



**Finance Committee
Electronic Meeting**

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

Tuesday, September 6, 2022

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on July 4, 2022.*



FINANCE AND CORPORATE SERVICES DIVISION

1. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2022**
(File Ref. No.03-0905-01) (REDMS No. 6939702)

FIN-9

See Page FIN-9 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled “Financial Information – 2nd Quarter June 30, 2022”, dated August 5, 2022, from the Acting Director, Finance, be received for information.



Pg. # ITEM

2. **ACTIVE CAPITAL PROJECTS INFORMATION - 2ND QUARTER
JUNE 30, 2022**

(File Ref. No. 03-0975-01) (REDMS No. 6939785)

FIN-35

See Page FIN-35 for full report

Designated Speaker: Jenny Ho

STAFF RECOMMENDATION

That the staff report titled “Active Capital Projects Information - 2nd Quarter June 30, 2022”, dated August 1, 2022, from the Acting Director, Finance, be received for information.



LULU ISLAND ENERGY COMPANY

3. **2022 Q2 FINANCIAL INFORMATION FOR THE LULU ISLAND
ENERGY COMPANY**

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 6958505)

FIN-65

See Page FIN-65 for full report

Designated Speaker: Jerry Chong and Alen Postolka

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “2022 Q2 Financial Information for the Lulu Island Energy Company”, dated August 11, 2022, from the Chief Executive Officer and Chief Financial Officer, be received for information.



RICHMOND OLYMPIC OVAL CORPORATION

4. **RICHMOND OLYMPIC OVAL CORPORATION – 2ND QUARTER
2022 FINANCIAL INFORMATION**

(File Ref. No. 03-1200-09) (REDMS No. 6960794)

FIN-74

See Page FIN-74 for full report

Designated Speaker: Rick Dusanj

Finance Committee Agenda – Tuesday, September 6, 2022

Pg. # ITEM

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ending June 30, 2022, from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation, be received for information.

ADJOURNMENT



Finance Committee

Date: Monday, July 4, 2022

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (by teleconference)
Councillor Andy Hobbs
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail (by teleconference)
Councillor Harold Steves (by teleconference)
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 4:22 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on June 6, 2022, be adopted as circulated.

CARRIED

In accordance with Section 100 of the Community Charter, Mayor Brodie declared to be in a conflict of interest as he is the Chair of the Board of Trustees for the Municipal Finance Authority of British Columbia and left the meeting at 4:23 p.m.

Vice-Chair Andy Hobbs assumed the role of Chair.

Finance Committee
Monday, July 4, 2022

DELEGATIONS

1. Peter Urbanc, CEO, Municipal Finance Authority of BC (“MFA”), was in attendance to provide information on the MFA Diversified Multi-asset Class Fund (“DMAC”).
A PowerPoint presentation was provided (copy on file) and a detailed overview of the new investment vehicle, intended for long-term investments by BC local governments, was given. It was noted that three of the eight DMAC strategies are screened to ensure they are Fossil Fuel Free (“FFF”) and that long term, the DMAC is anticipated to be in excess of inflation. Discussion ensued with respect to (i) redemption of funds not permitted for 10 years unless in the case of an emergency, (ii) management fees, and (iv) FFF and land investment options.

FINANCE AND CORPORATE SERVICES DIVISION

2. **ALTERNATIVE INVESTMENT – LONG-TERM DIVERSIFIED MULTI-ASSET CLASS FUND**

(File Ref. No. 03-0900-01) (REDMS No. 6904414)

It was moved and seconded

- (1) *That Council approve up to \$40M as a long-term investment in the Municipal Finance Authority of BC’s Long-Term Diversified Multi-Asset Class Fund, as outlined in the Option section of the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance; and*
- (2) *That the proposed amendment to the City’s Investment Policy 3703 be approved.*

The question on the motion was not called as discussion ensued with respect to (i) available emergency funds and the investment portfolio overall, (ii) alternate investment fund options, including land and short term investments, (iii) tax implications (noting capital gains/losses are not taxable), and (iv) general risk analysis.

In response to queries from the Committee, staff confirmed the proposed investment is a conservative amount, approximately 10 percent of the \$360M identified that could be designated for long term investment (and roughly three percent of the City’s total investments), and would not impact any funds available in the case of an emergency.

It was noted that staff will identify land investment options and report back at a future meeting.

Finance Committee
Monday, July 4, 2022

Concern was expressed with respect to not having access to the DMAC invested funds for 10 years as opposed to two to five years to access the FFF invested funds. Given the current climate concerns it was suggested that it would be prudent to invest primarily in FFF funds. As a result, the following **amendment** motion was introduced:

It was moved and seconded

That the proposed Option 3 DMAC Fund Investment up to \$40M be further diversified with the majority of the funds, up to \$21M, toward the Fossil Fuel Free Short Term Bond Fund, and the remainder of the investment up to \$19M to the DMAC Fund.

The question on the amendment motion was not called as discussion ensued regarding the need for a review of the FFF Fund and any anticipated changes to the analysis contained in the report as a result of the amendment.

The question on the amendment motion was then called and **DEFEATED** with Cllrs: Au, Hobbs, Loo, McNulty and McPhail opposed.

The following **referral** motion was then introduced:

It was moved and seconded

That the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance, be referred back to staff for more information on the many items discussed.

The question on the referral motion was then called and **DEFEATED** with Cllrs: Hobbs, Loo, McNulty and McPhail opposed.

The question on the main motion was then called and **DEFEATED** with Cllrs: Au, Day, Steves and Wolfe opposed.

It was then moved and seconded

That the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance, be tabled to a future meeting.

CARRIED

Mayor Brodie returned to the meeting – 5:45 p.m.

Finance Committee
Monday, July 4, 2022

3. **2022 MAJOR DEVELOPMENT COST CHARGES PROGRAM UPDATE**

(File Ref. No. 03-0900-01) (REDMS No. 6896790)

Discussion ensued with respect to the Development Cost Charge (“DCC”) rate calculation for Single Family and Major Industrial development types. Staff noted the general calculation formula is derived from many components and consistent with the rate calculation used across municipalities. In particular, the per lot calculation for Single Family and per acre of gross site area for the Major Industrial.

With respect to any DCC waiver or reduction (e.g. as permitted under legislation for affordable housing), it was noted in that case the City pays what would be the DCC as it is not a charge that can be avoided.

Staff further noted that once a DCC has been paid for an existing property, the only time there is a new DCC would be in the case of rezoning for an additional property. For example, a single family dwelling subdivided would only incur one DCC for one new dwelling and an existing single family dwelling demolished to rebuild would not incur a DCC.

It was noted that the Committee’s consideration is to provide for further public consultation at this time and that the substantial increases outlined represent a catch up of five years where prices have increased quite a bit, noting an increase of almost 250 percent for one of the charges that has to do with dykes, etc.

It was moved and seconded

That the preliminary DCC programs and DCC rates as outlined in the staff report dated June 10, 2022 titled “2022 Major Development Cost Charges Program Update” from the Acting Director, Finance, be endorsed as the basis for further public consultation in establishing the updated DCC Rates Bylaw.

