



Finance Committee

Anderson Room, City Hall
6911 No. 3 Road

Tuesday, September 6, 2016

Immediately following the open General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-3 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on July 4, 2016.*



FINANCE AND CORPORATE SERVICES DIVISION

1. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2016**
(File Ref. No. 03-0905-01) (REDMS No. 5105618 v. 4)

FIN-6

See Page FIN-6 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2016”, dated August 12, 2016 from the Director, Finance be received for information.



Pg. # ITEM

2. **2ND QUARTER 2016 – FINANCIAL INFORMATION FOR THE
RICHMOND OLYMPIC OVAL**

(File Ref. No.) (REDMS No. 5145023)

FIN-35

See Page FIN-35 for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2016 from the Controller of the Richmond Olympic Oval Corporation be received for information.

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, July 4, 2016

Place: Anderson Room
Richmond City Hall

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

Call to Order: The Chair called the meeting to order at 4:43 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the Finance Committee held on June 6, 2016, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2017-2021 BUDGET PROCESS**
(File Ref. No. 03-0970-25-2016-01) (REDMS No. 5042644)

In response to a question from Committee, Melissa Shiau, Manager, Financial Planning and Analysis noted that staff are working with the Communications department to finalize a public input process.

It was moved and seconded

- (1) *That the staff report titled "2017-2021 Budget Process" dated June 13, 2016 from the Director, Finance be received for information; and*

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- (2) *That the services as presented in Attachment 2 of the staff report be approved as the base for the 2017 budget.*

CARRIED

**2. UPDATE ON RICHMOND PUBLIC LIBRARY STRATEGIES TO
REDUCE EXPENSES AND INCREASE REVENUE**

(File Ref. No. 03-0970-25-2016-01) (REDMS No. 5043051 v. 2)

Greg Buss, Chief Librarian, advised that the Library Board, at their meeting held on June 29, 2016, approved the amendments to borrowing policies, fines and certain branch hours outlined in the report to Committee, with some minor changes, based on public feedback on customer services.

In response to questions from Committee, Mr. Buss stated that comments from the public indicated dissatisfaction with the current maximum borrowing limit of 25 and that the increased borrowing limit to 30 books would better serve families, researchers and those from educational institutions such as teachers who often take out multiple books at one time.

Discussion ensued in regards to staff investigating the impact of increasing per capita funding to the library in the next budget.

Mr. Buss, responding to queries from Committee, further commented that (i) while the library's budget is increasing, this is to provide the same level of service to the public (ii) the Library Board saw common complaints around insufficient materials in the collection and limited branch hours (iii) the library has invested in new services such as the Launchpad, digital services and programs that were budgeted from capital and capital surplus over a number of years (iv) an analysis on the percentage of users who borrow up to the maximum limit has not been completed, but precise numbers could be provided in the future (v) the Library Board is open to examining all possibilities of cost savings and want to find systems that work while still providing services to the public and (vi) the strong fund development program is a sponsorship opportunity for other organizations, such as businesses, to support and develop services that are appealing to the community provided by the library.

It was moved and seconded

- (1) *That the staff report titled "Update on Richmond Public Library Strategies to Reduce Expenses and Increase Revenue" dated June 21, 2016 from the Director, Finance be received for information;*
- (2) *That staff explore the impacts of adding a minimum of \$1 per capita to the library budget;*
- (3) *That staff provide an analysis on borrowing limits; and*
- (4) *That staff provide an analysis of municipal services that municipal libraries should and currently provide.*

2.

Finance Committee
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The question on the motion was not called as discussion ensued with regard to services provided by the library and the funding and programming provided by other municipal libraries.

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

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:20 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, July 4, 2016.

Mayor Malcolm D. Brodie
Chair

Amanda Welby
Acting Legislative Services Coordinator



City of Richmond

Report to Council

To: Finance Committee

Date: August 12, 2016

From: Jerry Chong
Director, Finance

File: 03-0905-01/2016-Vol
01

Re: Financial Information – 2nd Quarter June 30, 2016

Staff Recommendation

That the staff report titled, "Financial Information – 2nd Quarter June 30, 2016", dated August 12, 2016 from the Director, Finance be received for information.

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

Att: 6

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

Origin

Pre-audited financial information for the 2nd quarter ended June 30, 2016 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 a general sense of the City's financial results throughout the year and before the annual audited financial statements are presented.

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

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

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

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

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

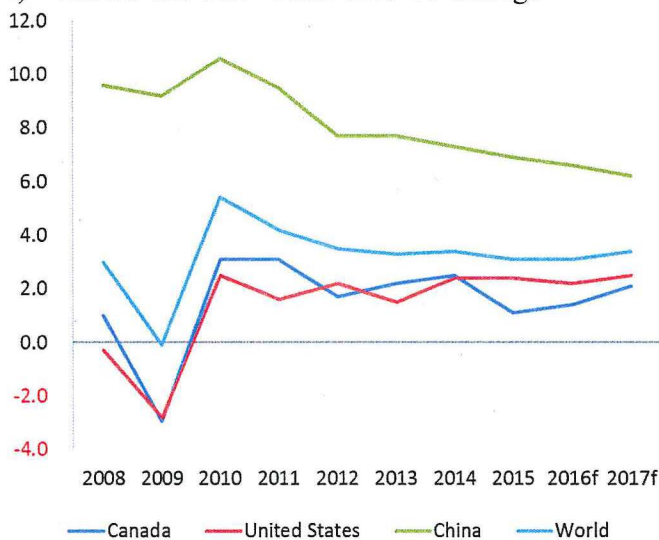
Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.

9.1. *Understandable, timely, easily accessible public communication.*

Analysis

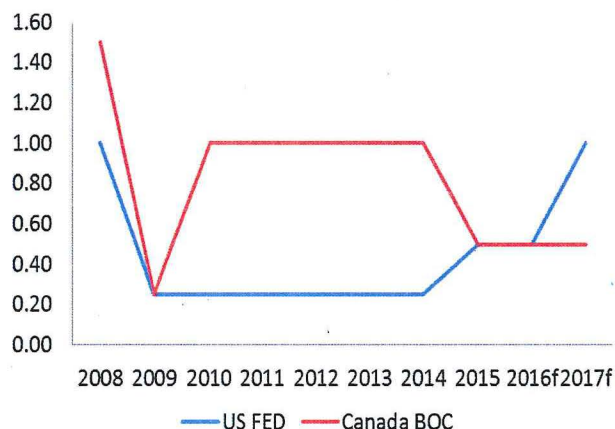
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change ¹

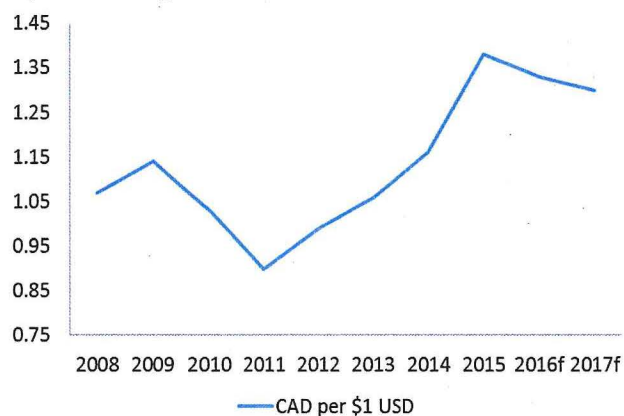


- World forecasts were adjusted down by 0.1 percentage point (pp) for both 2016 and 2017 due in part to the uncertainty caused by the U.K. Brexit vote outcome.
- The 2016 and 2017 GDP growth forecasts for the U.S. are 2.2% and 2.5% respectively.
- Canada's projected growth for 2016 was adjusted down 0.1 pp due largely to the devastating Fort McMurray wildfires but is expected to rebound to 1.4% for 2016 overall and 2.1% in 2017.
- The growth outlook for emerging economies overall remains largely unchanged from the last forecast with a slight upward revision of 0.1 pp for China where GDP growth forecasts for 2016 and 2017 are 6.5% and 6.2% respectively.

¹ International Monetary Fund, World Economic Outlook

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

- In Q2 2016 the Bank of Canada maintained the overnight rate at 0.5%, encouraging inflation to remain at or near its target of 2%.
- The previously predicted rate increase for 2017 has been revised, it is expected that the overnight lending rate will remain at 0.5% through 2017.
- Due to a slower than expected U.S. economic recovery, the forecasted Federal interest rate increases have been downgraded to 0.5% and 1% in 2016 and 2017 respectively, down from a previously forecasted 0.75% and 1.75% in those years.

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

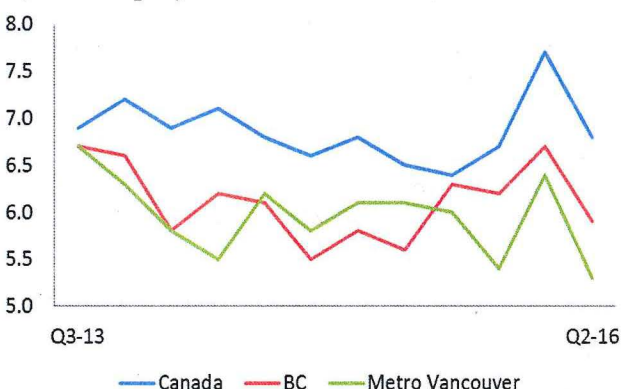
- Rising oil prices pushed up the Canadian dollar (CAD) against the U.S. dollar (USD) in Q2 2016 but the price of the commodity began dropping again as production resumed in Fort McMurray.
- The exchange rate is expected to remain somewhat stable over the coming quarters and is forecasted to close at 1.33 CAD per USD in 2016 and 1.30 CAD per USD in 2017.
- A relatively weaker Canadian dollar will continue to bode well for non-resource exporters and local firms are well positioned to take advantage of this trend.

