



**Finance Committee
Electronic Meeting**

**Council Chambers, City Hall
6911 No. 3 Road**

Tuesday, September 5, 2023

**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 5, 2023.*



FINANCE AND CORPORATE SERVICES DIVISION

- 1. ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE - 2ND QUARTER JUNE 30, 2023**
(File Ref. No. 03-0975-01) (REDMS No. 7295455)

FIN-8

See Page FIN-8 for full report

Designated Speaker: Jenny Ho

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Financial Update – 2nd Quarter June 30, 2023”, dated August 10, 2023 from the Director, Finance, be received for information.



Finance Committee Agenda – Tuesday, September 5, 2023

Pg. #

ITEM

2. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2023**
(File Ref. No. 03-0905-01) (REDMS No. 7294888)

FIN-24

[See Page FIN-24 for full report](#)

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2023”, dated August 4, 2023 from the Director, Finance, be received for information.



LULU ISLAND ENERGY COMPANY

3. **2023 Q2 FINANCIAL INFORMATION FOR THE LULU ISLAND ENERGY COMPANY**
(File Ref. No. 03-1200-08) (REDMS No. 7282752)

FIN-51

[See Page FIN-51 for full report](#)

Designated Speaker: Alen Postolka

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2023 2nd Quarter Financial Information”, dated July 24, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.



RICHMOND OLYMPIC OVAL CORPORATION

4. **RICHMOND OLYMPIC OVAL CORPORATION - 2ND QUARTER 2023 FINANCIAL INFORMATION**
(File Ref. No. 03-1200-09/) (REDMS No. 7334032)

FIN-62

[See Page FIN-62 for full report](#)

Designated Speaker: Rick Dusanj

Finance Committee Agenda – Tuesday, September 5, 2023

Pg. #

ITEM

STAFF RECOMMENDATION

That the Richmond Olympic Oval Corporation - 2nd Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, June 5, 2023

Place: Council Chambers
Richmond City Hall

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

Call to Order: The Chair called the meeting to order at 4:13 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on May 1, 2023, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2022 ANNUAL REPORT AND 2022 ANNUAL REPORT HIGHLIGHTS**
(File Ref. No. 01-0375-01) (REDMS No. 7234563)

It was moved and seconded

That the reports titled, "2022 Annual Report and 2022 Annual Report – Highlights" be approved.

CARRIED

Finance Committee
Monday, June 5, 2023

2. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2023**
(File Ref. No. 03-0905-01) (REDMS No. 7207017)

In response to queries from the Committee, staff noted that recruitment has been more challenging across most professional areas than it has been historically.

It was moved and seconded

That the staff report titled, “Financial Information – 1st Quarter March 31, 2023”, dated May 5, 2023 from the Director, Finance be received for information.

CARRIED

3. **ESTABLISHMENT OF THE GROWING COMMUNITIES RESERVE FUND**
(File Ref. No. 12-8060-20-010466/) (REDMS No. 7181598)

In response to queries from the Committee, staff noted (i) there is no emphasis on housing in terms of the grant, more so in the investment in community infrastructure that supports the growth that happens due to housing, (ii) the grant itself addresses the past 10 years of growth that has happened in the province and the potential delay in infrastructure that supports that growth, (iii) the timeline is approximately five years to utilize the funds of the grant, (iv) the funds will be considered for the 2024 budget process which initiates in the fall, and (v) the intent of the City’s criteria is to focus on projects currently in cue that can be expedited that were previously approved and items that were not recommended due to insufficient funding.

It was moved and seconded

That the Growing Communities Reserve Fund Establishment Bylaw 10466 be introduced and given first, second and third readings.

CARRIED

4. **ACTIVE CAPITAL PROJECTS FINANCIAL INFORMATION - 1ST QUARTER MARCH 31, 2023**
(File Ref. No. 03-0975-01) (REDMS No. 7212959)

In response to queries from the Committee regarding the City’s Active Transportation Improvement Program, staff noted (i) delineators along the existing bike lanes on Garden City Road will also create some separation on the cycling path from pedestrians, (ii) the pedestrian and cyclist enhancements for Smith Crescent to Fraserside Gate will be combined but separated from traffic by raised curb, and (iii) staff will follow-up with total kilometres of enhancements discussed.

2.

Finance Committee
Monday, June 5, 2023

It was moved and seconded

That the staff report titled, “Active Capital Projects Financial Information – 1st Quarter March 31, 2023”, dated May 10, 2023 from the Director, Finance, be received for information.

CARRIED

LULU ISLAND ENERGY COMPANY

5. 2023 Q1 FINANCIAL INFORMATION FOR THE LULU ISLAND ENERGY COMPANY

(File Ref. No. 03-1200-08) (REDMS No. 7215936)

In response to queries from the Committee staff noted that the LIEC Board consists of a Council Liaison and City staff, and that a portion of the salaries are paid through LIEC towards services received. It was further noted that because of the unique circumstances with the corporation, it is beneficial to have City management staff experience as part of the team to work on delivering some of the goals and objectives of Council through this corporation.

It was moved and seconded

That the Lulu Island Energy Company report titled “2023 Q1 Financial Statements for the Lulu Island Energy Company”, dated May 19, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.

CARRIED

RICHMOND OLYMPIC OVAL CORPORATION

6. RICHMOND OLYMPIC OVAL CORPORATION -1ST QUARTER 2023 FINANCIAL INFORMATION

(File Ref. No. 03-1200-09) (REDMS No. 7243992)

It was moved and seconded

That the Richmond Olympic Oval Corporation - 1st Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

CARRIED

Finance Committee
Monday, June 5, 2023

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:26 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, 2023.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee
From: Mike Ching, CPA, CMA
Director, Finance

Date: August 10, 2023
File: 03-0975-01/2023-Vol
01



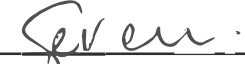
Re: Active Capital Projects Financial Update - 2nd Quarter June 30, 2023

Staff Recommendation

That the staff report titled, "Active Capital Projects Financial Update – 2nd Quarter June 30, 2023", dated August 10, 2023 from the Director, Finance, be received for information.

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

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Information Technology	<input checked="" type="checkbox"/>	Sustainability & District Energy <input checked="" type="checkbox"/>
Real Estate Services	<input checked="" type="checkbox"/>	Fire Rescue <input checked="" type="checkbox"/>
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	Community Bylaws <input checked="" type="checkbox"/>
Parks Services	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Recreation and Sport Services	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
Facility Services & Project Development	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

Active Capital Projects Financial Update for the 2nd Quarter ended June 30, 2023 is provided to the Finance Committee for information purposes.

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

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

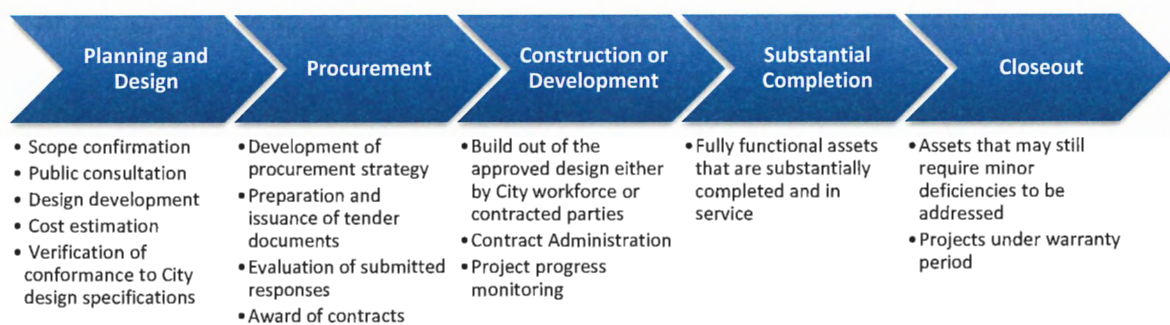
4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Analysis

ACTIVE CAPITAL PROJECT DEFINITION

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

Figure 1 – Capital Project Completion Stages



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

CAPITAL PROGRAM FINANCIALS HIGHLIGHT

The unaudited actual capital expenditures are reported on a cash basis, as such there could be a timing difference between the actual costs incurred and the actual costs reported.

As at June 30, 2023, the approved budget of all active capital projects excluding contingent external contribution project was \$850.1M, of which \$351.5M or 41.4 per cent was already spent. Any unspent budget of active capital projects will remain committed until project closure.

Table 1 summarizes the capital financial information by capital program, and Attachment 1 provides highlights of key active capital projects.

Table 1: Capital Financial Information by Capital Program (in \$'000s)

Capital Program	Budget	Total-To-Date Actuals	Current Year Year-To-Date Actuals	Expected Commitment	% of Total-To-Date Actuals
Infrastructure					
Roads	\$128,841	\$65,696	\$5,764	\$61,737	51.0%
Flood Protection	68,595	23,054	4,974	45,486	33.6%
Water	27,805	9,793	2,946	17,788	35.2%
Sanitary Sewer	38,742	10,688	1,356	27,800	27.6%
Infrastructure	263,983	109,231	15,040	152,811	41.4%
Building	332,662	145,692	7,803	184,756	43.8%
Parks	84,247	42,537	4,160	41,710	50.5%
Land	117,044	34,521	8,783	82,523	29.5%
Vehicle and Equipment					
Vehicle	24,380	8,966	1,216	15,414	36.8%
Equipment	9,509	1,704	33	7,805	17.9%
Vehicle and Equipment	33,889	10,670	1,249	23,219	31.5%
Information Technology	18,284	8,866	1,598	9,418	48.5%
Grand Total	\$850,109	\$351,517	\$38,633	\$494,437	41.4%

CURRENT YEAR CAPITAL EXPENDITURES

Infrastructure Program

Roads

Current year-to-date actual expenditures for Roads were \$5.8M, of which \$3.1M was spent on the Annual Asphalt Re-paving program. Other major actual expenditures in the current year include \$369K for the Active Transportation Improvement Program, \$304K for the Citywide Sidewalk and Street Light Replacement Program, and \$286K for the Neighbourhood Walkway Program. Approximately \$20.7M of the expected commitment is related to various multi-use pathway and pedestrian and cyclist facility enhancement projects.

Flood Protection

Current year-to-date actual expenditures for Flood Protection were \$5.0M, of which \$1.4M was spent on the Burkeville Utility Improvement projects, and \$979K was spent on the Laneway Drainage Upgrade projects. Approximately \$9.7M of the expected commitment is related to the Flood Protection and Dike Improvement projects, and \$7.7M is related to the Disaster Mitigation and Adaptation Fund Infrastructure Grant – Drainage Pump Station and Diking Upgrades projects.

Water

Current year-to-date actual expenditures for Water were \$2.9M, of which \$1.8M was spent on the Watermain Replacement Upgrades project and \$763K spent on the Water Metering projects. Out of the \$1.8M spent on the Watermain Replacement Upgrades Program, \$1.5M was spent on the Danube/Minler neighbourhood.

Sanitary Sewer

Current year-to-date actual expenditures for Sanitary Sewer were \$1.4M.

Building Program

Current year-to-date actual expenditures for the Building program were \$7.8M, of which \$1.8M was spent on the Richmond Ice Centre Renewals, \$1.2M on the Richmond Cultural Centre Annex, \$1.1M on the Richmond Courthouse project, and \$822K on the Steveston Community Centre and Library.

Parks Program

Current year-to-date actual expenditures for the Parks program were \$4.2M, of which \$1.7M was spent on the Minoru Lakes Renewal projects, \$566K on Parks General Development projects, and \$555K on the Garden City Lands projects.

Land Program

Current year-to-date actual expenditures for the Land program were \$8.8M. Capital projects include amounts set aside for potential land acquisition as per Council Approved Strategic Real Estate Investment Plan. Any specific land acquisition transaction will require Council approval.

Vehicle and Equipment Program

Current year-to-date actual expenditures for the Vehicle and Equipment program were \$1.2M, of which \$850K was spent on the Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) projects. These projects also have \$9.6M of expected commitment to support the City's Green Fleet Action Plan.

Information Technology Program

Current year-to-date actual expenditures for the Information Technology program were \$1.6M, of which \$410K was spent on Annual Hardware Replacement projects, \$230K on Data Centre Server projects, and \$368K on Implementation of Digital Strategy projects.