CARRIED
Opposed: Cllr. Wolfe

4. **AMENDMENTS TO THE CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026) BYLAW NO. 10327**

(File Ref. No. 03-0975-01) (REDMS No. 6907543)

It was moved and seconded

That the Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327, Amendment Bylaw No. 10381, which incorporates and puts into effect the changes as outlined in the staff report titled “Amendments to the Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327” dated June 10, 2022, from the Acting General Manager, Finance and Corporate Services, be introduced and given first, second and third readings.

CARRIED

4.

Finance Committee
Monday, July 4, 2022

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:52 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, 2022.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee **Date:** August 5, 2022
From: Ivy Wong **File:** 03-0905-01/2022-Vol
 Acting Director, Finance 01
Re: **Financial Information – 2nd Quarter June 30, 2022**

Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2022”, dated August 5, 2022 from the Acting Director, Finance be received for information.

Ivy Wong, CPA, CMA
 Acting Director, Finance
 (604-276-4046)

Att: 4

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

Origin

Pre-audited financial information for the 2nd quarter ended on June 30, 2022 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 2018-2022 Strategic Focus Area #5 Sound Financial Management and #8 An Engaged and Informed Community:

5.1 Maintain a strong and robust financial position.

5.2 Clear accountability through transparent budgeting practices and effective public communication.

8.2 Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.

Economic Overview

Early signs of global recovery from the multiple impacts of COVID-19 are now being tempered by multiple shocks to the global economy. Growth forecasts for 2022 and 2023 have been revised downward substantially, as global output has contracted with downturns in China (due to further lockdowns and the real estate crisis) and Russia (related to the war in Ukraine), U.S. consumer spending has been lower than expected, and inflation has been higher than anticipated, especially in the United States and Europe.

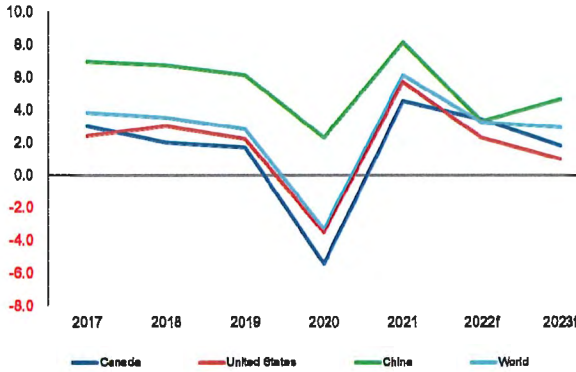
While at historic highs, inflation continues to be lower in Canada as compared to the United States. However, the end of the quarter saw a decrease in the price of crude oil, one of Canada's key exports, and a slight weakening of the Canadian dollar. A weaker dollar means that imports, including food, become more expensive in Canada, and many of these price pressures may be passed on to consumers who are already facing high inflation across the board. The central banks in both Canada and the U.S. are moving in lock-step in a bid to reign in inflation, with multiple additional interest rate increases expected in the near term.

Growth is still anticipated to be positive for 2022, albeit lower, but key risks and sources of uncertainty persist. The continued trajectory of the COVID-19 pandemic and the ongoing war in Ukraine are two key examples. A key priority for senior government policymakers is taking action on the known risk - inflation – and figuring out how to support the most vulnerable who will be impacted most significantly by tighter monetary conditions ahead.

That said, in Richmond, building permit and business licencing activity continue to be positive, as does construction value. All three indicators show strength over 2021, reflecting pandemic recovery. Industrial sales and leasing also continue to be very strong in the City, with an even lower vacancy rate this quarter as compared to last quarter. This quick resiliency amidst the challenges of the global pandemic puts Richmond in a strong place to weather future uncertainty.

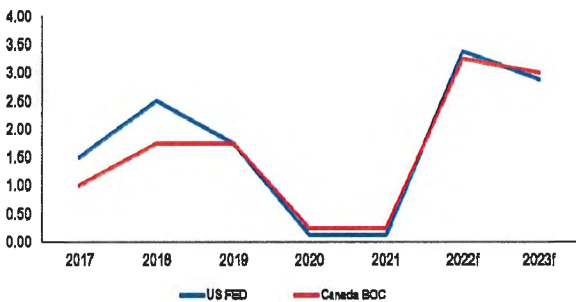
Macroeconomic Indicators & Forecast

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



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will decrease from 6.1% in 2021 to an estimated 3.2% in 2022 and 2.9% in 2023.
- In 2022, Canadian GDP is forecasted to grow by 3.4%, with U.S. and China GDP growth forecasts of 2.3% and 3.3%, respectively.
- These growth forecasts have all been revised downward since April, reflecting a contraction of global output in the second quarter, lower than expected U.S. consumer spending, and several shocks to the economy, including higher than expected inflation.

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

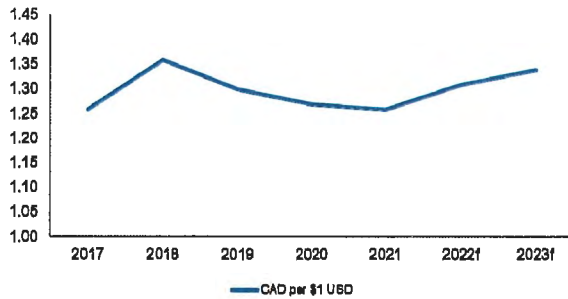


- For the fourth time this year, the Bank of Canada (BoC) increased rates (July 13, 2022), bringing its overnight lending rate to 2.5%. The most recent increase is the largest change this year.
- The U.S. Federal Reserve (U.S. FED) rate also increased to 2.5% (July 27, 2022), in continued efforts to reduce inflation, which is currently 9.1% in the U.S., the highest since 1981.
- As both the BoC and U.S. FED respond to growing inflation in lock-step, it is expected that the BoC rate will reach 3.25% by the end of 2022, with the U.S. FED ending the year around 3.38%. Both forecasted rates are at least a full percent higher than predicted last quarter.

¹ International Monetary Fund, World Economic Outlook (July 2022)

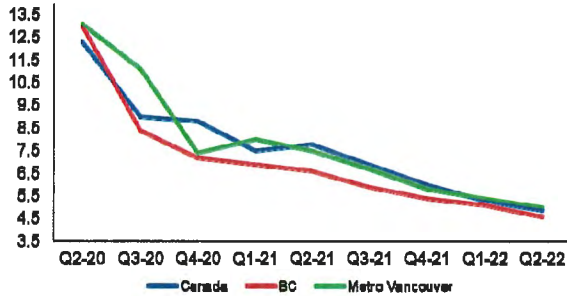
² US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (July 2022)

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



- The Canadian dollar (CAD) is weakening slightly more than expected against the U.S. Dollar, with a Q2 2022 exchange rate of \$1.29 CAD / \$1 USD projected to increase to \$1.31 CAD/ \$1 USD by year end.
- While rising commodity prices would usually strengthen the Canadian dollar (as Canada is a net commodity exporter), the price of oil, one of Canada’s main exports, is starting to fall due to recession fears.