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

³ Bank of Canada

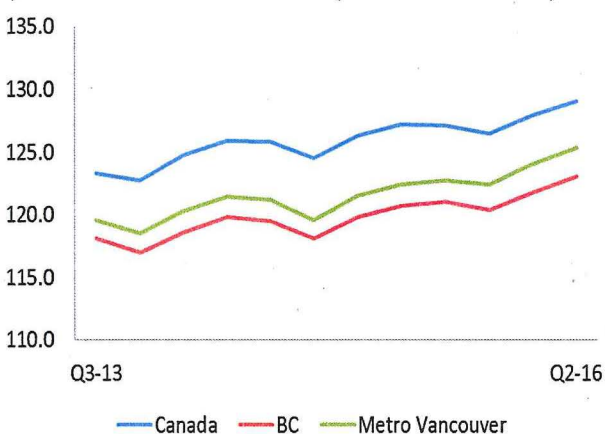
Regional & Local Economic Activity Indicators

4) Unemployment ⁴



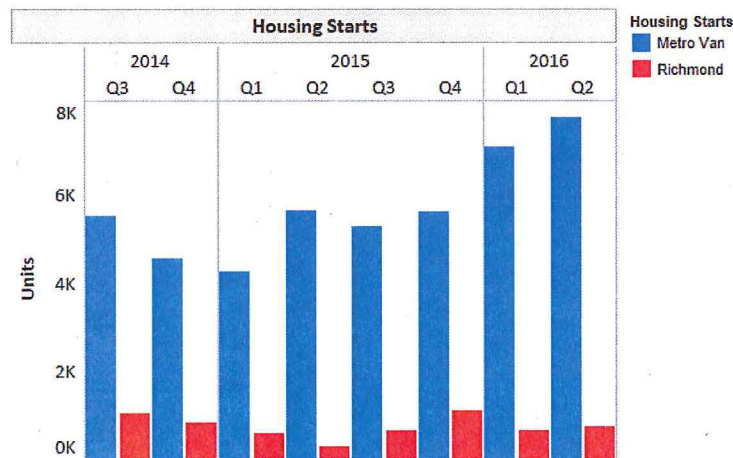
- Employment gains were realized throughout Metro Vancouver, BC and Canada. The unemployment rate was 5.3%, 5.9% and 6.8% respectively at the close of Q2 2016.
- Metro Vancouver saw the largest drop in unemployment; the rate was 17.2% lower than at the end of Q1 2016 and 13.1% lower than the same period last year.
- British Columbia continues to have the strongest job creation among Canadian provinces, and at 5.9% is currently considered to be at full employment.

5) Consumer Price Index (CPI – 2002=100) ⁴



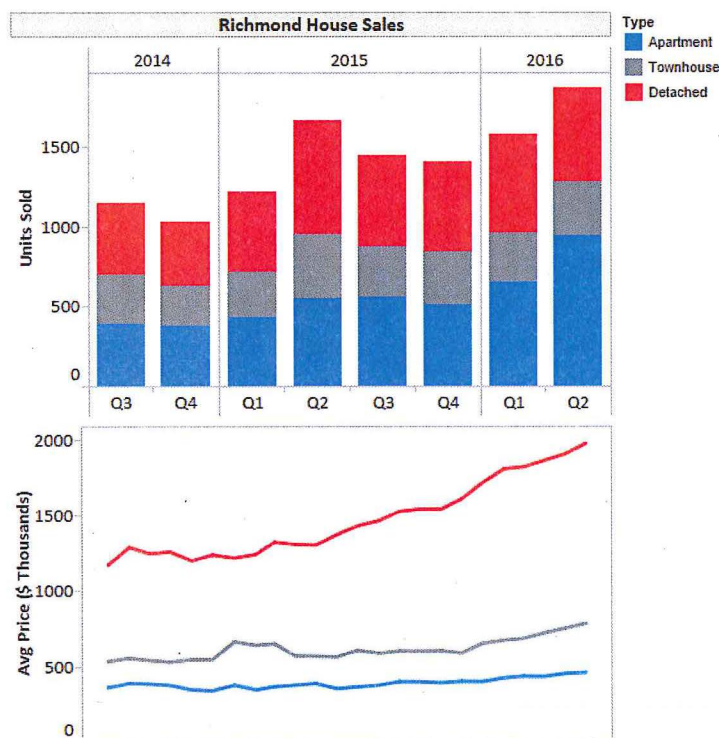
- Lower fuel prices and higher housing costs contributed to year over year inflation of 1.5% in Canada.
- British Columbia and Metro Vancouver's consumer price index (CPI) increases were greater than the national average year over year. They grew by 2.0% and 2.4% respectively.
- The Canadian, BC and Metro CPI all increased at similar levels this quarter over Q1 2016 at 1.0% for Metro Vancouver, 1.1% for BC and 0.9% for Canada.
- The Bank of Canada's inflation-control target is set at 2%, the midpoint of the control range of 1% to 3%, until the end of 2016.

⁴ Statistics Canada

6) Housing Starts⁵

Source: City of Richmond

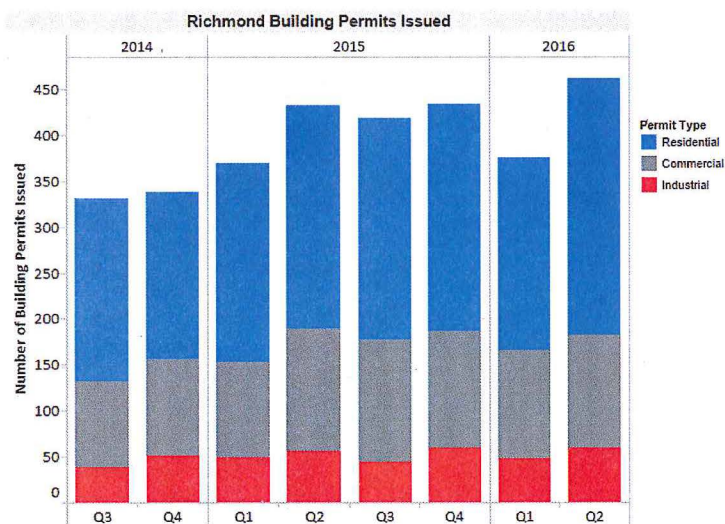
- Housing starts continued to surge in Richmond and Metro Vancouver in Q2 2016 due to low interest rates and high demand.
- In Q2 2016 Richmond, housing starts grew by 16% over Q1 2016, and nearly 150% year over year; in Metro Vancouver they grew by 9.6% and 37% in the same periods
- The highest volume of housing starts in Metro Vancouver since 1990 was recorded in June – this was largely attributed to a large increase in multi-family unit construction.

7) House Sales & Prices – Richmond⁶

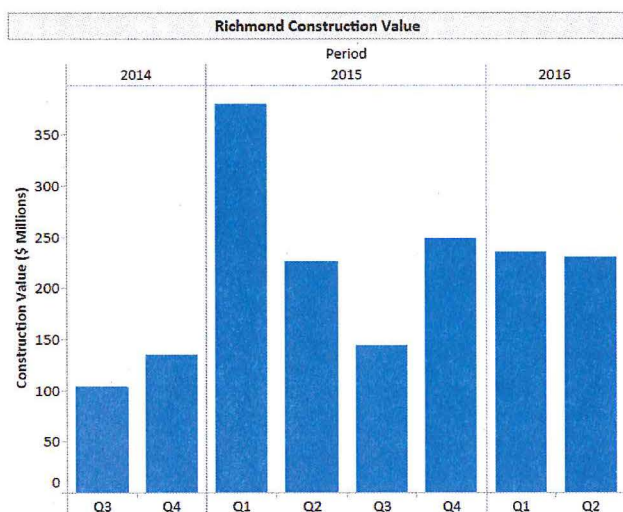
Source: CMHC & REBGV

- Overall home sales saw an increase of 18.5% compared to Q1 2016 and 12.4% compared to Q2 2015.
- Sales for townhouses and apartments increased 8.4% and 45.3% over Q1 2016 respectively. Apartment sales increased 71.7% compared to Q2 2015.
- Sales for detached homes decreased (-4.5%) compared to Q1 2016 and (-17.5%) over Q2 2015.
- Prices of all homes rose in Q2 2016. The average price of a detached home in Richmond is now a record \$1.98 million (M), an increase of 44% compared to Q2 2015 and 8.6% to Q1 2016.
- Townhouse and apartment prices rose in Q2 2016 by 38.9% and 29.9% compared to Q2 2015 and are also at all-time high average prices of \$785,000 and \$460,000 respectively.

⁵ Canadian Mortgage and Housing Corporation⁶ Real Estate Board of Greater Vancouver

8) Building Permits – Richmond⁷

Source: City of Richmond



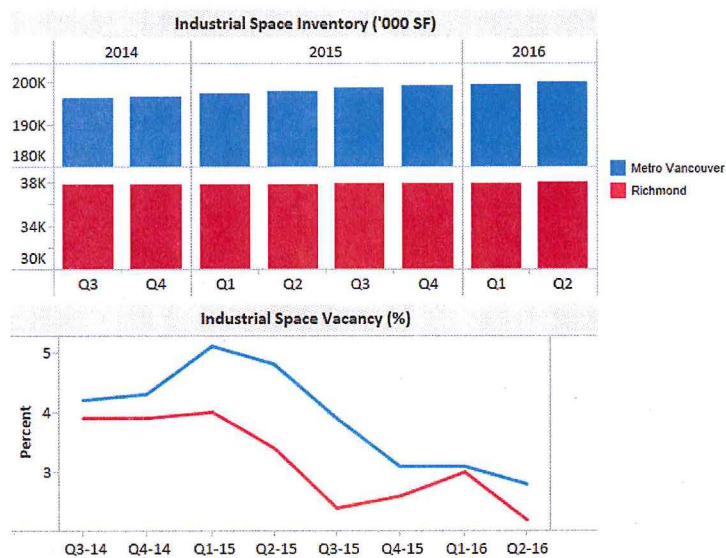
Source: City of Richmond

- After an all-time high for building activity in 2015, this year is off to a strong start for building permit activity. Building permits issued in Q2 2016 increased by 6.7% over Q2 2015. Year to date activity was also up, by 4.2%.
- Residential building permits led the growth in Q2 2016, seeing a 14.8% increase over Q2 2015. Industrial permits issued increased by 5.4%.
- Commercial building permits saw a decline of 7.5% in Q2 2016 over the same period last year but an overall increase of 1.7% year to date so far.
- The construction value of building permits in Q2 2016 was \$230.2M – up by 1.8% over the same period last year. Year to date figures remain down, by 23.1%, after a record breaking 2015. Last year the construction value of building permits totaled approximately \$1 billion.

