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**Finance Committee**

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

**Tuesday, September 5, 2017**

**Immediately following the General Purposes Committee meeting**

Pg. #      ITEM

MINUTES

**FIN-3**      *Motion to adopt the **minutes** of the meeting of the Finance Committee held on June 5, 2017.*



RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 2<sup>ND</sup> QUARTER  
2017 FINANCIAL INFORMATION**  
(File Ref. No.) (REDMS No. 5517332)

**FIN-6**

**See Page FIN-6 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, 2017 from the Controller of the Richmond Olympic Oval Corporation be received for information.*



FINANCE AND CORPORATE SERVICES DIVISION

2.    **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2017**

(File Ref. No. 03-0905-01) (REDMS No. 5472579 v. 4)

**FIN-12**

**See Page FIN-12 for full report**

*Designated Speaker: Jerry Chong*

STAFF RECOMMENDATION

*That the staff report titled, “Financial Information – 2nd Quarter June 30, 2017”, dated August 11, 2017 from the Director, Finance be received for information.*

☐

ADJOURNMENT

☐



## Finance Committee

Date: Monday, June 5, 2017

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  
Councillor Linda McPhail  
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 5:20 p.m.

### MINUTES

It was moved and seconded  
*That the minutes of the meeting of the Finance Committee held on May 1, 2017, be adopted as circulated.*

**CARRIED**

*Councillor Au left the meeting (5:21 p.m.).*

### RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 1<sup>st</sup> QUARTER 2017 FINANCIAL INFORMATION**  
(File Ref. No.) (REDMS No.)

It was moved and seconded  
*That the report on the first quarter Financial Information ended March 31, 2017 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.*

**CARRIED**

1.

**Finance Committee**  
**Monday, June 5, 2017**

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*Councillor Au returned to the meeting (5:22 p.m.).*

**FINANCE AND CORPORATE SERVICES DIVISION**

**2. 2016 ANNUAL REPORT AND 2016 ANNUAL REPORT – HIGHLIGHTS**

(File Ref. No.) (REDMS No. 5387148)

Ted Townsend, Director, Corporate Communications and Marketing, accompanied by Jerry Chong, Director, Finance, distributed an extract of the 2016 Annual Report (copy on file, City Clerk's Office), and noted that the "Richmond at a glance" document provides condensed highlights of the City's annual report.

In reply to queries from Committee, Mr. Townsend advised that the annual report is anticipated to be brought forward for Council consideration at the June 26, 2017 Council meeting, following public inspection. Also, Mr. Chong highlighted that the City is pleased to be awarded the Canadian Award for Financial Reporting for the 14<sup>th</sup> consecutive year.

It was moved and seconded

*That the reports titled, "City of Richmond 2016 Annual Report" and the "2016 Annual Report – Highlights" be approved for public discussion.*

**CARRIED**

**3. FINANCIAL INFORMATION – 1<sup>ST</sup> QUARTER MARCH 31, 2017**

(File Ref. No.) (REDMS No. 5373330 v. 3)

It was moved and seconded

*That the staff report titled, "Financial Information – 1<sup>st</sup> Quarter March 31, 2017", dated May 11, 2017 from the Director, Finance be received for information.*

The question on the motion was not called as in reply to a query from Committee, Cindy Gilfillan, Manager, Financial Reporting, advised that business licence data is collected at a specific point in time; however, staff would examine how this information is reported for future reports.

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

**4. 2018-2022 BUDGET PROCESS**

(File Ref. No. 03-0970-01) (REDMS No. 5355131)

It was moved and seconded

*(1) That the staff report titled "2018-2022 Budget Process" dated May 4, 2017 from the Director, Finance be received for information, and*

**Finance Committee**  
**Monday, June 5, 2017**

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- (2) *That the services as presented in Attachment 2 of the staff report be approved as the base for the 2018 budget.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded  
*That the meeting adjourn (5:26 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 5, 2017.

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Mayor Malcolm D. Brodie  
Chair

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Hanieh Berg  
Legislative Services Coordinator



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** August 30, 2017

**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 2017 Financial Information**

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2017 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 30, 2017

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

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

**Re:** **Richmond Olympic Oval Corporation – 2<sup>nd</sup> Quarter 2017 Financial information**

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**Origin**

This staff report deals with the second quarter financial results for the 3-month period from April 1<sup>st</sup>, 2017 to June 30<sup>th</sup>, 2017 ("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

Several community groups used the Oval facility in Q2. Some of the community groups from Richmond or with strong Richmond based participation include, but are not limited to: Yogi Elite Hockey, Steveston Selects, Richmond Air Cadets, Prime Badminton Academy, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Shoseikan Karate, Metro Basketball, Greater Vancouver Canadians, Focus Volleyball, BC Aboriginal Athletic Association, Urban Rec, Ottobate Running Clinic, Aura Rhythmic Gymnastics, the Non Contact Hockey League, Field Hockey BC, and Vancouver Community Baseball. At the end of Q2 2017, a total of 82% of Oval members were Richmond residents.

Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q2 included the Rhythmic Gymnastics Provincial Championships, Volleyball U18/19 Provincial Championships, LifeMark Sport Conference, Delta Gymnastics Invitational and Cash & Carry Cup, Volleyball Canada Women's National Team Selection Camp, Challenge Cup Hockey Tournament, Wushu Can Am International Festival, Karate BC Canadian Open Championships, Wheelchair Rugby National Team Training, Adult BC Volleyball Provincials, Western Canadian Police Hockey Championships, Rhythmic

Gymnastics Provincials, Jiu Jitsu Open, Hoopfest (Basketball), Rotary Skates for the World, Corporate Champions, Olympic Day, and the BC Hockey U17 and U15 Camps.

Additionally, some of the events secured by Events/Sport Hosting in Q2 included: 2020 CARHA Hockey World Cup, Judo Pacific International and National Training Camp, Wheelchair Basketball National Championships, Delta Gymnastics Invitational and Cash & Carry Cup, World Field Painting Championships, the Noah Yelizarov Memorial Hockey Tournament and the Rhythmic Gymnastics Nationals.

Q2 was busy for the Oval's High Performance (HP) department once again. On June 3<sup>rd</sup> and 4<sup>th</sup> the British Columbia Table Tennis Association held the sanctioned Butterfly BC Open tournament at the Oval with over 100 athletes competing. Over 200 athletes competed in the Volleyball BC Baden Cup (July 1<sup>st</sup> and 2<sup>nd</sup>) in the Oval's track zone. The BC Hockey League Exposure Camp took place from July 1<sup>st</sup> to 3<sup>rd</sup>. Over 130 hockey players from Bantam-Midget participated in the camp designed to help the athletes gain exposure to BCHL coaches, scouts and management.

The Volleyball Canada Women's National Team Selection Camp took place from May 8<sup>th</sup> to 12<sup>th</sup> at the Oval. This was one of the largest selection camps in history with 60 athletes from all over Canada travelling to Richmond to try and earn a spot on the National Team Program. This successful event involved significant collaboration between Oval and Volleyball Canada staff, including the completion of all performance testing by Oval High Performance coaches led by Matt Fisher, Oval Head Strength and Conditioning Coach. The final selections for the National Team were completed on May 12<sup>th</sup>, with 27 players being named to the roster. The team's first training session in their new home at the Richmond Olympic Oval occurred on May 15<sup>th</sup>.

Notable athlete successes during Q2 included:

- a 5th place finish for the Pacific Wave Synchronized Junior Team in the Canadian Qualifier Championships,
- the National Men's Field Hockey Canada Team finishing 2nd in World League,
- Cycling Canada BMX athlete Alex Tougas experiencing his first A Pro win and Tory Nyhaug finished 2<sup>nd</sup> in the Elite Men National Championships,
- Pacific Storm Water Polo Club Senior Men's team winning bronze at Nationals,
- Kendell Stirrat from Vancouver Pacific Wave Synchronized Swim Club being named to the 2017 Junior National Athlete Pool, and
- Richmond resident Ian Ryder winning the U19 Gold (-90kg) and U21 Bronze (-90kg) at the Judo Canada National Championships.



### Governance

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

### Financial

The first half of 2016 has been successful for the Corporation. The YTD results for the 6 months ended June 30, 2017 were budgeted at an income before transfers to reserves/provisions of \$404,000 and the actual results show income of \$553,000 indicating a favorable variance of \$150,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2017 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 2016 Games Operating Trust Fund ("GOT") distribution of \$714,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,876,000 in Q2 and other revenue of \$502,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

#### Expenses

Memberships, admissions and program services costs for Q2 2017 were \$1,377,000, facility operations costs were \$1,094,000, marketing expenses were \$99,000, and administration and finance expenses were \$855,000. Overall, expenditures were \$76,000 favorable to budget.