4) Unemployment⁴

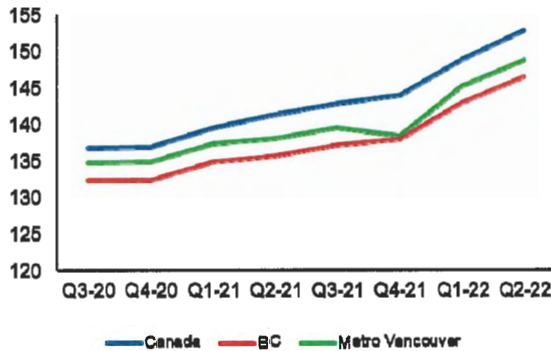


- According to Statistics Canada’s June 2022 Labour Market Survey, employment declined slightly, and unemployment also fell to a new record low of 4.9%, as fewer people looked for work. Both declines were widespread across demographic groups.
- In both Canada and B.C., employment in goods-producing industries increased, while overall employment in the services sector decreased.
- At the end of Q2 2022, the Canadian, B.C., and Metro Vancouver unemployment rates were 4.9%, 4.6%, and 5.0%, respectively.

³ Royal Bank Financial Markets Monthly (July 2022)

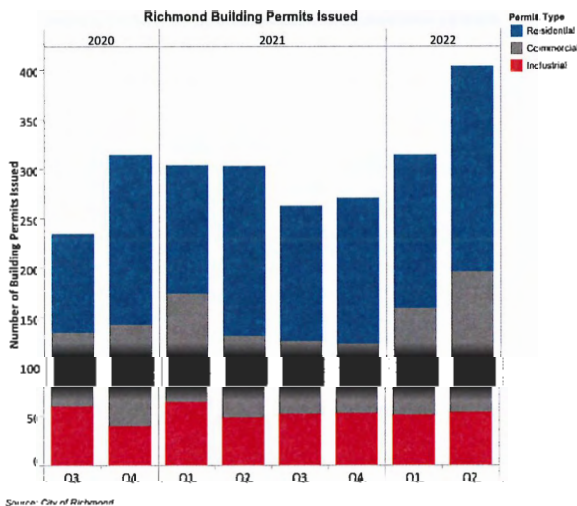
⁴ Statistics Canada

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



- By the end of Q2 2022, the rate of consumer inflation in Canada had reached 8.1% year-over-year, the largest yearly increase since 1983, with the inflation in B.C. at 7.9%, and Metro Vancouver at 7.7%.
- While at historic highs, B.C. and Ontario are tied for the lowest rates of inflation compared to other provinces.
- The elevated Consumer Price Index continues to be driven by strong demand coupled with supply shortages, especially for food (including cereals) and fuel, impacted by the ongoing war in Ukraine and supply chain disruptions

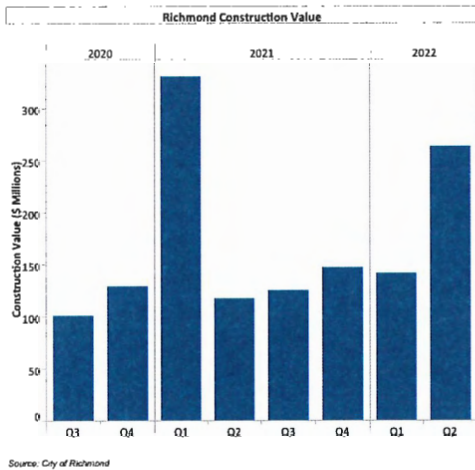
6) Building Permits – Richmond⁶



- During the first quarter of 2022, there were 209 residential, 141 commercial, and 54 industrial building permits issued in Richmond.
- This represents a 33.3% increase in total building permits issued over the same period in 2021, including increases in each type of building permit issued (residential: 20.8%; commercial: 72.0%; industrial: 12.5%).
- 335 new units were added to the local housing supply in Q2 2022, which represents an 89.3% increase as compared to the same period in 2021. This is due to a predominance of multi-family units being added this quarter. This category of dwelling has longer development cycles, which results in substantial quarter-over-quarter fluctuations in the number of new units.

⁵ Statistics Canada

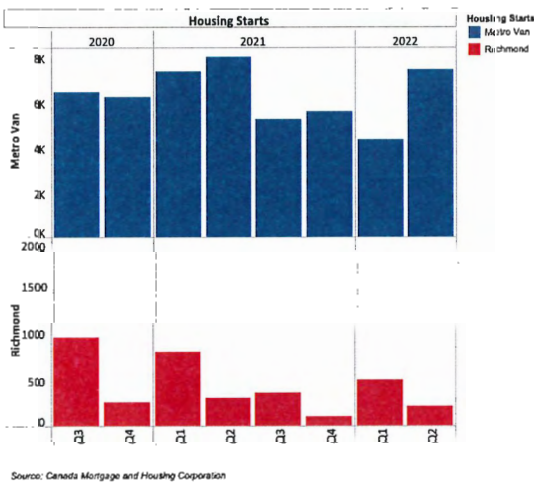
⁶ City of Richmond Building Permits



- Over \$263 million in construction value was registered in Q2 2022, an increase of 124.8% over the same period last year.
- While there are anticipated supply constraints in construction, including higher cost materials and labour shortages, demand remains strong.

Regional & Local Economic Activity Indicators

7) Housing Starts⁷

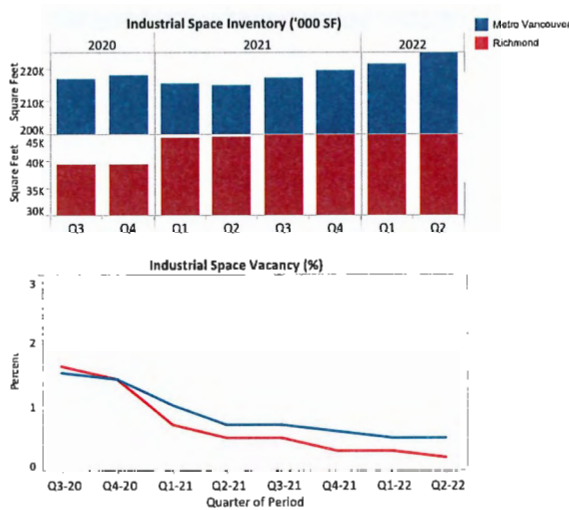


- In Q2 2022, there were 208 housing starts in Richmond and 7,402 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced⁸.
- Year to date housing starts decreased in Richmond by 35.9% and in Metro Vancouver by 23.4% over the same period in 2021. There has been a fair amount of fluctuation over the past year, quarter by quarter.
- Supply constraints related to construction will continue to impact major urban centers, including Vancouver, though employment in the sector has increased slightly and has grown at a faster pace than other industries.