CAPITAL PROJECTS CLOSED IN THE QUARTER

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

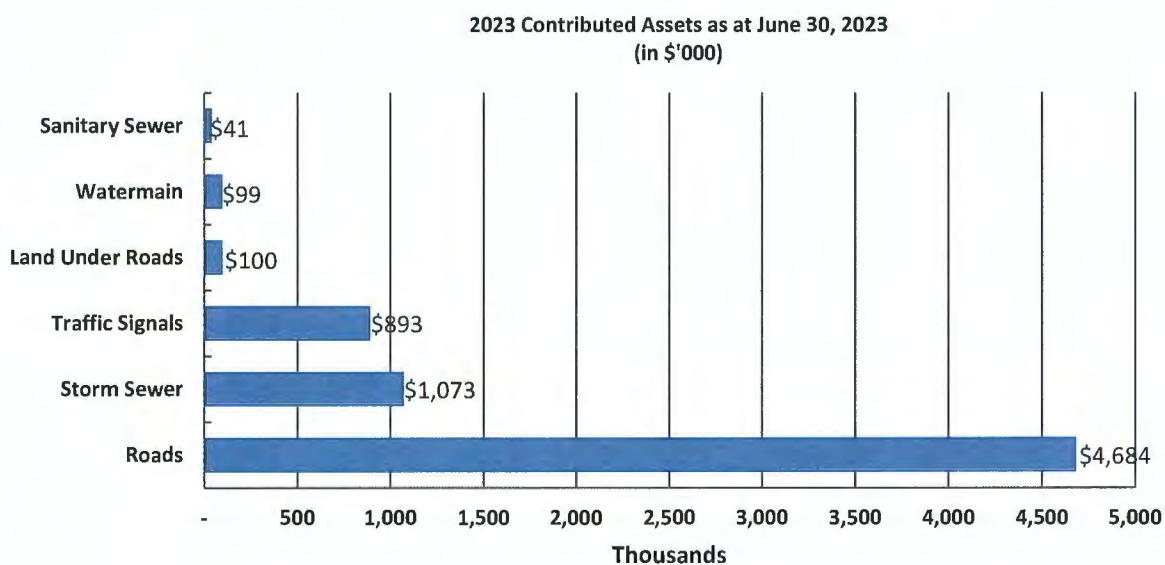
Table 2: Projects Closed in the Quarter Ended June 30, 2023 (in \$'000s)

Project Name	Plan Year	Budget	Actuals	Remaining Budget
Dike Upgrades	2018	\$5,850	\$4,887	\$963
Steveston Highway & No. 3 Road Pump Station Upgrade	2019	2,439	2,438	1
Burkeville Utility Improvements Drainage	2021	2,026	1,961	65
Cambie Overpass Rehabilitation Project	2020	1,355	1,085	270
Water Metering Program	2020	1,200	1,200	-
Laneway Drainage Upgrade	2021	800	782	18
Sanitary Pump Station and Forcemain Assessments, Upgrades and Grease Management	2020	600	600	-
IPS Mobility - Enterprise Deployment	2019	507	305	202
Watermain Tie-in and Restoration	2020	400	392	8
Traffic Video and Communication Program	2020	400	400	-
SCADA System Improvements	2021	350	350	-
Arterial Roadway Improvement Program	2018	350	350	-
Sanitary Pump Station Rehabilitation	2020	300	281	19
Fire Equipment Replacement from Reserve	2020	254	254	-
Citywide Sidewalk and Street Light Replacement Program	2022	250	249	1
Citywide Connector Walkways Rehabilitation Program	2022	250	250	-
Drainage Pump Station Rehabilitation and Generator Upgrade	2020	250	249	1
Invasive Species Management	2019	228	207	21
Total		\$17,809	\$16,240	\$1,569

CONTRIBUTED ASSETS

Included in the Consolidated 5 Year Financial Plan (2023-2027) Bylaw was an estimated \$48.7M for contributed assets to be transferred to the City by developers and third parties. Under the Public Sector Accounting Standards, these are recorded as revenue at fair market value at the time of contribution and is reflected in the financial statements in the annual surplus, and a corresponding increase to investment in tangible capital assets in accumulated surplus. These contributed assets are non-cash contributions and have no impact on the net operating surplus. As of June 30, 2023, \$6.9M of contributed assets were recorded as shown in Figure 2 and Table 3:

Figure 2 – Current Year-To-Date Contributed Assets as at June 30, 2023



These contributed assets were attributed from the following rezoning applications:

Table 3: Contributed Assets by Application (in \$'000s)

Application #	Project Location	Total
RZ17-773703	6340 No. 3 Road	\$3,890
DP13-645286	6833 Buswell Road (previously 8151 Anderson Road)	831
RZ17-766525	8820-8900 & 8911-8931 Spires Road	674
RZ18-835532	9900 No. 3 Road & 8031 Williams Road	443
RZ10-552879	9851, 9891 / 9911 Steveston Highway & 10931 Southgate Road	442
RZ16-743741	7000-7020 Williams Road & 10060 Gilbert Road	347
RZ16-733904	5631, 5635, 5651, 5691, 5711, 5731 and 5751 Steveston Highway	163
RZ17-768134	4226 Williams Road	56
RZ20-905210	8231 No. 3 Road	44
		\$6,890

August 10, 2023

- 7 -

Financial Impact

None.

Conclusion

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



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

JH:sx

Att. 1: Highlights of Key Active Capital Projects

Highlights of Key Active Capital Projects

Infrastructure Program

Roads

Active Transportation Improvement Program (2022)

Budget: \$750K

Expected Completion Date: Q1 2025

As part of the City's Active Transportation Program, delineators were installed along the existing bike lanes on Garden City Road between Granville Avenue and Sea Island Way to provide physical separation between vehicles and cyclists. This project was completed in July 2023.

Annual Asphalt Re-Paving Program (2023)

Budget: \$5.4M

Expected Completion Date: Q4 2023

This program upgrades the City's Major Road Network and Non-Major Road Network, where road base repairs, paving, and associated concrete works are included in this scope. Upcoming locations include 8000 Block of No. 3 Road, from Francis Road to Blundell Road.

Westminster Highway Pedestrian and Cyclist Enhancements, Smith Crescent to Fraserside Gate

Budget: \$1.1M

Expected Completion Date: Q3 2023

This project involved construction of a protected and separated bike lane and walkway along the north side of Westminster Highway between Smith Crescent and Fraserside Gate. The project has been substantially completed.

Flood Protection

Burkeville Utility Improvements (2023)

Budget: \$4.1M

Expected Completion Date: Q3 2024

This project consists of upgrading the drainage network, sanitary sewers and watermain in the Burkeville area over the next five years. Construction for phase five will start in Q3 2023.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades

Budget: \$15.2M

Expected Completion Date: Q4 2026

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Management Strategy. Design of the North Dike Upgrades between No. 2 Road and Lynas Lane, and the No. 6 Road South and No. 9 Road Drainage Pump Stations upgrades are currently underway.

Laneway Drainage Upgrades Program (2023)

Budget: \$1.7M

Expected Completion Date: Q4 2023

In order to resolve the laneway drainage issues, the City has implemented a program to install drainage systems and upgrade road structures to laneways each year. This year's locations include the Shell Road and Seacote Road Laneways.

WaterWatermain Replacement Upgrades Program

Budget: \$11.8M

Expected Completion Date: Q4 2024

This program replaces and upsizes ageing watermains at the end of their service life in line with the City's Ageing Infrastructure Replacement Strategy. Construction by the City crews are currently underway in the Danube Road and Minler Road neighborhoods, and is anticipated to be complete by Q4 2023, with the Sealord area neighbourhood to follow in 2024.

Building Program

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

Bowling Green Community Activity Centre

Budget: \$5.3M

Expected Completion Date: Q4 2025

The outdated facility, located in the northeast corner of Minoru Park, will be demolished and replaced with a modern single-storey facility in the same location including washrooms, change areas, multipurpose room, kitchen and storage.

Britannia Shipyards National Historic Site

Budget: \$7.1M

Expected Completion Date: Q4 2025

Within the site are several buildings that require exterior maintenance, roofing and cladding repairs. Construction for the landside buildings is anticipated for completion in Q4 2024. The roof replacements and structural upgrades to the two large over water buildings, the Shipyard Building and the Seine Net Loft, are anticipated to be complete by Q4 2025.

Community Safety Building

Budget: \$1.5M

Expected Completion Date: Q2 2025

Fuel tanks and electrical panels will be connected to the emergency power supply to prevent service disruption in case of an emergency. The operator request includes office reconfigurations, storage expansion and renovation of program rooms.

Japanese Canadian Cultural Centre (JCCC)

Budget: \$258K

Expected Completion Date: Q1 2024

The JCCC main entrance upgrades include automatic door operators as well as a redesign and replacement of the front entry stairs to include a ramp for access. Design is underway and is being coordinated by the prime consultant for the Steveston Community Centre and Library Replacement project.

Minoru Arenas

Budget: \$4.6M

Expected Completion Date: Q4 2023

Life and safety equipment upgrades and architectural improvements of the mezzanine viewing area and change rooms are complete. Building infrastructure renewals and replacements, which include architectural, mechanical and electrical upgrades continue.

Richmond Animal Shelter

Budget: \$8.0M

Expected Completion Date: Q3 2024

The 4,580 sq. ft. facility was updated and a new 1,600 sq. ft. addition was completed in Q1 2022. Additional heating and cooling upgrades to the building were required for programming related needs.

Richmond Courthouse

Budget: \$1.6M

Expected Completion Date: Q3 2023

Ageing rooftop mechanical equipment, floor slab repairs and the electrical panel in the original 1975 building will be replaced with new and more efficient alternatives. Structural seismic upgrades will be done to enhance life and safety for the users and operators.

Richmond Cultural Centre Annex

Budget: \$3.3M

Expected Completion Date: Q3 2023

The Richmond Cultural Centre Annex will be a hub of arts and cultural activity to complement and expand operations in the existing Richmond Cultural Centre. During the course of construction, it was noted that the building envelope is failing and there is significant deterioration in the structural framing due to water ingress, which requires repair.

Richmond Curling Club

Budget: \$650K

Expected Completion Date: Q4 2023

The Richmond Curling Club requires significant repairs to the building envelope to stop current water ingress and prevent future water damage. Additionally, several critical pieces of mechanical equipment will be replaced with new higher efficiency units to ensure the health and safety of all occupants and visitors.

Richmond Ice Centre

Budget: \$13.7M

Expected Completion Date: Q4 2024

This project is multi-phased to minimize impact on programming, operations and service levels. Sections of the roof and ice rink floors will be renewed, and ageing mechanical equipment will be replaced with more efficient alternatives to minimize unplanned maintenance and improve the visitor experience.

Richmond Nature Park

Budget: \$4.8M

Expected Completion Date: Q4 2024

Fire alarm system replacement, envelope repair and replacement, and various building interior upgrades will extend the life of the buildings and improve operations. The project will also include the replacement of the existing onsite septic system for the Nature Park House, which is undersized for the growing number of visitors and has reached its end of life.

South Arm Community Centre

Budget: \$1.9M

Expected Completion Date: Q4 2024

Multiple building components within the facility will be replaced with new energy efficient equipment and components. The renewals will include but are not limited to fire alarm system replacement, flooring replacement and HVAC upgrades.

South Arm Community Hall

Budget: \$1.8M

Expected Completion Date: Q4 2024

The fire alarm system and exterior lighting can no longer be reliably repaired due to outdated equipment, and will be replaced with energy efficient units to ensure the health and safety of all occupants. Renewals also include the roofing system, water distribution, kitchen sinks, washroom fixtures, accessible ramps, exterior doors, siding and storage expansion.

Steveston Community Centre and Library

Budget: \$95.0M

Expected Completion Date: Q1 2026

Following approval of the building's form and character, design development is progressing for this priority Major Facility Phase 2 project. Enabling works for site preparation of the new three-storey, 60,350 sq. ft. facility has commenced.

Watermania

Budget: \$3.6M

Expected Completion Date: Q4 2024

Multiple building components in this facility will be replaced with new energy efficient equipment and components. Improvements will include upgrades to heat exchangers, pool equipment, building envelope, and all washrooms and change rooms.

West Richmond Community Centre

Budget: \$1.3M

Expected Completion Date: Q4 2024

Improvements will include upgrades to rooftop units, emergency exit signs and lighting, flooring, showers, and hot water system. Reconfiguration to the office spaces will also be included as part of this project.

Works Yard

Budget: \$6.6M

Expected Completion Date: Q4 2024

As the proposed Works Yard rebuilding program advances, only critical projects will proceed in order to maintain operability.

Parks Program

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

Aberdeen Neighbourhood Park

Budget: \$1.3M

Expected Completion Date: Q3 2023

Aberdeen Neighbourhood Park construction was completed in Q3 2022 and its public washroom was completed in Q2 2023. Currently, the site is on a one-year maintenance period until Q3 2023.

City-wide Community Gardens

Budget: \$200K

Expected Completion Date: Q4 2024

The 2023 Community Gardens program will focus on addressing the growing need for community gardens in the Hamilton and West Cambie neighbourhoods. Confirmation of the locations and detailed design is underway, with construction anticipated to start in late Q3 2023.

Garden City Lands (GCL)

Budget: \$6.2M

Expected Completion Date: Ongoing

Removal of contaminated soils at specific locations is expected to be completed in Q3 2023 while additional soil testing continues site-wide. Planting along Westminster Highway and Garden City Road was completed in Q2 2023, and staff will commence planning the implementation of the park features identified in the park development plan.

Gardens Agricultural Park

Budget: \$1.1M

Expected Completion Date: To be determined

As the Province is moving ahead with the Steveston Interchange and Fraser River Tunnel projects, staff are working through its potential impacts on the implementation of the eastern portion of the park site.