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

cc: Shana Turner  
Director, Finance and Corporate Services, Richmond Olympic Oval Corporation

**RICHMOND OLYMPIC OVAL CORPORATION****Balance sheet****As at June 30, 2017****Unaudited, prepared by management**

<b>June 30, 2017</b>		
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	611,043
Investments		9,648,350
Inventory		122,870
GOT receivable		1,428,000
Accounts receivable		608,183
		<u>12,418,446</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,343,369
Deferred revenue		7,293,714
Rental deposits		9,263
		<u>8,646,345</u>
Net financial assets		3,772,101
<b>Non-Financial Assets</b>		
Tangible capital assets		11,532,835
Deferred lease costs		89,237
Prepaid expenses and other deposits		274,509
		<u>11,896,581</u>
Accumulated Surplus (Note 1)	\$	15,668,682

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

Investment in capital assets	8,923,271
Reserves/Provisions	5,282,575
Common Shares	1
Surplus	1,462,835
	<u>15,668,682</u>

# **RICHMONT OLYMPIC OVAL CORPORATION**

## **Statement of Operations**

**For the quarter ended June 30, 2017**

**Unaudited, prepared by management**

	QTR 2 2017			QTR 2 2016			YTD ended June 30, 2017			YTD ended June 30, 2016		
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUAL	\$ Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	BUDGET	ACTUAL	2017 BUDGET
<b>REVENUES</b>												
2010 Games Operating Trust Fund	714,000	714,000	-	0%	700,000	700,000	1,428,000	1,428,000	-	0%	1,400,000	2,856,000
Contribution from City of Richmond	844,286	844,286	-	0%	827,732	827,732	1,688,572	1,688,572	-	0%	1,655,464	3,377,146
Memberships, admissions and programs	2,040,939	1,876,437	(164,502)	-8%	1,896,658	1,896,658	4,140,174	3,953,464	(186,710)	-5%	3,913,515	8,288,202
Other	467,798	502,370	34,571	7%	494,272	494,272	935,595	982,762	47,167	5%	975,831	1,871,192
	4,067,023	3,937,093	(129,930)	-3%	3,918,662	3,918,662	8,192,341	8,052,798	(139,543)	-2%	7,944,810	16,392,540
<b>EXPENSES</b>												
Memberships, admissions, and program services	1,441,340	1,377,028	64,312	4%	1,396,015	1,396,015	2,913,245	2,770,956	142,289	5%	2,663,169	5,900,842
Facility Operations	1,093,727	1,094,162	(435)	0%	1,046,865	1,046,865	2,187,454	2,104,403	83,051	4%	2,007,921	4,374,914
Marketing	179,820	98,579	81,241	45%	373,071	373,071	347,189	246,437	100,752	29%	466,225	703,533
Admin/Finance	786,293	855,428	(69,135)	-9%	767,788	767,788	1,590,713	1,630,461	(39,748)	-2%	1,508,565	3,173,011
	3,501,180	3,425,197	75,983	2%	3,583,740	3,583,740	7,038,601	6,752,257	286,344	4%	6,645,879	14,152,300
<b>Income before amortization and transfers</b>	565,843	511,896	(53,947)	-10%	334,923	334,923	1,153,740	1,300,541	146,801	13%	1,298,931	2,240,240
Amortization	375,000	369,072	5,928	2%	341,041	341,041	750,000	747,247	2,753	0%	671,382	1,500,000
<b>Income after amortization and before transfers</b>	190,843	142,824	(48,019)	-25%	(6,118)	(6,118)	403,740	553,294	149,554	37%	627,549	740,240
Transfers to reserves/provisions (Note 1)	-	335,013	335,013	0%	330,205	330,205	-	670,025	670,025	0%	760,410	-
<b>Net after amortization and transfers</b>	190,843	(192,188)	(383,031)		(336,323)	(336,323)	403,740	(116,731)	(520,471)		(132,861)	740,240

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:** August 11, 2017

**From:** Jerry Chong  
Director, Finance

**File:** 03-0905-01/2017-Vol  
01

**Re:** Financial Information – 2<sup>nd</sup> Quarter June 30, 2017

### Staff Recommendation

That the staff report titled, "Financial Information – 2<sup>nd</sup> Quarter June 30, 2017", dated August 11, 2017 from the Director, Finance be received for information.

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

Att: 6

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

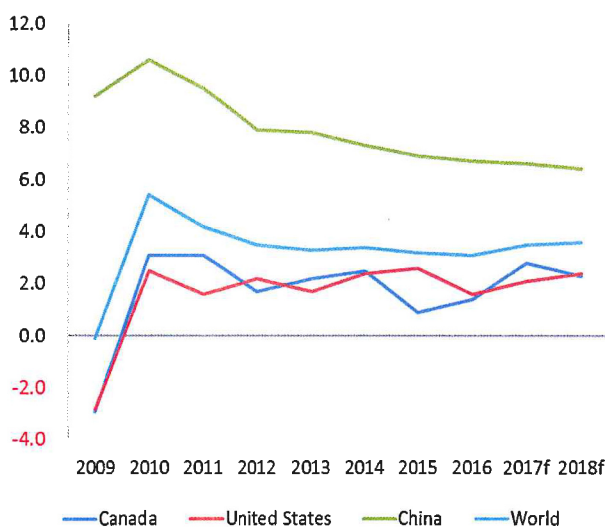
## Origin

Pre-audited financial information for the 2<sup>nd</sup> quarter ended June 30, 2017 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

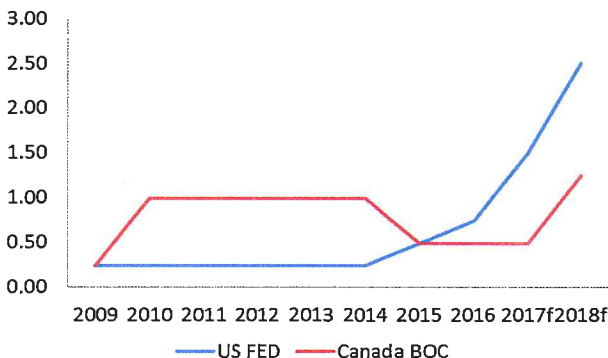
### Macroeconomic Indicators & Forecast

#### 1) Global Growth – Real GDP % Change <sup>1</sup>

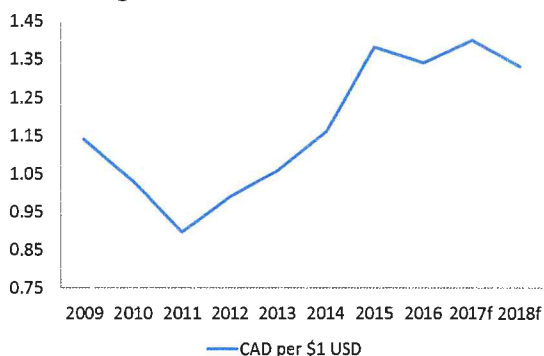


- Canada's gross domestic product (GDP) is projected to grow by 2.5% in 2017, leading economic growth among G7 countries, and by 1.9% in 2018.
- This upward revision of 0.6 percentage points over the last forecast was fuelled in part by strong domestic demand and employment figures.
- U.S. growth forecasts were downgraded to 2.1% for both 2017 and 2018.
- The outlook for world output remained unchanged over the last forecast. Real GDP is expected to grow by 3.5% in 2017 and 3.6% in 2018. GDP growth in China is forecasted to be 6.7% in 2017 and 6.4% in 2018.

<sup>1</sup> International Monetary Fund, *World Economic Outlook* (July 2017)

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

- The Bank of Canada (BOC) overnight rate remained at 0.5% in Q2 2017.
- Spurred by solid economic growth in recent periods, the BOC rate is expected to rise to 1.25% by the end of 2018.
- The U.S. Federal Reserve (US FED) continued normalization of monetary policy by raising short-term rates again in Q2 2017, to 1.25%.
- The US FED rate is expected to rise to 2.5% by the end of 2018, prompted by strong economic growth and strengthening of the US currency.

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

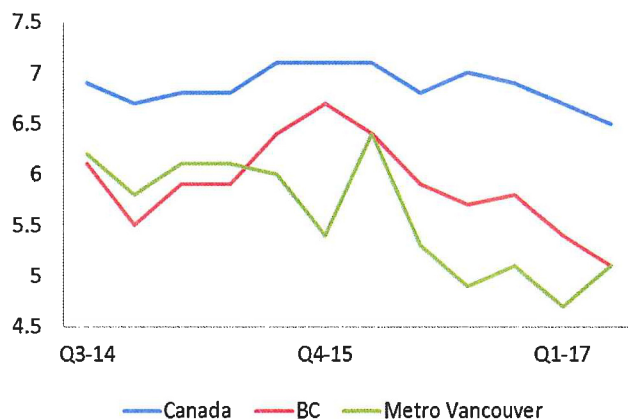
- The Canadian dollar (CAD) ended Q2 2017 at \$1.30 CAD per \$1 U.S. dollar (USD).
- Unease about the outcome of North American Free Trade Agreement negotiations are expected to weaken the Canadian currency, before the outlook improves again in 2018, coinciding with BOC rates and rising oil prices.
- Forecasted USD/CAD exchange rates for 2017 and 2018 are \$1.40 CAD per \$1 USD and \$1.33 CAD per \$1 USD, respectively.

<sup>2</sup> US Federal Reserve, Bank of Canada and Royal Bank Research

<sup>3</sup> Bank of Canada, Monetary policy Report (July 2017)

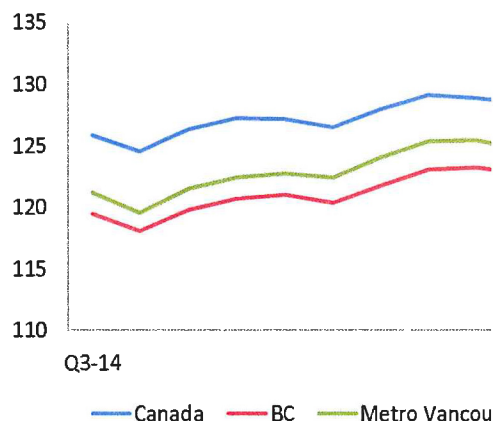
## Regional & Local Economic Activity Indicators

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



- British Columbia and Canada continued to experience steady employment gains in Q2 2017, ending the second quarter with unemployment rates of 5.1% and 6.5% respectively.
- British Columbia continues to have the lowest unemployment of all Canadian provinces; in Q2 2017 the rate declined by 6% over the previous quarter and 14% over Q2 2016.
- The unemployment rate in Metro Vancouver also ended the quarter at a low 5.1%.

