers (million) | 6.5 | 6.1 | 6.6% | 12.4 | 11.4 | 8.8% |
| Richmond Hotel Revenue (\$ million)* | 35.5 | 34.0 | 4.4% | 78.5 | 73.9 | 6.2% |

* Hotel room revenue data for Q2 excludes June figures.

Notes:

- a) QE indicates quarter end
- b) YTD indicates year to date including adjustments
- c) f*-forecast to year-end

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (July 2018)
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada, Monetary Policy Report (July 2018)
- 4) & 5) Statistics Canada
- 6) Canada Mortgage and Housing Corporation
- 7), 8) & 9) Real Estate Board of Greater Vancouver
- 10) City of Richmond Building Permits
- 11) Cushman & Wakefield Office and Industrial Market Beat Reports
- 12) City of Richmond Business Licences
- 13) Port of Vancouver Monthly Cargo Statistics
YVR monthly statistics
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators**June 30, 2018**

(All dollar amounts in \$000's)

| | | | | | | |
|---|----------------|----------------|---------------|-----------------|-----------------|---------------|
| 1) Development Cost Charges Contributions | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Roads, Water, Sewer DCC's Received | \$6,820 | \$3,817 | 78.7% | \$11,337 | \$7,342 | 54.4% |
| Parks DCC's Received | \$7,035 | \$376 | 1771.0% | \$12,632 | \$2,055 | 514.6% |
| Total DCC Fees Received | \$13,855 | \$4,193 | 230.4% | \$23,969 | \$9,397 | 155.1% |
| DCC Reserves – Uncommitted balance at QE | 87,340 | 71,735 | 21.8% | n/a | n/a | n/a |
| 2) Uncommitted Reserves (at QE) | Q2-2018 | Q2-2017 | Change | | | |
| Capital Funding Reserves | \$120,336 | \$118,639 | 1.4% | | | |
| Utility Reserves | \$93,133 | \$103,775 | (10.3%) | | | |
| Affordable Housing Reserves | \$2,249 | \$1,519 | 48.1% | | | |
| Other Reserves | \$65,170 | \$57,189 | 14.0% | | | |
| Total Uncommitted Reserves | \$280,888 | \$281,122 | (0.1%) | | | |
| 3) Taxes to date | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Taxes Collected | \$253,195 | \$248,696 | 1.8% | \$263,517 | \$258,390 | 2.0% |
| City Portion of Taxes Collected | \$124,065 | \$121,861 | 1.8% | \$129,123 | \$126,611 | 2.0% |
| Unpaid Taxes - Delinquent & Arrears (at QE) | \$5,148 | \$5,515 | (6.7%) | n/a | n/a | n/a |
| No. of Participants on Pre-authorized withdrawal (at QE) | 6,248 | 6,302 | (0.9%) | n/a | n/a | n/a |
| Pre-authorized withdrawals payments | \$5,838 | \$5,619 | 3.9% | \$14,542 | \$13,931 | 4.4% |
| Interest rate % paid | 1.20% | 0.70% | 71.4% | 1.20% | 0.70% | 71.4% |
| <i>Sources: All data is from City of Richmond records</i> | | | | | | |
| 4) Investments | Q2-2018 | Q2-2017 | Change | | | |
| Total Investments | \$943,806 | \$1,004,077 | (6.0%) | | | |
| Average City Rate of Return on Investments % | 2.31% | 1.90% | 21.6% | | | |

Financial and Key Indicators**June 30, 2018**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

| | | | | | | |
|--|----------------|----------------|---------------|-----------------|-----------------|---------------|
| 5) Planning and Development | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Building Permit Fees Collected | \$2,568 | \$2,509 | 2.4% | \$5,169 | \$4,463 | 15.8% |
| Development Applications Received | 62 | 60 | 3.3% | 111 | 100 | 11.0% |
| Development Applications Fees | \$335 | \$312 | 7.4% | \$568 | \$479 | 18.6% |
| 6) Business Licences | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Revenue Received for Current Year Licences | \$1,159 | \$1,257 | (7.8%) | \$3,009 | \$2,888 | 4.2% |
| Revenue Received for Next Year (Deferred) | \$262 | \$232 | 12.9% | \$352 | \$322 | 9.3% |
| Total Licence Revenue | \$1,421 | \$1,489 | (4.6%) | \$3,361 | \$3,210 | 4.7% |
| <i>Year to date valid licences and revenue include current year licences issued in the prior year.</i> | | | | | | |
| 7) Other Revenues | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Parking Program Revenue | \$524 | \$485 | 8.0% | \$974 | \$917 | 6.2% |
| Gaming Revenue | \$4,389 | \$4,378 | 0.3% | \$8,730 | \$8,386 | 4.1% |
| Traffic Fine Revenue | \$1,985 | \$1,948 | 1.9% | \$1,985 | \$1,948 | 1.9% |
| 8) Employees | Q2-2018 | Q2-2017 | Change | | | |
| Full Time Equivalent (FTE) Employees (at QE) | 1,583 | 1,495 | 5.9% | | | |
| <i>(City and Library)</i> | | | | | | |
| <i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i> | | | | | | |
| 9) Operating Indicators | Q2-2018 | Q2-2017 | Change | YTD-2018 | YTD-2017 | Change |
| Fire Rescue Responses | 2,433 | 2,676 | (9.1%) | 5,093 | 5,494 | (7.3%) |
| RCMP - Calls for Service Handled | 16,910 | 16,598 | 1.9% | 32,191 | 32,596 | (1.2%) |
| Public Works calls for Service | 3,847 | 4,199 | (8.4%) | 7,054 | 8,202 | (14.0%) |

Financial and Key Indicators**June 30, 2018**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

| 10) Affordable Housing (at QE) | Q2-2018 | Q2-2017 | Change |
|--|----------------|----------------|---------------|
| Subsidized Rental (units) | 477 | 477 | 0.0% |
| Affordable Rental (LEMR*) (units) | 499 | 429 | 16.3% |
| Market Rental (units) | 411 | 411 | 0.0% |
| Entry Level Home ownership (units) | 19 | 19 | 0.0% |
| Secondary Suite / Coach House (units) | 262 | 229 | 14.4% |
| Total Affordable Housing | 1,668 | 1,565 | 6.6% |
| | Q2-2018 | Q2-2017 | Change |
| Floor Space secured, unit mix & other (sq feet) at QE ** | 172,345 | 119,069 | 44.7% |

* LEMR units refer to Low End Market Rental units.

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

| 11) Richmond Population Estimate Year End | 2018f* | 2017 |
|--|---------------|-------------|
| | 222,945 | 218,307 |

Population figures provided by City of Richmond – Policy Planning

Notes:

- a) All figures presented above are unaudited
- b) YTD indicates year to date including adjustments
- c) f*-forecast to year-end

Unaudited Statement of Operations¹

For the Six Month Period Ended June 30, 2018, with comparative figures for 2017.

(Expressed in thousands of dollars)

| | Budget June 30 2018 | Actuals June 30 2018 | Actuals⁴ June 30 2017 |
|---|------------------------------------|-------------------------------------|---|
| Revenues: | | | |
| Taxes and levies | \$108,352 | \$108,439 | \$103,411 |
| User fees | 50,393 | 51,121 | 48,759 |
| Sales of services | 16,354 | 16,085 | 15,192 |
| Payments-in-lieu of taxes | 7,122 | 7,324 | 7,385 |
| Provincial and federal grants | 3,142 | 4,073 | 3,982 |
| Development cost charges | 15,819 | 8,048 | 8,973 |
| Other capital funding sources | 29,343 | 12,508 | 14,373 |
| Investment in Lulu Island Energy Company | - | 414 | - |
| Other revenues: | | | |
| Investment income | 7,347 | 9,789 | 9,383 |
| Gaming revenue | 9,895 | 8,730 | 8,386 |
| Licences and permits | 5,946 | 7,853 | 6,546 |
| Other | 8,638 | 17,329 | 10,801 |
| | 262,351 | 251,713 | 237,191 |
| Expenses: | | | |
| Community safety | 51,017 | 48,596 | 44,395 |
| Engineering, public works and project development | 37,735 | 30,702 | 29,576 |
| General government | 33,559 | 27,206 | 26,064 |
| Parks, recreation and community services | 32,846 | 28,315 | 27,469 |
| Utilities: | | | |
| Water supply and distribution | 20,199 | 19,891 | 18,414 |
| Sewerage collection and disposal | 15,811 | 15,328 | 14,662 |
| Sanitation and recycling services | 7,918 | 7,683 | 6,971 |
| Planning and development | 7,833 | 6,856 | 6,676 |
| Library services | 5,379 | 5,010 | 4,789 |
| | 212,297 | 189,587 | 179,016 |
| YTD Surplus (Annual Surplus) ² | 50,054 | 62,126 | 58,175 |
| Accumulated surplus, beginning of year | 2,907,697 | 2,907,697 | 2,805,390 |
| Accumulated surplus, end of June 30 ³ | \$2,957,751 | \$2,969,823 | \$2,863,565 |

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

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

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

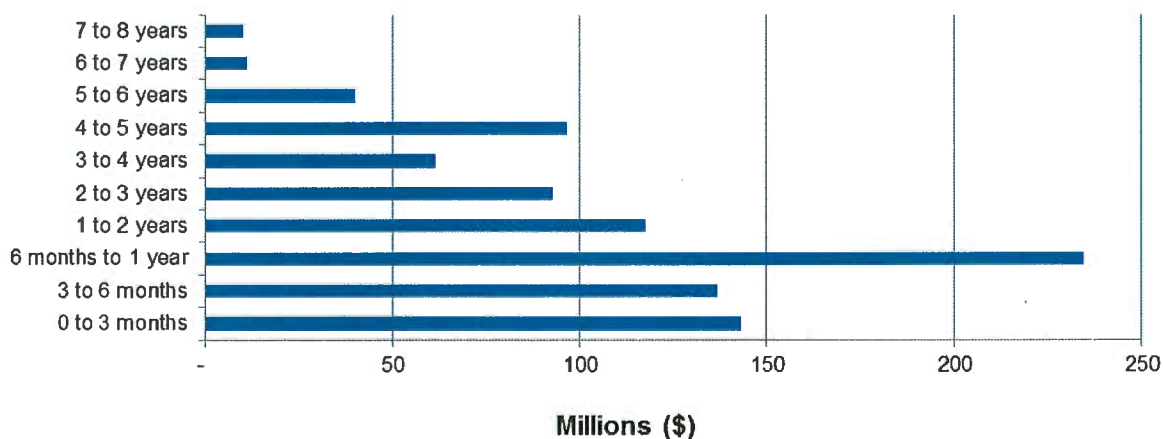
⁴ Statement of Operation figures for 2017 were adjusted for comparative purposes.