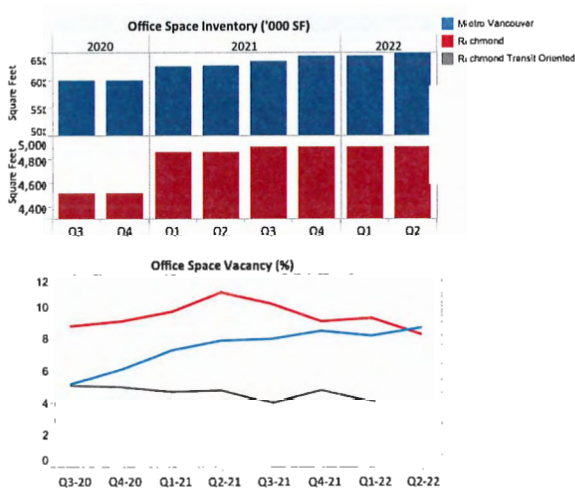
⁷ Canada Mortgage and Housing Corporation

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. Housing Starts data responds to many market and industry factors that do not directly correlate with approved numbers of units approved for construction by the City.

8) Commercial Space⁹
 a) Industrial Space



- Industrial sales and leasing activity in Metro Vancouver continued to be strong in Q2 2022, with industrial vacancy rates remaining at the same historic low of 0.5% as in Q1.
- In Richmond, the industrial vacancy rate is even lower than Metro Vancouver and declined further in Q2 to 0.2%.
- Wholesale trade and third-party logistics companies are looking to secure industrial space approximately 18-24 months in advance, meaning that most space is pre-leased and new project completion does not bring relief to the constrained market.



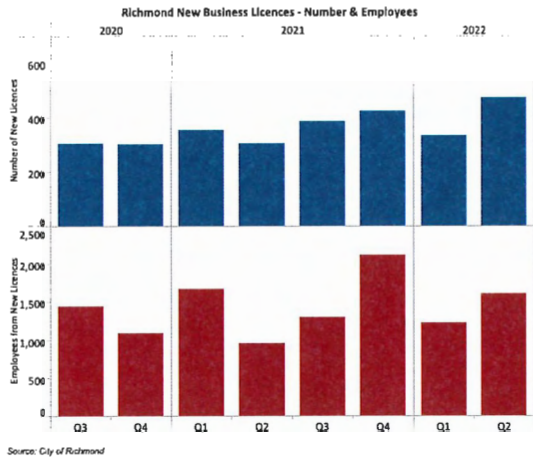
Source: Cushman & Wakefield, Jonas Lang LaSalle

- At the end of Q2 2022, the office vacancy rate was 8.3% in Richmond and 8.7% in Metro Vancouver.
- In Richmond, office vacancy rates have declined (by 23.9%, or 2.6 percentage points) since the same time last year, though in Metro Vancouver, the trend continues to reflect an increase in availability (by 10.1%, or 0.8 percentage points).
- Demand for office space continues to be strong, especially for higher asset classes (Class A and AAA). However, while there is significant pre-leasing activity, new projects are being completed without being fully leased (in contrast to industrial space).

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

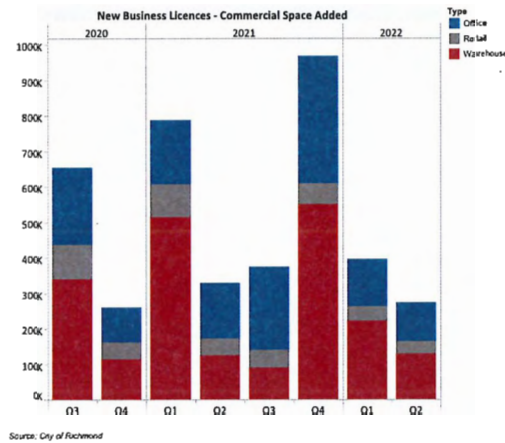
9) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



- 473 new business licences (representing 1,607 jobs) were issued by the City of Richmond in Q2 2022, a 55.1% increase from the same period last year.
- The number of total valid business licences at the end of Q2 2022 reflects a slight upward trend, at 14,086, or 3.7% higher than at the end of Q2 2021.

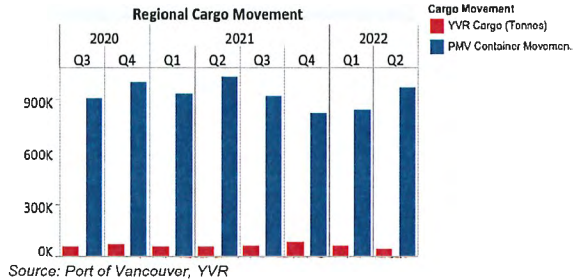
b) New Business Licences – Commercial Space



- 272,992 square feet of commercial space absorption was tied to the new business licences issued during Q2 2022.
- While the amount of space absorbed is down by 16.8% from a year prior (and has seen substantial quarter-over-quarter fluctuations), the type of space required is similar, with industrial space representing the largest share of absorption, at 130,002 square feet, followed by office (109,110 square feet), and retail (38,880 square feet).

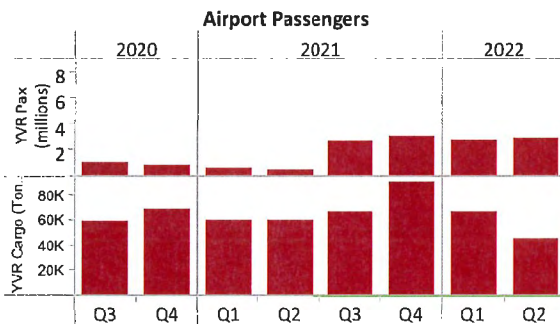
10) Goods and People Movement

a) Regional Cargo Movement¹⁰



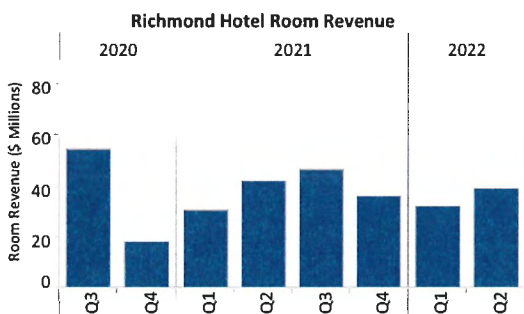
- In Q2 2022, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalent (TEUs), decreased slightly (by 4.3%) from the same time period last year, but increased as compared to the past three quarters.
- During Q2 2022, 71,853 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is an increase of 19.2% from the same time period last year.

b) Airport Passengers¹¹



- With a continued reduction in COVID-19-related travel restrictions, the number of people travelling through YVR continues to increase, with 590.1% more travelers in Q2 2022 (4.9M) as compared to the same period last year (0.71M).
- YVR is likely to continue increasing in Q3, with the peak summer season, assuming no new travel restrictions or key disruptions.

c) Richmond Hotel Room Revenue¹²



- Continuing the recovery trend seen last quarter, hotel room revenues in Richmond for April and May 2022 were \$38.6M, which is more than 50% higher than the same period last year.
- Occupancy rates continue to trend upward, and domestic visitors also continue to be key, with the number of domestic visitors to B.C. in May 2022 95% higher than in May 2021.