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

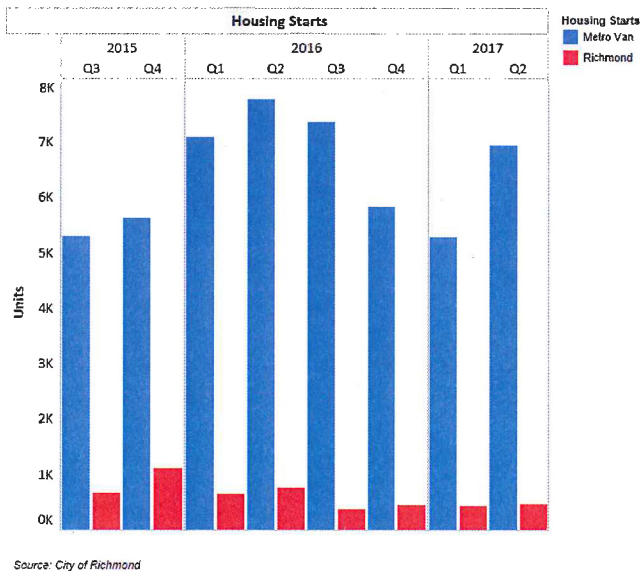


- British Columbia's consumer price index (CPI) climbed by 1.7% in Q2 2017 over the same quarter last year.
- Metro Vancouver experienced a slightly higher year-over-year CPI increase, at 1.8%.
- Canada's overall CPI rose 1% year-over-year in Q2 2017. This modest inflation coincides with a gradual tightening of BOC monetary policy, which aims to move the rate back towards the 2 per cent target by mid-2018.

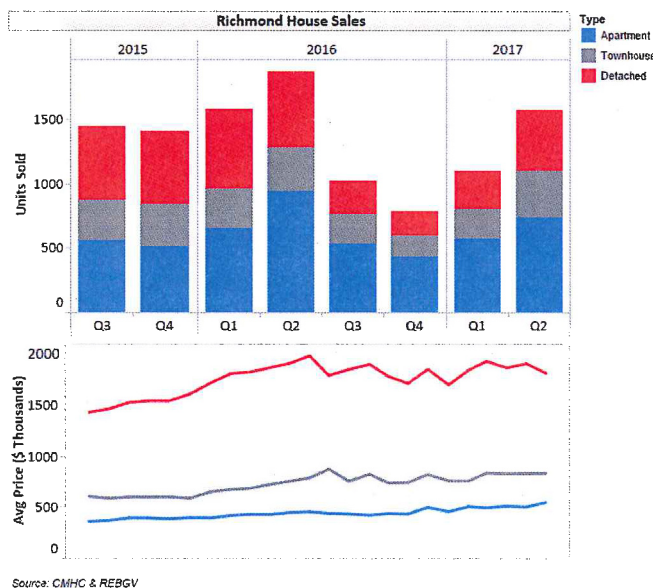
<sup>4</sup> Statistics Canada

<sup>5</sup> Statistics Canada



6) Housing Starts<sup>6</sup>

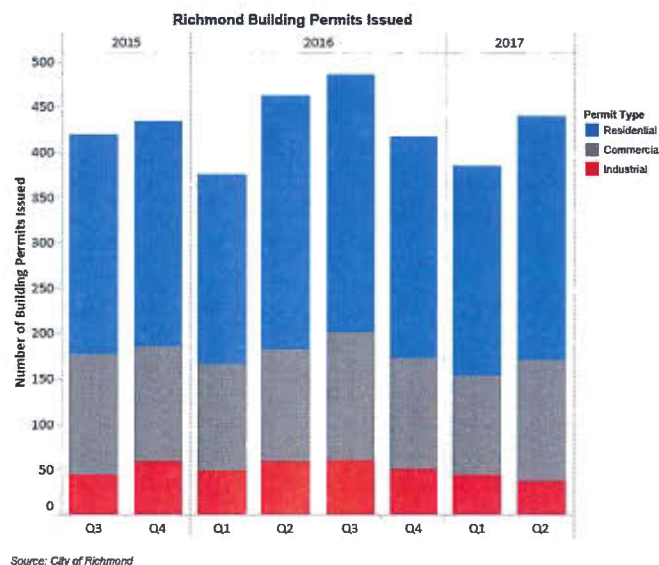
- Housing starts in Richmond and Metro Vancouver declined in Q2 2017 compared to the same period in 2016. Year-to-date housing starts declined by 37% in Richmond and 17% in Metro Vancouver compared to the first half of 2016.
- The building industry is facing constraints on new construction due to a high volume of projects (particularly multi-family) currently underway in the region. Other constraints to new construction include higher real estate prices, interest rates and government policy interventions introduced in mid-2016.
- Throughout Q2 2017 there were 462 housing starts in Richmond and 7,004 in Metro Vancouver.

7) Richmond House Sales and Prices<sup>7</sup>

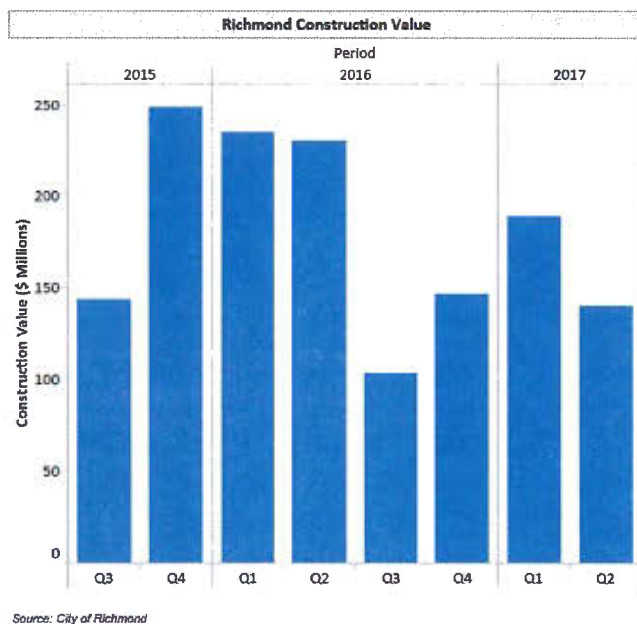
- A slowdown in real estate sales activity continued throughout Richmond and Metro Vancouver in Q2 2017 compared to the same period last year following the implementation of a 15% foreign home buyer tax.
- In Q2 2017, 1,572 homes were sold in Richmond, which is a 16% decline over the same period last year. Year-to-date figures were also down by 23% over the first half of 2016.
- Notwithstanding short term fluctuations, year over year real estate prices increased for townhouses and apartments by 6% and 20% respectively.
- The average price of a detached home in Richmond decreased by 8% over the same period last year, currently at \$1.81 million.

<sup>6</sup> CMHC<sup>7</sup> Real Estate Board of Greater Vancouver



8) Building Permits – Richmond<sup>8</sup>

- In Q2 2017 there were 270 residential, 133 commercial, and 37 industrial building permits issued in Richmond.
- Year to date building permit activity saw modest increases in residential (2.7%) and commercial (0.4%) permits, and a decrease (-24%) in industrial building permits.
- Lack of greenfield sites for new industrial projects, as well as soaring land prices are contributing factors to the decline in activity.

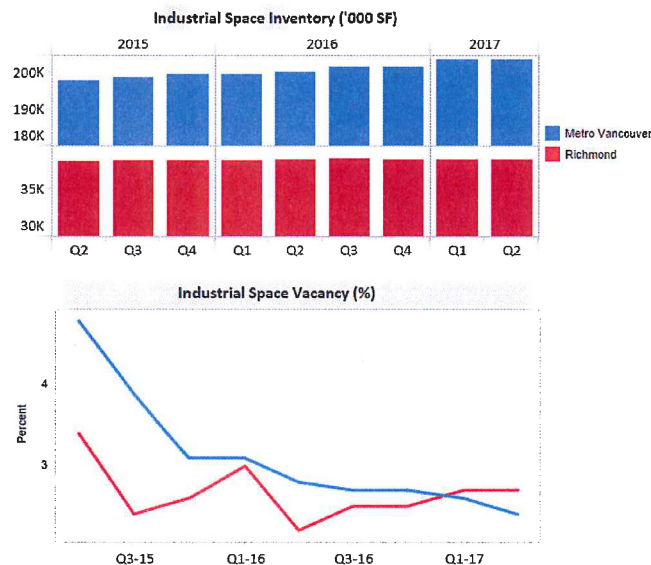


- The total value of new construction in the first half of 2017 was approximately \$330 million, down 29% over the same period last year.
- This coincides with a subsequent drop in housing starts over the same period and is likely due to similar factors such as building industry capacity constraints, housing market interventions and rising land costs.