Investment Portfolio

June 30, 2018 (in 000's)

| Asset Class | DBRS Long Term Rating | Issuer | Term | Net Book Value | % of Total Portfolio | Investment Limit (% of Portfolio) |
|---|-----------------------|----------------------------|-----------|-------------------|----------------------|-----------------------------------|
| Provincial | | | | | | |
| | AA (high) | Alberta | 2019-2022 | \$ 68,574 | 7.27% | |
| | AA (high) | British Columbia | 2019 | 65,127 | 6.90% | |
| | A (high) | Quebec | 2022-2023 | 22,213 | 2.35% | |
| | A (high) | Manitoba | 2018 | 12,000 | 1.27% | |
| | AA (low) | Ontario | 2024 | 11,199 | 1.19% | |
| | | Total | | \$ 179,114 | 18.98% | 50% |
| Chartered Banks | | | | | | |
| | AA | Bank of Nova Scotia | 2018-2022 | \$ 134,852 | 14.29% | |
| | AA | TD Bank | 2018-2023 | 81,324 | 8.62% | |
| | AA | Royal Bank | 2018-2023 | 68,069 | 7.21% | |
| | AA (low) | National Bank of Canada | 2018-2021 | 55,527 | 5.88% | |
| | A (high) | HSBC Bank of Canada | 2021-2023 | 32,215 | 3.41% | |
| | AA | Bank of Montreal | 2018-2025 | 29,941 | 3.17% | |
| | A (low) | Canadian Western Bank | 2018 | 15,000 | 1.59% | |
| | A (low) | B2B/Laurentian Bank | 2018 | 10,000 | 1.06% | |
| | AA | CIBC | 2018-2022 | 10,010 | 1.06% | |
| | | Total | | \$ 436,937 | 46.29% | 50% |
| BC Credit Unions | | | | | | |
| | | Coast Capital Savings | 2018-2019 | \$ 86,909 | 9.21% | |
| | | Vancity | 2018 | 62,000 | 6.57% | |
| | | Gulf and Fraser | 2018-2019 | 49,913 | 5.29% | |
| | | Blue Shore Financial | 2018-2019 | 47,716 | 5.06% | |
| | | Westminster Savings | 2018 | 35,642 | 3.78% | |
| | | Total | | \$ 282,180 | 29.90% | 30% |
| Pooled Investments | | | | | | |
| | | MFA Pooled Investment Fund | | \$ 45,575 | 4.83% | 20% |
| Total Investment Portfolio Balance | | | | \$ 943,806 | 100.00% | |

Investment Maturity



Contract Awards greater than \$75,000April 1st to June 30th, 2018

| Item | Description | Awarded Vendor | Awarded Amount | Division |
|------|---|--------------------------------------|----------------|------------------------------|
| 1 | Storm Sewer Construction Works - 9131 Steveston Highway | Stoddard Contracting Ltd. | 105,670 | Engineering & Public Works |
| 2 | City Hall Annex Waterproofing Membrane Replacement | Atlas-Apex Roofing (BC) Inc. | 77,500 | Engineering & Public Works |
| 3 | Minoru Arenas Building Improvements 2018 - Construction Services | Solid General Contractors Inc. | 110,250 | Engineering & Public Works |
| 4 | Architectural Design Services for City Centre Community Police Office Relocation | Michael Mammon Office 4 Architecture | 156,295 | Engineering & Public Works |
| 5 | Phase 1 - No. 2 Road MUP London Road to Andrews Road | BC Hydro & Power Authority | 197,041 | Engineering & Public Works |
| 6 | Richmond Ice Centre Forum Boards Replacement 2018 | CascadiaSport Systems Inc. | 105,150 | Engineering & Public Works |
| 7 | Replacement of City Hall Boilers | Davidson Brothers Mechanical | 308,933 | Engineering & Public Works |
| 8 | Steveston Island Sea Gates Investigation | KWL | 343,161 | Engineering & Public Works |
| 9 | City Hall Annex Phase 2 - Design Services for Level 2 and portion of Level 1 Renovations | Assembly Architecture | 182,500 | Engineering & Public Works |
| 10 | Infor Public Sector (HANSEN) 2017 Annual Support Contract Renewal July 1, 2018 to June 30, 2019 | Infor Canada Ltd. | 102,733 | Finance & Corporate Services |
| 11 | Supply and delivery of auto extraction equipment | Rescue Tools Canada | 113,400 | Community Safety |
| 12 | Peterbilt Cab and Chassis Model number 567 to replace unit 1251 (Vector truck) | Peterbilt Pacific Inc. | 167,476 | Engineering & Public Works |
| 13 | South Arm Pool Skimmer and Wading Pool Repairs | Belzona Molecular (BC) Ltd. | 172,080 | Engineering & Public Works |
| 14 | Motor Control Center for Horseshoe Slough Drainage Pump Station Upgrade | Guillevin Automation | 77,405 | Engineering & Public Works |

Contract Awards greater than \$75,000 (continued)April 1st to June 30th, 2018

| Item | Description | Awarded Vendor | Awarded Amount | Division |
|------|--|--|----------------|------------------------------|
| 15 | Installation and upgrade of CCTV systems for City Hall and City Hall Annex | Safe and Sound | 128,104 | Engineering & Public Works |
| 16 | Consulting services for Watermania Infrastructure Replacement Project 2018 | Kasian | 91,573 | Engineering & Public Works |
| 17 | Sidaway Pavement Improvements | BA Blacktop Ltd. | 105,303 | Engineering & Public Works |
| 18 | Sidaway Operations Trailer | Britco BOXX Limited Partnership | 153,622 | Engineering & Public Works |
| 19 | Supply and Delivery of Extreme Networks Equipment | X10 Networks, Inc. | 93,837 | Engineering & Public Works |
| 20 | Software upgrades, technical consulting services and training. | Avolve Software | 141,000 | Finance & Corporate Services |
| 21 | 2018 Oracle (PeopleSoft) Software License & Support | Oracle Canada ULC | 299,102 | Finance & Corporate Services |
| 22 | Production Services for the Richmond Maritime Festival | Anigraph Productions Ltd. | 150,000 | Community Services |
| 23 | Street and Sidewalk Vegetation Control (2018 - 2021) | Western Weed Control (1980) Ltd. | 115,000 | Community Services |
| 24 | Consulting Services to Develop a Richmond Middle Arm Waterfront Brownfield Action Plan | Hemmera Envirochem Inc. | 134,905 | Community Services |
| 25 | Supply and Delivery of Self-Contained Breathing Apparatus Systems for Richmond Fire Rescue | Guillevin International Inc. | 115,110 | Community Safety |
| 26 | Supply and Delivery of 1 (one) Tier 4 (four) Compliant Backhoe | Finning (Canada) | 254,918 | Engineering & Public Works |
| 27 | Supply and Install Fitness Equipment for the Minoru Centre for Active Living | Technogym USA, National Fitness Products of Canada Inc., Tower Fitness Equipment Services Inc., Fitness Town Commercial, Stak Fitness International Inc. | 401,271 | Community Services |

Contract Awards greater than \$75,000 (continued)April 1st to June 30th, 2018

| Item | Description | Awarded Vendor | Awarded Amount | Division |
|------|---|-------------------|----------------|----------------------------|
| 28 | 2018 Paving Program | BA Blacktop Ltd. | 3,139,337 | Engineering & Public Works |
| 29 | Supply and Delivery of 1 (one) Excavator | Finning Canada | 414,341 | Engineering & Public Works |
| 30 | Supply and Delivery of Multiple Types of Hybrid and Electric Vehicles | Dueck Richmond GM | 263,249 | Engineering & Public Works |



City of Richmond

Report to Committee

To: Finance Committee

Date: July 17, 2018


From: Jerry Chong, CPA, CA
Director, Finance

File: 03-1200-05/2018-Vol
01



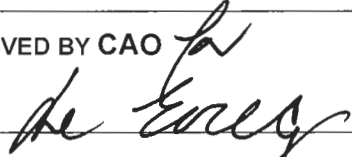
Re: Active Capital Projects Information – 2nd Quarter June 30, 2018

Staff Recommendation

That the staff report titled, “Active Capital Projects Information – 2nd Quarter June 30, 2018”, dated July 17, 2018 from the Director, Finance be received for information.