London Farm – Master Plan Phase 1

Budget: \$612K

Expected Completion Date: Completed

London Farm - Master Plan Phase 1 was completed in Q2 2023, with an open house event held on June 28, 2023.

London/Steveston Neighbourhood Park

Budget: \$400K

Expected Completion Date: Q4 2023

The final phase of London/Steveston Neighbourhood Park enhancements consists of an off-leash dog park. Construction is temporarily on hold, while further public engagement is anticipated to be completed in Q3 2023.

Minoru Lakes Renewal

Budget: \$9.8M

Expected Completion Date: Completed

Minoru Lakes Renewal received substantial completion in Q2 2023 and was opened to the public on June 9, 2023. Remaining deficiencies will be addressed in Q3 2023 prior to awarding final completion. The contractor will maintain all new works for one year.

Parks Ageing Infrastructure

Budget: \$1.8M

Expected Completion Date: Ongoing

A consultant completed a preliminary conditional assessment to identify and prioritize interim safety improvements on waterfront assets include piers, floats, docks and gangways in Q1 2023, with recommended repairs starting in Q2 2023. Storm drainage improvements at South Arm and Steveston Community Parks will proceed in Q3 2023, and work on the King George/Cambie Community Park artificial turf field fence and Minoru Park hammer cage was completed in Q2 2023.

Parks General Development

Budget: \$2.1M

Expected Completion Date: Ongoing

Terra Nova Rural Park

Fencing, drainage and maintenance access works along the east side of the community gardens is being analyzed with implementation expected to start in Q3 2023.

Railway Community Gardens

Improvements of the Railway Community Gardens, including fencing and three tool sheds, were completed in Q3 2022. Installation of site furnishing such as picnic tables, chairs and bike racks started in Q1 2023 and was completed in Q2 2023.

South Dyke Trail

Planning is underway for the addition of six new benches along the south dike between Gilbert Road and No. 3 Road, expected to be installed in Q3 2023.

Parks Identity Signage Program

Budget: \$100K

Expected Completion Date: Q4 2023

Design of new Minoru Park identification and wayfinding signage is underway, with fabrication and installation planned for Q3 2023. Location selection and laying out park identification signage for neighbourhood parks, west of No. 3 Road between Francis Road and Williams Road, are currently in progress.

Playground Improvement and Replacement Program*Playground Replacement*

Budget: \$1.5M

Expected Completion Date: Ongoing

Site surveys for Great Cannery West, Odlinwood, and Heather-Dolphin Parks were completed in Q4 2022. Public engagement was completed with procurement initiated in Q1 2023 with construction on schedule to begin in Q3 2023.

Steveston Community Park Playground Renewal

Budget: \$2.2M

Expected Completion Date: Q4 2024

Detailed design for the renewed Steveston Community Park playground is underway, with construction tender and award process expected to take place in Q3 2023, and construction expected to start in Q1 2024.

South Arm Community Park Renewal

Budget: \$1.0M

Expected Completion Date: Completed

South Arm Park and Playground Renewal received substantial completion in Q2 2023 and was opened to the public on June 14, 2023. The official opening event was held on July 26, 2023.

Land ProgramStrategic Land Acquisition

Budget: \$117.0M

Expected Completion Date: Ongoing

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

Equipment Program

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

Bylaws License Plate Recognition (LPR) System

Budget: \$208K

Expected Completion Date: Q3 2023

The License Plate Recognition project under the Parking Department is near completion. The project is in its final stage and is expected to be fully operational by Q3 2023.

Fire Vehicle Replacement Reserve Purchases

Budget: \$9.6M

Expected Completion Date: Ongoing

The Fire Vehicle and Equipment Reserve Purchases projects in Plan Year 2019 to 2023 have a combined outstanding acquisition of five front-line vehicles and five support vehicles. Staff are currently developing the required specifications for the fire trucks before the procurement process begins.

Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet)

Budget: \$14.0M

Expected Completion Date: Ongoing

2020 to 2023 fleet vehicle and equipment replacement projects have replaced a total of 87 vehicles and pieces of equipment. Currently, 107 outstanding vehicles and pieces of equipment are in replacement progress and as of Q2 2023, 14 of these outstanding units are on order.



City of Richmond

Report to Committee

To: Finance Committee

Date: August 4, 2023

From: Mike Ching
Director, Finance

File: 03-0905-01/2023-Vol
01

Re: Financial Information – 2nd Quarter June 30, 2023

Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2023”, dated August 4, 2023 from the Director, Finance, be received for information.

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

Att: 4

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

Origin

Pre-audited financial information for the 2nd quarter (ended June 30, 2023) is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City) financial results throughout the year and before the annual audited financial statements are presented.

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

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

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

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

Economic Overview

At the mid-year mark in 2023, global growth continues, albeit slowly. An anticipated recession has not yet materialized either in Canada or globally, and growth forecasts for 2023 are slightly stronger than was predicted last quarter. Many central banks are continuing to raise rates in an effort to curb inflation. Recent actions taken to resolve the US debt ceiling stand-off and to limit turbulence in US and Swiss banking have done much to lower near-term risks of turmoil in the global financial sector. There are risks of further shocks, however, that could cause inflation to remain high or increase, including those related to extreme weather as well as the ongoing war in Ukraine. China's economic growth is also slowing, with a noted weakness in property and real estate markets. Globally, priorities remain focused on reducing inflation and ensuring financial stability.

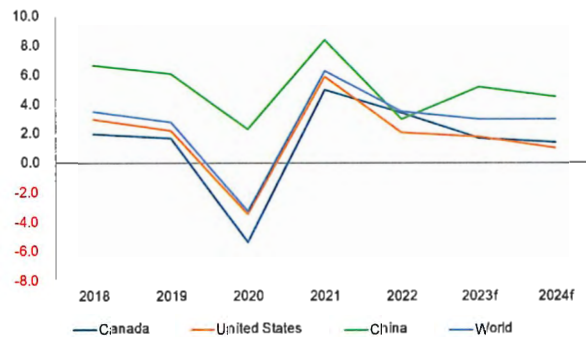
In Canada, the Bank of Canada's (BoC) decision to raise interest rates three times already this year reflects still-strong consumer demand for goods and services and a still-tight labour market. These dynamics are due in part to record population growth, as Canada's population grew by 2.7% in 2022, reaching 40 million people as of June 16, 2023. Despite continued demand, inflation is slowing, with a 2.8% increase in June, though inflation remains higher in British Columbia and in Metro Vancouver. Economic growth in Canada is slow though relatively steady – it remains below the global average, though estimates for 2023 are now slightly higher than forecast earlier this year.

Similar to last quarter, economic activity in Richmond continues to be relatively healthy. Businesses continue to face the ongoing challenges of labour shortages and high input costs for both goods and services. There are some risks posed by disruptions at the Port of Vancouver, and a near-term resolution will provide important certainty for Richmond businesses, as well as those across BC and Canada. While industrial and office vacancy rates are trending higher in some regions of Metro Vancouver, industrial vacancy in Richmond remains near record lows, and

office vacancy has dipped slightly lower in Q2. Lower growth should continue to be expected in 2023, aligned with global conditions.

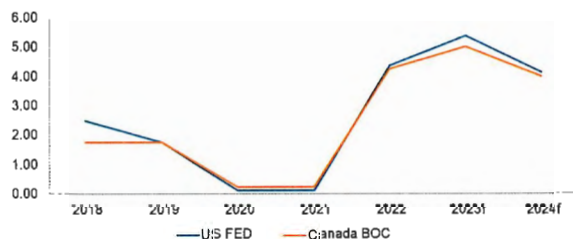
Macroeconomic Indicators & Forecast

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



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will decrease from 3.5% in 2022 to an estimated 3.0% in both 2023 and 2024.
- In 2023, Canadian GDP is forecasted to grow by 1.7%, with US and China GDP growth forecasts of 1.8% and 5.2%, respectively.
- This global growth profile for 2023 is slightly stronger than predicted last quarter due in part to actions taken to limit turbulence in US and Swiss banking, which reduced risks of turmoil in the financial sector.

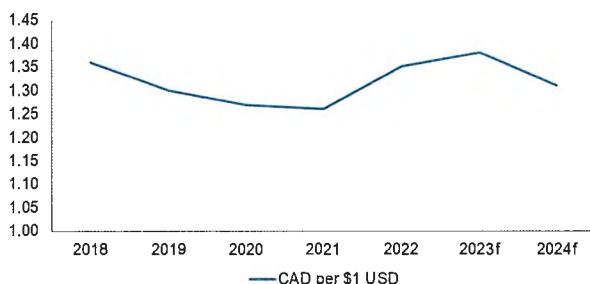
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End²



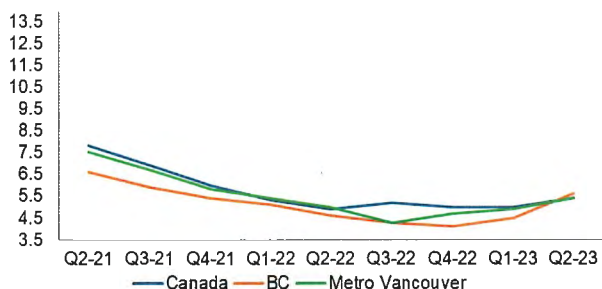
- After holding rates steady in March and April, the Bank of Canada increased interest rates in June and again in July 2023, bringing its overnight lending rate to 5.00%.
- The US Federal Reserve (US FED) has continued to raise rates at all of its 2023 meetings, most recently increasing rates to 5.38% on July 26, 2023.
- Inflation is gradually decreasing and consumer spending is slowing, though strong Canadian population growth has kept consumer demand strong. Interest rates may remain higher for longer than originally anticipated.

¹ International Monetary Fund, World Economic Outlook (July 2023): Near-Term Resilience, Persistent Challenges

² US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (July 2023); RBC Financial Markets Monthly, (July 2023)

3) Exchange Rates – CAD/USD at Year End³

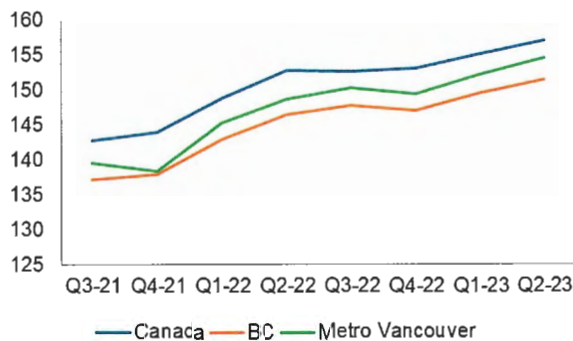
- The Canadian dollar (CAD) continues to be weak against the US Dollar, though it ended Q2 2023 slightly stronger than the previous two quarters at \$1.32 CAD / \$1 USD. A weakening trend is expected in 2023, with some recovery at the end of 2024.
- A weaker CAD often leads to concerns regarding higher import prices, but the OECD estimates that 80% of the total value of goods and services consumed in Canada is produced domestically. Demand, rather than currency, is a better indicator of inflationary trend.

4) Unemployment⁴

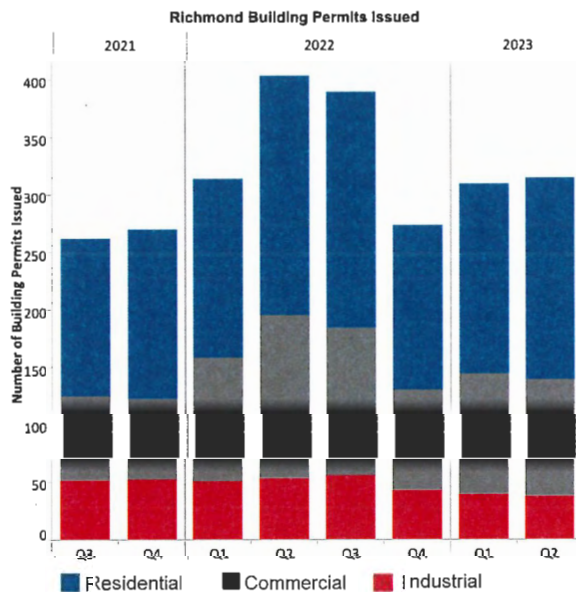
- According to Statistics Canada's March 2023 Labour Market Survey, both employment and unemployment rates increased, meaning that the labour force expanded. Unemployment reached 5.4%, the highest in over a year, and wage growth slowed for the first time since May 2022.
- Employment increased in full-time work, primarily in wholesale and retail trade, health care and social assistance, and manufacturing.
- At the end of Q2 2023, the Canadian, BC, and Metro Vancouver unemployment rates were 5.4%, 5.6%, and 5.4%, respectively. All of these rates reflect increases as compared to last quarter, though BC's unemployment rate was the fourth lowest in Canada.