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

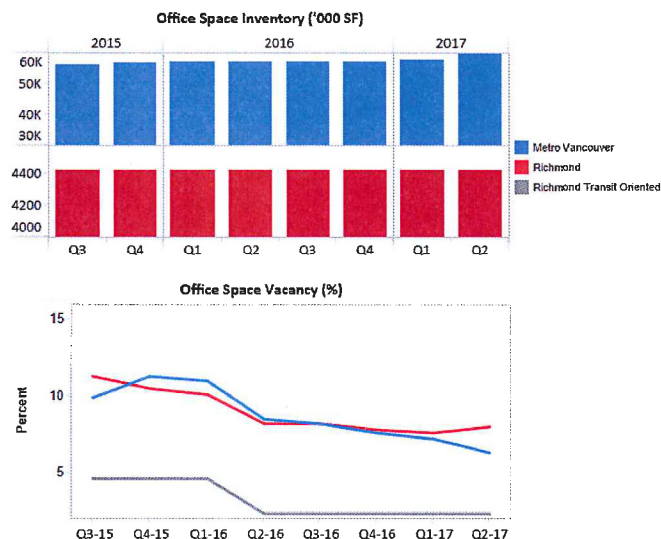
9) Commercial Space<sup>9</sup>

## a) Industrial Space



Source: Cushman &amp; Wakefield

## b) Office Space



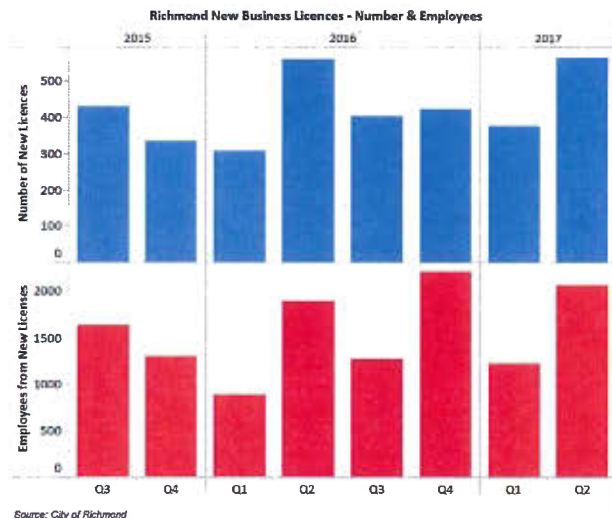
Source: Cushman &amp; Wakefield

- Notwithstanding projects in the planning and construction stages, no significant new space has been added to Richmond's industrial inventory over the last year.
- As a result, the vacancy rate has remained low and currently sits at 2.7%, unchanged over last quarter.
- The industrial space inventory in Metro Vancouver increased by 1.7% over the past year. Recent trends include development of owner-occupier strata product and building in more affordable suburban markets.
- Even with new inventory added, Metro Vancouver continues to face an acute shortage of industrial land, with a region-wide vacancy rate of just 2.4%, a decline of 14% over the same period last year
- Richmond's office vacancy rate decreased slightly to 8.0% in Q2 2017, compared to 8.2% in Q2 2016.
- Despite multiple projects currently in the proposal stage, there has been no significant new non-stratified office space added in Richmond since 2008.
- Metro Vancouver saw office inventory increase only slightly, by 1.1% in Q2 2017 over Q2 2016. The regional office vacancy rate dropped to a low 6.7% from 8.5% over this same period.
- Demand for office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts. Large contiguous spaces are especially difficult to find in these locations.

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

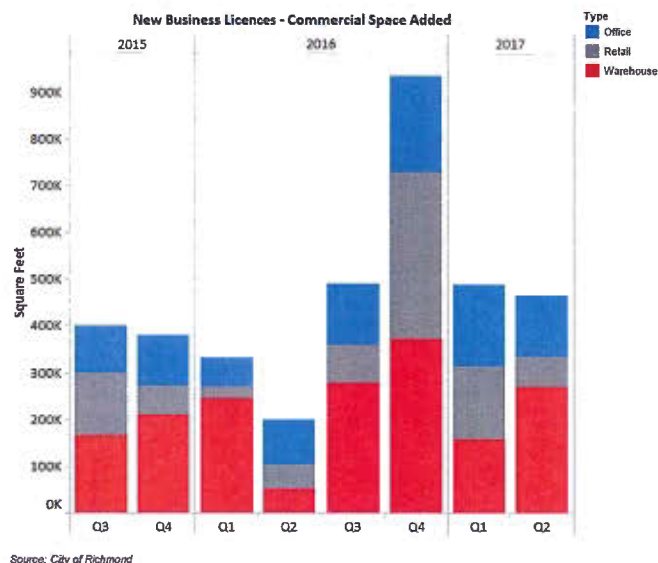
10) Business Growth – Richmond<sup>10</sup>

## a) Total Valid Business Licences



- 941 new business licences were issued throughout the first half of 2017, an increase of 8% over the same period last year.
- The creation of 3,277 local jobs and absorption of almost a million square feet of commercial space were attributed to these new businesses.

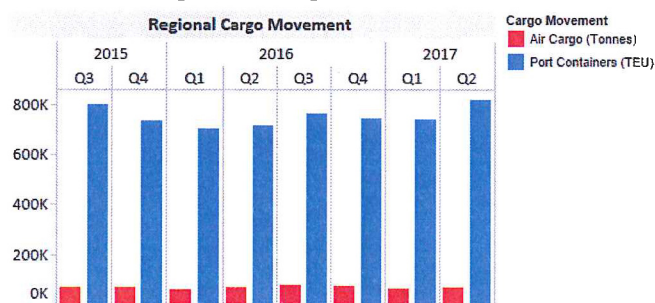
## b) New Business Licences Issued



- In Q2 2017 commercial space absorption from new business licences was mostly from industrial uses (58%), followed by office (28%) and retail (14%) uses.
- At the end of Q2 2017, there were 13,912 valid business licences issued in the City of Richmond. This is an 8% increase over the same point in time last year.

<sup>10</sup> City of Richmond Business Licences

## 11) Goods and People Movement

a) Regional Cargo Movement<sup>11</sup>

Source: Port of Vancouver, YVR

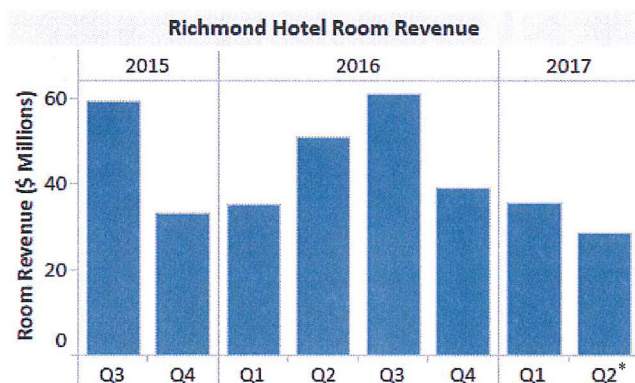
- The Vancouver International Airport (YVR) and Port of Vancouver posted robust trade figures in Q2 2017. This important economic indicator aligns with recent strong Canada-wide export activity.
- YVR air cargo volumes increased by 15% over the same period last year, while Port of Vancouver container movements increased by 14%.
- Private-sector investment in port infrastructure is creating new capacity in the port. Year to date container movements through the Port, as measured in twenty foot equivalent units (TEU), increased by nearly 10% in the first half of 2017 over the same period last year.

b) Airport Passengers<sup>12</sup>

Source: Vancouver Airport Authority

- YVR is on track for another record breaking year. Year over year passenger volumes increased by 9%.
- Traffic through Latin America saw a significant increase (+25%) in part due to the lifting of tourist visa requirements for Mexican visitors.
- Passengers to and from Asia also continued to increase due to new carriers and expanded flights to and from destinations such as Brisbane, Delhi, Hong Kong and China.

<sup>11</sup> Port of Vancouver Monthly Cargo Statistics<sup>12</sup> YVR Monthly Statistics

c) Richmond Hotel Room Revenue<sup>13</sup>

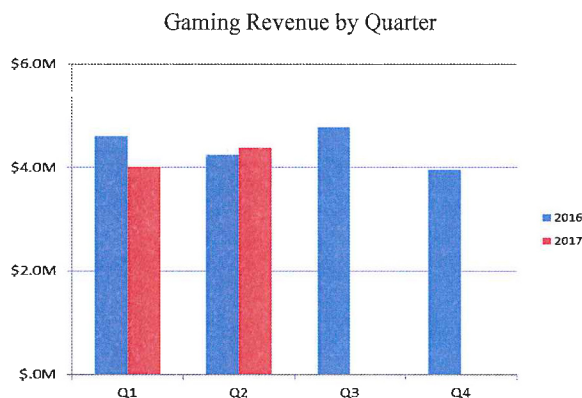
\* Q2 data for 2017 includes figures from January to May 2017. June figures not yet available.

Source: City of Richmond

- The tourism industry in Richmond, as measured by hotel room revenue, saw a strong growth in Q2.
- \$73.9 million dollars of hotel room revenue was earned in Richmond in the first 5 months of 2017, a 13.5% increase over the same period last year.
- So far in 2017, Richmond hotels experienced an overall occupancy rate of 76% - second only in B.C. to Whistler and among the highest in Canada.

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. 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.



- Gaming revenue for Q2 2017 increased 3.2% to \$4.38M compared to \$4.24M in Q2 2016.
- Q2 2017 increased by 9.2% compared to the previous quarter from \$4.01M to \$4.38M.

The increase in gaming revenue received by the City in Q2 2017 over the Q1 2017 is mainly due to decreased BCLC facility operating expenses. River Rock's total revenues decreased by 5.7% to \$83.8M compared to Q1 2017, but increased by 3.0% when compared to the same quarter in 2016. The increase compared to the Q2 2016 was mainly due to higher Table Drop<sup>14</sup> and Slot Coin-in<sup>15</sup>. The decrease compared to the Q1 2017 is mainly attributable to a decrease in slot revenues.<sup>16</sup>

<sup>13</sup> City of Richmond Additional Hotel Room Tax Ledger; Destination BC

<sup>14</sup> Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

<sup>15</sup> Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines.