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

Att. 2

| REPORT CONCURRENCE | | |
|--|--|---|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| Arts, Culture & Heritage | <input checked="" type="checkbox"/> |  |
| Community Social Development | <input checked="" type="checkbox"/> | |
| Parks Services | <input checked="" type="checkbox"/> | |
| Recreation | <input checked="" type="checkbox"/> | |
| Engineering | <input checked="" type="checkbox"/> | |
| Public Works | <input checked="" type="checkbox"/> | |
| Transportation | <input checked="" type="checkbox"/> | |
| Community Safety | <input checked="" type="checkbox"/> | |
| Fire Rescue | <input checked="" type="checkbox"/> | |
| REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE | INITIALS:  | APPROVED BY CAO  |

Staff Report

Origin

Active Capital Project Information for the 2nd quarter (ended June 30, 2018) is being provided to the Finance Committee for information. Capital Budget information for the 1st quarter (ended March 31, 2018) was presented to Finance Committee on June 4, 2018. In previous years, this information was included as part of the Financial Information quarterly report, however pursuant to Council requests and the goal of improving transparency, additional project information is being provided.

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

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

7.1. *Relevant and effective budget processes and policies.*

7.2. *Well-informed and sustainable financial decision-making.*

7.3. *Transparent financial decisions that are appropriately communicated to the public.*

Analysis

Active Capital Projects Summary

Active Capital projects represent capital projects previously approved by Council. Projects include construction projects that are in various stages of completion, which may include:

Planning and Design – includes projects that were approved in the 2018 budget and other previously approved projects that are undergoing design specifications, design approvals, or public consultation.

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

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

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

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

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

A Capital Project is considered active for the purposes of this report if the project is in any of the above stages (except Final Completion). Generally, projects are completed within three years; however due to complexities at each stage it is not unusual for a project to take longer than three years to see through to Final Completion.

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

The approved 2018 Capital Budget of \$155.6M (excluding internal transfers and debt repayments) is included in the figures below as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$352.5M.

The tables in this report are presented on a cash-basis, that is, actual progress payments that have been made up to June 30, 2018. The following diagram provides a breakdown of the capital projects spending at June 30, 2018 by program type:

Capital Expenditures as at June 30, 2018

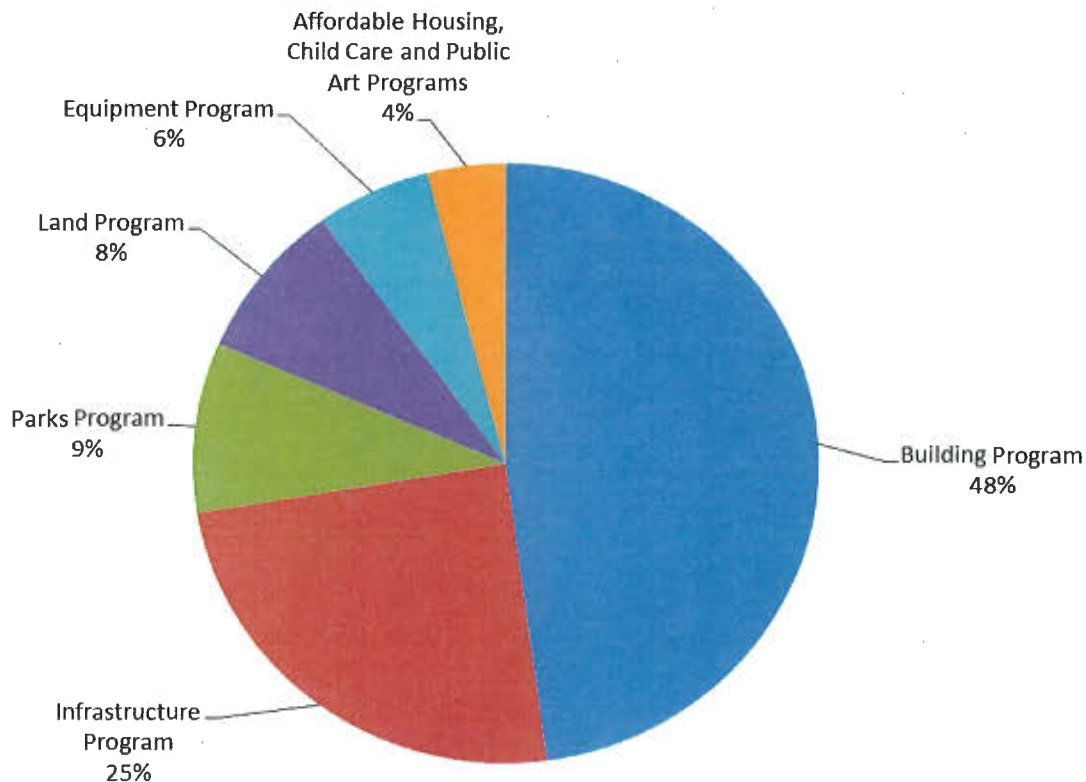


Table 1: Active Capital Projects by Program (in \$'000s)

| Program | Plan Year | Adjusted Budget | Actuals as at June 30, 2018 | Expected Commitments / Work In Progress |
|--|--------------|------------------|-----------------------------|---|
| Infrastructure Program | 2018 | \$71,646 | \$5,946 | \$65,700 |
| | 2017 | 40,197 | 15,685 | 24,512 |
| | 2016 | 61,642 | 17,464 | 44,178 |
| | 2015 | 10,907 | 6,923 | 3,984 |
| | 2014 & older | 24,182 | 19,731 | 4,451 |
| Infrastructure Program Total | | \$208,574 | \$65,749 | \$142,825 |
| Building Program | 2018 | 41,238 | 2,214 | 39,024 |
| | 2017 | 10,386 | 4,781 | 5,605 |
| | 2016 | 1,129 | 579 | 550 |
| | 2015 | 1,320 | 1,249 | 71 |
| | 2014 & older | 143,101 | 117,902 | 25,199 |
| Building Program Total | | \$197,174 | \$126,725 | \$70,449 |
| Parks Program | 2018 | 11,365 | 307 | 11,058 |
| | 2017 | 8,864 | 2,089 | 6,775 |
| | 2016 | 14,031 | 9,768 | 4,263 |
| | 2015 | 4,500 | 2,780 | 1,720 |
| | 2014 & older | 12,961 | 9,314 | 3,647 |
| Parks Program Total | | \$51,721 | \$24,258 | \$27,463 |
| Construction Related Programs | | \$457,469 | \$216,732 | \$240,737 |
| Affordable Housing Program | 2018 | 620 | - | 620 |
| | 2017 | 11,285 | 6,229 | 5,056 |
| | 2016 | 1,090 | 257 | 833 |
| | 2015 | 125 | - | 125 |
| Affordable Housing Program Total | | \$13,120 | \$6,486 | \$6,634 |
| Child Care Program | 2018 | 220 | 80 | 140 |
| | 2014 & older | 279 | 176 | 103 |
| Child Care Program Total | | \$499 | \$256 | \$243 |
| Equipment Program | 2018 | 10,325 | 789 | 9,536 |
| | 2017 | 12,153 | 6,556 | 5,597 |
| | 2016 | 6,269 | 1,981 | 4,288 |
| | 2015 | 5,866 | 4,266 | 1,600 |
| | 2014 & older | 2,771 | 2,067 | 704 |
| Equipment Program Total | | \$37,384 | \$15,659 | \$21,725 |
| Land Program | 2018 | 10,000 | - | 10,000 |
| | 2017 | 16,020 | 21 | 15,999 |
| | 2016 | 26,200 | - | 26,200 |
| | 2015 | 42,100 | 22,524 | 19,576 |
| Land Program Total | | \$94,320 | \$22,545 | \$71,775 |
| Public Art Program | 2018 | 399 | 67 | 332 |
| | 2017 | 911 | 311 | 600 |
| | 2016 | 1,068 | 383 | 685 |
| | 2014 & older | 3,895 | 3,404 | 491 |
| Public Art Program Total | | \$6,273 | \$4,165 | \$2,108 |
| Contingent External Contribution | 2018 | 9,321 | - | 9,321 |
| Contingent External Contribution Total | | \$9,321 | \$- | \$9,321 |
| Non-Construction Related Programs Total | | \$160,917 | \$49,111 | \$111,806 |
| Grand Total | | \$618,386 | \$265,843 | \$352,543 |

Included in the 2018 Capital Plan (2018-2022 Financial Plan Bylaw) is an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to the approved applicable projects.

Highlights of Key Construction Related Capital Projects

Information on key capital projects includes the project budget, inclusive of transfers from other projects and budget amendments, actuals on a cash-basis, and the remaining commitments as at June 30, 2018.

INFRASTRUCTURE

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

There is a continued upgrade for pump stations, dikes and roads city wide along with infrastructure improvements at Broadmoor Boulevard, No. 2 Road, Vulcan Way, Leslie and Brown Road, and Sealord areas.