⁷ City of Richmond Building Permits

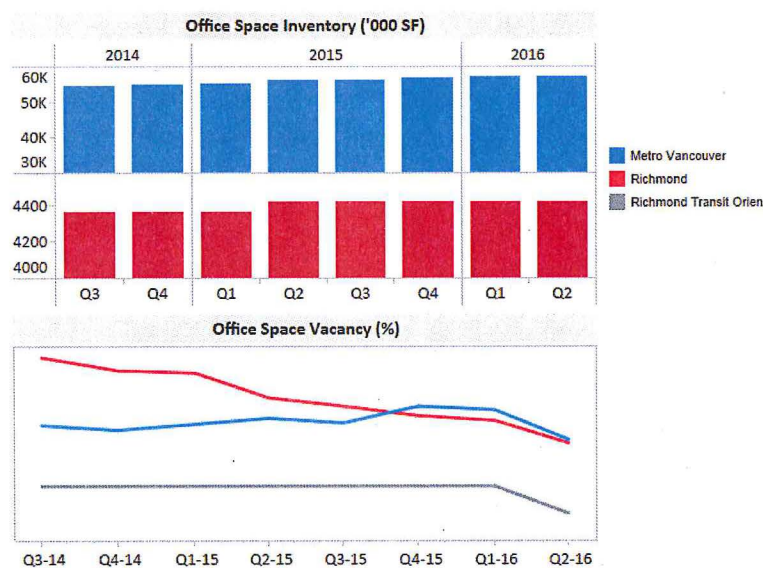
9) Commercial Space⁸

a) Industrial Space



Source: Cushman & Wakefield

b) Office Space



Source: Cushman & Wakefield

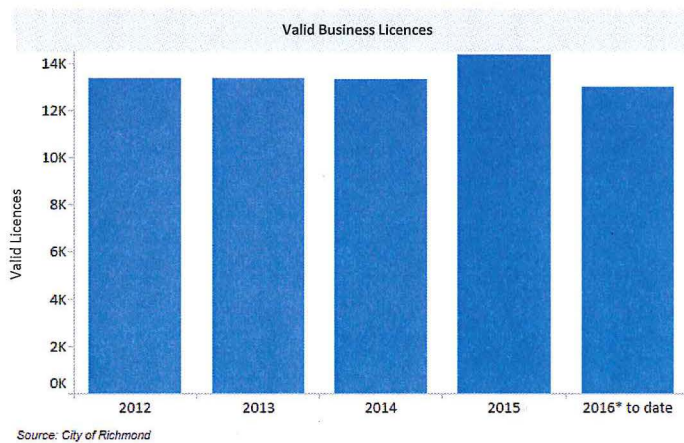
- While no industrial inventory was added in Richmond over Q2, the inventory remains the largest in Metro Vancouver at almost 38 million square feet.
- Only 2.2% of that space is vacant, with the industrial vacancy rate dropping by 35.3% since the same time last year and 26.7% since Q1 2016.
- Industrial space remained scarce in all of Metro Vancouver in Q2, with the vacancy rate falling from 4.8% to 2.8% over the same time last year.

- Richmond office vacancies continue to be lower than regional averages, as new premium office space in the downtown core continues to displace tenants to the suburbs.
- In Q2 office vacancy rates throughout Metro Vancouver decreased by 22.7% over the last quarter; the vacancy rate dropped by 17.5% in Richmond, ending Q2 2016 at 8.2%.
- The vacancy rate for office buildings near rapid transit in Richmond decreased by 35.3% since it was last measured in 2014.
- At 2.3%, the transit-oriented vacancy rate remained well below the overall Metro Vancouver rate which is at 13.6%.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

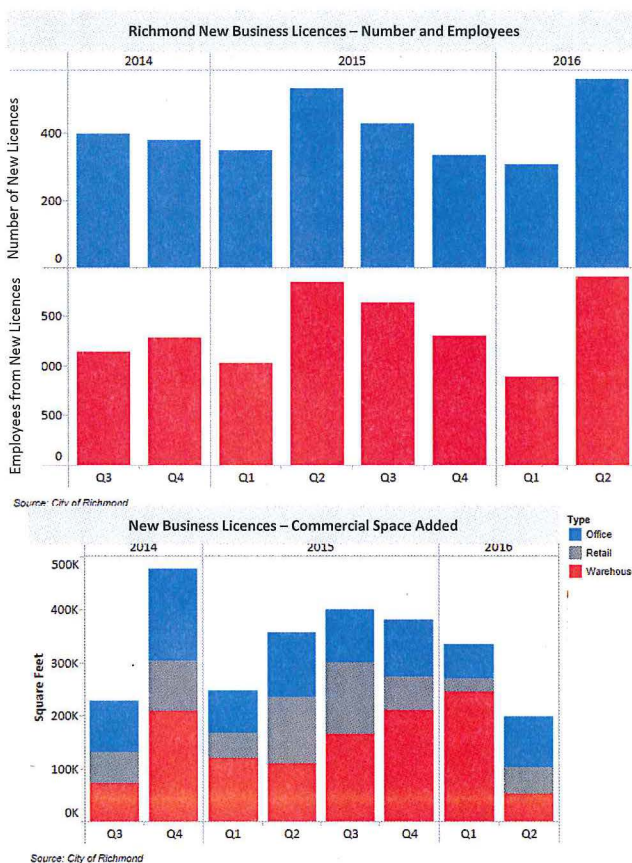
10) Business Growth – Richmond⁹

a) Total Valid Business Licences



- The total number of valid business licences to date at the end of the second quarter of 2016 was 12,935, a 4% drop from the same period in 2015.
- Because of continuous business start-ups and closures throughout the year, total annual figures are re-calculated in December of each year.

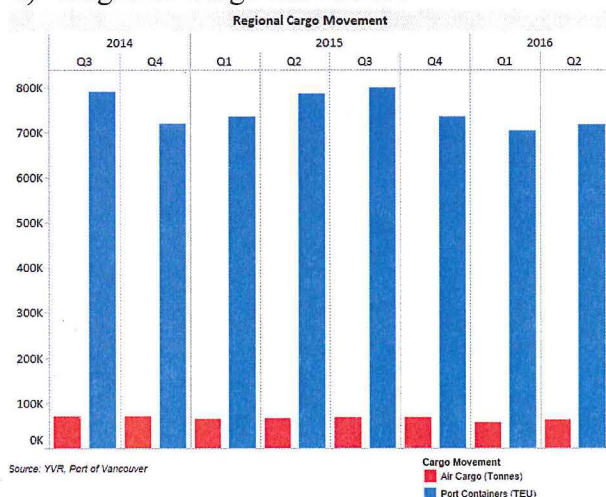
b) New Business Licences Issued



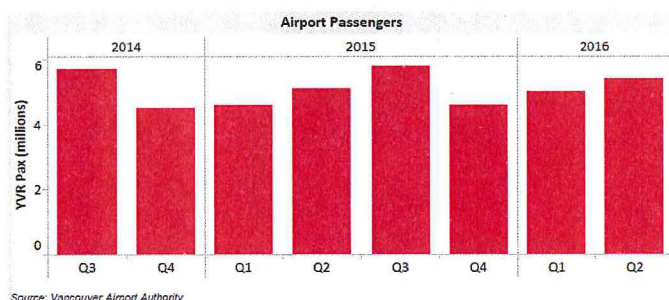
- 561 City of Richmond new business licences were issued in Q2 2016, up by 4.9% over the same period last year.
- These new businesses attributed to 1,889 local jobs and over 198,494 square feet of commercial space absorption.
- Absorption for commercial space tied to new business licences was almost equal between retail and industrial space: both categories saw approximately 50,000 square feet of space utilized.
- Office space saw the largest absorption – 95,000 square feet of space was tied to new business licence activity in Q2 2016.
- Large warehouse and distribution space continues to be in high demand as Richmond expands its role as a logistics center for regional and export markets.

⁹ City of Richmond Business Licence, 2016 represents year-to-date and all other figures represent year-end figures

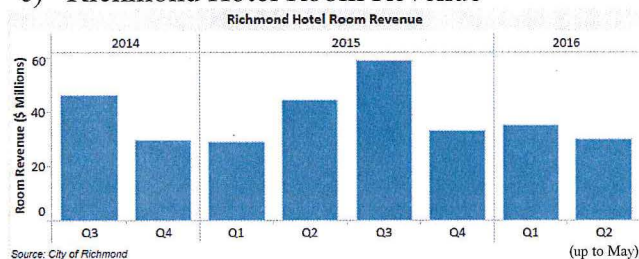
11) Goods and People Movement

a) Regional Cargo Movement¹⁰

- Air cargo handled at the Vancouver International Airport (YVR) was down by 2.1% in Q2 2016 over Q2 2015. Annual year to date figures also decreased by 9%.
- Although cargo volumes at the Port of Vancouver were up 1.9%, in Q2 2016 over Q1 2016, the total container movements were down by 8.6% over Q2 2015.
- Port container movements in the first half of 2016 overall registered a 6.5% decline over the first half of 2015.

b) Airport Passengers¹¹

- YVR experienced a record breaking year in 2015, surpassing 20M annual passengers for the first time, with an overall volume growth of 3.6% year over year.
- 2016 is on a similar growth trajectory, registering a 6% growth in passengers in Q2 2016 over Q2 2015 and a year to date annual increase of 7.2%.
- International traffic is leading this growth, registering a 13.7% increase year to date.

c) Richmond Hotel Room Revenue¹²

- 2015 overall was a strong year for tourism in Richmond with hotel room revenues climbing by 17.5% for the year compared to 2014.
- Year to date as of May 2016, hotel room revenues were \$65.1M, an increase of 13.8% over the same period last year, and hotel occupancy rates in Richmond continue to be the highest in Canada.