<sup>16</sup> Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month and Six Month Periods Ended June 30, 2017.



At the February 14, 2017 Council meeting, the 2017 Budget was approved which included the gaming revenue allocation for 2017. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building and Infrastructure Reserve). This is consistent with the 2016 gaming revenue allocation.

Table 1: *Distribution of the 2017 gaming revenue allocation*

	Distribution	2017 Budget
Capital Reserves	30%	\$5.4M
Grants	15%	2.7M
Council Community Initiatives Account	2%	0.4M
Debt Servicing	Fixed	5.0M
Operating (RCMP)	Four Officers	0.7M
Capital Building Infrastructure Reserve	Remainder	3.9M
<b>Total</b>		<b>\$18.1M</b>

At end of Q2 2017, the City received \$8.39M or 46.4% of the annual budgeted amount.

### Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2017. 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, 2017 to June 30, 2017 (in \$000's)*

Net operational activity	Unaudited 2017 results			
Division/Department <sup>1</sup>	2017 YTD budget	Actuals and commitments	Variance YTD (\$)	Variance YTD(%)
Community Services	\$22,678	\$21,453	\$1,225	5%
Corporate Administration	5,339	5,307	32	1%
Engineering and Public Works	10,708	9,830	878	8%
Finance and Corporate Services	10,292	9,240	1,052	10%
Fire Rescue	17,239	17,224	15	0%
Community Safety	819	(18)	837	102%
Library	3,803	3,762	41	1%
Planning and Development	2,679	819	1,860	69%
Policing	23,575	20,452	3,123	13%
Fiscal, capital transfers and one-time funding	(60,199)	(56,972)	(3,227)	(5%)
<b>Total Operating</b>	<b>\$36,933</b>	<b>\$31,097</b>	<b>\$5,836</b>	<b>16%</b>
Water Utility	(5,579)	(6,179)	600	11%
Sanitary Sewer Utility	(2,307)	(2,788)	481	21%
Sanitation and Recycling Utility	(464)	(1,259)	795	171%
<b>Total Utilities</b>	<b>(\$8,350)</b>	<b>(\$10,226)</b>	<b>\$1,876</b>	<b>22%</b>

<sup>1</sup>Based on organizational structure in place as of June 30, 2017

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2017 Financial Plan:

- Community Services' favourable variance in the second quarter is a result of a continued focus on capital-related work by Parks Department as well as higher than expected facility booking revenue for the Recreation and Sport Department and sponsorship revenue for Arts Culture Heritage Department relating to events that take place in third and fourth quarter.
- Corporate Administration is on budget.
- Engineering and Public Works' favourable variance is mainly due to the timing of building improvement projects and repairs and maintenance from Project Development and Facility Management.
- Finance and Corporate Services' year to date variance is mainly due to vacant positions within Finance and IT which are in the recruitment process.
- Richmond Fire Rescue is on budget.
- Community Safety's favourable variance is mainly due to higher revenues in Business Licences and Bylaws for dog licences, false alarms, and business licences, along with savings in salaries from vacant positions within the Community Safety division.
- The Library is on budget.
- Planning and Development's favourable revenue variance is primarily from building permit revenue, savings in traffic maintenance operations and salary savings from vacant positions which are in the process of recruitment.
- Policing has a favourable variance due to lower actual RCMP staffing complement than budgeted and a lower actual wage cost than what was budgeted as the salary adjustment has yet to be applied by the RCMP.
- Fiscal, capital transfers and one-time funding's year to date variance is mainly due to transfers from surplus to fund one-time expenditures and projects carried forward from prior years that have not been recorded as the corresponding expenses have not been incurred.
- Water Utility's year to date favourable variance is due to lower than projected water consumption resulting in lower water purchases.
- Sanitary Sewer Utility's year to date favourable variance is due to the timing of maintenance programs which will occur later in the year.

- Sanitation and Recycling Utility's year to date favourable variance is mainly due to favourable revenue.

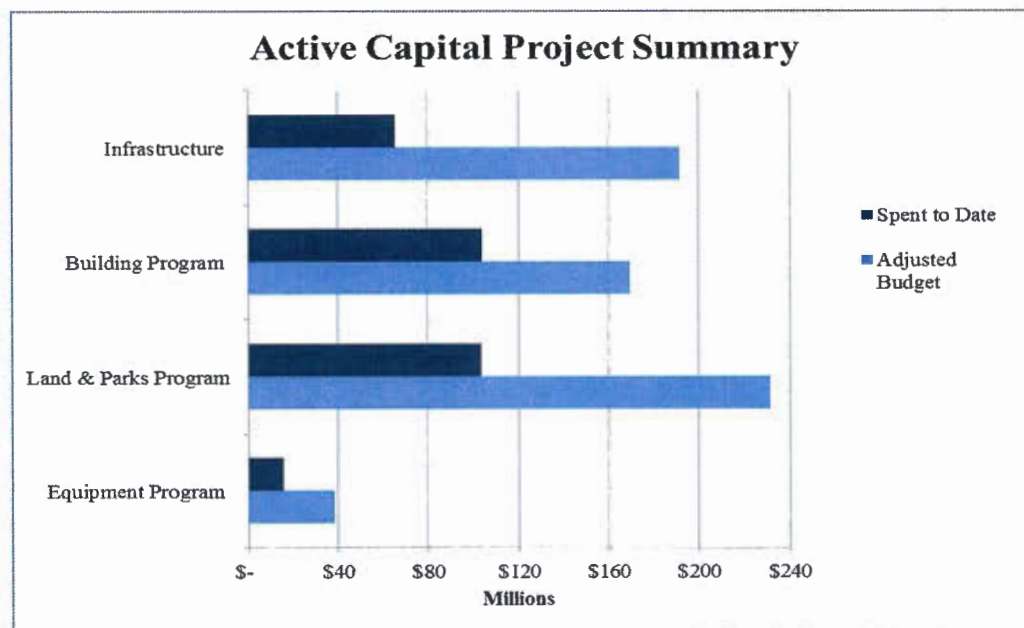
The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended June 30, 2017, with comparative figures for 2016 is included in Attachment 3.

### Active Capital Project Summary

Active capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2017 Capital Budget of \$107.9M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$342.9M.

Table 3: *Statement of Active Capital Project Expenditures - as at June 30, 2017 (in \$000's)*

Program	Adjusted Budget	Spent to date	Committed
Infrastructure	\$191,878	\$65,702	\$126,176
Building Program	169,624	103,720	65,904
Land & Parks Program	231,196	103,289	127,907
Equipment Program	38,042	15,154	22,888
<b>Grand Total</b>	<b>\$630,740</b>	<b>\$287,865</b>	<b>\$342,875</b>





Highlights of key capital projects are presented in Attachment 4. This includes percentage of project completion, which includes administrative staff time.

#### Active Capital Projects by Sub-Type

The following table summarizes the active capital projects by project sub-type.

Table 4: *Active Capital Projects by Sub-Type (in \$000 's)*

Project Sub-Type	Adjusted budget	Actuals as at June 30, 2017	Committed	% Spent
Affordable housing	\$46,356	\$14,971	\$31,385	32%
Art	7,326	4,468	2,858	61%
Building	169,624	103,720	65,904	61%
Childcare	3,887	3,350	537	86%
Drainage	63,631	15,124	48,507	24%
Equipment	8,628	4,947	3,681	57%
Information technology	13,859	4,488	9,371	32%
Land	120,574	51,712	68,862	43%
Parks	53,053	28,788	24,265	54%
Public works minor capital	9,853	4,076	5,777	41%
Roads	52,560	25,979	26,581	49%
Sanitary sewer	24,415	5,991	18,424	25%
Transportation	6,366	3,104	3,262	49%
Vehicles	15,555	5,719	9,836	37%
Water	25,053	11,428	13,625	46%
Contingency (grants, etc.)	10,000	-	10,000	0%
<b>Grand Total</b>	<b>\$630,740</b>	<b>\$287,865</b>	<b>\$342,875</b>	<b>46%</b>

Included in the 2017-2021 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 approved projects.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee.

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

Project Name	Budget	Q2 2017 Budget Transfers	Adjusted Budget
<b>Transfers Between Capital Projects</b>			
<b>Transfer 1:</b>			
Fire Equipment Replacement 2013	\$318	(\$17)	\$301
Fire Equipment Replacement 2014	318	(27)	291
Fire Equipment Replacement 2017	226	44	270
<b>Transfer 2:</b>			
Fire Vehicle Replacement Reserve Purchases 2015	972	(874)	98
Fire Vehicle Replacement Reserve Purchases 2017	1,618	874	2,492
<b>Transfer 3:</b>			
City Hall Domestic Water Piping Upgrade	350	25	375
Project Development Advanced Design 2016	260	(25)	235
<b>Grand Total</b>	<b>\$4,062</b>	<b>\$ -</b>	<b>\$4,062</b>

Contributed Assets

Included in the 2017-2021 Financial Plan Bylaw is an estimate of \$31.2M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following value of donated assets was recorded to the end of the second quarter.

Table 6: *Contributed Assets (in \$000's)*

Contributed Assets	Actuals as at June 30, 2017
Land Under Roads	\$7,093
Roads	2,622
Storm Sewer	829
Street Lighting	712
Watermain	175
Traffic Signals	237
Sanitary Sewer	1,189
<b>Total</b>	<b>\$12,857</b>

The \$31.2M budget estimate was based on prior year trends. The contributed assets in 2016, excluding other entities amounted to \$22.8M and in 2015 to \$61.8M.