Table 2: Key Infrastructure Capital Projects (in \$'000s)

| Project Name | Adjusted Budget | Actuals as at June 30, 2018 | Expected Commitments / Work In Progress |
|---|-----------------|-----------------------------|---|
| Drainage Pump Station & Diking Upgrades incl. Provincial Grant* | \$34,745 | \$2,423 | \$32,322 |
| No. 2 Rd Multi-Use Pathway and Intersection Improvements - Steveston Hwy to Dyke Road | 11,000 | 1,382 | 9,618 |
| Watermain Replacement Program | 6,276 | 1,157 | 5,119 |
| 2018 Paving Program - Various Locations - City-Wide | 4,531 | 302 | 4,229 |
| Vulcan Way Forecmain Replacement | 3,056 | 1,249 | 1,807 |
| Leslie Road and Brown Road Area Watermain Replacement | 2,865 | 2,039 | 826 |
| Laneway Drainage Upgrade - Broadmoor Boulevard North | 1,183 | 118 | 1,065 |
| Total Key Infrastructure Capital Projects | \$63,656 | \$8,670 | \$54,986 |

*Adjusted budget includes a Q2 transfer of \$1M from the approved Dike Upgrades 2016 budget.

Please see Attachment 1 for Q2 2018 Construction Update Memo. This attachment includes the project budget, the scheduled contract start, and the scheduled construction completion. A scheduled contract start is considered "complete" when the construction contract is awarded; the actual construction work is still in progress. Therefore, it is possible for a contract start to be "complete", while the scheduled construction will be completed in the future.

BUILDING

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

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

- Minoru Centre for Active Living (MCAL) is targeted to be open to the public in Q4 2018, and
- Fire Hall No. 1 commenced operations out of the new building on July 16, 2018

The City has also moved forward with the advanced design of Major Facilities Capital Plan Phase 2 which includes the Animal Shelter, Minoru Lawn Bowling Clubhouse, and Steveston Community Centre and Branch Library.

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

| Project Name | Adjusted Budget | Actuals as at June 30, 2018 | Expected Commitments / Work In Progress |
|--|------------------|-----------------------------|---|
| Minoru Centre for Active Living* | \$85,835 | \$70,886 | \$14,949 |
| Fire Hall No. 1 | 24,381 | 22,013 | 2,368 |
| Animal Shelter Replacement | 8,000 | - | 8,000 |
| Gateway Infrastructure Replacement | 4,010 | - | 4,010 |
| Minoru Lawn Bowling Clubhouse | 4,000 | - | 4,000 |
| Canada Line Capstan Station | 3,500 | 1,098 | 2,402 |
| Total Key Building Capital Projects | \$129,727 | \$93,997 | \$35,730 |

*Adjusted budget includes a Q2 transfer of \$2,840K from the approved Major Facilities Contingency 2014 budget.

The Gardens and Seasoning Childcare Centres are completed by the developer and received as amenities. Please see Attachment 1 for Q2 2018 Construction Update Memo. This attachment includes the project budget, the scheduled contract start, and the scheduled construction completion. A scheduled contract start is considered “complete” when the construction contract is awarded; the actual construction work is still in progress. Therefore, it is possible for a contract start to be “complete”, while the scheduled construction will be completed in the future.

PARKS

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

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

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

| Project Name | Adjusted Budget | Actuals as at June 30, 2018 | Expected Commitments / Work In Progress |
|--|-----------------|-----------------------------|---|
| Garden City Lands Phase 1 & 2 and 3 | \$8,025 | \$4,367 | \$3,658 |
| Aberdeen Park* | 5,260 | 3,759 | 1,501 |
| The Gardens Agricultural Park | 2,267 | 343 | 1,924 |
| Hollybridge Pier/Middle Arm | 2,250 | 1,260 | 990 |
| Parks Aging Infrastructure 2018 | 900 | 118 | 782 |
| Britannia Shipyards Slipways | 513 | 349 | 164 |
| Playground Improvement & Replacement | 481 | 179 | 302 |
| Minoru Latrace Field High Mast Netting System | 300 | 255 | 45 |
| Rideau Playground** | 240 | 222 | 18 |
| Total Key Land & Parks Capital Projects | \$20,236 | \$10,852 | \$9,384 |

* Adjusted budget includes: i) the inclusion of \$1.25M Aberdeen Park Playground and Garden Construction 2018 approved budget and ii) a Q2 budget transfer of \$310K from Parks General Development 2017/2018 approved budgets.

** Adjusted budget includes a Q2 transfer of \$40K from the approved Parks General Development 2018 budget.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocations, summarized by program, were recorded in the second quarter ended June 30, 2018:

Table 5: Budget Reallocations (in \$'000s)

| Program | Original Budget | 2018 Q2 Budget Transfers | Adjusted Budget |
|----------------------------------|-----------------|--------------------------|-----------------|
| Building Program | \$100 | \$192 | \$292 |
| Contingent External Contribution | 9,996 | (398) | 9,598 |
| Infrastructure Program | 1,637 | 115 | 1,752 |
| Parks Program | 3,416 | 91 | 3,507 |
| Transfer 1 Total | 15,149 | - | 15,149 |
| Building Program | 393 | 41 | 434 |
| Infrastructure Program | 410 | (41) | 369 |
| Transfer 2 Total | 803 | - | 803 |
| Building Program | - | 250 | 250 |
| Equipment Program | 2,185 | (250) | 1,935 |
| Transfer 3 Total | \$2,185 | \$- | \$2,185 |

Capital Projects Completed in the Quarter

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

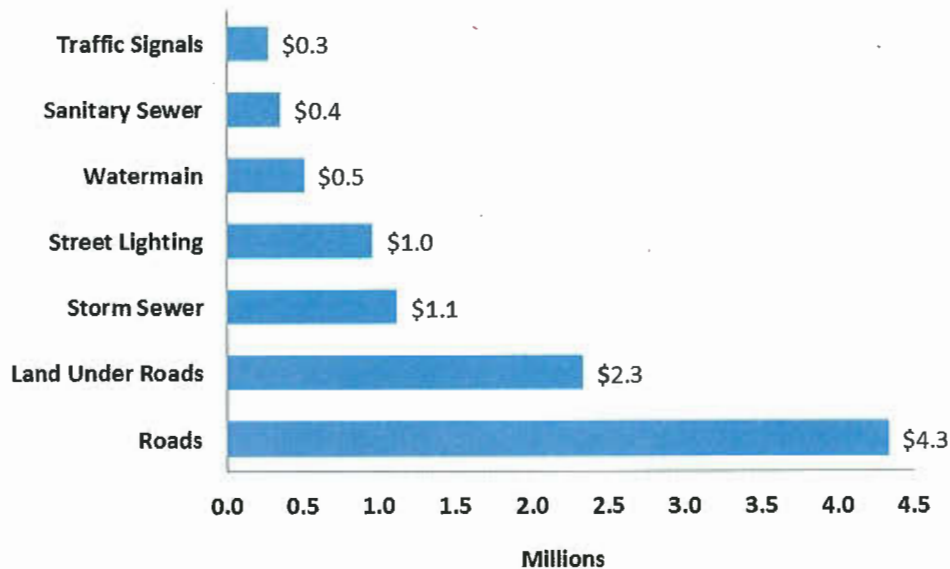
Table 6: Closed Projects as of June 30, 2018 (in \$'000s)

| Project Name | Adjusted Budget | Actuals as at June 30, 2018 | Variance |
|---|-----------------|-----------------------------|----------------|
| Public Art Program 2015 | \$326 | \$184 | \$142 |
| Public Art (2012) | 503 | 334 | 169 |
| Public Art (2014) | 353 | 287 | 66 |
| Upgrade Four Child Care Facilities (15) | 400 | 397 | 3 |
| Williams Road Storm Sewer Upgrade (14) | 1,200 | 1,074 | 126 |
| Richmond Fire Mobile Computers (14) | 150 | 150 | - |
| Public Works Minor Capital - Sanitary | 450 | 440 | 10 |
| McLennan (South) (1998-2007) | 831 | 814 | 17 |
| No. 6 Road Widening (2011-13) | 1,700 | 1,102 | 598 |
| Special Crosswalk Program (15) | 379 | 365 | 14 |
| Accessible Pedestrian Signal Program | 250 | 246 | 4 |
| Vehicle and Equipment Reserve Purchases (16) | 1,612 | 1,585 | 27 |
| Vehicle and Equipment Reserve Purchases (14) | 2,420 | 2,407 | 13 |
| Watermain/Drainage Replacement - Beecham Road and Marrington Road | 1,180 | 734 | 446 |
| Watermain Replacement - Lulu Island West Area (16) | 4,040 | 3,541 | 499 |
| Computer Hardware Funding (15) | 418 | 385 | 33 |
| Total | \$16,212 | \$14,045 | \$2,167 |

Contributed Assets

Included in the 2018-2022 Financial Plan Bylaw is an estimate of \$47.4M for assets that are transferred to the City by developers. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. The following assets totalling \$9.9M have been recorded as of June 30, 2018:

2018 Contributed Assets as at June 30, 2018 (in millions)



July 17, 2018

- 9 -

Financial Impact

None.

Conclusion

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

A handwritten signature in blue ink, appearing to read 'MS' followed by a stylized flourish.

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

MS:sx



City of Richmond

Memorandum Engineering and Public Works

| | | | |
|--------------|--|--------------|------------------------|
| To: | Mayor and Councillors | Date: | July 30, 2018 |
| From: | John Irving, P.Eng. MPA Acting General Manager, Engineering | File: | 10-6000-01/2018-Vol 01 |
| Re: | Q2 2018 - Construction Update | | |

The purpose of this memo is to provide an overview of the Capital Construction Program.