³ RBC Economics (RBC Financial Markets Monthly June 2023); Proof Point: Will a weak Canadian dollar fire up inflation (April 2023)

⁴ Statistics Canada Labour Force Survey (June 2023); Labour Force Statistics Highlights Issue #23-06

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

- Inflation in Canada is slowing, with a 2.8% increase in June (year-over-year). However, elevated grocery prices and high mortgage interest costs continue, with these indexes primarily contributing to the increase.
- In BC and Metro Vancouver, inflation is higher, at 3.5% and 4.0%, respectively.
- Compared with other provinces, BC had the second highest rate of inflation, following Quebec (3.6%).

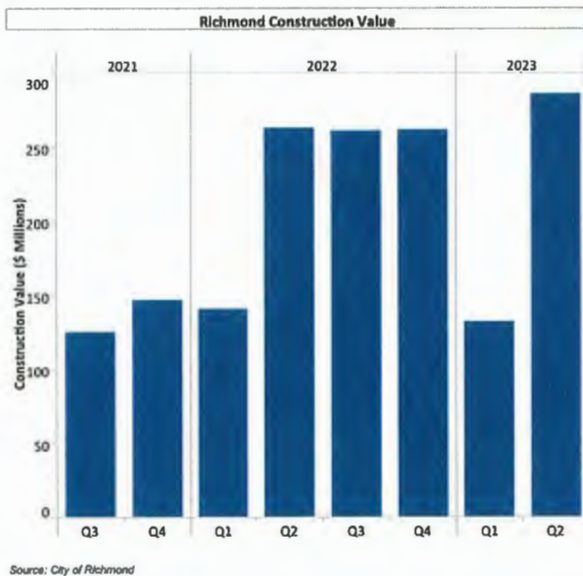
Regional & Local Economic Activity Indicators6) Building Permits – Richmond⁶

- During the second quarter of 2023, there were 184 residential, 101 commercial, and 38 industrial building permits issued in Richmond.
- This represents a 20.0% decline in total building permits issued over the same period in 2022, with less of a decrease in residential (-12.0%) as compared to commercial (-28.4%) and industrial (-29.6%). That said, total permits issued were higher in Q2 compared to the previous two quarters.
- 748 new units were added to the local housing supply in Q2 2023, which represents a 123.3% increase as compared to the same period in 2022. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

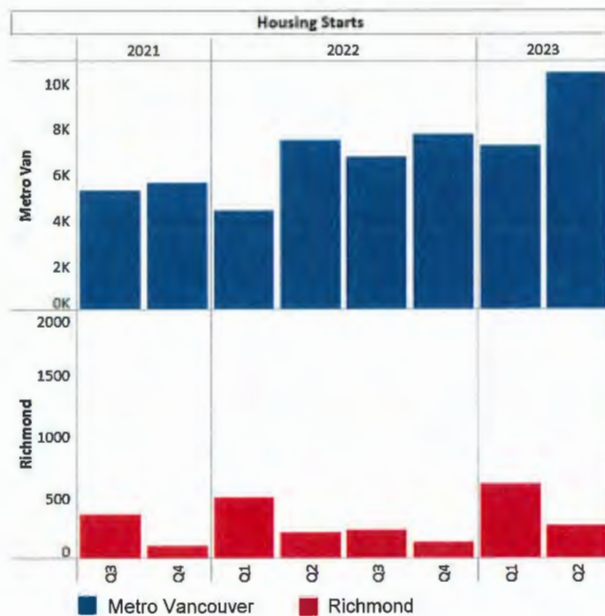
⁵ Statistics Canada, Consumer Price Index; also Consumer Price Index, June 2023; also BC Stats, Consumer Price Index, June 2023, Issue 23-06

⁶ City of Richmond Building Permits

7) Construction Value



- Approximately \$286 million in construction value was registered in Q2 2023, an increase of 8.9% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter. While there have been some declines in construction employment, the outlook for the sector remains strong.

8) Housing Starts⁷

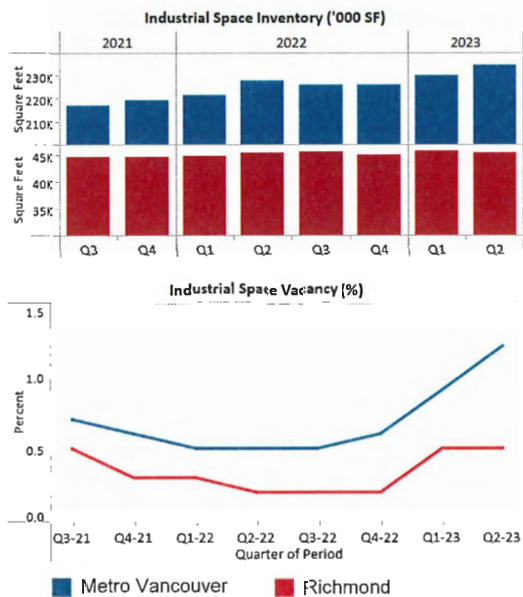
- In Q2 2023, there were 261 housing starts in Richmond and 10,340 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC), and based on verification that construction work has commenced⁸.
- Year-to-date housing starts increased by 25.5% in Richmond and by 39.7% in Metro Vancouver, as compared to the same period in 2022. There is a fair amount of fluctuation quarter-by-quarter, as is to be expected depending on project timelines.
- While construction costs remain high, demand will likely continue to be strong, especially with population expansion through immigration.

⁷ Canada Mortgage and Housing Corporation, *Housing Market Outlook, Spring 2023*

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

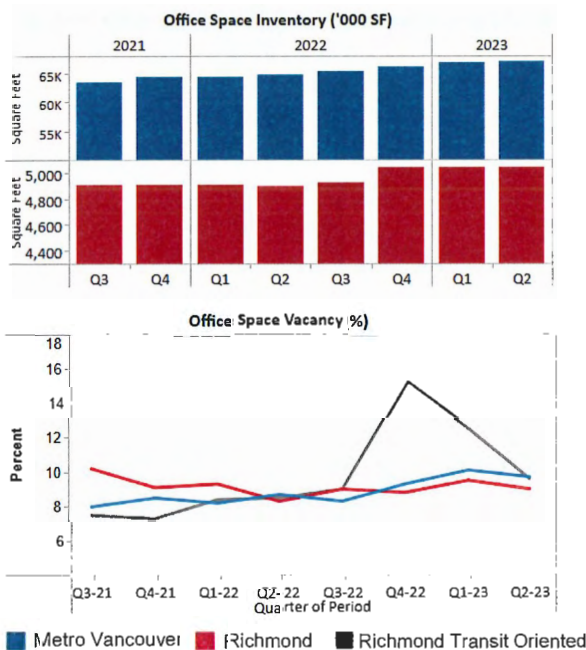
9) Commercial Space⁹

a) Industrial Space



- The Metro Vancouver vacancy rate has increased to 1.2%, which is the highest it has been in two years. Absorption remained positive in Q2 but was the lowest it has been in two years.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver and has held steady at 0.5% for the past two quarters.
- Despite increased vacancy rates in Metro Vancouver, net asking rent prices reached a near historic high, indicating that the market continues to be very tight. Average net asking rent prices for industrial space in Richmond (\$21.31) are slightly above the Metro Vancouver average (\$21.08).

b) Office Space



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

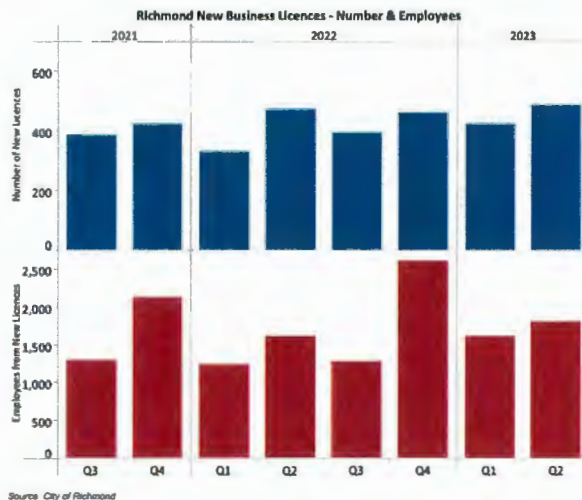
- At the end of Q2 2023, office vacancy rate had decreased to 9.0% in Richmond and 9.7% in Metro Vancouver. Transit-oriented office vacancy in Richmond is 9.6%¹⁰. All three of these vacancy rates are lower than last quarter, though higher than the same period last year.
- Downtown Vancouver office vacancy rates remained at a 30-year high of 13.7% in Q2, with the majority of vacancy in Class AAA space, including new builds. Suburban markets, including Richmond, continue to have much lower vacancy rates.
- The office market continues to be affected by a reduction in demand from the tech industry, with high sub-leasing activity continuing and driven by this sector.
- Asking rental rates across Metro Vancouver remain relatively stable.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports Q2 2023

¹⁰ Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

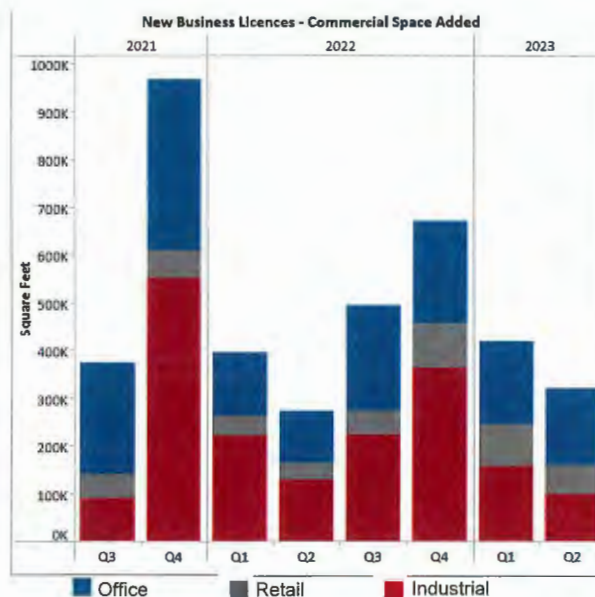
10) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



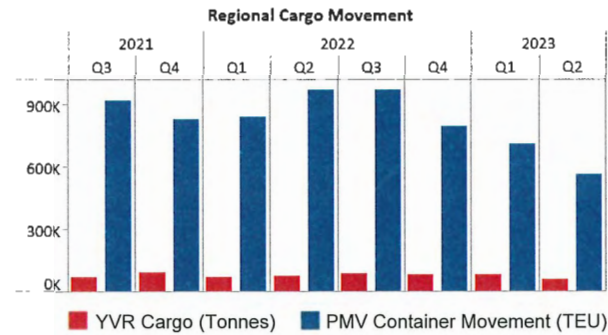
- 489 new business licences (representing 1,801 jobs) were issued by the City of Richmond in Q2 2023, a 3.4% increase in new licences (and a 12.1% increase in corresponding jobs) as compared to the same period last year.
- These new business licences are part of the City's total of 13,212 total valid business licences at the end of Q2 2023. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.

b) New Business Licences – Commercial Space

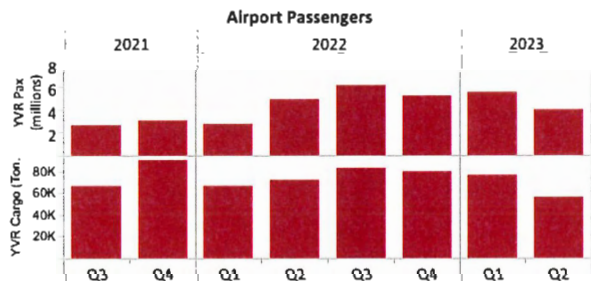


- 321,466 sq. ft. of commercial space absorption was tied to the new business licences issued during Q2 2023.
- This is an increase of 17.8% compared to the same time period last year. The greatest amount of space was required by industrial (163,031 sq. ft.) and office (99,943 sq. ft.) businesses, followed by retail (58,492 sq. ft.).

11) Goods and People Movement

a) Regional Cargo Movement¹¹

- During the first two months of Q2 2023, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), decreased by 13.3% as compared to the same period last year.
- During the first two months of Q2 2023, 56,439 tonnes of air cargo passed through the Vancouver International Airport (YVR), an increase of 24.7% compared to the same period last year.

b) Airport Passengers¹²

- The number of travelers moving through YVR continues to grow, with an increase of 33.1% during the first two months of Q2 2023 (3.98M) as compared to the same period last year (2.99M).
- Globally, the aviation industry is expected to return to profitability in 2023. Strong demand for travel is continuing, and airports and airlines continue to grapple with operational challenges as they work to modernize their systems and hire sufficient employees to meet current need.

¹¹ Port of Vancouver Monthly Cargo Statistics (data for Q2 2023 for April and May only); YVR Monthly Statistics (data for April and May 2023)

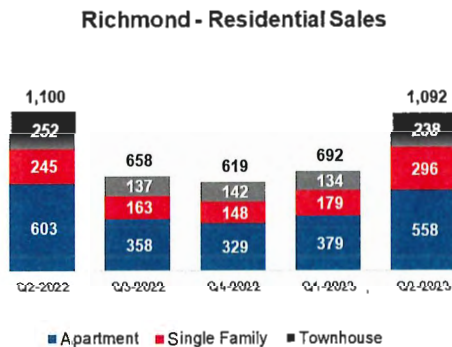
¹² YVR Monthly Statistics (data for April and May 2023)

c) Richmond Hotel Room Revenue¹³

- Hotel room revenues in Richmond for April 2023 were \$18.2M, which is 9.0% lower than the same month last year. However, when year-to-date data is considered, 2023 revenues are 51.2% higher than 2022.