### Investment Portfolio

The City's investment portfolio at June 30, 2017 was \$1.004 billion, with an average yield on investment of 1.9%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

*Table 7: Market Interest Rates (for analytical purposes only)*

	June 30, 2017
2 Year Government of Canada Bonds	1.04%
5 Year Government of Canada Bonds	1.28%
10 Year Government of Canada Bonds	1.61%

Source: Bank of Canada

Canada's economy for the quarter has been robust, fuelled by household spending, which offset any economic slack due to flat exports and higher imports. The strong growth is expected to moderate over the balance of the year, but exceed previous forecasts.

As highly anticipated, the Bank of Canada raised interest rates for the first time in nearly seven years during its interest rate announcement on July 12, 2017, citing confidence in its outlook and that it will wait for more economic data before committing to its next move. GDP estimates for 2017 and 2018 were upgraded and inflation was forecasted to return to close to the 2% target in mid-2018. The Bank of Canada joins the U.S. Federal Reserve as the only two central banks in the G7 to hike rates. The hike brought the bank's official interest rate from 0.50% to 0.75% and boosted the Canadian dollar to a 10-month high. Future adjustments to the target for overnight interest rate will be guided by incoming data. It is suggested by economists that at least one more quarter percentage point rate increase is expected in 2017, with more likely to follow gradually if growth continues to meet expectation.

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 its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

### Contract Awards

This report provides information on the formal contracts awarded by the City during the 2<sup>nd</sup> quarter. In accordance with Policy 3104, 29 contracts greater than \$75,000 were awarded totalling over \$10.8M (Attachment 6).

### **Financial Impact**

None.

## **Conclusion**

The City is maintaining its strong financial position through the second quarter of 2017. Building construction and development activity are showing signs of moderating from the extreme levels of 2015 and into 2016 due to the constraints on new construction. Capital projects are on-going and forecast to be within budget. It is expected that these trends will continue throughout 2017.



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- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Statement of Operations
- Att. 4: Capital Project Highlights
- Att. 5: Investment Portfolio
- Att. 6: Contract Awards > \$75,000

**Economic Indicators****June 30, 2017****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2015	2016	Change	2017f*	2018f*
Canada	0.9	1.4	55.6%	2.5	1.9
United States	2.6	1.6	(38.5%)	2.1	2.1
China	6.9	6.7	(2.9%)	6.7	6.4
World	3.4	3.1	(8.8%)	3.5	3.6
2) Interest Rates (at YE)	2015	2016	Change	2017f*	2018f*
Bank of Canada	0.50	0.50	0.0%	0.50	1.25
US FED	0.50	0.75	50.0%	1.50	2.50
3) Exchange Rate	2015	2016	Change	2017f*	2018f*
CAD per \$1 USD	1.38	1.34	(2.9%)	1.40	1.33
*f-forecast					

**Regional and Local Market Indicators**

4)	<b>Unemployment (%)</b>	<b>Q2-2017</b>	<b>Q1-2017</b>	<b>Change</b>	<b>Q2-2016</b>	<b>Change</b>	
	Canada	6.5	6.7	(3.0%)	6.8	(4.4%)	
	BC	5.1	5.4	(5.6%)	5.9	(13.6%)	
	Metro Vancouver	5.1	4.7	8.5%	5.3	(3.8%)	
5)	<b>CPI (2002=100)</b>	<b>Q2-2017</b>	<b>Q1-2017</b>	<b>Change</b>	<b>Q2-2016</b>	<b>Change</b>	
	Canada	130.4	129.9	0.4%	129.1	1.0%	
	BC	125.2	124.2	0.8%	123.1	1.7%	
	Metro Vancouver	127.5	126.1	1.1%	125.3	1.8%	
6)	<b>Housing Starts (Units)</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
	Starts - Metro Vancouver	7,004	7,759	(9.7%)	12,273	14,840	(17.3%)
	Starts - Richmond	462	753	(38.6%)	884	1,401	(36.9%)
	<b>Richmond Residential Sales</b>						
7)	<b>Activity</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
	Sales - Detached	470	592	(20.6%)	768	1,212	(36.6%)
	Sales - Townhouse	362	335	8.1%	587	644	(8.9%)
	Sales - Apartment	740	946	(21.8%)	1,315	1,597	(17.7%)
	<b>Sales Total/Average Change</b>	<b>1,572</b>	<b>1,873</b>	<b>(16.1%)</b>	<b>2,670</b>	<b>3,453</b>	<b>(22.7%)</b>
		<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>			
	Average Price - Detached (\$ at QE)	1,810,000	1,977,000	(8.4%)			
	Average Price - Townhouse (\$ at QE)	830,000	785,000	5.7%			
	Average Price - Apartment (\$ at QE)	551,000	460,000	19.8%			

**Economic Indicators****June 30, 2017****Regional and Local Market Indicators (continued)**

8) <b>Richmond Building Permits</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Building Permits - Residential	270	280	(3.6%)	502	489	2.7%
Building Permits - Commercial	133	123	8.1%	242	241	0.4%
Building Permits - Industrial	37	59	(37.3%)	81	107	(24.3%)
<b>Building Permits Total</b>	<b>440</b>	<b>462</b>	<b>(4.8%)</b>	<b>825</b>	<b>837</b>	<b>(1.4%)</b>

<b>Construction Value (\$ million)</b>	140.4	230.4	(39.1%)	329.7	465.6	(29.2%)
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9) <b>Commercial Space (at QE)</b>	<b>Richmond</b>			<b>Metro Vancouver</b>		
	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>
Office Vacancy (%)	8.0	8.2	(2.4%)	6.7	8.5	(21.2%)
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%	57,599	56,955	1.1%
Industrial Vacancy (%)	2.7	2.2	22.7%	2.4	2.8	(14.3%)
Industrial Inventory (000 sf)	37,994	37,994	0.0%	203,535	200,114	1.7%

10) <b>Richmond Business Growth</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Total Valid Business Licences (at QE)	13,912	12,935	7.6%	n/a	n/a	n/a
New Licences - Number Issued	566	561	0.9%	941	869	8.3%
New Licences - Employees	2,058	1,889	8.9%	3,277	2,773	18.2%
New Licences - Office Added (sf)	132,272	95,155	39.0%	307,472	158,887	93.5%
New Licences - Retail Added (sf)	63,597	51,443	23.6%	219,386	75,938	188.9%
New Licences - Industrial Added (sf)	269,942	51,896	420.2%	427,288	296,954	43.9%
<b>Total Space Added (sf)/Avg. Change</b>	<b>465,811</b>	<b>198,494</b>	<b>134.7%</b>	<b>954,146</b>	<b>531,779</b>	<b>79.4%</b>

**Economic Indicators****June 30, 2017****Regional and Local Market Indicators (continued)**

<b>11) Goods &amp; People Movement</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
YVR Air Cargo (tonnes)	71,130	61,709	15.3%	136,894	119,118	14.9%
PMV Container Movement (TEUs)	818,495	717,456	14.1%	1,558,735	1,421,844	9.6%
YVR Passengers (million)	6.0	5.4	11.1%	11.3	10.4	8.7%
Richmond Hotel Revenue (\$ million)**	34.0	30.0	13.3%	73.9	65.1	13.5%

\* \*\*Hotel Room Revenue data for Q2 excludes June figures.

**Notes:**

- a) QE indicates quarter end  
b) YTD indicates year to date including adjustments

**List of Sources:**

- 1) International Monetary Fund, World Economic Outlook, July 2017
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada
- 4)&5) Statistics Canada
- 6) CMHC
- 7) Real Estate Board of Greater Vancouver
- 8) City of Richmond Building Permits
- 9) Cushman & Wakefield Office and Industrial Market Beat Reports
- 10) City of Richmond Business Licences
- 11) YVR & PMV Monthly Cargo Statistics; YVR monthly statistics; City of Richmond Additional Hotel Room Tax Ledger

**Financial and Key Indicators****June 30, 2017**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
<b>Contributions</b>						
Roads, Water, Sewer DCC's Received	\$3,817	\$2,029	88.1%	\$7,342	\$6,850	7.2%
Parks DCC's Received	\$376	\$2,220	(83.1%)	\$2,055	\$4,553	(54.9%)
<b>Total DCC Fees Received</b>	<b>\$4,193</b>	<b>\$4,249</b>	<b>(1.3%)</b>	<b>\$9,397</b>	<b>\$11,403</b>	<b>(17.6%)</b>
DCC Reserves – Uncommitted balance at QE	71,735	68,165	5.2%	n/a	n/a	n/a
<b>2) Uncommitted Reserves (at QE)</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>			
Capital Funding Reserves	\$118,639	\$111,592	6.3%			
Utility Reserves	\$103,775	\$91,987	12.8%			
Affordable Housing Reserves	\$1,519	\$4,744	(68.0%)			
Other Reserves	\$57,189	\$53,295	7.3%			
<b>Total Uncommitted Reserves</b>	<b>\$281,122</b>	<b>\$261,618</b>	<b>7.5%</b>			
<b>3) Taxes to date</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Taxes Collected	\$248,696	\$230,085	8.1%	\$258,390	\$240,362	7.5%
City Portion of Taxes Collected	\$121,861	\$112,742	8.1%	\$126,611	\$117,778	7.5%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$5,515	\$4,725	16.7%	n/a	n/a	n/a
No. of Participants on Pre-authorized withdrawal (at QE)	6,302	6,348	(0.7%)	n/a	n/a	n/a
Pre-authorized withdrawals payments	\$5,619	\$5,488	2.4%	\$13,931	\$13,633	2.2%
Interest rate % paid	0.70%	0.70%	-	0.70%	0.70%	-
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Investments</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>			
Total Investments	\$1,004,000	\$990,458	1.4%			
Average City Rate of Return on Investments %	1.9%	2.0%	(5.0%)			