¹⁰ Port of Vancouver Monthly Cargo Statistics

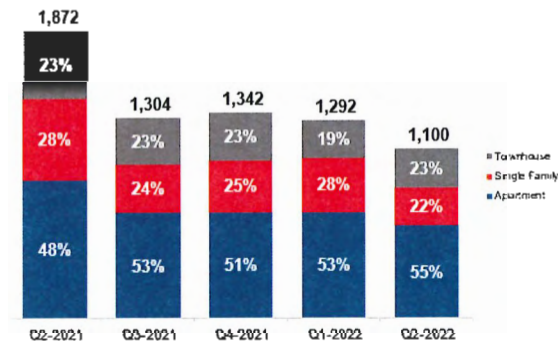
¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC -- Richmond Hotel Revenue for Q2 2022 includes April and May data only.

Residential Real Estate¹³

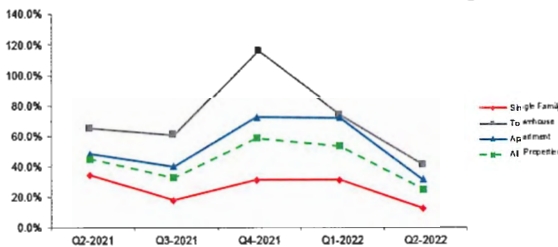
In the second quarter of 2022, due to rising interest rates and inflation, there has been downward pressure on home prices and therefore, declining buyer activity. These concerns are causing buyers to be more cautious in the housing market, which is allowing listings to accumulate. Homebuyers now have more time to make decisions and more listings to choose from. Even with the market slow down in Q2, the sales to listings ratio was still healthy for townhouses and apartments, and closer to a buyers market for single family dwellings.

Richmond - Residential Sales



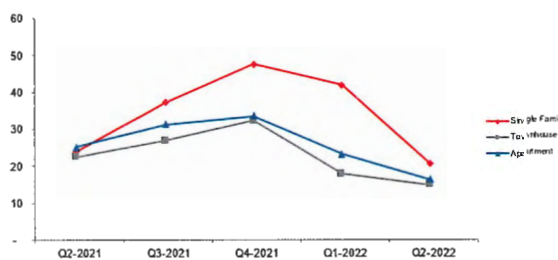
- Single family detached (SFD) home sales decreased by 54% compared to Q2 2021.
- Townhouse and apartment sales have decreased 42% and increased 33%, respectively, compared to Q2 2021.
- Townhouse sales comprise 23% of the residential home sales in Richmond. SFD and apartment sales account for 22% and 55%, respectively, of home sales in Richmond.
- There were 1,100 residential home sales in Richmond in Q2 2022, a 41% decrease compared to the same period last year.

Richmond - Residential Sales-to-Active Listings



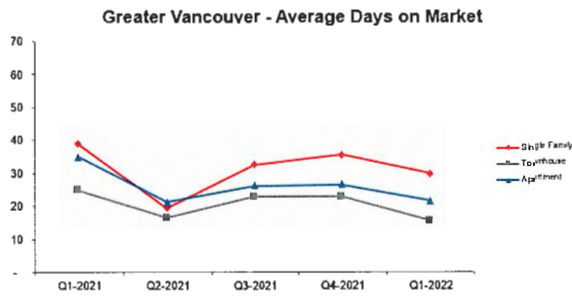
- Richmond residential properties had a sales-to-active listings ratio of 26% as of June 30, 2022 representing a sellers market.

Richmond - Average Days on Market



- At Q2 2022, SFD properties in Richmond had an average of 21 days on the market, a 13.9% decrease compared to Q2 2021.
- Townhouses and apartments had an average of 15 and 16 days on the market, respectively, representing a 33.8% and 35.5% decrease respectively over the same period last year.

¹³ Real Estate Board of Greater Vancouver



- At Q2 2022, SFD properties in GVRD had an average of 20 days on the market, which represents a 3.4% increase compared to Q2 2021.
- Townhouses and apartments in GVRD had an average of 14 and 17 days on the market, which represents a decrease of 16.0% and 21.9% respectively, over the same period in 2021.

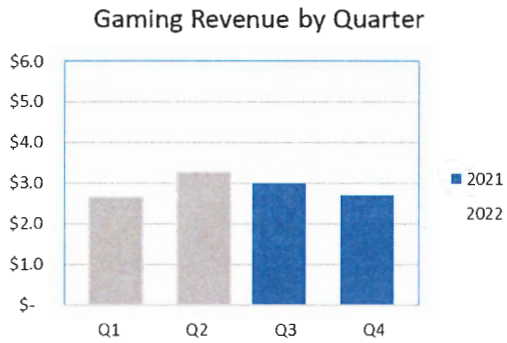


- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q2 2022 was \$2,160,500, a 13.1% increase compared to Q2 2021. The GVRD housing market has also increased with SFD properties priced at \$2,058,600, which was a 14.3% increase compared to the same quarter last year.
- At Q2 2022, the HPI for townhouse properties in Richmond was \$1,108,200, an increase of 20.0% compared to Q2 2021. The HPI for townhome properties in GVRD was \$1,115,600, which represented a 17.8% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$746,200, an increase of 3.9% compared to Q2 2021. GVRD’s apartment prices increased to \$766,300, which was a 3.8% increase from Q2 2021.

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.

¹⁴ 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.



- The River Rock casino reopened July 1, 2021, after being closed since March 16, 2020.
- Gaming revenue for Q2 2022 was \$3,257,340; it was \$nil for Q2 2021 as the casino remained closed.
- The 2022 budget for Gaming revenues is \$14,500,000 based on amounts received pre-Covid.

On March 16, 2020, the Attorney General ordered the temporary closure of all gambling facilities in British Columbia in consultation with and on the advice of the Provincial Health Officer. This action was taken in order to protect British Columbians and ensure that the province was in the best position to effectively respond to the COVID-19 pandemic. The closure of gambling facilities has directly impacted casino revenue since March 2020.

On June 29, 2021, the provincial government announced that certain businesses can reopen, such as casinos. The Great Canadian Gaming Corporation reopened the River Rock Casino Resort on Thursday, July 1, 2021. The City received a total of \$5,700,108 through payments for the third and fourth quarters in 2021.

The City will continue to monitor the impact of COVID-19 and the allocation of gaming revenue accordingly.