Flood Protection

Drainage Pump Station and Diking Upgrades – Provincial Grant

The City secured \$16.6 million from the Provincial Government under the Flood Protection Program. This project includes the upgrades of four drainage pump stations and diking upgrades between 2016 and 2019. The Horseshoe Slough drainage pump station construction has commenced. Detailed designs are ongoing for the North Dike and South Dike upgrades and the drainage pump stations at No. 7 Road South, Shell Road North and No. 2 Road South. A open house was held on June 23, 2018 to provide the public with information on the South Dike upgrade between No. 3 Road and Gilbert Road.

Laneway Drainage Upgrade – Broadmoor Boulevard North

This project consists of installing new drainage infrastructure and surface restorations to address drainage issues in the laneway north of Broadmoor Boulevard. Detailed design is completed and construction commenced in July.

Roads

No. 2 Road Multi-Use Pathway and Intersection Improvements – Steveston Hwy to Dyke Road

This project includes a multi-use shared pathway for pedestrians and cycling on No. 2 Road between Steveston Highway and Dyke Road along with intersection improvements. Design is complete. Enabling works consisting of watermain relocation and upgrades on No. 2 Road between Moncton Road and London Road by City forces have been completed, and the main construction contract is ongoing. This project is part of the Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund which the City has secured cost share funding of \$4.95 million from the Federal government.

Sustainable Practice Highlight

The No. 2 Road project utilizes LED roadway lighting which consumes less energy, lasts longer, and has lower maintenance costs.

2018 Paving Program – Various Locations – City-Wide

The 2018 Paving Contract has been awarded. Recently completed locations include No. 5 Road/Scaccliffe Road, 10,000 block No. 4 Road and Shell Road/Steveston Highway intersection and 9,000 block Steveston Highway. Upcoming locations include 4,000 block Westminster Highway, and 5,000 block No. 2 Road.

Sustainable Practice Highlight

The asphalt mix can contain up to 10% recycled asphalt products, which reduces the carbon footprint from construction activity.

Sanitary SewersVulcan Way Forcemain Replacement

This project consists of replacing an ageing sanitary forcemain that is at the end of its service life. This project will support the objective to the OCP to proactively plan infrastructure upgrades and replacements due to age and growth. Construction is substantially completed.

WaterLeslie Road and Brown Road Area Watermain Replacement

This project replaces and upsizes ageing watermain with PVC pipe at the end of their service life, in line with the City's Ageing Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. Construction is substantially completed.

Scalord Area Watermain Replacement

This project includes a watermain replacement addressing upsizing of ageing asbestos cement watermain. This will minimize unplanned maintenance and improve fire protection. Construction is substantially completed.

BuildingsMinoru Centre for Active Living

The Minoru Centre for Active Living project remains on budget and on schedule for construction completion/occupancy in Q3 2018, followed by staff training. The opening of the facility to the public is anticipated for Q4 2018. Roofing, exterior cladding, glazing are complete, while mechanical, electrical, interior finishes, and civil/landscape works are ongoing.

Sustainable Practice Highlight

The Minoru Centre for Active Living is designed to meet the LEED Gold Standard and incorporate sustainability features such as low flow fixtures and wastewater heat recovery.

Fire Hall No. 1

This project was completed on budget. Richmond Fire Rescue move-in is scheduled for mid-July.

Sustainable Practice Highlights

Fire Hall No. 1 construction will include installation of solar photovoltaic roof panels, substantially offsetting power needs.

Fire Hall No. 1 has been designed to meet the LEED Gold Standard and will have the ability to meet Net Zero energy in the future.

Minoru Lawn Bowling Clubhouse

Based on Council feedback, staff are preparing a revised report which includes the building program, site location and budget development. The report for Council is scheduled for presentation in Q4 2018. Public engagement is ongoing and concept design is being coordinated with the Minoru Park Vision Plan.

City Centre Community Police Relocation

An architect has been hired and program development is underway. An Expression of Interest to develop a contractor shortlist is scheduled for July 2018.

Childcare Centres

The construction of Gardens and Seasong Childcares are complete. The Gardens Grand Opening Ceremony was successfully held on June 29 and we look forward to the Seasong Childcare Grand Opening Ceremony in the fall of 2018.



John Irving, P.Eng., MPA
Acting General Manager, Engineering
604-276-4140

pc: SMT

5877145

| 2018 Capital Construction Program Update | | | | | |
|--|---|--|-------------------------|--------------------------|-----------------------------------|
| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Contract Start | Scheduled Construction Completion |
| INFRASTRUCTURE - ENGINEERING | | | | | |
| ROADS | | | | | |
| 1 | Arterial Roadway Improvement Program - Bridgeport / Garden City / No.2 Rd | Bridgeport Rd walkway, Garden City/Oldlin turn lane; No. 2 Rd walkway (Granville to Westminster) | \$300 | Complete | Complete |
| 2 | Arterial Roadway Improvement Program - Oval Walkway | River Road Walkway (Oval Way to Brighthouse Way) | \$343 | City Forces | Complete |
| 3 | LED Street light Replacement Plan | Year 2- continuation of LED replacement program | \$380 | City Forces | Q3 2018 |
| 4 | Dyke Road/Fraserwood Way | Road widening and trail connection | \$1,000 | City Forces | Q3 2018 |
| 5 | TRANSPORTATION - Active Transportation | Westminster Hwy MUP (No. 8 Rd. to Nelson Rd.) | \$320 | City Forces | Q3 2018 |
| 6 | Active Transportation Improvement Program | Railway Greenway intersections, Great Canadian Way walkway | \$320 | City Forces | Q4 2018 |
| 7 | Nelson Road Improvements | Road widening from Blundell Rd to Westminster Hwy | \$4,110 | Complete | Q4 2018 |
| 8 | Westminster Highway Widening | Road widening from Nelson Rd to McMillan Way | \$10,361 | Complete | Q4 2018 |
| 9 | Active Transportation Improvement Program | Garden City Park/Anderderson School Multi-use Pathway, Off Gilbert Bikeway, McCutcheon Place Multi-use Pathway | \$320 | City Forces | Q4 2018 |
| 10 | Neighbourhood Walkway Program | Various locations Citywide including Horseshoe Way area | \$500 | City Forces | Q4 2018 |
| 11 | Transit-Related Roadway Improvement Program | Various locations Citywide - Bus Pads / Bus Bays | \$350 | City Forces | Q4 2018 |
| 12 | River Drive -Multi-Use-Pathway | River Drive - No 4 Rd to Van Horne Way multi-use path c/w storm sewer infill | \$1,344 | City Forces | Q4 2018 |
| 13 | Annual Paving Program - MRN | Annual asphalt re-paving | \$1,549 | Complete | Q4 2018 |
| 14 | Annual Paving Program - Non-MRN | Annual asphalt re-paving | \$2,982 | Complete | Q4 2018 |
| 15 | No. 2 Road Multi-Use Pathway and Intersection Improvements | No 2 Road from Steveston Highway to Dyke Road/London Road | \$11,000 | Complete | Q2 2019 |
| 16 | Sexsmith Road Multi use- pathway | MUP-Sexsmith Road from Beckwith Road to River Road | \$495 | City Forces | Q2 2019 |
| 17 | River Parkway Road Extension - Gilbert Road to Cambie Road | River Parkway Road Extension - Gilbert Road to Cambie Road | \$14,000 | Q3 2018 | Q4 2019 |
| 18 | No. 4 Road Reconstruction from Blundell Road to Granville Ave | No. 4 Road Reconstruction from Blundell Road to Granville Ave | \$1,786 | Q2 2019 | Q1 2020 |