**Financial and Key Indicators****June 30, 2017**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>5) Planning and Development</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Building Permit Fees Collected	\$2,059	\$2,616	(21.3%)	\$4,463	\$5,266	(15.2%)
Development Applications Received	60	67	(10.4%)	100	125	(20.0%)
Development Applications Fees	\$312	\$268	16.4%	\$479	\$643	(25.5%)
<b>6) Business Licences</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Revenue Received for Current Year Licences	\$1,257	\$1,040	20.9%	\$2,888	\$2,645	9.2%
Revenue Received for Next Year (Deferred)	\$232	\$218	6.4%	\$322	\$296	8.8%
Total Licence Revenue	\$1,489	\$1,258	18.4%	\$3,210	\$2,941	9.1%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
<b>7) Other Revenues</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Parking Program Revenue	\$485	\$568	(14.6%)	\$917	\$1,113	(17.6%)
Gaming Revenue	\$4,378	\$4,242	3.2%	\$8,386	\$8,837	(5.1%)
Traffic Fine Revenue	\$1,948	\$2,182	(10.7%)	\$1,948	\$2,182	(10.7%)
<b>8) Employees</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>			
Full Time Equivalent (FTE) Employees (at QE)	1,495	1,461	2.3%			
<i>(City and Library)</i>						
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
<b>9) Operating Indicators</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Fire Rescue Responses	2,676	2,740	(2.3%)	5,494	5,286	3.9%
RCMP - Calls for Service Handled	16,598	18,243	(9.0%)	32,596	34,422	(5.3%)
Public Works calls for Service	4,199	3,983	5.4%	8,202	7,336	11.8%

**Financial and Key Indicators****June 30, 2017**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>10) Affordable Housing (at QE)</b>	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR) (units)	429	336	27.7%
Market Rental (units)	411	411	0.0%
Entry Level Home ownership (units)	19	19	0.0%
Secondary Suite / Coach House (units)	229	172	33.1%
<b>Total Affordable Housing</b>	<b>1,565</b>	<b>1,415</b>	<b>10.6%</b>
	<b>Q2-2017</b>	<b>Q2-2016</b>	<b>Change</b>
Floor Space secured, unit mix & other (sq feet) at QE *	119,069	119,069	0.0%

\* 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.

<b>11) Richmond Population Estimate</b>	<b>2016</b>
<b>Year End *</b>	
	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

**Statement of Operations<sup>1</sup>**

For the Six Month Period Ended June 30, 2017, with comparative figures for 2016  
(Expressed in thousands of dollars)

	<b>Budget June 30 2017</b>	<b>Actuals June 30 2017</b>	<b>Actuals June 30 2016</b>
<b>Revenues:</b>			
Taxes and levies	\$103,245	\$103,411	\$99,498
User fees	50,817	49,882	45,667
Sales of services	14,504	16,107	14,391
Payments-in-lieu of taxes	6,930	7,385	8,805
Provincial and federal grants	2,368	3,982	3,859
Development cost charges	9,467	8,973	13,084
Other capital funding sources	22,319	14,373	10,876
Other revenues:			
Investment income	7,347	9,397	9,083
Gaming revenue	9,044	8,386	8,837
Licences and permits	4,789	6,556	6,182
Other	4,231	14,396	12,252
	<b>235,061</b>	<b>242,848</b>	<b>232,534</b>
<b>Expenses:</b>			
Community safety	48,559	44,395	43,227
Engineering, public works and project development	34,086	29,576	27,125
General government	29,040	26,064	24,454
Parks, recreation and community services	31,680	27,469	25,131
Utilities:			
Water supply and distribution	20,629	18,414	18,418
Sewerage collection and disposal	15,387	14,662	14,429
Sanitation and recycling services	7,533	6,971	6,219
Planning and development	7,138	6,676	6,440
Library services	4,992	4,789	4,770
	<b>199,044</b>	<b>179,016</b>	<b>170,213</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	36,017	63,832	62,321
Accumulated surplus, beginning of year	2,731,194	2,731,194	2,717,164
Accumulated surplus, end of June 30 <sup>3</sup>	<b>\$2,767,211</b>	<b>\$2,795,026</b>	<b>\$2,779,485</b>

<sup>1</sup> Statement of Operations for City and Library after intercompany eliminations, and excludes Oval and LIEC results.

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

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

**Capital Highlights****Infrastructure***No 2. Road North Drainage Pump Station Upgrade*

Approved Budget: \$4.4M (2014) 90% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. Construction is ongoing and completion is scheduled for Q3 2017.

*No 2 Road Widening – Steveston Highway to Dyke Road*

Approved Budget: \$7.3M (2016) 15% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5M from the Federal Government. The design of the required works is ongoing and construction works are anticipated to be completed for Q4 2018.

*Spires Area Water, Sanitary and Drainage Upgrade*

Approved Budget: \$4.507M (2016) 15% Complete

- This project consists of installing new storm sewer, and replacing/upgrading ageing watermain and sewer mains in the Cook & Spires neighbourhood. The design work is completed and construction of the watermain has commenced.

*Lansdowne Road Extension – Alderbridge Way to Minoru Boulevard*

Approved Budget: \$3.0M (2012) 95% Complete

- This project involves the construction of a new interim vehicle, pedestrian and cycling connection along the Lansdowne corridor from Alderbridge Way to Minoru Boulevard. Construction is substantially completed.

**Capital Highlights****Buildings***Minoru Centre for Active Living:*

Approved Budget: \$79.6M (2014) + \$3.4M Contingency 55% Complete

- On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. Structural steel and glulam is complete across the majority of the fitness space and seniors centre with only the natatorium remaining. Exterior cladding, glazing and roofing are underway. Interior steel stud, drywall, electrical and plumbing is ongoing. Project completion is anticipated in early 2018. The public engagement process is continuing through to project completion.

*Fire Hall No. 1:*

Approved Budget: \$22.3M (2014) + \$2.1M Contingency 55% Complete

- On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. The concrete and steel superstructure is complete. Exterior roofing cladding and glazing are ongoing. Interior electrical and plumbing, steel stud and drywall are ongoing. Project completion is anticipated by winter 2017.

*Fire Hall No. 3:*

Approved Budget: \$20.7M (2005-2009) + \$3.5M Contingency 100% Complete

- On July 23, 2012, Council approved construction of a new Fire Hall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Fire Hall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Fire Hall No. 3 through the 2005 - 2009 Capital Programs. The construction of Fire Hall No. 3 is complete and in operation, repair of minor deficiencies is typical and anticipated for the first year of operation

***Capital Highlights******Community Services/Parks****Railway Greenway:*

Approved Budget: \$2.9M (2013) 99% Complete

- Greenway path construction is complete between Granville Avenue and Garry Street.
- Installation of benches and receptacles is complete.
- Additional wayfinding signage has been installed and is complete.
- An additional 628 trees and over 15,800 shrubs have been planted adding significantly to Richmond's ecological network.
- The picnic area with tables, benches, and a public art piece are now in place.
- The City was awarded a Canada 150 grant to upgrade the trail on the east side of McCallan Road between Westminster Highway and River Road. Path construction is complete and trees will be planted in Fall 2017.

*Garden City Lands Phase 1 and 2:*

Approved Budget: \$6.4M (2015, 2016, &amp; 2017 ) 40% 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 to guidance for the refinement of the Legacy Landscape Plan including detailed design of water management infrastructure and perimeter trails. These are under construction and will be complete in Fall 2017.
- Preparation of the farm area licensed to Kwantlen Polytechnic University began in June and is expected to be completed by Sept. 2017
- Tree and shrub planting for the agricultural buffer around the site perimeter will commence in Fall 2017 and continue into 2018.

*Lang Park Development:*

Approved Budget: \$876,000 (2015) 100% Complete

- Construction of the park is complete including a new concrete plaza, seat walls, water feature/fountains, play area, and artwork. The park was opened to the public on July 3 and will be officially opened on July 20, 2017.

*Middle Arm / Hollybridge Pier: '*

Approved Budget: \$2.25M (2015 &amp; 2016) 55% Complete

- Contract awarded to Fraser River Pile & Dredge for the construction services of the pier. An application has been submitted to the Province for water lot lease and the management plans associated with the pier have been submitted to Ministry of Forest, Lands and Natural Resource Operations, Fisheries and Oceans Canada, Environment Canada, and the Diking Authority. Approvals are anticipated to be received by October 2017. Construction is expected to commence in the November 2017, in association with the adjacent residential development (ASPAC Lot 9).
- Construction work to the dyke and trail is anticipated to be completed by late Fall, 2017.

<b>Capital Highlights</b>	<b>Community Services/Parks</b>
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*Aberdeen Park:*

Approved Budget: \$3.7M (2014, 2016 & 2017) 35% Complete

- Council approved the naming of this new park at Cambie Rd. 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 commenced on July 4 2017. The construction of Phase 1 is expected to be completed in Fall 2017.