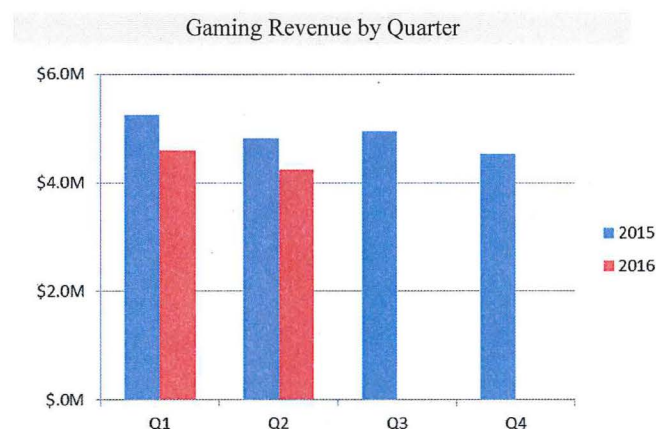
¹⁰ YVR & PMV Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; revenue reverse calculated based on AHRT receipts representing 2% of total hotel room revenue; AHRT remittances and payments to Richmond presented up to a 2 month lag. Q2 2016 includes amounts up to May only.

Gaming Revenue

In accordance with the Host Financial Assistance Agreement with the Province of BC, the Province pays 10% of net gaming income to the City. Gaming revenue is calculated as net win from casino games less fees payable by BC Lottery Corporation (BCLC) to the service provider and BCLC's administrative and operating costs.



- The City's gaming revenue for Q2 2016 was down 11.9% at \$4.24M compared to \$4.82M in Q2 2015.
- Q2 2016 also decreased by 7.7% compared to the previous quarter Q1 2016 from \$4.60M to \$4.24M.

River Rock's gaming revenues decreased by 14% in Q2 2016 compared to Q2 2015 mainly due to a decrease in high limit play volume.¹³

In the third quarter 2015, BCLC introduced conditions for certain VIP players that include a requirement to demonstrate the source of funds used to purchase gaming chips. Great Canadian Gaming Corporation (Great Canadian) believes that this has led to a reduction in size of buy ins by some of these high value players. Great Canadian is working with BCLC regulators to provide alternative options that are practical and effective to purchase gaming chips for play.¹⁴

At the March 23, 2015 Council meeting, a revised gaming allocation model was approved effective January 1, 2016. The distribution of these funds is detailed in Table 1, with any surplus revenue transferred to the major capital community facility program (Capital Building and Infrastructure Reserve).

Table 1: Distribution of the 2016 gaming revenue allocation

	Distribution	2016 Budget
General capital reserves	30%	\$5.4M
Financing costs	Fixed	5.0M
Major capital community facility replacement	Remainder	3.9M
Allocation for all grants	15%	2.7M
RCMP four officers	Four Officers	0.7M
Council Community Initiatives account	2%	0.4M
Total		\$18.1M

At the end of June 30, 2016, the City has received \$8.84M or 49% of the annual budget. At the end of the year, if the budget is not met, the shortfall will be allocated to the major capital community facility replacement up to the \$3.9M allocation.

¹³ Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month and Six Month Periods Ended June 30, 2016

¹⁴ Ibid

Operating Activity

Table 2 compares budget to unaudited actual activity up to June 30, 2016. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: *Net Operational Activity for the period January 1, 2016 to June 30, 2016 (in \$000's)*

NET operational activity	Unaudited 2016 results			
Division/Department	2016 YTD net budget	Actuals and commitments	Variance YTD (\$) Favourable/ (Unfavourable)	Variance YTD(%) Favourable/ (Unfavourable)
Community services	\$20,345	\$18,583	\$1,762	9%
Corporate administration	4,722	4,549	173	4%
Engineering, public works and project development	10,161	6,756	3,405	34%
Finance and corporate services	9,026	7,427	1,599	18%
Fire-rescue	16,573	16,585	(12)	(0%)
Law and community safety	2,069	1,295	774	37%
Library	3,499	3,488	11	0%
Planning and development	2,774	1,528	1,246	45%
Policing	22,412	19,960	2,452	11%
Fiscal, capital transfers and one-time funding	(59,727)	(54,975)	(4,752)	(8%)
Total Operating	\$31,854	\$25,196	\$6,658	21%
Water utility	(4,265)	(4,791)	526	12%
Sanitary utility	(2,435)	(1,640)	(795)	(33%)
Sanitation and recycling utility	(123)	(664)	541	442%
Total Utilities	(\$ 6,823)	(\$7,095)	\$272	4%

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2016 Budget:

- Community Services' favourable variance is due to higher external recoveries, facility and sponsorship revenues. Favourable operating expense variance is mainly due to contract work for dredging that may occur by the end of the year.
- Corporate Administration's favourable variance is due to unfilled vacant positions.
- Engineering and Public Works' favourable variance in Q2 is due to various projects within roads, facility management, and project development that are in progress, but not complete. Storm drainage has a favourable revenue variance in receivable income for Q2. Program specific funding may be appropriated for future years, the equivalent of approximately \$1,176K is anticipated to be transferred at year-end for: Major Road Network \$187k, Snow & Ice \$122K, Sideway soil operation \$110k, Fleet transfer to reserve of \$461k, and building improvement projects of \$296k.

- Finance and Corporate Services' variance in Q2 is mainly due to vacant positions that are in the process of being filled, higher business licences revenue relative to budget and IT operating savings.
- Richmond Fire-Rescue shows an unfavourable variance of \$12,000 compared to budget due to the timing of annual purchase order commitments but is expected to be on budget for 2016.
- Law and Community Safety's favourable variance is due to operational savings, vacancies and higher revenues in Bylaws.
- Library is on budget.
- Planning and Development's variance is mainly from building permit revenue which is favourable relative to Q2 budget; however, there is a decrease in building activity construction value compared to last year as 2015 was an exceptionally high year. Building permit revenue is recognized as earned and therefore includes an estimate of the amount that is earned in 2016 from amounts collected from previous years, offset by an estimate for the building permits received in 2016 that will be earned in future years.

The Development Applications Department has realized slightly higher than budgeted development application revenue during Q2 of 2016. The total number of development applications submitted to the City year to date is in keeping with anticipated application volumes. It is anticipated the development activity and revenues will continue to be stable through the third quarter.

- Policing has a favourable variance due to the time required to recruit and staff the 12 additional officers. These officers have been approved by the Federal and Provincial governments and the detachment has begun receiving the officers this year.
- Fiscal is on budget, the net deficit relates to unutilized carry-forwards and transfers to provision.
- Water utility's favourable variance is due to water purchases from the Greater Vancouver Water District being under budget as a result of reduced water consumption.
- Sewer utility's unfavourable variance is due to metered revenue which is typically lower than budget in the first half of the year and is expected to end the year on budget.
- Sanitation and recycling utility's favourable variance is due to lower waste management and processing fees.

The presentation of the figures for the financial statement, Statement of Operations is different than the net budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the six month period ended June 30, 2016, with comparative figures for 2015 is included in Attachment 3.

Active Capital Project Summary

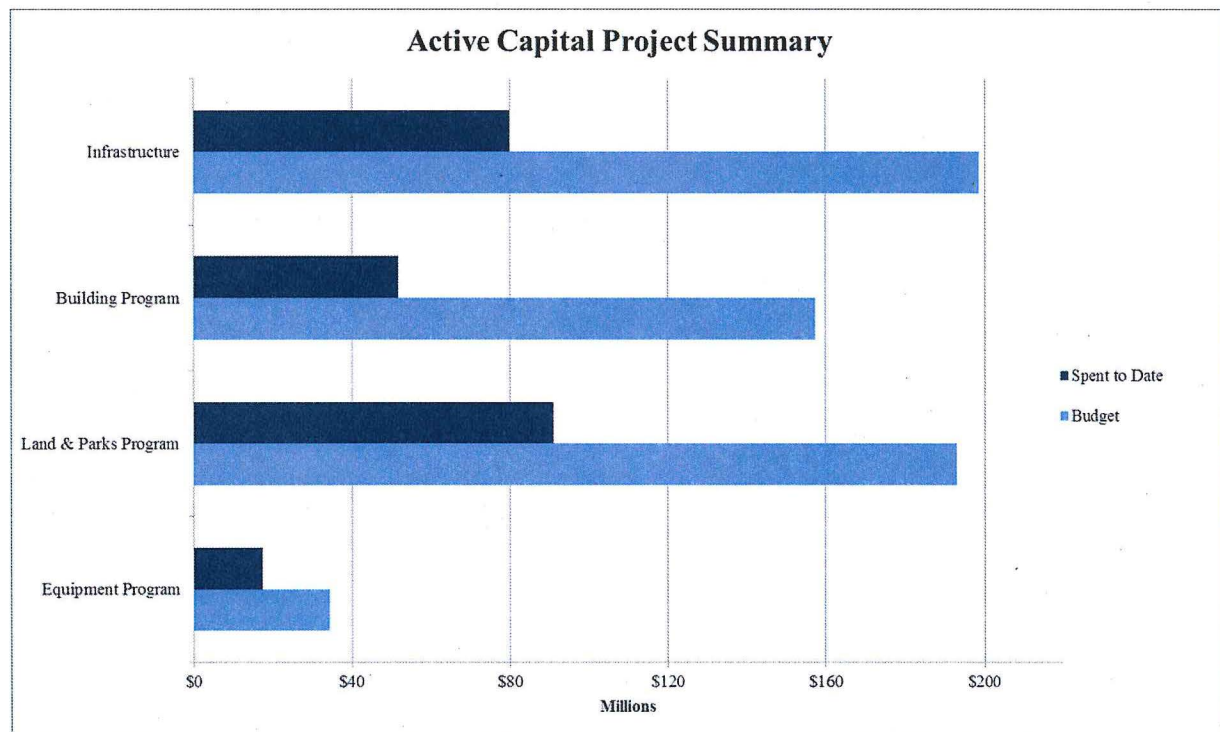
Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2016 Capital Budget of \$102.8M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$342.8M as at June 30, 2016.