| DRAINAGE | | | | | |
|----------|--|--|---------|-------------|----------|
| 19 | No. 2 Road North Pump Station | Upgrade existing drainage pump station and associated dike sections | \$6,400 | Complete | Complete |
| 20 | Britannia | Flood protection | \$750 | Complete | Complete |
| 21 | Park Road Drainage Main | Upgrade existing drainage main at 8000 block Park Rd | \$650 | Complete | Q4 2018 |
| 22 | Canal Stabilization | Various locations Citywide including No. 8 Rd | \$600 | Complete | Q4 2018 |
| 23 | Laneway Drainage Upgrade - Broadmoor Boulevard (North) | Laneway Drainage Upgrade - Broadmoor Boulevard (North) | \$1,183 | City Forces | Q4 2018 |
| 24 | ALR Drainage Upgrades (Phases 1 and 2) | Watercourse and culvert realignment; automatic irrigation gate installation | \$1,050 | City Forces | Q4 2018 |
| 25 | Headwall Replacement and Ditch Infills | Headwall Replacement and Ditch Infills - No 9 Rd and Citywide | \$500 | City Forces | Q2 2019 |
| 26 | Box culvert Repair - No 2 Rd | Citywide and at No. 2 Rd south Drainage Pump Station | \$1,500 | Complete | Q2 2019 |
| 27 | Gilley Road & Westminster Highway Culvert | Replacement of existing culvert at intersection | \$1,250 | Q3 2018 | Q3 2019 |
| 28 | Horseshoe Slough Pump Station | Upgrade existing drainage pump station and associated dike sections | \$4,200 | Complete | Q3 2019 |
| 29 | Shell Road North Drainage Pump Station | Upgrade existing drainage pump station and associated dike sections | \$5,000 | Q3 2018 | Q4 2019 |
| 30 | No 2 Road South Drainage Pump Station | Upgrade existing drainage pump station and associated dike sections | \$7,743 | Q4 2018 | Q4 2019 |
| 31 | No. 7 Road South Drainage Pump Station | Replace existing drainage pump station and associated dike upgrades | \$4,500 | Q3 2018 | Q4 2019 |
| 32 | Dike Upgrades - South Dike | South dike - No. 3 Road to Gilbert Road | \$9,000 | Q3 2018 | Q4 2019 |
| 33 | Dike Upgrades - North and South Dikes | Dike Upgrades - Various location including North dike (at McCallan) and South dike (at No 9 Rd, No 3 Rd, Garden City Rd) | \$5,850 | Q2 2019 | Q4 2019 |
| 34 | East Rmd Drainage & Irrigation upgrades and studies - Steveston Hwy/Sidaway Rd/Palmberg Rd/Westminster Hwy/Gilley Rd | Various locations Citywide including Steveston Hwy, Sidaway Rd, Palmberg Rd, Westminster Hwy, and Gilley Rd | \$1,285 | City Forces | Q4 2019 |
| 35 | Box Culvert Repair - No 4 Rd | Box Culvert Repair - No 4 Rd and Citywide | \$1,500 | Q1 2019 | Q4 2019 |
| 36 | East Richmond Drainage & Irrigation Upgrades - Irrigation gates and culverts | Various locations Citywide, including Blundell, Burrows, Woodwards Slough | \$466 | City Forces | Q4 2019 |
| SANITARY | | | | | |
| 37 | Buswell Street Gravity Sewer Installation | Install 480 m of sanitary gravity sewer from Granville Ave to the Buswell pump station | \$2,190 | Complete | Complete |
| 38 | Gravity Sewer Replacement - South of Richmond Street between No. 1 Road and 2nd Avenue | Gravity Sewer Replacement - South of Richmond Street between No. 1 Road and 2nd Avenue | \$825 | City Forces | Complete |
| 39 | Vulcan Way Sanitary Forcemain | Replacement of existing forcemain from No. 6 Road to Bridgeport Road | \$3,056 | City Forces | Complete |
| 40 | City Centre (Minoru Park) and Steveston Area Sanitary Sewer | Point repairs of existing sanitary sewer/ Minoru Park sanitary-storm reconnection | \$1,570 | Complete | Q4 2018 |
| 41 | Gravity Sewer Assessment Program | Citywide CCTV Inspections | \$450 | City Forces | Q4 2018 |
| 42 | Sanitary Sewer Tie-in and Restoration | Sanitary Sewer Tie-in and Restoration | \$500 | Complete | Q4 2018 |
| 43 | Steveston Gravity Sewer Assessment, Replacement and Rehabilitation | Steveston Gravity Sewer Assessment, Replacement and Rehabilitation | \$1,839 | City Forces | Q2 2019 |
| 44 | Eckersley B Sanitary Pump Station | Eckersley B Sanitary Pump Station | \$2,650 | Q2 2019 | Q4 2019 |
| 45 | Hamilton Sanitary Pump Station/sewer/I-M | Sanitary Pump station located in Hamilton VLA Park | \$1,700 | Q1 2019 | Q4 2019 |

| WATER | | | | | |
|-------|--|--|---------|-------------|----------|
| 46 | Lulu N. Watermain - Leslie & Brown area | Ph1 Leslie Rd; Ph2 Leslie Brown neighbourhood | \$2,865 | City Forces | Complete |
| 47 | Watermain Replacement Program-Sealord area | Watermain Replacement Program-Sealord area | \$3,411 | City Forces | Complete |
| 48 | Water Metering Program | Universal water meter installation for single-family dwellings and fixed base network implementation | \$2,120 | Complete | Q4 2018 |
| 49 | Watermain Tie-In and Restoration | Watermain Tie-in and Restoration (18) | \$250 | Complete | Q4 2018 |
| 50 | Park Road Watermain | Watermain replacement and upgrades | \$410 | Complete | Q4 2018 |
| 51 | Spres Area Utility Upgrades (w/o City Forces watermain construction) | Water, sanitary and drainage upgrades | \$3,223 | Complete | Q4 2018 |
| 52 | Watermain Replacement Program-Mobray Pigott Saunders area | Watermain Replacement Program-Sealord area | \$1,738 | City Forces | Q1 2019 |
| 53 | Thompson Gate PRV station | Water PRV in development property | \$600 | Q4 2018 | Q3 2019 |
| 54 | Watermain Replacement River Parkway | Watermain Replacement River Parkway | \$1,045 | Q3 2018 | Q4 2019 |
| 55 | Water Metering Program | Upgrade touch pad meters to radio meters and volunteer multi-family dwelling meters | \$6,506 | Complete | Q4 2019 |

| DISTRICT ENERGY | | | | | |
|-----------------|---|---|----------|----------|----------|
| 56 | Alexandra District Energy Utility (Phase 3) | DEU building and distribution pipe system expansion | \$12,100 | Complete | Complete |

| BUILDING | | | | | |
|----------|---|--|------------|----------|----------|
| 57 | Fire Hall No. 1 | New 25,000 sq. ft. Fire Hall on existing site | * \$24,400 | Complete | Complete |
| 58 | Minoru Centre for Active Living | New Construction of an Aquatics Centre and Older Adults Centre | * \$83,100 | Complete | Q3 2018 |
| 59 | Thompson Community Centre | Infrastructure replacements | \$ 520 | Complete | Q3 2018 |
| 60 | Watermania | Infrastructure replacements | \$ 1,000 | Q3 2018 | Q4 2018 |
| 61 | Gateway Theatre | Infrastructure Replacements (phase I) | \$ 4,010 | Q3 2018 | 2019 |
| 62 | Minoru Lawn Bowling Club | Design of upgraded facility | \$ 4,000 | Complete | 2019 |
| 63 | Works Yard | Design of site wide infrastructure replacements | \$ 2,515 | Q3 2018 | 2019 |
| 64 | City Centre Community CPO | Construction of tenant improvement for support relocation of CPO to City Hall West | \$ 5,100 | Q3 2018 | 2019 |
| 65 | Phoenix Net Loft | Building stabilization | \$ 11,500 | Q4 2018 | 2020 |
| 66 | Animal Shelter | New Construction of an Animal Shelter | \$ 8,000 | Q1 2020 | 2021 |
| 67 | Steveston Community Centre | Design of replacement facility | \$ 500 | Q3 2018 | 2021 |
| 68 | City Centre Community Centre North | Developer Amenity Contribution Design | \$ 25,000 | Q3 2018 | 2022 |
| 69 | Minor Capital Buildings Project Development | 64 projects (roof replacement, flooring, mechanical equipment, etc.) | \$ 3,715 | 30% | |

*Includes multi-project contingency

Capital Highlights**Community Services/Parks***All amounts are in \$'000s**Garden City Lands Phase 1, 2 and 3:*

Approved Budget: \$8,025 (2015, 2016, 2017, & 2018)

60% Complete

- The Garden City Lands - Legacy Landscape Plan was endorsed by Council in June 2014. An in-depth study of the site's hydrological and ecological conditions was completed as guidance for the refinement of the Legacy Landscape Plan including detailed design of water management infrastructure and perimeter trails.
- Preparation of the farm area licensed to Kwantlen Polytechnic University has been completed and farming began in June 2018.
- Tree and shrub planting for the agricultural buffer around the site perimeter has been completed; watering of new planting areas to occur throughout Summer 2018.
- Perimeter Path construction has been completed and portions of the perimeter path opened to the public in June 2018.

Aberdeen Park:

Approved Budget: \$5,260 (2014, 2016, 2017 & 2018)

75% Complete

- Council approved the naming of this new park at Cambie Road and Hazelbridge Way in July of 2017 from Cambie City Centre to Aberdeen Park.
- The tender for Phase 1 park construction was awarded in June 2017 and construction was completed in June 2018.
- The official park opening was held on July 19, 2018.
- Phase 2 design is underway and will be constructed in 2019.

The Gardens Agricultural Park:

Approved Budget: \$317 (2012) & \$1,950 (2014, 2015)

50% Complete

- City construction for Phase 1 has been partially completed along with Servicing Agreement works completed by Townline Homes in Fall 2014.
- Rehabilitation of the existing park features will be completed by Fall 2018 with the park anticipated to be open to the public in 2018.
- Full implementation of the approved park concept is currently on hold due to the potential impacts of the George Massey Tunnel project.

Parks Aging Infrastructure 2018:

Approved Budget: \$900 (2018)

18% Complete

- King George Spray Park Resurfacing was completed on June 22, 2018.
- No. 2 Road Pier – Structural Conditional Assessment and Replacement Plan expected to be completed by August 2018.
- Nature Park Boardwalk Replacement - Planning & Design completed. Materials ordered for an anticipated construction start date of mid-August.

Britannia Shipyards Slipways:

Approved Budget: \$513 (2013)

94% Complete

- Restoration of the Slipway's timber components completed.
- Staff reviewed options for restoring & repairing the electrical winch system (process completed to secure a contractor to work on the 100 year old antique winch system).
- Staff to discuss next steps required for an operating boat slipways and the construction of carriages required to accommodate vessels.
- Carriage design underway.
- **Project on hold** and awaiting direction from the implementation and program plan of the Britannia Development Plan.

Minoru Latrace Field High Mast Netting System:

Approved Budget: \$300 (2017)

98% Complete

- The Design / Build construction for an 80 feet high x 320 feet long high mast netting system for controlling errant/foul balls from crossing over to other sports fields and to protect spectators and pedestrians.
- Contract awarded to Netex Canada for construction that started in November 2017.
- Substantial completion achieved on April 2018. Project close-out document process underway (holdback & deficiency payment to be released in July).