Residential Real Estate¹⁴

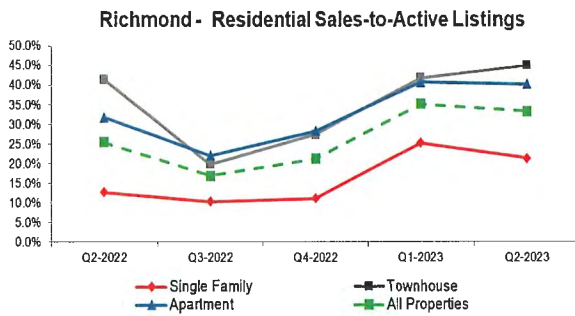
Although 2023 started off slower than usual, and despite rising interest rates in the second quarter of 2023, prices and sales seem to be returning to historical averages. The main issue being that there are more buyers relative to the number of willing sellers in the market.



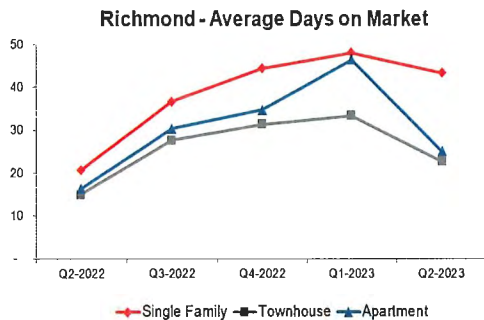
- Single family detached (SFD) home sales increased by 20.8% compared to Q2 2022.
- Townhouse and apartment sales have decreased by 5.6% and 7.5%, respectively, compared to Q2 2022.
- Townhouse sales comprise 21.8% of the residential home sales in Richmond. SFD and apartment sales account for 27.1% and 51.1%, respectively, of home sales in Richmond.
- There were 1,092 residential home sales in Richmond in Q2 2023, a 0.7% decrease compared to the same period last year.

¹³ City of Richmond Additional Hotel Room Tax Ledger; Destination BC – Richmond Hotel Revenue for Q2 2023 includes April only.

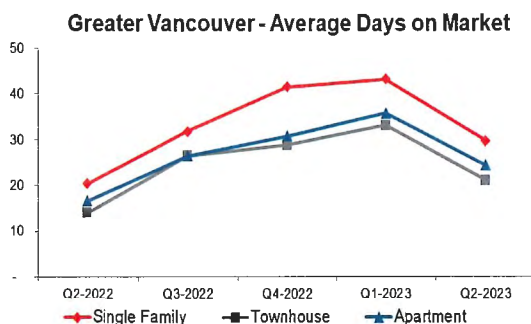
¹⁴ Real Estate Board of Greater Vancouver



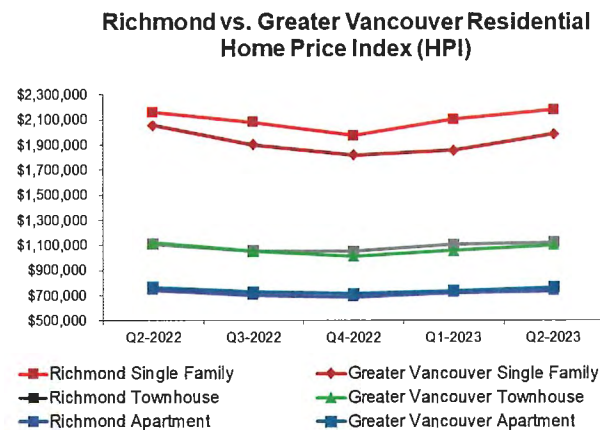
- Richmond residential properties had a sales-to-active listings ratio of 33.2% as at June 30, 2023, representing a seller's market.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.



- At Q2 2023, SFD properties in Richmond had an average of 43 days on the market, a 104.8% increase compared to Q2 2022.
- Townhouses and apartments in Richmond had an average of 23 and 25 days on the market, respectively, representing a 53.3% and a 56.3% increase over the same period last year.



- At Q2 2023, SFD properties in GVRD had an average of 30 days on the market, which represents a 50.0% increase compared to Q2 2022.
- Townhouses and apartments in GVRD had an average of 21 and 24 days on the market, respectively, which represents an increase of 50.0% for townhouses and 41.2% for apartments, compared to Q2 2022.

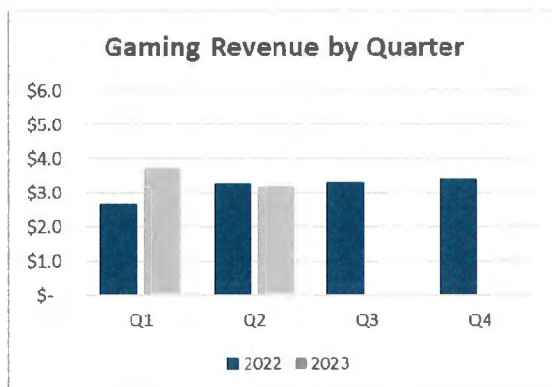


- The Home Price Index (HPI)¹⁵ for SFD properties in Richmond at Q2 2023 was \$2,182,000, a 1.0% increase compared to Q2 2022. The GVRD housing market has decreased with SFD properties priced at \$1,991,300, which represents a 3.3% decrease compared to the same quarter last year.
- At Q2 2023, the HPI for townhouse properties in Richmond was \$1,121,500, an increase of 1.3% compared to Q2 2022. The HPI for townhouse properties in GVRD was \$1,098,900, which represents a 1.5% decrease compared to the same time last year.
- The HPI for apartments in Richmond was \$739,300, a decrease of 0.9% compared to Q2 2022. GVRD's apartment prices were comparable to Q2 2022 at \$767,000.

¹⁵ Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.

Gaming Revenue

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



- The gaming revenue for Q2 2023 was \$3,160,472, a decrease of 3% compared to the same quarter last year when \$3,257,340 was received.
- Year to date revenue for 2023 is \$6,850,768 which is 15.9% higher than for same period for 2022 which was \$5,908,741.
- The 2023 budget for gaming revenue is \$14,500,000.

Gaming revenue continues to rebound from the pandemic period and the amount received for the first half of 2023 approximates the amounts received pre-pandemic. The year to date amount in 2019 was \$7,401,789, a 7.4% difference to the same period in 2023. As gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 30, 2023 Council meeting, the 2023 Budget was approved which included the gaming revenue allocation for 2023. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be reallocated toward debt servicing and the grants program.

Table 1: Distribution of the 2023 gaming revenue allocation

	Distribution	2023 Budget
Capital Reserves	30%	\$4.0M
Grants	20%	2.9M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)	Four Officers	0.9M
Total		\$14.5M

Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2023. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: Net Operational Activity for the period January 1, 2023 to June 30, 2023 (in \$000's)

Division/Department ¹	Q2 YTD Net Budget ²	Q2 YTD Actuals and Commitments ³	Q2 YTD Variance (\$)	Q2 YTD Variance (%)
Community Safety ⁴	\$(667)	\$(963)	\$296	44%
Community Services	24,863	23,851	1,012	4%
Corporate Administration	4,987	4,722	265	5%
Engineering and Public Works	26,262	26,262	0	0%
Finance and Corporate Services	12,941	12,077	864	7%
Fire Rescue	24,257	24,023	234	1%
Law and Legislative Services	2,279	2,273	6	0%
Library	5,524	5,256	268	5%
Planning and Development	4,571	3,357	1,214	27%
Policing	35,262	32,844	2,418	7%
Fiscal	(103,124)	(103,895)	771	1%
Total	\$37,155	\$29,807	\$7,348	20%
Flood Protection Utility	7,154	7,021	133	2%
Sanitary Sewer Utility	3,327	3,199	128	4%
Sanitation and Recycling Utility	(136)	(949)	813	596%
Water Utility	4,174	3,406	768	18%
Utilities Total	\$14,519	\$12,677	\$1,842	13%

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

²The Net Budget is based on the operating budget approved by Council on January 30, 2023.

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

⁴Includes Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year-to-date variances in relation to the 2023 Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to favourable business licence revenue and timing on operational spending.
- Community Services' favourable variance is mainly due to vacant positions, stronger revenue from recreation programs and services, and the timing of operating expenditures that are anticipated to be completed in the 3rd and 4th quarters.
- Corporate Administration's favourable variance is mainly driven by vacant positions and timing of operational programs.

- Engineering and Public Works is on budget.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions and initiatives in progress that are expected to complete later in the year.
- Fire Rescue's favourable variance is driven by firefighter retirements and timing of operational spending.
- Law and Legislative Services is on budget.
- Library's favourable variance is mainly due to vacant positions and timing of expenditures. Any surplus at year end will be appropriated for future use within Library operations.
- Planning and Development's favourable variance is primarily due to stronger building permit revenue.
- Policing's favourable variance is driven by lower than budgeted policing contract costs due to RCMP Officer complement vacancies.
- Fiscal's surplus is due to favourable investment income.
- Flood Protection Utility is on budget. Any surplus at year-end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility is on budget. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due more to Recycle BC revenue than budgeted and vacant positions. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly driven by less water consumption charges than budgeted for the six month period and other operational savings. Any surplus at year-end will be transferred to the Water Levy Provision.

The largest operating expenditures for the City are salaries and contracts and are the primary drivers of the operating activity variance. Staff are actively recruiting to fill vacancies, however, the tight local labour market presents a challenge. The Q2 2023 unemployment rate for Metro Vancouver is 5.4% highlighting continued competition across the region.

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

reserves. The Statement of Operations for the Six Month Period Ended June 30, 2023, with comparative figures for 2022, is included in Attachment 3.

Cash and Investment Portfolio

As of June 30, 2023, the City's total cash and investment balance was \$1.88 billion, which represents the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses.

The higher than usual cash and investment balance is mainly due to the timing of property tax collection for the July 4, 2023 due date. The City has subsequently remitted over \$270 million to various external agencies for taxes that were collected on their behalf.

The City's total cash and investment balance was comprised of \$1.19 billion in investments and \$697 million in high interest savings cash account, with a weighted average annualized yield of 4.50% for the second quarter of 2023.

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

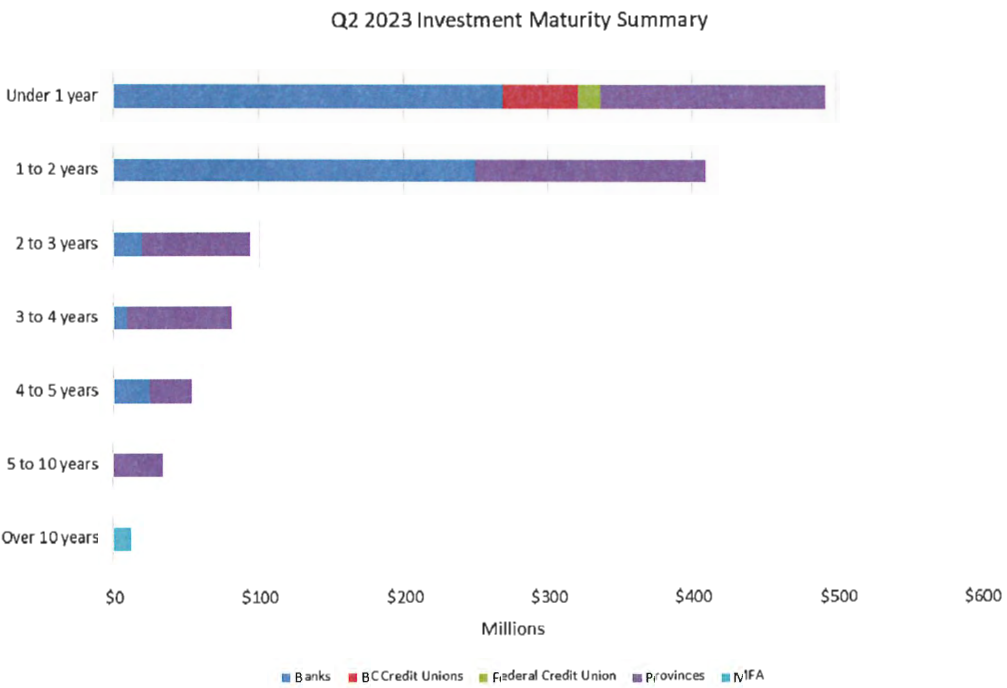
	June 30, 2023 (Current Quarter)	March 31, 2023 (Previous Quarter)
2 Year Government of Canada Bonds	4.52%	3.75%
5 Year Government of Canada Bonds	3.61%	3.05%
10 Year Government of Canada Bonds	3.22%	2.93%

Source: Bank of Canada

At the latest interest rate announcement on July 12, 2023, the BoC increased its target for overnight interest rate to 5%. The BoC noted the resurgence in economic momentum for its decision to execute back-to-back rate hikes in June and July. The BoC stated that the cooling in consumer spending will take longer than previously anticipated given the stronger-than-expected momentum in consumption in the second quarter, and the combination of a still-tight labour market and accumulated savings by households.