Table 3: *Statement of Active Capital Project Expenditures- to June 30, 2016 (in \$000's)*

Program	Budget	Spent to date	Committed
Infrastructure	\$198,520	\$79,941	\$118,579
Land & Parks Program	192,831	91,324	101,507
Building Program	157,303	51,777	105,526
Equipment Program	34,402	17,209	17,193
Grand Total	\$583,056	\$240,251	\$342,805

The active capital projects figures include all projects that were active during the period April 1, 2016 to June 30, 2016.

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4.

Active Capital Projects by Sub-Type

The following table summarizes the value of projects by project type.

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

Project Sub-Type	Amended/ adjusted budget	Actuals as at: 2016-06-30	Committed	% Spent
Affordable housing	\$35,436	\$13,960	\$21,476	39%
Art	6,775	4,127	2,648	61%
Building	156,450	51,641	104,809	33%
Childcare	3,767	2,307	1,460	61%
District Energy	20,700	16,189	4,511	78%
Drainage	35,202	7,943	27,259	23%
Equipment	8,294	5,085	3,209	61%
Heritage	853	136	717	16%
Information technology	11,003	3,775	7,228	34%
Land	99,587	45,290	54,297	45%
Parks	47,266	25,640	21,626	54%
Public works minor capital	7,249	2,578	4,671	36%
Roads	57,190	26,212	30,978	46%
Sanitary sewer	25,213	4,434	20,779	18%
Transportation	4,753	2,578	2,175	54%
Vehicles	15,105	8,349	6,756	55%
Water	38,275	20,007	18,268	52%
Contingency (grants, etc.)	9,938	-	9,938	0%
Grand Total	\$583,056	\$240,251	\$342,805	41%

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to approved projects. Refer to Table 5 for transfer details of the contingency estimate change.

Capital Budget Reallocations

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

All of the reallocations were within the limits set out in Policy 3001. The following reallocations from within existing approved budgets occurred during the first quarter:

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

Project description	Approved budget	2016 Q2 budget transfers	Adjusted budget	Actuals June 30, 2016	Variance
Transfer from Operating Budget	371	142	513	182	331
ICT Infrastructure Replacement - Mandatory	371	42	413	182	231
Tempest Application Project	0	100	100	-	100
Transfers Between Capital Projects	3,345	0	3,345	308	3,037
Annual Asphalt Re-Paving Program - Non-MRN	2,610	(485)	2,125	32	2,093
Fibre Optic Cabling to City Facilities - Phase 8b	120	(15)	105	90	15
Fibre Optic Cabling to City Facilities - Phase 9/10	130	15	145	146	(0)
Laneway Drainage Upgrade - Dennis Cr (West)	245	245	490	9	481
Laneway Drainage Upgrade - Swinton Cr (East)	240	240	480	31	449
Confirmed External Funding	10,600	0	10,600	148	10,452
Contingent Capital Grants	10,000	(62)	9,938	-	9,938
Parks General Development	350	53	403	27	375
PW Minor Capital - Traffic	250	10	260	120	139
Grand Total	\$14,316	\$142	\$14,458	\$638	\$13,820

Contributed Assets

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$55M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following transferred assets were recorded to the end of the quarter June 30, 2016:

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

Contributed assets	2016 YTD
Land Under Roads	\$5,259
Roads	2,713
Storm Sewer	1,369
Street Lighting	524
Watermain	418
Traffic Signals	199
Sanitary Sewer	150
Total	\$10,632

Investment Portfolio

The City's investment portfolio at June 30, 2016 was \$990.5M, with an average yield on investment of 2.0%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

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

	June 30, 2016
2 Year Government of Canada Bonds	0.54%
5 Year Government of Canada Bonds	0.62%
10 Year Government of Canada Bonds	1.12%

Source: Bank of Canada

The most significant economic event that took place this quarter was the outcome of the United Kingdom (UK) referendum to exit the European Union (Brexit). The Brexit vote has significantly reduced the possibility that the US Federal Reserve would raise rates this summer and likely pushes the first hike into 2017. From the Bank of Canada's perspective, the economic impacts of Brexit are not likely to be large enough to trigger a policy reaction, as Canada has relatively limited direct trade linkages with the UK. It is anticipated that the overnight rate will remain unchanged until at least 2018.

The unexpected result of the UK referendum will remain an overhang on global markets in the near term as investors continue to digest the impact of the decision both within and outside of the UK and position themselves in reaction to the market adjustment. The most immediate impact on the North American economy will come from the financial market volatility and the overall lowering of investors' confidence. As investors fled to safe haven assets, the demand for secure Canadian Government bonds increases and thereby pushes the yields on Canadian bonds further into record low territory.

The Bank of Canada projected a 0.2% reduction in the level of global GDP by the end of 2018 from direct trade effects and some confidence effects on business investment. In Canada, real GDP growth contracted by 1% in the second quarter of 2016 in part due to volatile trade flows, the Alberta wildfires and uneven consumer spending. It is expected that GDP growth will then pick up in the third quarter as oil production resumes, rebuilding begins in areas hit by the wildfires and consumer spending gets a boost from the Canada Child Benefit program. Taking all these and other factors into consideration, the Bank of Canada maintained the overnight rate at 0.5% during its recent interest rate announcement on July 13, 2016.

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

Contract Awards

This report provides information on the formal contracts awarded by the City during the 2nd quarter. In accordance with Policy 3104, 23 contracts greater than \$75,000 were awarded totalling over \$21.9M (Attachment 6).

Financial Impact

None.

Conclusion

The City of Richmond has maintained its strong financial position through the second quarter of 2016. Building construction and development activity is exceeding budget and revenue collection and business activity remains strong. It is expected that these trends will continue throughout 2016.



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

Economic Indicators**June 30, 2016****Macroeconomic Indicators & Forecast**

				2015/2016f	
1)	Real GDP - % Change	2014	2015	2016f	2017f
	Canada	2.5	1.1	1.4	2.1
	United States	2.4	2.4	2.2	2.5
	China	7.3	6.9	6.6	6.2
	World	3.4	3.1	3.1	3.4
				Change	
				27.3%	
				(8.3%)	
				(4.3%)	
				0.0%	
2)	Interest Rates	2014	2015	2016f	2017f
	Bank of Canada	1.00	0.50	0.50	0.50
	US FED	0.25	0.50	0.50	1.00
				Change	
				-	
				-	
3)	Exchange Rate	2014	2015	2016f	2017f
	CAD per \$1 USD	1.16	1.38	1.33	1.30
	f-forecast			(3.6%)	

Regional and Local Market Indicators

4)	Unemployment (%)	Q2-2016	Q1-2016	Change	Q2-2015	Change	
	Canada	6.8	7.1	(4.2%)	6.5	4.6%	
	BC	5.9	6.5	(9.2%)	5.6	5.4%	
	Metro Vancouver	5.3	6.4	(17.2%)	6.1	(13.1%)	
5)	CPI (2002=100)	Q2-2016	Q1-2016	Change	Q2-2015	Change	
	Canada	129.1	127.9	0.9%	127.2	1.5%	
	BC	123.1	121.8	1.1%	120.7	2.0%	
	Metro Vancouver	125.3	124.0	1.0%	122.4	2.4%	
6)	Housing Starts (Units)	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
	Starts - Metro Vancouver	7,759	5,655	37.2%	14,840	9,938	49.3%
	Starts - Richmond	753	304	147.7%	1,401	893	56.9%
7)	Richmond Residential Activity	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
	Sales - Detached	592	718	(17.5%)	1,212	1,229	(1.4%)
	Sales - Townhouse	335	397	(15.6%)	644	674	(4.5%)
	Sales - Apartment	946	551	71.7%	1,597	986	62.0%
	Sales Total/Average Change	1,873	1,666	12.4%	3,453	2,889	19.5%
		Q2-2016	Q1-2016	Change	Q2-2015	Change	
	Average Price - Detached (\$ at QE)	1,977,000	1,820,000	8.6%	1,373,000	44.0%	
	Average Price - Townhouse (\$ at QE)	785,000	685,000	14.6%	565,000	38.9%	
	Average Price - Apartment (\$ at QE)	460,000	436,000	5.5%	354,000	29.9%	

Economic Indicators**June 30, 2016****Regional and Local Market Indicators (continued)**