Operating Activity

Table 1 compares budget to unaudited actual activity up to June 30, 2022. 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 1: *Net Operational Activity for the period January 1, 2022 to June 30, 2022 (in \$000's)*

Division/Department¹	Q2 YTD Net Budget²	Q2 YTD Actuals and Commitments³	Q2 YTD Variance (\$)	Q2 YTD Variance (%)
Community Safety ⁴	\$(539)	\$(1,015)	\$476	(88%)
Community Services	23,038	21,946	1,092	5%
Corporate Administration	5,046	4,463	583	12%
Engineering and Public Works	31,091	30,448	643	2%
Finance and Corporate Services	12,199	11,227	972	8%
Fire Rescue	23,076	22,708	368	2%
Law and Legislative Services	2,138	2,057	81	4%
Library	5,764	5,533	231	4%
Planning and Development	4,466	3,142	1,324	30%
Policing	34,962	33,346	1,616	5%
Fiscal	(100,445)	(100,967)	522	(1%)
Total	\$40,796	\$32,888	\$7,908	19%
Water Utility	4,168	2,816	1,352	32%
Sanitary Sewer Utility	3,906	2,600	1,306	33%
Sanitation and Recycling Utility	135	(319)	454	336%
Utilities Total	\$8,209	\$5,097	\$3,112	38%

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 budget approved by Council on January 24, 2022.

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 2022 Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to timing required to fill vacant positions and timing of operating spending.
- Community Services' favourable variance is due to a combination of vacant positions and timing of operating expenditures that are anticipated to be made up in the second half of the year.
- Corporate Administration's favourable variance is mainly driven by vacant positions.

- Engineering and Public Works is on budget. The favourable variance is mainly from Fleet and Major Road Network maintenance, which will be transferred to the Equipment Reserve in accordance with Policy 2020 and the Major Road Network provision, respectively.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions, and favourable general operating expenses.
- Fire Rescue's favourable variance is due to lower actual salary for Firefighters than what was budgeted due to timing of scheduled increases, vacancies and timing of operating spending.
- Law and Legislative Services' favorable variance is mainly due to vacant positions.
- The Library's favourable variance is mainly due to vacant positions. Any surplus at year-end will be appropriated for future use within Library operations.
- Planning and Development favourable variance is primarily due higher than budgeted building permit revenue related to multi residential buildings and vacant positions.
- Policing's favourable variance is driven by lower than budgeted policing contract costs and municipal employee vacancies. Actual contract costs are lower than budgeted due to the actual RCMP Officer complement compared to budget and based on updated cost estimate information received.
- Fiscal is on budget.
- Water Utility's favorable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year-end will be transferred to the Water Levy Provision.
- Sanitary Sewer Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for sanitary sewer user fees during construction of new residential developments. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly driven by higher than budgeted Recycle BC revenue and more recycling commission. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.

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, 2022, with comparative figures for 2021 is included in Attachment 3.

Cash and Investment Portfolio

The City’s cash and investment balance of \$1.64 billion as of June 30, 2022 was comprised of \$707.5 million in investments and \$934.8 million in high interest savings cash account. This represents both 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 balance is mainly due to the timing of property taxes collection by the July 4, 2022 due date. The City has subsequently remitted approximately \$250 million to various external agencies for taxes that were collected on their behalf.

Up until the most recent interest rate announcement on July 13, 2022, the Bank of Canada (the Bank) has raised its overnight interest rate four times to the current level of 2.50%. As shown in the chart below, the fast pace and consecutive interest rate increases for a total of 2.25% since March 2022 was part of the Bank’s effort to control inflation, which has risen to its highest level in 40 years.

Bank of Canada trying to catch up with runaway inflation

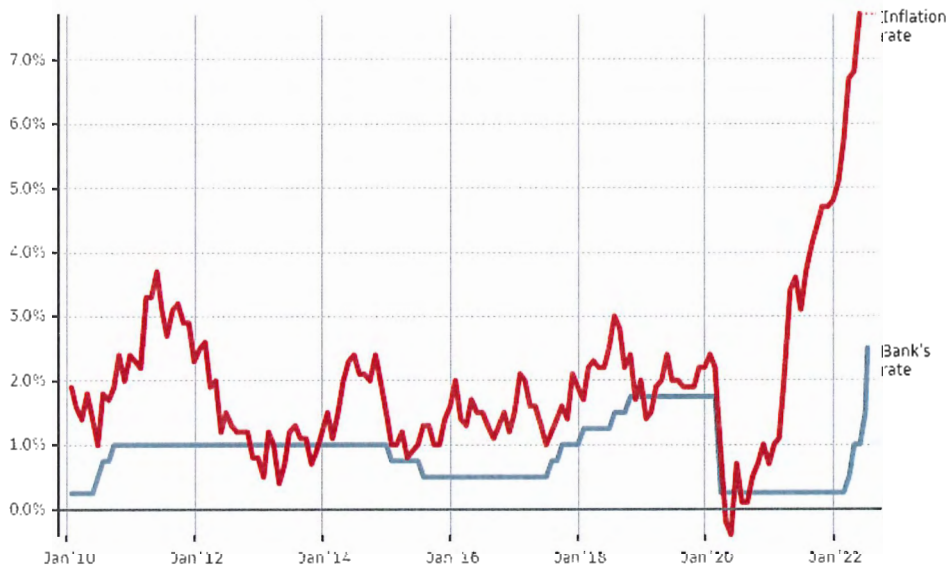


Chart: Pete Evans/CBC • Source: Bloomberg • CBC News

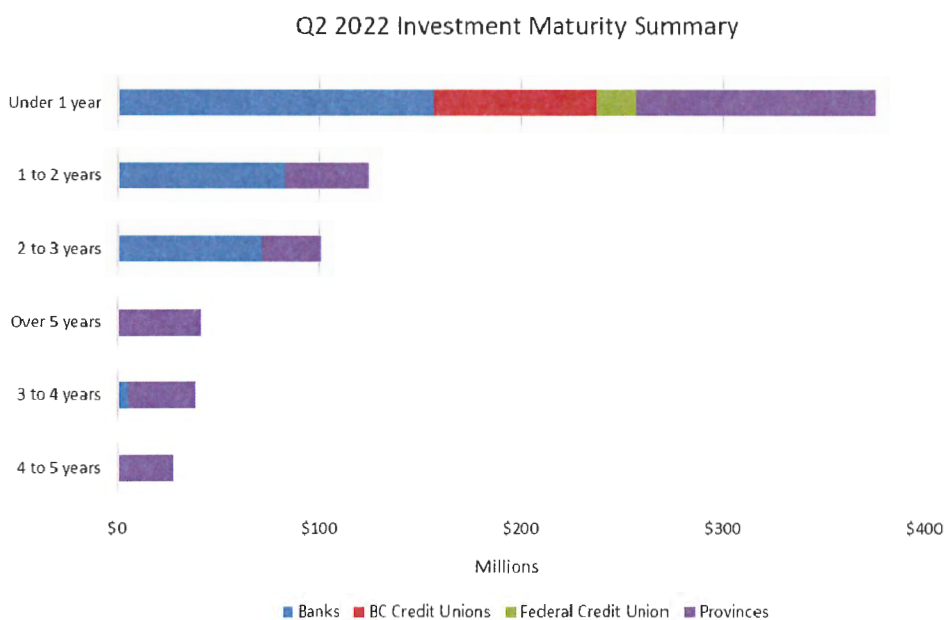
The next interest rate announcement is scheduled to take place on September 7, 2022 where further interest rate hike is anticipated until inflation target is met. The average yield to maturity of the City’s cash and investment portfolio has increased to 2.25% as of June 30, 2022. The interest yield is anticipated to improve over the remainder of the year as the City continues to reinvest available funds at a higher rate as investments mature in the projected rising interest rate environment.