Although the CPI has moved to 2.8% in June 2023, showing a significant cooling of inflation in Canada from its high of 8.1% in June 2022, the BoC will continue to assess the dynamics of core inflation and the outlook for CPI in order to achieve the 2% inflation target.

The City's overall credit risk exposure remains low because the City continues to maintain a diversified and high credit quality investment portfolio comprised of 48% in chartered banks, 45% in provincial government, 5% in BC credit unions, 1% in federal credit union, and 1% in MFA long-term bonds. Illustrated in the investment maturity summary in the chart below, the City's cash and investment portfolio has been strategically positioned to allow for flexibility for higher rate investment products.



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

All investment activities have been conducted in compliance with the City’s Investment Policy 3703. Based on independent Environmental, Social, and Governance (ESG) rating of the City’s fixed income portfolio, the City continues to receive high ESG Rating of “AA” as of Q2 2023.

Contract Awards

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the second quarter, 36 contracts greater than \$75,000 were awarded totalling over \$19.3 million (Attachment 4).

Financial Impact

None.

Conclusion

The June 30, 2023 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



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: Contract Awards greater than \$75,000

Economic Indicators**June 30, 2023****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2023f	2024f			
Canada	1.7	1.4			
United States	1.8	1.0			
China	5.2	4.5			
World	3.0	3.0			
2) Interest Rates (at YE)	2023f	2024f			
Bank of Canada	5.00	4.00			
US FED	5.38	4.13			
3) Exchange Rate (at YE)	2023f	2024f			
CAD per \$1 USD	1.38	1.31			
4) Unemployment (% at QE)	Q2-2023	Q1-2023	Change	Q2-2022	Change
Canada	5.4	5.0	8.0%	4.9	10.2%
BC	5.6	4.5	24.4%	4.6	21.7%
Metro Vancouver	5.4	4.9	10.2%	5.0	8.0%
5) CPI (2002=100) (at QE)	Q2-2023	Q1-2023	Change	Q2-2022	Change
Canada	157.2	155.3	1.2%	152.9	2.8%
BC	151.6	149.7	1.3%	146.5	3.5%
Metro Vancouver	154.7	152.3	1.6%	148.8	4.0%

Regional and Local Market Indicators

6) Richmond Building Permits	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Residential – New Construction [^]	53	96	(44.8%)	116	171	(32.2%)
Residential – Alterations	131	113	15.9%	234	194	20.6%
Residential Total	184	209	(12.0%)	350	365	(4.1%)
Number of units from new residential construction	748	335	123.3%	903	467	93.4%
Residential	184	209	(12.0%)	350	365	(4.1%)
Commercial	101	141	(28.4%)	205	248	(17.3%)
Industrial	38	54	(29.6%)	78	105	(25.7%)
Building Permits Total	323	404	(20.0%)	633	718	(11.8%)
Construction Value (\$ million)	286.6	263.3	8.9%	419.3	403.9	3.8%
7) Housing Starts CMHC (Units)	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Starts - Richmond	261	208	25.5%	860	690	24.6%
Starts - Metro Vancouver	10,340	7,402	39.7%	17,458	11,710	49.1%
8) Richmond Residential Sales Activity	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Sales - Detached	296	245	20.8%	475	602	(21.1%)
Sales - Townhouse	238	252	(5.6%)	372	496	(25.0%)
Sales - Apartment	558	603	(7.5%)	937	1,249	(27.6%)
Sales - Total	1,092	1,100	(0.7%)	1,784	2,392	(25.4%)

Economic Indicators**June 30, 2023****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q2-2023	Q2-2022	Change
Single Family Detached	21.5%	13.0%	65.4
Townhouse	44.8%	41.4%	8.2
Apartment	40.1%	31.8%	26.1
Total	33.2%	25.5%	30.2

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q2-2023	Q2-2022	Change	Q2-2023	Q2-2022	Change
Single Family Detached	43	21	104.8%	30	20	50.0%
Townhouse	23	15	53.3%	21	14	50.0%
Apartment	25	16	56.3%	24	17	41.2%

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

Property Type	Richmond			Metro Vancouver		
	Q2-2023	Q2-2022	Change	Q2-2023	Q2-2022	Change
Single Family Detached	2,182	2,161	1.0%	1,991	2,059	(3.3%)
Townhouse	1,122	1,108	1.3%	1,099	1,116	(1.5%)
Apartment	739	746	(0.9%)	767	766	0.1%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q2-2023	Q2-2022	Change	Q2-2023	Q2-2022	Change
Office Vacancy (%)	9.0	8.3	8.4%	9.7	8.7	11.5%
Transit Oriented Office Vacancy (%)	9.6	8.5	12.9%	N/A	N/A	N/A
Office Inventory (000 sf)	5,043	4,901	2.9%	66,989	64,833	3.3%
Industrial Vacancy (%)	0.5	0.2	150.0%	1.2	0.5	140.0%
Industrial Inventory (000 sf)	45,432	45,389	0.1%	234,392	228,060	2.8%

13) Richmond Business Growth

	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Total Valid Business Licences (at QE)	13,212	14,086	(6.2%)	13,212	14,086	(6.2%)
New Licences - Number Issued	489	473	3.4%	912	803	13.6%
New Licences - Employees	1,801	1,607	12.1%	3,405	2,841	19.9%
New Licences - Office Added (sf)	163,031	109,110	49.4%	337,305	244,097	38.2%
New Licences - Retail Added (sf)	58,492	33,880	72.6%	147,530	75,174	96.3%
New Licences - Industrial Added (sf)	99,943	130,002	(23.1%)	256,979	350,573	(26.7%)
Total Space Added (sf)/Avg. Change	321,466	272,992	17.8%	741,814	669,844	10.7%

Economic Indicators**June 30, 2023****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
YVR Air Cargo (tonnes)*	56,439	45,260	24.7%	132,924	111,960	18.7%
PMV Container Movement (TEUs)**	561,467	647,744	(13.3%)	1,269,234	1,483,585	(14.4%)
YVR Passengers (million)*	3.98	2.99	33.1%	9.47	5.79	63.6%
Richmond Hotel Revenue (\$ million)***	18.2	20.0	(9.0%)	78.3	51.8	51.2%

Notes:

- a) QE indicates quarter end; YE indicates year end
- b) f - forecast to year end
- c) Figures have been updated to reflect changes in source data.
- d) * YVR Air Cargo and YVR Passengers for Q2 includes April and May data only
- ** PMV Container Movement for Q2 includes April and May data only
- *** Richmond Hotel Room Revenue for Q2 includes April data only.

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (July 2023): Near-Term Resilience, Persistent Challenges
- 2) US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; B of C Monetary Policy Report (July 2023), RBC Financial Markets Monthly, July 2023
- 3) RBC Economics RBC Financial Markets Monthly, July 2023; Proof Point: Will a weak Canadian dollar fire up inflation; April 2023)
- 4) & 5) Statistics Canada, BC Stats
- 6) City of Richmond Building Permits
- 7) Canada Mortgage and Housing Corporation
- 8) 9) 10) & 11) Real Estate Board of Greater Vancouver
- 12) Cushman & Wakefield Office and Industrial Market Beat Reports
- 13) City of Richmond Business Licences
- 14) Port of Vancouver Monthly Cargo Statistics – data is for Q2 2023 includes April and May only
YVR monthly statistics; International Air Transport Association, Global Outlook for Air Transport (June 2023).– data for Q2 includes April and May only
City of Richmond Additional Hotel Room Tax Ledger - data for Q2 includes April only

Financial and Key Indicators**June 30, 2023**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Roads, Water, Sewer DCC's Received	\$125	\$7,165	(98.3%)	\$1,186	\$9,241	(87.2%)
Parks DCC's Received	\$43	\$2,496	(98.3%)	\$610	\$3,907	(84.4%)
Total DCC Fees Received	\$168	\$9,661	(98.3%)	\$1,796	\$13,149	(86.3%)
DCC Reserves – Uncommitted balance at QE	\$142,042	\$134,753	5.4%	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)	Q2-2023	Q2-2022	Change			
Capital Funding Reserves*	\$240,622	\$123,153	95.4%			
Utility Reserves	\$105,864	\$108,093	(2.1%)			
Affordable Housing Reserves	\$9,436	\$9,392	0.5%			
Other Reserves	\$105,416	\$75,469	39.7%			
Total Uncommitted Reserves	\$461,338	\$316,107	45.9%			
<i>*During 2023, \$96m of debt was obtained for the Steveston Community Centre and Library capital project and the original funding returned to its source.</i>						
3) Taxes to date	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Taxes Collected	\$358,561	\$322,551	11.2%	\$374,050	\$336,685	11.1%
City Portion of Taxes Collected	\$182,866	\$164,501	11.2%	\$190,765	\$171,709	11.1%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$9,268	\$8,114	14.2%	\$9,268	\$8,114	14.2%
No. of Participants on Pre-authorized withdrawal (at QE)	6,281	6,236	0.7%	6,281	6,236	0.7%
Pre-authorized withdrawals payments	\$8,231	\$7,896	4.2%	\$20,555	\$19,656	4.6%
Interest rate % paid	4.70%	0.70%	571.4%	4.70%	0.70%	571.4%
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments	Q2-2023	Q2-2022	Change			
Investments	\$1,186,081	\$934,756	26.9%			
Cash (includes high interest savings accounts)	\$697,313	\$707,478	(1.4%)			
Total Cash and Investments	\$1,883,394	\$1,642,234	14.7%			
Average City Rate of Return on Investments %	4.50%	2.25%	100.0%			

Financial and Key Indicators**June 30, 2023**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Building Permit Fees Collected	\$1,880	\$3,116	(39.7%)	\$3,589	\$4,787	(25.0%)
Development Applications Received	31	40	(22.5)%	67	67	0%
Development Applications Fees	\$170	\$190	(10.4%)	\$384	\$261	46.8%
6) Business Licences	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Revenue Received for Current Year Licences	\$1,191	\$1,107	7.5%	\$3,148	\$2,917	7.9%
Revenue Received for Next Year (Deferred)	\$294	\$268	9.8%	\$398	\$368	8.2%
Total Licence Revenue	\$1,485	\$1,375	8.0%	\$3,546	\$3,285	7.9%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
Parking Program Revenue	\$561	\$427	31.2%	\$1,060	\$765	38.5%
Gaming Revenue	\$3,160	\$3,257	(3.0%)	\$6,851	\$5,909	15.9%
Traffic Fine Revenue	\$2,475	\$2,435	1.6%	\$2,475	\$2,435	1.6%
8) Employees	Q2-2023	Q2-2022	Change			
Full Time Equivalent (FTE) Employees (at QE)	1,636	1,546	5.8%			
<i>(City and Library) FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators	Q2-2023	Q2-2022	Change	YTD-2023	YTD-2022	Change
RCMP - Calls for Service Handled	17,221	14,136	21.8%	33,054	26,748	23.6%
Community Bylaws	2,151	1,287	67.1%	3,790	2,368	60.1%
Fire Incidents	2,982	2,693	10.7%	5,890	5,074	16.1%
Public Works calls for Service	3,505	3,824	(8.3%)	6,586	7,138	(7.7%)
10) Richmond Population Estimate Year End	2023f	2022				
	224,470	222,954				
<i>Population figures from BC Stats</i>						

Notes:

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

Unaudited Statement of Operations¹

For the Six Month Period Ended June 30, 2023, with comparative figures for 2022.

(Expressed in thousands of dollars)

	Budget June 30 2023	Actuals June 30 2023	Actuals June 30 2022
Revenue:			
Taxes and levies	\$144,538	\$144,538	\$134,869
Utility fees	65,728	65,041	62,550
Sales of services	20,394	19,336	16,893
Payments-in-lieu of taxes	7,325	6,824	6,903
Provincial and federal grants	5,425	26,573	4,699
Development cost charges	10,829	9,087	8,537
Other capital funding sources	32,849	11,890	30,140
Other revenue:			
Investment income	9,189	17,482	9,026
Gaming revenue	5,650	6,851	5,909
Licences and permits	7,274	8,556	7,996
Other	6,518	10,211	15,130
Equity income	165	1,194	956
	315,884	327,583	303,608
Expenses:			
Community safety	70,464	65,786	64,340
Utilities: water, sewer and sanitation	56,807	53,006	52,056
Engineering, public works and project development	43,095	37,480	38,389
Community services	37,304	33,095	29,582
General government	37,110	37,516	32,098
Planning and development	13,577	11,699	10,976
Library services	5,669	5,612	5,418
	264,026	244,194	232,859
YTD Surplus (Annual Surplus) ²	51,858	83,389	70,749
Accumulated surplus, beginning of year	3,558,636	3,558,636	3,487,887
Accumulated surplus, end of June 30 ³	\$3,610,494	\$3,642,025	\$3,558,636

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.