8)	Richmond Building Permits	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
	Building Permits - Residential	280	244	14.8%	489	461	6.1%
	Building Permits - Commercial	123	133	(7.5%)	241	237	1.7%
	Building Permits - Industrial	59	56	5.4%	107	105	1.9%
	Building Permits Total	462	433	6.7%	837	803	4.2%
	Construction Value (\$ million)	230.2	226.3	1.8%	465.6	605.7	(23.1%)
9)	Commercial Space (at QE)	Richmond			Metro Vancouver		
		Q2-2016	Q2-2015	Change	Q2-2016	Q2-2015	Change
	Office Vacancy (%)	8.2	12.0	(31.7%)	8.5	10.3	(17.5%)
	Transit Oriented Office Vacancy (%)	2.3	4.6	(50.0%)	13.6	11.2	21.4%
	Office Inventory (000 sf)	4,419	4,418	0.0%	56,955	56,104	1.5%
	Industrial Vacancy (%)	2.2	3.4	(35.3%)	2.8	4.8	(41.7%)
	Industrial Inventory (000 sf)	37,994	37,828	0.4%	200,114	197,878	1.1%
10)	Richmond Business Growth	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
	Total Valid Business Licences (YTD)	n/a	n/a	n/a	12,935	13,473	(4.0%)
	New Licences - Number Issued	561	535	4.9%	869	883	(1.6%)
	New Licences - Employees	1,889	1,833	3.1%	2,773	2,859	(3.0%)
	New Licences - Office Added (sf)	95,155	123,242	(22.8%)	158,887	204,204	(22.2%)
	New Licences - Retail Added (sf)	51,443	124,716	(58.8%)	75,938	170,978	(55.6%)
	New Licences - Industrial Added (sf)	51,896	109,379	(52.6%)	296,954	229,367	29.5%
	Total Space Added (sf)/Avg. Change	198,494	357,337	(44.5%)	531,779	604,549	(12.0%)
11)	Goods & People Movement	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
	YVR Air Cargo (tonnes)	61,709	63,035	(2.1%)	119,118	130,949	(9.0%)
	PMV Container Movement (TEUs)	717,456	785,075	(8.5%)	1,421,844	1,520,294	(6.5%)
	YVR Passengers (million)	5.4	5.1	5.9%	10.4	9.7	7.2%
	Richmond Hotel Revenue (\$ million)*	n/a	n/a	n/a	65.1	57.2	13.8%

* - Hotel Revenue available to May 2016

Notes: *QE indicates quarter end, YTD indicated year to date***List of Sources:**

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

Financial Indicators**June 30, 2016**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
Roads, Water, Sewer DCC's Received	\$2,018	\$7,570	(73.3%)	\$6,839	\$12,287	(44.3%)
Parks DCC's Received	\$2,029	\$10,680	(81.0%)	\$4,564	\$15,767	(71.1%)
Total DCC Fees Received	\$4,047	\$18,250	(77.8%)	\$11,403	\$28,054	(59.4%)
DCC Reserves to date – Uncommitted	\$68,165	\$62,253	9.5%	\$68,165	\$62,253	9.5%
2) Uncommitted Reserves	Q2-2016	Q2-2015	Change			
Capital Funding Reserves	\$111,592	\$99,020	12.7%			
Utility Reserves	\$91,987	\$81,178	13.3%			
Affordable Housing Reserves	\$4,744	\$1,501	216.0%			
Other Reserves	\$53,295	\$60,996	(12.6%)			
Total Uncommitted Reserves	\$261,617	\$242,694	7.8%			
3) Taxes to date	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
Taxes Collected	\$230,085	\$211,412	8.8%	\$240,362	\$221,703	8.4%
City Portion of Taxes Collected	\$112,742	\$103,592	8.8%	\$117,778	\$108,634	8.4%
Unpaid Taxes - Delinquent & Arrears	\$4,725	\$5,436	(13.1%)	\$4,725	\$5,436	(13.1%)
No. of Participants on Pre-authorized withdrawal	6,348	6,406	(0.9%)	6,348	6,406	(0.9%)
Pre-authorized withdrawals payments	\$5,488	\$5,316	3.2%	\$13,633	\$13,269	2.7%
Interest rate % paid	0.70%	0.85%	(0.15)	0.70%	0.85%	(0.15)
<i>Sources: All data is from City of Richmond records</i>						
4) Investments	Q2-2016	Q2-2015	Change			
Total Investments	\$990,458	\$852,320	16.2%			
Average City Rate of Return on Investments %	2.00%	1.97%	1.5%			
5) Planning and Development	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
Building Permit Fees Collected	\$2,616	\$3,023	(13.5%)	\$5,266	\$6,503	(19.0%)
Development Applications Received	67	69	(2.9%)	125	129	(3.1%)
Development Applications Fees	\$268	\$247	8.5%	\$643	\$586	9.8%
6) Business Licences	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
Revenue Received for Current Year Licences	\$1,040	\$1,001	3.9%	\$2,645	\$2,624	0.8%
Revenue Received for Next Year (Deferred)	\$218	\$204	6.8%	\$296	\$276	7.2%
Total Licence Revenue	\$1,258	\$1,205	4.4%	\$2,940	\$2,900	1.4%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q2-2016	Q2-2015	Change	YTD-2016	YTD-2015	Change
Parking Program Revenue	\$568	\$497	14.2%	\$1,113	\$1,000	11.2%
Gaming Revenue	\$4,242	\$4,816	(11.9%)	\$8,838	\$10,072	(12.3%)
Traffic Fine Revenue to date	\$2,182	\$1,440	51.5%	\$2,182	\$2,227	(2.0%)

Notes:*All figures presented above are unaudited*

Key Indicators**June 30, 2016**

8) Employees	Q2-2016	Q2-2015	Change			
Full Time Equivalent (FTE) Employees (City and Library)	1,461	1,496	(2.3%)			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
9) Operating Indicators	Q2-2016	Q2-2015	Change	YTD 2016	YTD 2015	Change
Fire Rescue Responses	2,740	2,564	6.9%	5,286	4,938	7.0%
RCMP - Calls for Service Handled	18,423	17,204	7.1%	34,422	33,050	4.2%
Public Works calls for Service	3,983	3,753	6.1%	7,336	6,555	11.9%
10) Affordable Housing	2016	2015	Change			
Subsidized Rental (units)	477	477	0.0%			
Affordable Rental (LEMR) (units)	336	311	8.0%			
Market Rental (units)	411	411	0.0%			
Entry Level Home ownership (units)	19	19	0.0%			
Secondary Suite / Coach House (units)	172	159	8.2%			
Total Affordable Housing	1,415	1,377	2.7%			
	Q2-2016	Q2-2015	Change			
Floor Space secured, unit mix & other (sq feet)	119,069	119,069	0.0%			
11) Richmond Population Estimate Year End *	2016F	2015				
	218,307	213,891				

**Estimated population figures provided by City of Richmond – Policy Planning*

Statement of Operations¹

For the Six Month Period Ended June 30, 2016, with comparative figures for 2015
(Expressed in thousands of dollars)

	Budget June 30 2016	Actuals June 30 2016	Actuals June 30 2015
Revenues:			
Taxes and levies	\$98,982	\$99,498	\$94,977
User fees	49,386	45,667	41,535
Sales of services	12,610	14,391	13,852
Payments-in-lieu of taxes	6,737	8,805	7,554
Provincial and federal grants	2,083	3,859	4,057
Development cost charges	13,438	13,084	7,320
Other capital funding sources	34,558	10,876	20,608
Other revenues:			
Investment income	7,347	9,083	7,820
Gaming revenue	9,044	8,837	10,072
Licences and permits	4,592	6,182	9,338
Other	8,261	12,252	26,545
	247,038	232,533	243,678
Expenses:			
Law and community safety	46,679	43,680	40,959
Engineering, public works and project development	32,815	27,125	26,135
General government	27,221	24,001	25,134
Parks, recreation and community services	29,510	25,131	23,953
Utilities:			
Water supply and distribution	20,234	18,418	18,070
Sewerage collection and disposal	14,873	14,429	15,482
Sanitation and recycling services	7,472	6,219	5,933
Planning and development	6,774	6,440	6,031
Library services	4,877	4,770	4,655
Lulu Island Energy Company	795	813	13
	191,250	174,335	165,745
YTD Surplus (Annual Surplus) ²	55,788	61,469	77,933
Accumulated surplus, beginning of year	2,717,164	2,717,164	2,565,923
Accumulated surplus, end of June 30 ³	\$2,772,952	\$2,778,673	\$2,643,856

¹ Statement of Operations for City, Library and LIEC only, does not include Oval figures

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.

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

Approved Budget: \$4.4M (2014)

20% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. The design is completed and the construction contract award process is underway. Construction completion is scheduled for spring 2017.

No 2 Road Widening – Steveston Highway to Dyke Road

Approved Budget: \$7.3M (2016)

1% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5M from the Federal Government. The design of the required works is under way, and construction works are anticipated to be completed for fall 2017.

Alexandra District Energy Utility Expansion - Phase 4:

Approved Budget: \$7.6M (2015)

80% Complete

- This project consists of the design and construction of a satellite energy plant to service the heating and cooling demands of the new SmartREIT (previously Smart Centres) commercial development, as well as provide additional energy capabilities for the Alexandra District Energy Utility (ADEU). Also included in this expansion is the connection of the Townline Oxford Lane residential development and the City's new Fire Hall No. 3 to the ADEU. The project scheduled for completion by the end of 2016.

Watermain Replacement - Lulu Island West Area:

Approved Budget: \$4.04M (2016)

25% Complete

- This project consists of replacing ageing watermains that are at the end of their service life in the Richmond Gardens area. Construction by City forces is ongoing.

*Lockhart, Beecham and Marrington Roads Watermain, Drainage and Neighbourhood Improvement Project:*Approved Budget: \$3.13M
(2014/2015)

25% Complete

- This project includes watermain replacement, drainage upgrades and road widening of Lockhart, Beecham and Marrington Roads. The watermain addresses upsizing of ageing asbestos cement watermains. Construction is ongoing.

Capital Highlights**Buildings***Minoru Major Facility (Integrated Minoru Aquatic Centre/Older Adults Centre):*

Approved Budget: \$79.6M (2014) 38% Complete

On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. Preload and ground densification of the site is now complete. The raft slab construction has been completed, while the pool tank and interior wall construction has started. Project completion is anticipated at the end of 2017. The public engagement process is continuing through to project completion.

Fire Hall No. 1:

Approved Budget: \$22.3M (2014) 23% Complete

On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. The construction drawing phase of the project is complete. The preload and ground densification is complete and construction on the raft slab has started. Project completion is anticipated by summer 2017.

Fire Hall No. 3:

Approved Budget: \$20.7M (2005-2009) 55% Complete

On July 23, 2012, Council approved construction of a new Firehall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Firehall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Firehall No. 3 through the 2005 - 2009 Capital Programs. The design and development of Fire Hall No. 3 is completed and construction is underway. Project completion is anticipated by early 2017.