Table 2: Market Interest Rates (for analytical purposes only)

	June 30, 2022 (current quarter)	March 31, 2022 (previous quarter)
2 Year Government of Canada Bonds	3.14%	2.31%
5 Year Government of Canada Bonds	3.17%	2.42%
10 Year Government of Canada Bonds	3.28%	2.43%

Source: Bank of Canada

The City’s overall credit risk exposure remains low because the City continues to maintain a diversified and high credit quality investment portfolio comprising of 41% in provincial government bonds, 45% in chartered banks, 3% in federal credit union and 11% in B.C. credit unions. As shown in the investment maturity summary in the chart below, the City has been strategically positioned with heavier weighting on cashable and short-term interest bearing products in order to allow for more flexible reinvestment opportunities in a rising interest rate environment.



Staff will continue to monitor the interest rate movement and will strategically reposition 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 ESG rating of the City’s fixed income portfolio, the City continues to receive high ESG Rating of “AA” as of Q2 2022.

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, 29 contracts greater than \$75,000 were awarded totalling over \$12.1 million (Attachment 4).

Financial Impact

None.

Conclusion

The June 30, 2022 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for review.



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, 2022

Macroeconomic Indicators & Forecast

1) Real GDP (% at YE)	2020	2021	Change	2022f	2023f	
Canada	(5.4)	4.5	(183.3%)	3.4	1.8	
United States	(3.5)	5.7	(262.9%)	2.3	1.0	
China	2.3	8.1	252.2%	3.3	4.6	
World	(3.3)	6.1	(284.8%)	3.2	2.9	
2) Interest Rates (at YE)	2020	2021	Change	2022f	2023f	
Bank of Canada	0.25	0.25	0.0%	3.25	3.00	
US FED	0.13	0.13	0.0%	3.38	2.88	
3) Exchange Rate (at YE)	2020	2021	Change	2022f	2023f	
CAD per \$1 USD	1.27	1.26	(0.8%)	1.31	1.34	
4) Unemployment (% at QE)	Q2-2022	Q1-2022	Change	Q2-2021	Change	
Canada	4.9	5.3	(7.5%)	7.8	(37.2%)	
BC	4.6	5.1	(9.8%)	6.6	(30.3%)	
Metro Vancouver	5.0	5.4	(7.4%)	7.5	(33.3%)	
5) CPI (2002=100) (at QE)	Q2-2022	Q1-2022	Change	Q2-2021	Change	
Canada	152.9	148.9	2.7%	141.4	8.1%	
BC	146.5	143.0	2.4%	135.8	7.9%	
Metro Vancouver	148.8	145.3	2.4%	138.1	7.7%	
6) Richmond Building Permits	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Residential – New Construction [^]	96	73	31.5%	171	136	25.7%
Residential – Alterations	113	100	13.0%	194	168	15.5%
Residential Total	209	173	20.8%	365	304	20.1%
[^] Number of units from new residential construction	335	177	89.3%	467	845	(44.7%)
Residential	209	173	20.8%	365	304	20.1%
Commercial	141	82	72.0%	248	191	29.8%
Industrial	54	48	12.5%	105	112	(6.3%)
Building Permits Total	404	303	33.3%	718	607	18.3%
Construction Value (\$ million)	263.0	117.0	124.8%	404.0	447.0	(9.6%)
Regional and Local Market Indicators						
7) Housing Starts (Units)	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Starts - Metro Vancouver	7,402	7,972	(7.2%)	11,710	15,294	(23.4%)
Starts - Richmond	208	294	(29.3%)	690	1,077	(35.9%)
8) Richmond Residential Sales Activity	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Sales - Detached	245	532	(53.9%)	602	976	(38.3%)
Sales - Townhouse	252	437	(42.3%)	496	800	(38.0%)
Sales - Apartment	603	903	(33.2%)	1,294	1,585	(18.4%)
Sales - Total	1,100	1,872	(41.2%)	2,392	3,361	(28.8%)

Economic Indicators

June 30, 2022

Regional and Local Market Indicators (continued)

9) Richmond Sales to Active Listings Ratio (% at QE)	Q2-2022	Q2-2021	Change			
Single Family Detached	13.0%	34.7%	(62.5)			
Townhouse	41.4%	65.3%	(36.6)			
Apartment	31.8%	48.9%	(35.0)			
Total	25.5%	45.4%	(43.8)			
10) Average Days on Market						
		Richmond		Metro Vancouver		
Property Type	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Single Family Detached	21	24	(12.5%)	20	20	3.4%
Townhouse	15	23	(34.8%)	14	17	(16.0%)
Apartment	16	25	(36.0%)	17	21	(21.9%)
11) Home Price Index (\$000 at QE)						
		Richmond		Metro Vancouver		
Property Type	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Single Family Detached	2,161	1,911	13.1%	2,059	1,801	14.3%
Townhouse	1,108	924	20.0%	1,116	947	17.8%
Apartment	746	718	3.9%	766	738	3.8%
12) Commercial Space (at QE)						
		Richmond		Metro Vancouver		
	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Office Vacancy (%)	8.3	10.9	(23.9%)	8.7	7.9	10.1%
Transit Oriented Office Vacancy (%)***	N/A	4.8	N/A	N/A	N/A	N/A
Office Inventory (000 sf)	4,901	4,862	0.8%	64,833	62,658	3.5%
Industrial Vacancy (%)	0.2	0.5	(60.0%)	0.5	0.7	(28.6%)
Industrial Inventory (000 sf)	45,389	44,454	2.1%	228,060	214,895	6.1%
13) Richmond Business Growth	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Total Valid Business Licences (at QE)	14,086	13,586	3.7%	14,086	13,586	3.7%
New Licences - Number Issued	473	305	55.1%	803	658	22.0%
New Licences - Employees	1,607	954	68.4%	2,841	2,628	8.1%
New Licences - Office Added (sf)	109,110	155,288	(29.7%)	244,097	336,781	(27.5%)
New Licences - Retail Added (sf)	33,880	48,984	(30.8%)	75,174	141,840	(47.0%)
New Licences - Industrial Added (sf)	130,002	123,806	5.0%	350,573	637,769	(45.0%)
Total Space Added (sf)/Avg. Change	272,992	328,078	(16.8%)	669,844	1,116,390	(40.0%)

Economic Indicators**June 30, 2022****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
YVR Air Cargo (tonnes)	71,853	60,263	19.2%	138,553	121,268	14.3%
PMV Container Movement (TEUs)	967,638	1,011,129	(4.3%)	1,803,479	1,944,092	(7.2%)
YVR Passengers (million)	4.90	0.71	590.1%	7.70	1.34	474.6%
Richmond Hotel Revenue (\$ million)**	38.6	24.6	56.9%	72.9	54.8	33.3%