Contract Awards greater than \$75,000

April 1st to June 30th, 2023

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Supply and Delivery of Two (2) Conventional Zero Clearance/Zero Tail Swing Excavators	Avenue Machinery Corporation	415,390	Engineering & Public Works
2	Oracle Database Software and Solaris Hardware Purchase	Eclipsys Solutions Inc.	88,085	Finance and Corporate Services
3	PeopleSoft Annual Maintenance and Support (License Renewal for HCM and FSCM)	Oracle Canada ULC	336,449	Finance and Corporate Services
4	Pre-Construction Services - Replacement of the Bowling Green Community Activity Centre	Scott DB Services Ltd.	134,062	Engineering & Public Works
5	Amanda (Municipal Property Management System) 2023 Software Support and Maintenance	Granicus Canada Holdings ULC	118,341	Finance and Corporate Services
6	Steveston Salmon Festival Programming and Production Team	Anigraph Productions Limited	324,500*	Community Services
7	Provision of Project Management and Business Analysis Services for Oracle EPM Implementation	Alithya Canada Inc.	292,500	Finance and Corporate Services
8	Janitorial Services – Fire Hall 1, 2 and 3	Cleantech Service Group Limited	92,880	Community Safety
9	ArcGIS Software Support and Maintenance Renewal	ESRI Canada Ltd.	205,000	Finance and Corporate Services
10	Microsoft Licensing Software	Compugen Inc.	208,964	Finance and Corporate Services
11	Engineering Consulting Services for South Dike Upgrades from 6080 Dyke Road to Gilbert Road Drainage Pump Station	WSP Canada Inc.	375,814	Engineering & Public Works
12	Workforce Management Solution and Services	Kronos Canadian Systems Inc.	691,633	Finance and Corporate Services
13	MyRichmond My Permit Implementation on Mobile (iOS & Android)	Radical I/O Technology Inc.	95,200	Finance and Corporate Services
14	Short Term Rental Vehicles	The Driving Force Inc. Zeemac Vehicle Lease Ltd."	462,480	Engineering & Public Works

*Awarded amount reflects the estimated maximum value of a 2 year contract.

Contract Awards greater than \$75,000 (continued)April 1st to June 30th, 2023

Item	Description	Awarded Vendor	Awarded Amount	Division
15	Supply and Install Furniture - Richmond Cultural Centre Annex	Contemporary Office Interiors	129,755	Community Services
16	Supply and Installation of Structural CIPP for the Lancaster Crescent Sanitary Repair Project	Special T Cleaning (2012) Ltd.	161,050	Engineering & Public Works
17	One (1) 2023 Peterbilt Cab and Chassis One Tandem Axle Truck	Peterbilt Pacific Inc.	254,140	Engineering & Public Works
18	McDonald Beach Hydrological and Sediment Analysis Study	ISL Engineering and Land Services Ltd.	84,941	Community Services
19	Cisco Enterprise License and Support Services	Compugen Inc. TELUS Long View Systems"	472,211	Finance and Corporate Services
20	Intersection Cameras Real Time Video Analytics	Advanced Mobility Analytics Group PTY	116,884	Planning & Development
21	Consulting Services for Oracle EPM Implementation	Vigilant Consulting Services Inc.	452,200	Finance and Corporate Services
22	Park Playground Supply and Installation Services	Habitat Systems Inc. Parkworks Solutions Corp. Suttle Recreation Inc.	428,362	Community Services
23	Terra Nova Rural Park Septic Field Supply and Installation	Torak Services Ltd.	104,800	Community Services
24	Supply and Delivery of One (1) Dump Body Unit and Outfitting on a City Provided Tandem Axle Cab and Chassis	Falcon Equipment Ltd.	254,996	Engineering & Public Works
25	Hosted Aerial Photographic Imagery and Building Footprint	Nearmap US, Inc	115,000	Finance and Corporate Services
26	Britannia Shipyards Envelope, Mechanical and Structural Renewals	Scott Special Projects Ltd.	1,879,002	Engineering & Public Works
27	Plumbing Package - Cambie Community Centre Building Improvements	Heatherbrae Builders Co. Ltd.	96,024	Engineering & Public Works
28	Asphalt Paving for the Shell Road Laneway Upgrade Project	Winvan Paving Ltd.	154,000	Engineering & Public Works
29	Technical Support for Data Analytics Platform	Cloud Software Group Inc.	225,120	Finance and Corporate Services
30	South Arm Community Hall Roof Remediation	PCL Constructors Westcoast Inc.	615,516	Engineering & Public Works
31	Supply and Delivery of One (1) Tier 4 Backhoe	Finning (Canada)	284,918	Engineering & Public Works

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

April 1st to June 30th, 2023

Item	Description	Awarded Vendor	Awarded Amount	Division
32	Supply and Delivery of Multiple Commercial Sound Attenuated Dry Prime Pumps and Pump Trailer(s)	Canadian Dewatering LP	96,863	Engineering & Public Works
33	Multi-Use Pathways Construction and Misc. Roadworks - South Side Steveston Highway from No. 2 Road to Shell Road	Hexcel Construction Ltd.	8,916,070	Engineering & Public Works
34	Security Services for Access Control, Monitoring and Intrusion Alarms	Safe & Sound Security Systems Ltd.	394,629	Engineering & Public Works
35	Supply and Delivery of One (1) Tier 4 Skid Steer Loader with Tracks	Avenue Machinery Corp.	112,251	Engineering & Public Works
36	City Hall Space Planning	Heritage Office Furnishings Ltd	122,226	Engineering & Public Works



City of Richmond

Report to Committee

To: Finance Committee
From: John Irving, P.Eng., MPA
General Manager, Engineering and Public Works
Chief Executive Officer, Lulu Island Energy
Company

Date: August 17, 2023
File: 03-1200-08/2023-Vol 01

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

Re: 2023 Q2 Financial Information for the Lulu Island Energy Company

Staff Recommendation

That the Lulu Island Energy Company report titled "Lulu Island Energy Company – 2023 2nd Quarter Financial Information", dated July 24, 2023, from the Chief Executive Officer and Chief Financial Officer, be received for information.

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

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

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





6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

To: Board of Directors **Date:** July 24, 2023
From: Jerry Chong, CPA, CA,
Chief Financial Officer
Re: Lulu Island Energy Company – 2023 2nd Quarter Financial Information

Staff Recommendation

That the 2nd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2023 2nd Quarter Financial Information”, dated July 24, 2023, be approved.

Background

Lulu Island Energy Company (LIEC), a corporation wholly-owned by the City of Richmond, was established to provide district energy services on behalf of the City. Information regarding LIEC’s district energy utility (DEU) operations can be found in Attachment 1. All capital and operating costs are recovered through revenues from user fees, ensuring that the business is financially sustainable. City Council is the regulator and thus sets customer rates.

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

Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s pre-audited Q2 financial information consists of the interim statement of financial position as of June 30, 2023 (Attachment 2) and the interim income statement for the period ended June 30, 2023 (Attachment 3).

Financial Position

The interim statement of financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) \$16,020,433 and non-current assets (plant and equipment) \$47,269,509. The total assets are \$63,289,942.

The total liabilities of \$27,067,461 include outstanding invoices, deferred contributions and Project Agreement liabilities. Included in the accrued liabilities is an amount totalling \$645,709, which pertains to the unplanned environmental remediation work related to the pipe construction defect, which resulted in a leak and subsequent clean up of the released heat transfer fluid in the Alexandra District Energy Utility (ADEU). The expenses were accrued in the prior years and there are no additional accruals mid way through 2023. The environmental remediation of the site has progressed significantly and is near completion. LIEC has taken steps to recover the remediation and repair costs from the responsible parties. Year-to-date budget to actual numbers are shown in Attachment 4.

Revenues

The metered billing revenue is the total energy sales of ADEU, and City Center District Energy Utility (CCDEU) service areas (OVDEU is now combined under the CCDEU service area). The year to date metered billings revenue is \$1,430,487 from the ADEU and \$2,448,876 from the CCDEU. Overall, the first six months of metered billing revenue of \$3,879,363 increased by 22% over 2022. This reflects the addition of one new building connection, increased energy use from customers due to increased occupancy, and the approved 2023 rates.

Cost of Sales

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense increased by 69% over 2022 due to the additional operations and maintenance work as a result of more buildings being serviced, including two on-site low carbon energy plants (LCEP); compared to budget, the actual is 14% below budget. The growth in energy demand is due to the addition of more buildings, and operation of the first two on-site LCEP's, resulted in higher use of electricity and natural gas to run distribution pumps, geo-exchange heat pumps, on-site LCEP air source heat pump, auxiliary equipment and boilers, which are used to deliver energy to customers' buildings. This increased demand paired with electricity and gas rate increases caused the utility expense to increase 14% compared to 2022, but within the budget. The amortization expense decreased due to a change in accounting estimate, where LIEC is matching the amortization life of the assets to be the same as in the CCDEU Project Agreement and the Financial Model. The year-over-year cost of sales has increased by 14%. The gross margin as a percentage of revenue is 46% for 2023 compared to 44% in the first six months of 2022.

General and Administration Expenses

General and administration (G&A) expenses are expenditures that LIEC incurs with respect to supporting operations which includes salaries and benefits, administration expenses, professional fees, etc.. Salaries and benefits are higher than last year and 7% higher than budget due to benefits associated with an approved leave of absence and extra support during the year-end audit from City staff. The administration expense increased compared to Q2 2022 mainly due to the CCDEU Project Agreement structure with Corix and CIB; compared to the budget, the administration expense is 14% below budget. The administration expense includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City

staff. Insurance expense increased due to the general insurance rate increase, additional assets being insured, and the additional insurance coverage (comprehensive environmental liability) and deductions required under the CCDEU Project Agreement. Professional fees have increased in comparison to Q2 2022 due to expenses related to CCDEU Project Agreement structure with Corix and CIB, as well as additional audit fees in line with the company's growth as additional audit work was required.

Overall, the G&A expenses as a percentage of revenues is 21% compared to 15% in 2022. This is the first year of implementation of the Project Agreement. As with the ADEU and OVDEU projects, the CCDEU initial years' general and administration expenses are projected to increase in the relation to the revenue received from customers. This is due to the initial project operation and administration setup costs necessary for the infrastructure expansion and operation for a project of this scale, as well as the costs required to administer low-interest financing from CIB. As more customers are connected to the utility, the general and administration expenses in relation to the revenue will decrease.

Contributions and Financing Expenses

The contributions and financing expense section represents other sources of income and costs for the business. The developer contributions are lower compared to the 2022 Q2 due to a change in accounting estimate and adjustment for values in 2023. Developer contributions are recognized as revenue over a longer period as the rate matches the amortization rate and adjustments are required to recognize the actual value of the equipment contributed by developers. The developers' contributions are below budget due to the adjustment between estimated and actual value of the equipment contributed by developers and due to the change in accounting estimate.

Other income is made up of energy model review fees. The energy modeling review fee revenues are lower than 2022 due to less than anticipated building permit reviews. The net finance cost is the result of year-to-date finance costs on project agreement liabilities, offset by interest income. Interest income has exceeded the full year budget for 2023, due to the timing of when the budget was prepared and how quickly the interest rates have increase over the past 18 months. LIEC has taken advantage of the higher interest rates and have invested in short term, term deposits which have yielded much higher returns compared to 2022. This has resulted in a variance in the net financing costs in both year-over-year and actuals to budget comparison, which is positive for LIEC.

LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure the company's financial performance, as a percentage of revenue decreased to 44% compared to 56% in Q2 2022. This is due to the initial operation and administration setup costs necessary for the CCDEU project infrastructure expansion and operation. This is expected and has been encountered in the past with the existing OVDEU and ADEU projects. As more customers are connected to the system, revenues and EBITA will increase. EBITA has exceeded the budget by 15%.

The year-to-date net income of \$1,194,321 has exceeded Q2 2022 (\$956,168) and the budget (\$165,197). Consistent with the company's financial plan objectives, any net income will be

July 24, 2023

- 5 -

maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

Financial Impact

None.

Conclusion

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



Johana Vuletin
Acting Controller
(604-204-8699)



Cody Lan
Assistant Controller
(604-247-4698)

Att. 1: District Energy in Richmond

- 2: Interim Statement of Financial Position as of June 30, 2023 (unaudited)
- 3: Interim Income Statement for the period ending June 30, 2023 (unaudited)
- 4: Year-To-Date Budget vs. Actual Comparison (unaudited)
- 5: LIEC Second Quarter Income Statement (unaudited)

District Energy in Richmond

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

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

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected to the DEU service areas to-date. Table 1 – DEU Service Areas - Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra DEU	13	2,200	2.4M ft ²	4.4M ft ²
Oval Village DEU	14	3,174	3.7M ft ²	6.4M ft ²
City Centre DEU	2	728	0.8M ft ²	48.0M ft ²
Total	29	6,102	6.9M ft ²	58.8M ft ²

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

The OVDEU services 14 buildings, containing over 3,100 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The new CCDEU currently services two buildings, comprised of 728 residential units and approximately 800,000 ft² of floor area. To-date, future developments in the City Centre service area have already committed 5.5M ft² of building floor area for future connection. As permanent energy centres progress through development, CCDEU utilizes on-site low carbon energy plants as a source of energy production. At full build-out, 176 developments, 28,000 residential units and approximately 48M ft² of floor space will be serviced by 5 permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built out system is estimated to reduce over 1,000,000 tonnes of GHG emissions compared to conventional service.