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

Approved Budget: \$2.9M (2013)

95% Complete

- Greenway path construction is complete
- Installation of benches and recycling / trash units completed
- Wayfinding Signage will be installed in the summer of 2016
- Additional trees will be planted in the fall of 2016 as to avoid the dry summer months, reduce the need to hand watering, and to increase the chance for healthy tree establishment
- Planning underway for additional improved connections at Westminster Highway & River Road and a picnic area south of the Branscombe House

Garden City Lands Phase 1 and 2:

Approved Budget: \$5.2M (2015 and 2016)

15% Complete

- The Garden City Lands - Legacy Landscape Plan was completed and endorsed by Council in June 2014. The Legacy Plan provides a vision statement, guiding principles, a land use framework, a concept plan and outlines objectives and actions to guide the development of the Lands. The in-depth study of the site's hydrological and ecological conditions has been completed, and the refinement of the Legacy Landscape Plan is complete. The detailed design of the water management infrastructure and perimeter trails is underway. Construction of these initial elements is expected to begin in late summer 2016.

Lang Park Development:

Approved Budget: \$800K (2015)

25% Complete

- Detailed design is complete and a construction contract has been awarded. Construction will begin in August 2016 and is expect to be complete by November 2016.

Middle Arm/ Hollybridge Pier:

Approved Budget: \$1.5M (2015)

25% Complete

Included in Middle Arm Waterfront Park System Projects

- The design process is underway. A consultant has been hired to refine the design of the pier and prepare construction drawings. Construction is expected to commence in fall 2016, in association with ASPAC's Lot 9 construction, with completion in 2017.

Capital Highlights***Community Services/Parks****Steveston Town Square:*

Approved Budget: \$250K (2015) 100% Complete

- With the relocation of Japanese Fishermen's Benevolent Society Building to the site, a plan was developed to improve circulation, tie the park area to both the Steveston Museum and Japanese Building for programming and events, and create an opportunity to celebrate the Japanese historic connection to Steveston. The majority of the park development has been completed including new hard surface areas, seating, the Suikinkutsu water basin feature and Japanese inspired gate

The Gardens Agricultural Park:

Approved Budget: \$316K (2012) & \$1.95M (2014/15) 50% Complete

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

Minoru Sports Fields Redevelopment:

Approved Budget: \$5.7M (2014) 100% Complete

Included in Minoru Major Facility Integrated Project

- As a result of the relocation of the Aquatics and Older Adults' Centre at Minoru Park, two new artificial sports fields have been constructed at Minoru Park to replace the former Minoru 2 soccer/field hockey & LaTrace baseball diamond. The new field complex provides year round use and increased capacity for training and hosting tournaments. The project was substantially complete in July 2016

Britannia Shipyards Slipways:

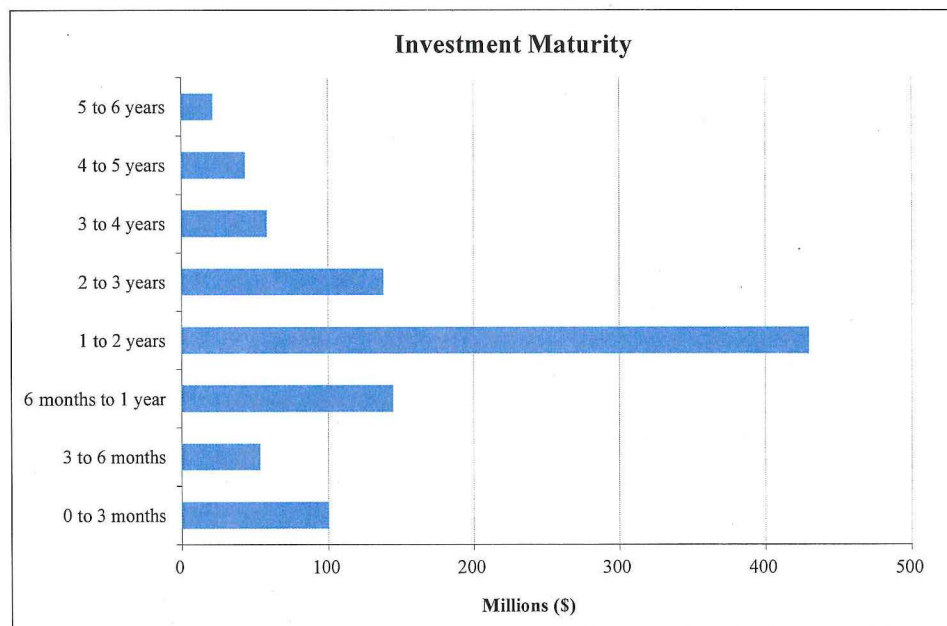
Approved Budget: \$513K (2014) 80% Complete

- Conditional assessment complete.
- Demolition complete.
- Detail design completed July 2015.
- Tender of materials secured, construction in progress.
- Replacement of 12" x 12" timber runners and cross head beams in progress.
- Remaining construction operations requires and limited to low tide conditions with regular daytime working hours.
- Anticipated completion by September 2016.

Investment Portfolio

June 30, 2016 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial (Fixed Income)						
	AA (high)	British Columbia	2019	\$ 65,466	6.61%	
	AA (low)	Ontario	2017	62,061	6.27%	
	AA (high)	Alberta	2019	40,221	4.06%	
	A (high)	Quebec	2017	35,734	3.61%	
	A (high)	Manitoba	2018	12,000	1.21%	
			Total	\$ 215,482	21.76%	50%
Chartered Banks (Fixed Income and Deposits)						
	AA	Bank of Nova Scotia	2016-2018	\$ 113,354	11.44%	
	AA	Bank of Montreal	2016-2017	78,521	7.93%	
	AA (low)	National Bank of Canada	2018-2020	55,729	5.63%	
	AA	TD Bank	2016-2021	41,920	4.23%	
	AA	CIBC	2018	38,489	3.89%	
	AA	Royal Bank	2016-2018	33,616	3.39%	
	AA	Wells Fargo Canada	2017	24,350	2.46%	
	A (high)	HSBC Bank of Canada	2017	22,635	2.29%	
	A (low)	Canadian Western Bank	2018	24,000	2.42%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	2.02%	
			Total	\$ 452,614	45.70%	50%
BC Credit Unions (Deposits)						
		Coast Capital Savings	2016-2018	\$ 88,845	8.97%	
		Vancity	2016-2017	77,335	7.81%	
		Gulf and Fraser	2016-2018	49,506	5.00%	
		Blue Shore Financial	2017	35,000	3.53%	
		Westminster Savings	2017	28,000	2.83%	
			Total	\$ 278,686	28.14%	30%
Pooled Investments (MFA Bond Fund)						
		MFA Pooled Investment Fund		\$ 43,676	4.41%	20%
Total Investment Portfolio Balance				\$ 990,458	100.00%	



Contract Awards greater than \$75,000April 1st to June 30th 2016

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5778Q	City Hall Ballast and Lighting Upgrades	Commercial Lighting	\$116,495	Engineering and Public Works
2	5764J	Lapidary Studio and Kiln Room Renovation at Library and Cultural Center	ICE Development Ltd.	\$127,466	Engineering and Public Works
3	5761J	Steveston Outdoor Pool Liner Replacement	Ashton Service Group	\$302,357	Engineering and Public Works
4	5759S	Technical consulting services	Tempest Development Group Inc.	\$100,000	Finance and Corporate Services
5	5755CM	Fire Hall No.1 Construction	Stuart Olson Construction 28 subcontracts tendered and awarded through Stuart Olson Construction	\$15,408,079	Engineering and Public Works
6	5751CM	Fire Hall No.3 - Energy Transfer Station	Stuart Olson Construction subcontracted to Hexcel Construction and Alpha Mechanical	\$240,173	Engineering and Public Works
7	5750S	(HANSEN) 2016 Annual Support Contract Renewal July 1, 2016 - June 30, 2017	Infor Canada Ltd.	\$98,156	Finance and Corporate Services
8	5741F	Project Management and Business Analysis Consulting Services to Implement a Corporate Health and Safety System	Howza Solutions Inc.	\$91,200	Finance and Corporate Services
9	5736F	Emergency repair of Collapsed Storm Sewer at Cook Road and Garden City Road	Hexcel Construction	\$200,000	Engineering and Public Works
10	5733J	Richmond Ice Centre - Flooring Replacement - Phase 2	Ashton Service Group	\$127,753	Engineering and Public Works
11	5731CM	Fire Hall No.3 - Connection to the District Energy Utility	Stuart Olson subcontracted to Hexcel Construction Ltd.	\$180,695	Engineering and Public Works
12	5730P	Provision of Engineering Inspection Consulting	Aplin & Martin Consultants Ltd.	\$250,000	Engineering and Public Works

Item	#	Description	Awarded Vendor	Awarded Amount	Department
13	5728S	Oracle PeopleSoft 5 Year Software Licence & Support	Oracle Canada ULC	\$1,495,511	Finance and Corporate Services
14	5700P	Replacement of Artificial Turf Field at Richmond High School	AstroTurf West Distributors Ltd.	\$395,000	Community Services
15	T.5692	Canal Stabilization at No. 3 Road and No. 8 Road	Terracanna Foundation Solutions	\$403,075	Engineering and Public Works
16	5680P	Consulting Services for No. 7 Rd South Drainage Pump Station Upgrade	Associated Engineering (B.C.) Ltd.	\$412,518	Engineering and Public Works
17	5655P	Design Build Services for (Jessie) Wowk Neighborhood Park Playground Equipment	MacDonald & Lawrence Timber Framing Ltd	\$100,000	Community Services
18	T.5636	Bridgeport Overpass Deck Rehabilitation	Giffels Westpro Constructors Inc.	\$464,262	Engineering and Public Works
19	5629P	Consulting Services - 2016 Drainage and Irrigation Upgrades	Opus Dayton Knight Consultants Ltd.	\$276,846	Engineering and Public Works
20	5628P	Civil Engineering Consulting Services for Donald Road Local Area Service Project	McElhanney Consulting Services Ltd.	\$116,369	Engineering and Public Works
21	5570Q	On Call Roofing Contractor	Cambie Roofing	\$250,000	Engineering and Public Works
22	5540P	Garden City Lands - Design Consulting Services	PWL Partnership Landscape Architects	\$520,000	Parks Services
23	5539Q	Supply and Delivery of 1 (One) Tandem Axle Cab and Chassis complete with Dump Box and Front Plough	Peterbilt Pacific Inc.	\$271,594	Engineering and Public Works



City of Richmond

Report to Committee

To: Finance Committee

Date: August 24, 2016

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

File:

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

Re: 2nd Quarter 2016 – Financial Information for the Richmond Olympic Oval

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2016 from the Controller of the Richmond Olympic Oval Corporation be received for information.