Playground Improvement & Replacement:

Approved Budget: \$481 (2017 & 2018)

40% Complete

Garden City Elementary School Park Playground

- Staff met with the teachers and principal from Garden City Elementary School for the new playground. Input received will inform the scope of work to be included in a request for proposals for design-build services for the playground.
- An RFP for design-build services will be issued in Summer 2018.

Richmond Nature Park Playground Expansion

- The playground expansion has been completed and open to the public end of July 2018.

Rideau Playground:

Approved Budget: \$240 (2017)

100% Complete

- Installation of the playground equipment is complete.

Hollybridge Pier/Middle Arm:

Approved Budget: \$2,250 (2012 & 2015)

30% Complete

- Continuation of the Oval West waterfront development as part of the Middle Arm waterfront with a new public pier at the end of Hollybridge Way.
- Contract for design services for the pier has been awarded to Amec Foster Wheeler.
- Contract for construction services for the pier has been awarded to Fraser River Pile & Dredge
- **Project delayed.** Awaiting permitting/construction approval from the Ministry of Forest, Lands and Resources Operations. **Anticipate construction to start in August 2019.**



City of Richmond

Report to Committee

To: Finance Committee

Date: August 24, 2018

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

File:

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

Re: Richmond Olympic Oval Corporation – 2nd Quarter 2018 Financial Information

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2018 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 23, 2018

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

Robert Gonzalez
Interim General Manager, Richmond Olympic Oval Corporation

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

Re: Richmond Olympic Oval Corporation – 2nd Quarter 2018 Financial information

Origin

This staff report deals with the second quarter financial results for the 3-month period from April 1st, 2018 to June 30th, 2018 ("Q2") which was endorsed by the Corporation's Board of Directors.

Highlights

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

Community Use

As of June 30th, the Oval had sustained an active base of over 6,000 pass holders for six consecutive months. Richmond residents comprised 81% percent of the Oval membership at the end of Q2.

As in previous quarters, community group use continued to constitute the majority of Oval usage in Q2. Some of the community groups from Richmond or groups with strong Richmond based participation include, but are not limited to, Yogi Elite Hockey, Steveston Selects, Richmond Air Cadets, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Shoseikan Karate, Feng Lu Basketball, Metro Basketball, Greater Vancouver Canadians, Vancouver Handball Club, Pentasport Athletics, Air Attack Volleyball, BC Wheelchair sports, Vancouver Ki Society, Urban Rec, Aura Rhythmic Gymnastics, the Non-Contact Hockey League, Field Hockey BC, and Rich-Van Sporting Association.

Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q2 included the Rhythmic Gymnastics Provincials, CHE Hockey Tournament, Katana Jiu Jitsu Tournament, Volleyball BC U18 Provincial Championships, Delta Gymnastics Cash and Carry Cup, Next Wave Hockey Tournament, Spring Cling Climbing Competition, Sledge Hockey Nationals, Rhythmic Gymnastics

Canadian Championships, Wheelchair Basketball BC Hoopfest, WUSHU Martial Arts Tournament, Karate BC Provincials, Karate Canada Open, Corporate Champions, Jiu Jitsu Provincials, Canada Quest 3x3 Basketball Tournament, Wheelchair Rugby Canada Cup and the Gymnaestrada National Championships.

Q2 was an exciting quarter for the Oval's High Performance (HP) department. Oval HP hosted the 2018 RBC training ground finals. The objective of the Training Ground initiative is to identify athletic potential and Canada's next great future Olympian. Oval HP worked in collaboration with the Canadian Sport Institute Pacific, Canadian Olympic Committee, CBC and numerous national and provincial sport organizations, to plan and execute the event.

In Q2, over 912 athletes from 76 teams attended the Volleyball BC U17/U18 Provincials at the Richmond Oval. Special Olympics BC hosted their functional testing day at the Oval with approximately 60 athletes completing a series of performance tests. The 2nd annual BC Hockey League (BCHL) exposure camp occurred. The camp is an opportunity for 120 hockey players born in 2003-2004 to showcase their talent to BCHL coaches and scouts. The same weekend, the Oval hosted 100+ athletes who competed in the BC Table Tennis Association's Butterfly BC Open. The Volleyball Canada Women's National Team hosted their second annual team tryout at the Richmond Oval.

Notable athlete successes during Q2 included:

- Field Hockey Canada Women National Team finished fifth at Commonwealth Games in Australia
- 2018 Judo Canadian Championship medalists include Ian Ryder (U18 National Champion), Caleigh Kuramoto (U18 Silver Medalist) and Tavis Jamieson (Sr Men Silver Medalist)
- Emma Hall committed to UBC Women's Hockey Team starting Fall 2018
- Richmond Resident Hannah Green committed to UNB USports Hockey Programs starting Fall 2018
- Jakob Kryworuchko was named to the Men's Canadian Junior Team to attend the Junior World Championships racing in Men's Canoe
- Richmond resident Ian Ryder was named Judo BC's U18 Male Athlete of the Year, and
- Rita Ngo won Bronze at the 2018 Sr Pan American Karate Championship

Governance

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

Financial

The first half of 2018 has been successful for the Corporation. The YTD results for the 6 months ended June 30, 2018 were budgeted at an income before transfers to reserves/provisions of \$294,000 and the actual results show income of \$842,000 indicating a favorable variance of \$548,000 (please see

page 4 for the Corporation's balance sheet as of June 30, 2018 and page 5 for the statement of operations). In Q2, \$335,000 was allocated to the reserves/provisions.

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the estimated 2018 Games Operating Trust Fund ("GOT") distribution of \$729,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,984,000 in Q2 and other revenue of \$509,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

Expenses

Memberships, admissions and program services costs for Q2 2018 were \$1,427,000, facility operations costs were \$1,119,000, marketing expenses were \$117,000, and administration and finance expenses were \$697,000. Overall, expenditures were \$186,000 favorable to budget.



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

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

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at June 30, 2018****Unaudited, prepared by management**

| June 30, 2018 | | |
|--|----|-------------------|
| ASSETS | | |
| Financial Assets | | |
| Cash | \$ | 1,489,521 |
| Investments | | 11,080,448 |
| Inventory | | 137,161 |
| GOT receivable | | 1,458,093 |
| Accounts receivable | | 483,451 |
| | | <u>14,648,673</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | | 1,639,868 |
| Deferred revenue | | 8,252,149 |
| Rental deposits | | 9,263 |
| | | <u>9,901,280</u> |
| Net financial assets | | 4,747,393 |
| Non-Financial Assets | | |
| Tangible capital assets | | 12,087,877 |
| Deferred lease costs | | 63,588 |
| Prepaid expenses and other deposits | | 246,289 |
| | | <u>12,397,754</u> |
| Accumulated Surplus (Note 1) | \$ | 17,145,147 |

| | |
|---|-------------------|
| Note 1 - Breakdown of accumulated surplus account is as follows: | |
| Investment in capital assets | 9,643,210 |
| Reserves/Provisions | 5,862,973 |
| Common Shares | 1 |
| Surplus | 1,638,963 |
| | <u>17,145,147</u> |

RICHMONT OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended June 30, 2018

Unaudited, prepared by management

| | QTR 2 2018 | | | QTR 2 2017 | | | YTD ended June 30, 2018 | | | YTD ended June 30, 2017 | | |
|---|---------------|-----------|----------------------------|---------------------------|-----------|--|----------------------------|-----------|----------------------------|----------------------------|-----------|----------------|
| | BUDGET | ACTUAL | \$ Variance Fav/(Unfav) | % Variance Fav/(Unfav) | ACTUAL | | BUDGET | ACTUAL | \$ Variance Fav/(Unfav) | % Variance Fav/(Unfav) | ACTUAL | 2018 BUDGET |
| REVENUES | | | | | | | | | | | | |
| 2010 Games Operating Trust Fund | 725,000 | 729,046 | 4,046 | 1% | 714,000 | | 1,450,000 | 1,458,093 | 8,093 | 1% | 1,428,000 | 2,900,000 |
| Contribution from City of Richmond | 862,861 | 862,862 | - | 0% | 844,286 | | 1,725,723 | 1,725,722 | - | 0% | 1,688,572 | 3,451,446 |
| Memberships, admissions and programs | 1,992,267 | 1,983,596 | (8,671) | 0% | 1,876,437 | | 4,140,810 | 4,053,807 | (87,003) | -2% | 3,953,464 | 8,347,591 |
| Other | 499,336 | 509,347 | 10,011 | 2% | 502,370 | | 1,111,672 | 1,120,307 | 8,635 | 1% | 982,762 | 2,110,345 |
| | 4,079,464 | 4,084,851 | 5,386 | 0% | 3,937,093 | | 8,428,205 | 8,357,929 | (70,275) | -1% | 8,052,798 | 16,809,382 |
| EXPENSES | | | | | | | | | | | | |
| Memberships, admissions, and program services | 1,441,831 | 1,427,408 | 14,423 | 1% | 1,377,028 | | 2,915,890 | 2,780,327 | 135,563 | 5% | 2,770,956 | 5,924,776 |
| Facility Operations | 1,157,962 | 1,119,437 | 38,525 | 3% | 1,094,162 | | 2,328,012 | 2,233,910 | 94,102 | 4% | 2,104,403 | 4,604,527 |
| Marketing | 161,726 | 116,565 | 45,161 | 28% | 98,579 | | 307,931 | 185,867 | 122,064 | 40% | 246,437 | 608,575 |
| Admin/Finance | 784,584 | 696,759 | 87,825 | 11% | 855,428 | | 1,682,587 | 1,439,816 | 242,771 | 14% | 1,630,461 | 3,288,065 |
| Amortization | 449,996 | 449,995 | 1 | 0% | 369,072 | | 899,996 | 875,526 | 24,470 | 3% | 747,247 | 1,800,000 |
| | 3,996,099 | 3,810,164 | 185,935 | 5% | 3,794,269 | | 8,134,416 | 7,515,446 | 618,970 | 8% | 7,499,504 | 16,225,943 |
| Net Income (Note 1) | 83,365 | 274,687 | 191,322 | 229% | 142,824 | | 293,789 | 842,483 | 548,694 | 187% | 553,294 | 583,439 |

Note 1 - In Q2, \$335,000 was transferred into reserves/provisions. The total transfers to capital reserves vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement.