*The Gardens Agricultural Park :*

Approved Budget: \$316,000 (2012) & \$1.95M (2014/15) 35% Complete

- City construction for Phase 1 has been partially completed along with Servicing Agreement works completed by Townline Homes in fall 2014. Staff are reviewing any impacts to the park as a result of the Massey Tunnel project.
- *Project currently on hold due to the impacts of the George Massey Tunnel project*

*Parks Ageing Infrastructure:*

Approved Budget: \$140,000 (2016) 96% Complete

*Included in Minoru Major Facility Integrated Project*

- Thompson's lacrosse and tennis courts resurfacing is complete.
- Resurfacing of 6 tennis courts at Southarm Park completed.
- Hugh Boyd, King George, and Richmond High sports fields perimeter fencing repairs and replacement completed.
- Miscellaneous drainage repairs planned for late Summer 2017 (wet weather conditions has delayed start of construction).

*Britannia Shipyards Slipways:*

Approved Budget: \$513,000 (2014) 92% Complete

- Restoration of the Slipway's timber components completed.
- Staff to review options for restoring & repairing the electrical winch system (the process has started 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.

**Capital Highlights****Community Services/Parks***Minoru Latrace Field High Mast Netting System:*

Approved Budget: \$300,000 (2017) 20% Complete

- Design Build RFP process underway for an 80'-0 high x 320'-0 long high mast netting system
- Staff to review options for controlling errant/foul balls from crossing over to other sports fields and to protect spectators and pedestrians.
- Award of contract to Netex Canada for the installation completed.
- Construction to start in late September 2017.

*Playground Improvement:*

Approved Budget: \$300,000 (2017) 0% Complete

- Engagement with staff and students at Garden City Elementary School for the new playground will start in Fall 2017. Input received will inform the scope of work to be included in a request for proposals for design-build services for the playground.
- City Park staff are currently working on a design concept.
- An RFP for design-build services will be issued July/August 2017
- Construction is expected to commence in Fall 2017.

*Rideau Playground:*

Approved Budget: \$200,000 (2017) 0% Complete

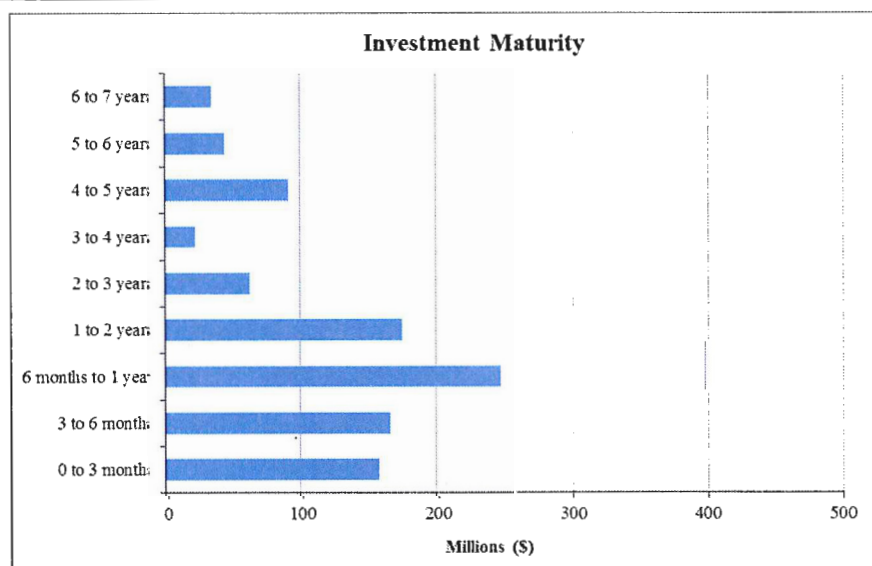
- A request for proposals for design-build services for the playground will be issued in July 2017, with construction taking place in Fall 2017.



## Investment Portfolio

June 30, 2017 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
<b>Provincial (Fixed Income)</b>						
	AA (high)	British Columbia	2019	\$ 65,297	6.50%	
	AA (low)	Ontario	2017	62,012	6.18%	
	AA (high)	Alberta	2019	39,586	3.94%	
	A (high)	Quebec	2017	35,245	3.51%	
	A (high)	Manitoba	2018	12,000	1.20%	
		Total		\$ 214,140	21.33%	50%
<b>Chartered Banks (Fixed Income and Deposits)</b>						
	AA	Bank of Nova Scotia	2017-2022	\$ 149,128	14.85%	
	AA	Bank of Montreal	2017-2022	53,440	5.32%	
	AA (low)	National Bank of Canada	2018-2021	55,628	5.54%	
	AA	TD Bank	2021-2023	31,225	3.11%	
	AA	CIBC	2018-2019	43,438	4.33%	
	AA	Royal Bank	2018-2023	53,258	5.30%	
	A (high)	HSBC Bank of Canada	2021	22,310	2.22%	
	A (low)	Canadian Western Bank	2018	24,482	2.44%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	1.99%	
		Total		\$ 452,910	45.11%	50%
<b>BC Credit Unions (Deposits)</b>						
		Blue Shore Financial	2017-2018	\$ 45,190	4.50%	
		Coast Capital Savings	2017-2019	89,761	8.94%	
		Vancity	2017-2018	87,757	8.74%	
		Westminster Savings	2017	20,000	1.99%	
		Gulf and Fraser	2017-2019	49,696	4.95%	
		Total		\$ 292,404	29.12%	30%
<b>Pooled Investments (MFA Bond Fund)</b>						
		MFA Pooled Investment Fund		\$ 44,623	4.44%	20%
<b>Total Investment Portfolio Balance</b>				<b>\$ 1,004,077</b>	<b>100.00%</b>	



**Contract Awards greater than \$75,000**

April 1st to June 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
1	6064CM	Apparatus Bay Floor Coating at Fire Hall # 3	Stuart Olson Construction subcontracted to StonCar Group	\$79,441	Engineering & Public Works
2	6063J	South Arm Community Centre Phase II Fitness Upgrades - Demolition	Ventana Construction Corporation	122,694	Engineering & Public Works
3	6062F	Microsoft Software Licensing	Softchoice LP	202,167	Finance & Corporate Services
4	6058S	Reinstatement of BC Hydro Connections at Minoru Park	BC Hydro & Power Authority	82,876	Engineering & Public Works
5	6055J	London Farm Outbuilding Rehabilitation	Ventana Construction Corporation	250,250	Engineering & Public Works
6	6054J	Provincial Court Roof Replacement	ICE Development Ltd.	386,662	Engineering & Public Works
7	6039J	Minoru Arena Re-Roofing & Envelope Repair Project 2017	ICE Development Ltd.	775,798	Engineering & Public Works
8	6038S	Infor Public Sector (HANSEN) 2017 Annual Support Contract Renewal July 1, 2017 to June 30, 2018	Infor Canada Ltd.	107,652	Finance & Corporate Services
9	6035J	7360 River Road Structural Repair	ICE Development Ltd.	170,040	Engineering & Public Works
10	6034F	Remove and underground overhead lines and poles 9728 Alexandra Road	BC Hydro & Power Authority	229,022	Engineering & Public Works
11	6032F	Engineering Construction Services Drainage Upgrades at Westminster Highway and Gilley Road	Kerr Wood Leidel & Associates	82,461	Engineering & Public Works
12	6031Q	7080 River Road - Partial Re-Roof Sections A-C	Homan Roofing Ltd.	208,434	Finance & Corporate Services
13	6029F	2017 Richmond Maritime Festival Production Services	Anigraph Productions Ltd.	120,925	Community Services

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

April 1st to June 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
14	6028S	Active Network (CLASS) Annual Support and Maintenance	The Active Network	82,250	Finance & Corporate Services
15	6017Q	Supply and Delivery of 2 (Two) Oracle S7	RCR Technologies Inc.	79,729	Finance & Corporate Services
16	6008CM	Park Road Watermain and Drainage Upgrades	Stuart Olson Construction Ltd subcontracted to Performance Contracting Ltd.	609,142	Engineering & Public Works
17	6005S	Annual Software License and Support Services - 01-April 2017 - 31 December 2017	PerfectMind Inc.	131,277	Finance & Corporate Services
18	6000F	Program Registration and Facility Booking Implementation Services and Support	PerfectMind Inc.	267,000	Finance & Corporate Services
19	5989P	Consulting Services to develop an Urban Forest Management Strategy	Diamond Head Consulting	143,707	Community Services
20	5987F	2017 Sidewalk and Roadway Weed Control Treatments	Western Weed Control (1980) Ltd.	124,000	Community Services
21	5959Q	Supply and Delivery of 3 (Three) Gang Mower Implements	AR Mower & Supply Ltd.	121,004	Engineering & Public Works
22	5953P	Minoru Park Latrace Field High Mast Netting System	Netex Canada Netting Inc.	286,513	Community Services
23	5935EOI	Estimated services for capital building project development	Altus, BTY and Hanscomb	150,000	Engineering & Public Works
24	5923P	Hollybridge Pier Construction	Fraser River Pile & Dredge Inc.	1,708,134	Community Services

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

April 1st to June 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
25	5918P	Provision of Invasive Species Plant Removal Services	Green Admiral	200,000	Engineering & Public Works
26	5916P	Supply and Delivery of Self Contained Breathing Apparatus Systems for Richmond Fire Rescue	Guillevin International Co.	243,375	Community Safety
27	5878Q	Supply and Delivery of 1 (One) 230 Gallon Crack Sealing Trailer	PSE Equipment Ltd.	100,004	Engineering & Public Works
28	T.5868	Construction Services for Cambie City Centre Park	Cedar Crest Lands (BC) Ltd.	2,922,745	Community Services
29	T.5836	Williams Road Storm Sewer Construction from Parsons Road to Sheridan Road	Performance Contracting Ltd.	853,827	Engineering & Public Works