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

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

DATE: August 11, 2016

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
Chief Operating Officer, Richmond Olympic Oval Corporation

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

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2016 Financial information**

Origin

This staff report summarizes the second quarter financial results for the 3 months ended June 30, 2016 ("Q2") which was approved by the Corporation's Board of Directors.

Highlights

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

Community Use

On June 14, 2016, over 1,100 elementary school children attended Olympic Day celebrations at the Olympic Oval. Activity stations provided by the Olympic Oval included physical literacy, skating, climbing and athletics. Additionally, eight other local sport organizations participated to provide activities for the children.

Several groups used the Oval facility in Q2, including, but not limited to: Steveston Selects, Richmond Minor Hockey Association, Yogi Spring Hockey, Air Attack Volleyball, Air Cadets, T&T Supermarket, DRIVE Basketball, Brazilian Soccer School, Non-Contact Hockey League, Vancouver Warriors, Greater Vancouver Canadians, BC Hockey, BC Aboriginal Athletic Association, Vancouver War Birds, Urban Rec, Ottobate Running Clinic, YVR Airport, Aura Rhythmic Gymnastics, Metro Basketball, and the Vancouver Gay Volleyball Association.

The Member Care department continued to build member engagement with a Member Appreciation event in May. Over 500 members participated in a series of complimentary sport, health and wellness activities, including free Barre, ViPR, Pilates Reformer and Capoeira demonstrations. At the end of Q2 2016, 82% of Oval members were Richmond residents.

Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q2 included the Workout Out to Conquer Cancer, Volleyball BC Provincials, COOL Richmond 2016, U13 Girls Basketball Provincials, Western Canadian Gymnastics Championships, Gymnaestrada, BC Hockey Trials, WUSHU 2016, Hoopfest 2016, Karate Provincials, ISKF Karate Nationals, Weightlifting Nationals, Rotary Skates for the World, Fire Chiefs Expo, Corporate Champs, Wheel Chair Rugby Canada Cup and Olympic Day.

Some of the events secured by Events/Sport Hosting in Q2 included: NECAC Family Day, Karate Cup, BC Sport Martial Arts Championships, Hoop Law 2017, 2017 Volleyball Canada National Team challenge cup (NTCC), and the 2017 BC Hockey U16 & U18 female strength and conditioning camp.

Q2 was a busy quarter for provincial sport associations holding training and testing camps at the Oval. Camps included a British Columbia Speed Skating Association Performance Testing Camp, BC Bobsleigh Skeleton Talent ID Camp, Cycling BC Training Camp and a Special Olympics Powerlifting Clinic. In addition, Volleyball BC held their 2016 Provincial Championships (U17/18) at the Oval April 15-17th. This tournament is the largest volleyball tournament in the British Columbia bringing 69 club teams from all regions of BC to Richmond.

National level, Oval-supported athletes trained hard during Q2 in final preparation for Olympic and Paralympic qualifying events taking place in July 2016. 28 Oval-supported athletes will be competing Olympic and Paralympic. Para Swimmer and Oval Athlete Jonathan Dieleman broke the Canadian record for the 50m breaststroke at the Canadian Trials and in doing so qualified for the Paralympic Games in Rio.

Additional Oval athlete achievements include:

- Fusion FC athlete Patrick Metcalfe signed with the Whitecaps Residency u18 team.
- Stephanie Chan, table tennis player won the Athlete with a Disability award at the 2016 Richmond Sport Awards.
- Field Hockey Canada won silver at the 2016 Junior Men's Pan American Championships.
- Volleyball Centre of Excellence Program Athlete updates:
 - Emma Barlow committed to play at the University of Guelph
 - Cassandra Bagnell committed to play at the University of Dalhousie
 - Tova Rae committed to play at Vancouver Island University

Governance

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

Financial

The Q2 results were budgeted at an income before amortization and transfers to reserves/provisions of \$510,000 and the actual results show income of \$335,000, indicating an unfavorable variance of \$175,000 primarily due to marketing expenditures which fluctuate from quarter to quarter. Overall, YTD, there is a favorable variance of \$93,000 with respect to income before amortization and transfers (please see page 4 for the Corporation's balance sheet as of June 30, 2016 and page 5 for the statement of operations). In Q2, \$330,000 was allocated to the reserves/provisions.

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the 2016 Games Operating Trust Fund ("GOT") distribution of \$700,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,897,000 in Q2 and other revenue of \$494,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

Expenses

Expenses for Q2 were \$3,584,000 and were within 4% of budget. Expenses included memberships, admissions and program services costs of \$1,396,000, facility operations expenses of \$1,047,000, marketing expenses of \$373,000 and administration and finance expenses of \$768,000. Overall, YTD, there is a favorable variance of \$184,000 with respect to expenses.



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

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

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at June 30, 2016****Unaudited, prepared by management**

		June 30, 2016
ASSETS		
Financial Assets		
Cash	\$	754,422
Investments		8,333,117
Inventory		125,230
GOT receivable		1,400,000
Accounts receivable		450,039
		<u>11,062,808</u>
Financial Liabilities		
Accounts payable and accrued liabilities		1,622,118
Deferred revenue		7,115,978
Rental deposits		9,263
		<u>8,747,359</u>
Net financial assets		2,315,449
Non-Financial Assets		
Tangible capital assets		11,747,494
Deferred lease costs		114,887
Prepaid expenses and other deposits		663,368
		<u>12,525,750</u>
Accumulated Surplus (Note 1)	\$	14,841,199
Note 1 - Breakdown of accumulated surplus account is as follows:		
Investment in capital assets		9,461,815
Reserves/Provisions		4,085,955
Common Shares		1
Surplus		<u>1,293,428</u>
		14,841,199

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended June 30, 2016

Unaudited, prepared by management

	QTR 2 2016		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)	QTR 2 2015 ACTUAL	YTD ended June 30, 2016		\$ Variance Fav/(Unfav)		% Variance Fav/(Unfav)	YTD ended June 30, 2015 ACTUAL	2016 BUDGET
	BUDGET	ACTUAL					BUDGET	ACTUAL					
REVENUES													
2010 Games Operating Trust Fund	700,000	700,000	-		0%	575,000	1,400,000	1,400,000	-		0%	1,150,000	2,800,000
Contribution from City of Richmond	827,732	827,732	-		0%	809,925	1,655,464	1,655,464	-		0%	1,619,850	3,310,927
Memberships, admissions and programs	1,953,431	1,896,658	(56,773)		-3%	1,877,021	3,957,602	3,913,515	(44,087)		-1%	3,807,174	8,432,194
Other	473,491	494,272	20,781		4%	463,194	1,021,982	975,831	(46,151)		-5%	1,042,800	1,638,960
	3,954,654	3,918,662	(35,992)		-1%	3,725,140	8,035,048	7,944,810	(90,238)		-1%	7,619,825	16,182,081
EXPENSES													
Memberships, admissions, and program services	1,333,521	1,396,015	(62,494)		-5%	1,196,160	2,687,724	2,663,169	24,555		1%	2,286,683	5,509,331
Facility Operations	1,064,176	1,046,865	17,311		2%	967,804	2,128,352	2,007,921	120,431		6%	1,968,520	4,256,704
Marketing	227,221	373,071	(145,850)		-64%	153,361	386,715	466,225	(79,510)		-21%	258,615	989,947
Contribution to capital	-	-	-		-	-	-	-	-		-	82,077	-
Admin/Finance	819,335	767,788	51,546		6%	719,473	1,626,801	1,508,565	118,236		7%	1,363,994	3,283,509
	3,444,253	3,583,740	(139,487)		-4%	3,036,798	6,829,592	6,645,879	183,713		3%	5,959,889	14,039,491
Income before amortization and transfers	510,401	334,923	(175,479)		-34%	688,341	1,205,456	1,298,931	93,475		8%	1,659,936	2,142,590
Transfers to reserves/provisions (Note 1)	300,000	330,205	30,205		10%	268,788	600,000	760,410	160,410		27%	537,577	1,200,000
Income after transfers and before amortization	210,401	4,718	(205,684)		-98%	419,553	605,456	538,521	(66,935)		-11%	1,122,359	942,590
Amortization (Note 2)	212,536	341,041	(128,505)		-60%	123,253	425,071	671,382	(246,311)		-58%	225,550	850,144
Net after amortization and transfers	(2,135)	(336,323)	(334,189)			296,300	180,385	(132,861)	(313,246)			896,809	92,446

Note 1 - In Q2, \$330,000 was transferred into reserves/provisions. The total transfers to capital reserves vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement.

Note 2 - Amortization expenses were under budgeted for 2016 due to a longer useful life for the ROX being used for budgeting purposes. The review of the useful life of the ROX components and project was completed after the budget was approved and after the majority of the ROX costs were accounted for. The end result is that the ROX project is being amortized at a faster rate than budgeted. The amortization variance is an accounting estimate and does not represent any overspending. In addition, amortization is a non-cash item and does not impact the overall cash balance.

Numbers may be off due to rounding.