Numbers may be off due to rounding.



City of Richmond

Report to Committee

To: Finance Committee

Date: July 20, 2018

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

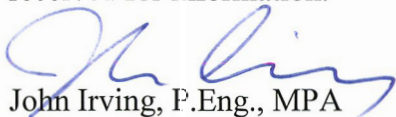
File: 10-6600-10-01/2018-Vol 01

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

Re: Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter
Financial Information

Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter Financial Information” dated July 20, 2018 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be *received for information*.

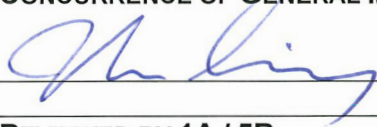

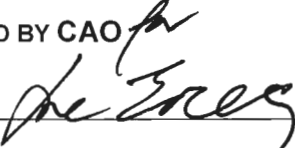


John Irving, P.Eng., MPA
Acting General Manager, Engineering and
Chief Executive Officer,
Lulu Island Energy Company
(604-276-4140)



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

Att. 1

| REPORT CONCURRENCE | |
|--|---|
| CONCURRENCE OF GENERAL MANAGER | |
|  | |
| REVIEWED BY 1A / 5B | INITIALS: |
| |  |
| APPROVED BY CAO  | |





6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: July 20, 2018

TO: Board of Directors

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

Re: Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter Financial Information

Staff Recommendation

1. That the 2018 Operating Budget Amendment as presented in the staff report titled, “Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter Financial Information” dated July 20, 2018 from the Chief Financial Officer, Lulu Island Energy Company, be approved.
2. That the 2nd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2018 Operating Budget Amendment and 2nd Quarter Financial Information” dated July 20, 2018 from the Chief Financial Officer, Lulu Island Energy Company, be approved.

Background

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

Analysis

2018 Operating Budget Amendment

With the continued rapid development pace within the City of Richmond, LIEC is in the process of developing and capturing new business opportunities, specifically through the development of both a City Centre-wide DEU strategy and the recently approved Interim City Centre DEU strategy (ICCDEU).

Given the rapid emergence of these business opportunities, staff will routinely monitor the budget and expenditure progress closely to identify any need for adjustments.

After approval of the 2018 operating budget, LIEC staff and City staff have further estimated the costs for services that LIEC receives from the city in support of additional growth and made adjustments. Specifically, the increased overhead allocation paid by LIEC to the City of Richmond in 2018 is estimated at \$64,000. It is recommended to amend the overhead allocation in the general administration expense of the 2018 operating budget.

The 2018 operating budget has been adjusted to reflect the changes in LIEC operations and to present the operating budget in the same format as the financial statements (Attachment 1).

2018 2nd Quarter Financial Information

Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The LIEC's pre-audited Q2 financial information consists of Statement of Comprehensive Income, which includes a summary of revenues, expenses, other activities and net income for the quarter (included in Attachment 2).

The metered billings revenue reflects energy sales. The metered billings revenue, \$834,798 from the Oval Village District Energy Utility (OVDEU) and \$903,792 from the Alexandra District Energy Utility (ADEU), is in line with the budget. The total revenue from energy sales for the second quarter is \$1,738,590.

The cost of sales is the direct variable cost relating to the operating revenue, which includes utilities (electricity and natural gas), contract services and amortization expenses. The total cost of sales is in line with budget. Contract services are 2% higher than budget and amortization expenses are 2% lower than the budget. The gross margin is 2% lower than the budget.

The general and administration expenses are expenditures that LIEC incurs to engage in business development activities and includes salaries and benefits, administration expenses, professional fees, etc. The administration expenses include the overhead allocation paid by LIEC to the City of Richmond for the support provided by the City. The general and administration expenses are 2% below the budget.

LIEC's overall financial performance is higher than the budget by 3% and the net income at the end of the second quarter is \$414,231. Consistent with strategic objectives, the net income will be set aside in LIEC's equity to build a reserve fund for future capital replacement.

Financial Impact

None.

Conclusion

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



Helen Zhao, CPA, CA
Controller
Lulu Island Energy Company
(604-276-4053)

Attachment 1 – 2018 Amended Operating Budget
Attachment 2 – Summary of Q2 Financial Information (unaudited)

Attachment 1 – 2018 Amended Operating Budget

| | Amended Budget | Original Budget | \$ Changes | % Change |
|--|---------------------------|----------------------------|-------------------|-----------------|
| Revenues | | | | |
| Metered Billings (Quarterly) | \$ 3,379,124 | \$3,379,124 | - | - |
| Service fee | 934,215 | 934,215 | - | - |
| | 4,313,339 | 4,313,339 | - | - |
| Cost of Sales | | | | |
| Contracts | 655,569 | 655,569 | - | - |
| Utilities | 732,314 | 732,314 | - | - |
| Amortization | 1,131,384 | 1,131,384 | - | - |
| | 2,519,267 | 2,519,266 | - | - |
| Gross margin | 1,794,072 | 1,794,072 | - | - |
| General and Administration Expenses | | | | |
| Salaries and benefits | 615,393 | 615,393 | - | - |
| Administration expenses ¹ | 128,211 | 64,211 | 64,000 | 100% |
| Advertising and marketing | 5,305 | 5,305 | - | - |
| Insurance | 65,000 | 65,000 | - | - |
| Professional Fees | 65,000 | 65,000 | - | - |
| | 878,909 | 814,909 | 64,000 | 8% |
| Net income before undernoted items | 915,163 | 979,163 | (64,000) | (7%) |
| Contributions and Financing expense | | | | |
| Developer contributions | 86,324 | 86,324 | - | - |
| Other income | 20,000 | 20,000 | - | - |
| Finance income | 30,000 | 30,000 | - | - |
| Finance expense | (419,519) | (419,519) | - | - |
| | (283,195) | (283,195) | - | - |
| Net Income | 631,968 | 695,968 | (64,000) | (9%) |

Notes:

1. A fee of \$64,000 included in administration expense is projected for the day-to-day support received from the City staff over the year

Attachment 2 – Summary of Q2 Financial Information (unaudited)

| | Amended Budget | 2018 Q2 Actual | \$ Variance | % Change |
|--|---------------------------|---------------------------|--------------------|-----------------|
| Revenues | | | | |
| Metered Billings (Quarterly) | \$ 1,757,606 | \$ 1,738,590 | (19,016) | (1%) |
| Service fee | 467,108 | 467,108 | - | - |
| | 2,224,714 | 2,205,697 | (19,016) | (1%) |
| Cost of Sales | | | | |
| Contracts ¹ | 327,784 | 334,903 | 7,119 | 2% |
| Utilities ² | 366,157 | 365,700 | (457) | (0%) |
| Amortization | 565,692 | 556,190 | (9,502) | (2%) |
| | 1,259,633 | 1,256,793 | (2,840) | (0%) |
| Gross margin | 965,081 | 948,904 | (16,177) | (2%) |
| General and Administration Expenses | | | | |
| Salaries and benefits | 307,696 | 302,316 | (5,380) | (2%) |
| Administration expenses ³ | 60,805 | 60,921 | 116 | 0% |
| Advertising and marketing ⁴ | 2,652 | 478 | (2,174) | (82%) |
| Insurance | 32,500 | 33,000 | 500 | 2% |
| Professional Fees | 32,500 | 29,798 | (2,702) | (8%) |
| | 436,154 | 426,514 | (9,640) | (2%) |
| Net income before undernoted items | 528,927 | 522,390 | (6,537) | (1%) |
| Contributions and Financing expense | | | | |
| Developer contributions | 43,162 | 53,380 | 10,218 | 24% |
| Other income | 10,000 | 12,216 | 2,216 | 22% |
| Finance income | 30,000 | 30,355 | 355 | 1% |
| Finance expense ⁵ | (209,760) | (204,110) | 5,650 | (3%) |
| | (126,598) | (108,159) | 18,439 | (15%) |
| Net Income ⁶ | 402,329 | 414,231 | 11,902 | 3% |

Notes:

1. The contract expenses include both planned maintenance and unplanned maintenance costs for ADEU and OVDEU.
2. Utilities include electricity and natural gas.
3. Administration costs include the overhead allocation paid to the City of Richmond for the day-to-day support provided.
4. The variance is due to advertising and marketing costs incurred eventually during the year.
5. Financing cost on the concession agreement
6. The net income will be set aside in LIEC's equity to build a reserve fund for future capital replacement.