Interim Statement of Financial Position (Unaudited)

	As of June 30 2023	As of December 31 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 723,007	\$ 3,191,380
Accounts receivable	2,705,546	2,240,807
Investments	12,591,880	12,324,233
	16,020,433	17,756,420
Non-current assets:		
Plant and equipment	47,269,509	45,745,053
	\$ 63,289,942	\$ 63,501,473
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,579,744	\$ 3,852,889
Deferred developer contributions	12,814,901	13,017,815
Government grants	264,742	241,051
Project Agreement liability	12,408,074	11,361,558
	27,067,461	28,473,313
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	8,825,366	7,631,045
	36,222,481	35,028,160
	\$ 63,289,942	\$ 63,501,473

Interim Income Statement (Unaudited)

	June 30 2023	June 30 2022	\$ Changes	% Change
Revenues				
Metered Billings (Quarterly)	\$ 3,879,363	\$ 3,189,623	\$ 689,740	22%
Service fee	490,743	490,750	(7)	0%
	4,370,106	3,680,373	689,733	19%
Cost of Sales				
Contracts	783,039	464,395	318,644	69%
Utilities	927,183	812,075	115,108	14%
Amortization	659,958	801,424	(141,466)	(18%)
	2,370,180	2,077,894	292,286	14%
Gross margin	1,999,926	1,602,479	397,447	25%
General and Administration Expenses				
Salaries and benefits	542,095	431,455	110,640	26%
Administration expenses	172,687	42,720	129,967	304%
Insurance	122,391	47,627	74,764	157%
Professional Fees	90,921	33,750	57,171	169%
	928,094	555,552	372,542	67%
Net income before other items	1,071,832	1,046,927	24,905	2%
Contributions and Financing expense				
Developer contributions	180,774	184,055	(3,281)	(2%)
Other income	394	45,862	(45,468)	(99%)
Net financing cost	(58,679)	(320,676)	261,997	(82%)
	122,489	(90,759)	213,248	(235%)
Net Income	\$1,194,321	\$956,168	\$238,153	25%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 1,194,321	\$ 956,168	\$238,153	25%
Net Financing cost	58,679	320,676	(261,997)	(82%)
Amortization expense	659,958	801,424	(141,466)	(18%)
EBITA	\$1,912,958	\$2,078,268	(\$165,310)	(8%)

Notes:

	Ending June 30 2023	Ending June 30 2022
Percentage of Revenue		
Gross margin percentage	46%	44%
General and administration percentage	21%	15%
Net income percentage	27%	26%
EBITA percentage	44%	56%

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

	2023 Q2 Budget	2023 Q2 Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$3,718,663	\$ 3,879,363	160,700	4%
Service fee	490,743	490,743	-	-%
	4,209,406	4,370,106	160,700	4%
Cost of Sales				
Contracts	915,188	783,039	(132,149)	(14%)
Utilities	928,157	927,183	(974)	0%
Amortization	975,717	659,958	(315,759)	(32%)
	2,819,062	2,370,180	(448,882)	(16%)
Gross margin	1,390,344	1,999,926	609,582	44%
General and Administration Expenses				
Salaries and benefits	504,275	542,095	37,820	7%
Administration expenses	201,260	172,687	(28,573)	(14%)
Insurance	167,361	122,391	(44,970)	(27%)
Professional Fees	99,500	90,921	(8,579)	(9%)
	972,396	928,094	(44,302)	(5%)
Net income before other items	417,948	1,071,832	653,884	156%
Contributions and Financing expense				
Developer contributions	252,542	180,774	(71,768)	(28%)
Other income	13,500	394	(13,106)	(97%)
Net financing cost	(518,793)	(58,679)	460,114	(89%)
	(252,751)	122,489	375,240	(148%)
Net Income	\$165,197	\$1,194,321	\$1,029,124	623%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$165,197	\$1,194,321	\$1,029,124	623%
Net Financing cost	518,793	58,679	(460,114)	(89%)
Amortization expense	975,717	659,958	(315,759)	(32%)
EBITA	\$1,659,707	\$1,912,958	\$253,251	15%

LIEC Second Quarter Income Statement

	2023 Q2 Actual	2022 Q2 Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$ 1,908,146	\$ 1,586,219	\$321,927	20%
Service fee	245,372	245,375	(3)	0%
	2,153,518	1,831,594	321,924	18%
Cost of Sales				
Contracts	471,335	287,118	184,217	64%
Utilities	473,877	417,910	55,967	13%
Amortization	297,198	406,923	(109,725)	(27%)
	1,242,410	1,111,951	130,459	12%
Gross margin	911,108	719,643	191,465	27%
General and Administration Expenses				
Salaries and benefits	252,738	222,882	29,856	13%
Administration expenses	80,643	21,628	59,015	273%
Insurance	52,232	18,877	33,355	177%
Professional Fees	41,701	-	41,701	100%
	427,314	263,387	163,927	62%
Net income before other items	483,794	456,256	27,538	6%
Contributions and Financing expense				
Developer contributions	69,683	98,517	(28,834)	(29%)
Other income	-	43,917	(43,917)	(100%)
Net financing cost	(58,292)	(162,133)	103,841	(64%)
	11,391	(19,699)	31,090	(158%)
Net Income	\$495,185	\$436,557	\$58,628	13%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 495,185	\$ 436,557	\$ 58,628	13%
Net Financing cost	58,292	162,133	(103,841)	(64%)
Amortization expense	297,198	406,923	(109,725)	(27%)
EBITA	\$ 850,675	\$1,005,613	(\$154,938)	(15%)



City of Richmond

Report to Committee

To: Finance Committee **Date:** August 24, 2023
From: Jerry Chong, CPA, CA **File:** 03-1200-09/2023-Vol
General Manager, Finance & Corporate Services 01
Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2023 Financial
Information**

Staff Recommendation

That the Richmond Olympic Oval Corporation – 2nd Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

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

REPORT CONCURRENCE	
APPROVED BY CAO	

DATE: August 24, 2023

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

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

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

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2023 Financial information**

Origin

This staff report addresses the second quarter financial results for the 3 months ended June 30, 2023 (“Q2”) which was endorsed by the Corporation’s Board of Directors. Below are some of the highlights of the activities undertaken during Q2.

Q2 Highlights

Community Use

Q2 2023 saw the first full quarter of services at the Fields. As anticipated, the uptake was significant, garnering approximately \$49,000 in revenues, with programs and offerings further expanding into Q3 and Q4 2023. Community sport programming, in particular, Learn to Skate lessons continued to see growth with a 23% increase over Q2 of 2022, with over 620 lesson sign-ups. Additional sport program offerings by the Oval in Q2 include, but are not limited to: climbing, ice hockey, high performance speed skating, performance development volleyball, and strength and conditioning programs.

In Q2 2023, total visitations were close to 100,000 per month with drop-in visitations at approximately 28,000 per month, which includes group fitness, climbing, table tennis, ice sports and visits to the Fitness Centre. In addition, the ROX hosted 32 schools with over 1,600 students taking part in the inspiring Education Program. At the end of Q2, 71% of Oval members reside in Richmond. The remaining 29% is a key indicator that the Oval has regional appeal, and while satisfying community demand, it can also attract a client base outside of Richmond that positively contributes to the Oval’s brand awareness and financial performance.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for

quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere.

Sport Development and Events

Events that took place this quarter included: Canadian Sport for Life Summit, Sport Climbing BC Youth Provincials, World Karate Federation Championships, U17/18 Volleyball Provincial Championships, Karate BC Provincial Championships, CEC High Performance Climbing Competition, Delta Gymnastics Cash and Carry Invitational, Canada Border Services Agency Training, Chinese Street Dance Festival, Canadian Wheelchair Basketball League Finals, Artistic Gymnastics National Championships, Hoopfest, Steveston Meltdown Hockey Tournament, Can-Am International Martial Arts Championships & International Dragon and Lion Dance Competition, Sport Events Congress, BCSRA Summer Trade Show, Volleyball Canada vs St Mary's Series, Weightlifting Canada National Training Camp and the ViaSport Safe Sport Announcement.

New events secured in Q2 by Events and Sport Hosting included: 2023 Wheelchair Basketball National Team Training Camp ADCC Jiu Jitsu Open, Fairchild TV Family Day, 2023 United Filipino Volleyball Tournament, , 2024 Short Track Canada Cup Junior Final, 2024 Western Canadian Gymnaestrada, and 2024 Indo Pacific Trampoline and Tumbling Championships.

Athletes representing various provincial and national sports organizations utilized the Oval for training and competition in Q2. These groups included, but were not limited to the following: Alpine Ski Canada, BC Wheelchair Sports Association, BC Wheelchair Basketball, BC Wheelchair Rugby, BC Basketball, Climbing Escalade Canada, Field Hockey Canada, Table Tennis North, Sport Climbing BC, Skate Canada, Volleyball Canada, Wheelchair Rugby Canada, and Weightlifting Canada.

Governance

Meetings of the Corporation's Audit & Finance Committee, Richmond Olympic Experience (ROX) Committee and the Board of Directors took place during Q2.

Financial

The results for the 3 months ended June 30, 2023 show income of \$164,000 after amortization compared to a budgeted loss of \$362,000, indicating a favorable variance of \$526,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2023 and page 5 for the statement of operations). In Q2, \$573,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the estimated 2023 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,432,000 in Q2 and other revenue of \$488,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$639,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q2 2023 were \$1,872,000, facility operations costs were \$1,307,000, marketing expenses were \$142,000, and administration and finance expenses were \$924,000. Overall, expenditures were \$113,000 unfavorable to budget which is offset by and due in part to, expenses incurred in generating favorable variance in corresponding revenues.

A handwritten signature in black ink, appearing to read "R. Dusanj", with a stylized flourish at the end.

Rick Dusanj, CPA, CA

Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at June 30, 2023****Unaudited, prepared by management**

		Jun 30 2023
ASSETS		
Financial Assets		
Cash	\$	1,183,670
Investments		14,229,362
Inventory		199,614
GOT receivable		1,862,500
Accounts receivable		1,070,136
		<u>18,545,281</u>
Financial Liabilities		
Accounts payable and accrued liabilities		2,759,209
Deferred revenue		11,174,151
Rental deposits		<u>7,373</u>
		<u>13,940,732</u>
Net financial assets		4,604,549
Non-Financial Assets		
Tangible capital assets		14,910,384
Prepaid expenses and other deposits		<u>565,694</u>
		<u>15,476,078</u>
Accumulated Surplus (Note 1)	\$	20,080,628

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

Investment in capital assets	7,927,356
Reserves/Provisions	11,265,827
Common Shares	1
Surplus	<u>887,443</u>
	<u>20,080,628</u>

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.14M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended June 30, 2023

Unaudited, prepared by management

	QTR 2 2023				YTD ended June 30, 2023				2023 BUDGET
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
REVENUES									
2010 Games Operating Trust Fund	931,250	931,250	-	0%	1,862,500	1,862,500	-	0%	3,725,000
Contribution from City of Richmond	975,926	975,926	-	0%	1,951,853	1,951,853	-	0%	3,903,713
Memberships, admissions and programs	1,868,118	2,432,469	564,351	30%	3,993,114	4,792,967	799,853	20%	8,379,796
Other	413,145	487,743	74,597	18%	788,043	997,297	209,254	27%	2,405,931
	4,188,439	4,827,387	638,948	15%	8,595,510	9,604,617	1,009,107	12%	18,414,440
EXPENSES									
Memberships, admissions and program services	1,649,817	1,871,706	(221,889)	-13%	3,253,599	3,532,544	(278,945)	-9%	6,787,937
Facility Operations	1,227,579	1,306,864	(79,285)	-6%	2,455,158	2,495,925	(40,767)	-2%	5,020,164
Marketing	145,839	141,501	4,338	3%	290,328	280,252	10,076	3%	582,571
Admin/Finance	940,218	924,235	15,983	2%	1,872,479	1,872,007	472	0%	3,750,592
Amortization	586,875	419,149	167,726	29%	1,125,183	838,075	287,108	26%	2,500,000
	4,550,328	4,663,455	(113,127)	-2%	8,996,747	9,018,804	(22,057)	0%	18,641,264
Net Income/(Loss) (Note 1)	(361,889)	163,933	525,822	145%	(401,237)	585,813	987,050	246%	(226,824)

Note 1 - In Q2, \$0.57M was transferred into reserves/equity mainly for future minor capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.14M annually over the past 5 years.

Numbers may be off due to rounding.