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) ***Hotel Room Revenue for Q2 includes April and May 2022 data only*
- e) ****Transit oriented office vacancy rates for June 30, 2022 not available at time of report preparation*

List of Sources:

- 1) *International Monetary Fund, World Economic Outlook (July 2022)*
- 2) & 3) *US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; B of C Monetary Policy Report (July 2022)*
- 4) & 5) *Statistics Canada*
- 6) *City of Richmond Building Permits*
- 7) *Canada Mortgage and Housing Corporation*
- 8), 9) & 10) *Real Estate Board of Greater Vancouver*
- 11) *Cushman & Wakefield Office and Industrial Market Beat Reports*
- 12) *City of Richmond Business Licences*
Port of Vancouver Monthly Cargo Statistics
- 13) *YVR monthly statistics*
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators**June 30, 2022**

(All dollar amounts in \$000's)

	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
1) Development Cost Charges Contributions						
Roads, Water, Sewer DCC's Received	\$7,165	\$1,598	348.4%	\$9,241	\$5,660	63.3%
Parks DCC's Received	\$2,496	\$715	249.1%	\$3,907	\$3,514	11.2%
Total DCC Fees Received	\$9,661	\$2,313	317.7%	\$13,149	\$9,175	43.3%
DCC Reserves – Uncommitted balance at QE	\$134,753	\$142,025	(5.1%)	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)						
Capital Funding Reserves	\$123,153	\$206,793	(40.4%)			
Utility Reserves	\$108,093	\$106,341	1.6%			
Affordable Housing Reserves	\$9,391	\$6,556	43.2%			
Other Reserves	\$75,469	\$69,096	9.2%			
Total Uncommitted Reserves	\$316,106	\$388,786	(18.7%)			
3) Taxes to date						
Taxes Collected	\$322,551	\$321,299	0.4%	\$336,685	\$333,865	0.8%
City Portion of Taxes Collected	\$164,501	\$157,436	4.5%	\$171,709	\$163,594	5.0%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,114	\$7,234	12.2%	\$8,114	\$7,234	12.2%
No. of Participants on Pre-authorized withdrawal (at QE)	6,236	6,336	(1.6%)	6,236	6,336	(1.6%)
Pre-authorized withdrawals payments	\$7,896	\$5,536	42.6%	\$19,656	\$13,897	41.4%
Interest rate % paid	0.70%	0.45%	55.6%	0.70%	0.45%	55.6%
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments						
Investments	\$934,756	\$653,359	43.1%			
Cash (includes high interest savings accounts)	\$707,478	\$880,396	(19.6%)			
Total Cash and Investments	\$1,642,234	\$1,533,755	7.1%			
Average City Rate of Return on Investments %	2.25%	1.42%	58.5%			

Financial and Key Indicators

June 30, 2022

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
5) Planning and Development						
Building Permit Fees Collected	\$3,116	\$1,666	87.0%	\$4,786	\$5,069	(5.6%)
Development Applications Received	40	53	(24.5%)	67	78	(14.1%)
Development Applications Fees	\$190	\$291	(34.7%)	\$261	\$463	(43.6%)
6) Business Licences						
Revenue Received for Current Year Licences	\$1,116	\$1,157	(3.5%)	\$3,030	\$2,973	1.9%
Revenue Received for Next Year (Deferred)	\$268	\$244	9.8%	\$368	\$338	8.9%
Total Licence Revenue	\$1,384	\$1,401	(1.2%)	\$3,398	\$3,311	2.6%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues						
Parking Program Revenue	\$427	\$295	44.7%	\$765	\$586	28.4%
Gaming Revenue	\$3,257	\$0	0.0%	\$5,909	\$0	0.0%
Traffic Fine Revenue	\$2,435	\$0	0.0%	\$2,435	\$0	0.0%
8) Employees						
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,546	1,368	13.0%			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators						
RCMP - Calls for Service Handled	14,100	14,825	(4.9%)	26,712	29,277	(8.8%)
Community Bylaws	1,287	1,208	6.5%	2,368	2,103	12.6%
Fire Incidents	2,693	2,266	18.8%	5,074	4,186	21.2%
Public Works calls for Service	3,824	3,780	1.2%	7,138	7,196	(0.8%)

Financial and Key Indicators**June 30, 2022**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q2-2022	Q2-2021	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	569	569	0.0%
Affordable Rental (LEMR**) (units)	963	906	6.3%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	1,150	979	17.5%
Secondary Suite / Coach House (units)	332	303	9.6%
Total Housing Units	3,032	2,819*	7.6%

* Figures have been updated to reflect changes in source data and methodology.

** LEMR units refer to Low End Market Rental units.

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

11) Richmond Population Estimate Year End	2022f	2021
	222,099	216,280

Population figures from BC Stats

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, 2022, with comparative figures for 2021.

(Expressed in thousands of dollars)

	Budget June 30 2022	Actuals June 30 2022	Actuals June 30 2021
Revenue:			
Taxes and levies	\$134,869	\$134,869	\$128,125
Utility fees	62,148	62,550	57,382
Sales of services	18,871	16,893	13,917
Payments-in-lieu of taxes	7,325	6,903	6,116
Provincial and federal grants	4,195	4,699	5,037
Development cost charges	8,874	8,537	7,834
Other capital funding sources	34,131	30,140	17,029
Other revenue:			
Investment income	10,085	9,026	7,764
Gaming revenue	7,250	5,909	-
Licences and permits	7,052	7,996	7,121
Other	5,771	15,963	9,485
Equity income	371	956	852
	300,942	304,441	260,662
Expenses:			
Community safety	68,068	64,340	57,059
Utilities: water, sewer and sanitation	54,858	52,056	51,240
Engineering, public works and project development	40,668	38,389	33,649
Community services	35,463	29,582	27,105
General government	40,357	32,931	31,354
Planning and development	12,937	10,976	11,792
Library services	5,577	5,418	4,605
	257,928	233,692	216,804
YTD Surplus (Annual Surplus) ²	43,014	70,749	43,858
Accumulated surplus, beginning of year	3,347,649	3,347,649	3,303,791
Accumulated surplus, end of March 31 ³	\$3,390,663	\$3,418,398	\$3,347,649

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, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Architectural Services for Steveston Community Centre and Branch Library Replacement	HDR Architecture Associates, Inc.	2,586,449	Engineering & Public Works
2	Design-Build Services for South Arm Community Park Playground	Habitat Systems Inc.	609,178	Community Services
3	Steveston Community Park Playground and Washroom Design and Costing Services	Connect Landscape Architecture Inc.	111,570	Community Services
4	Load Balancer Hardware Including Support & Maintenance Services	Compugen	236,831	Finance & Corporate Services
5	Hamilton Community Centre Upgrades	Davidson Bros. Mechanical Contractors Ltd.	242,060	Engineering & Public Works
6	Provision of Civil Engineering Consulting Services for Laneway Drainage and Asphalt Upgrades	McElhanney Consulting Services Ltd.	340,617	Engineering & Public Works
7	Window Film Installation at Minoru Centre for Active Living	AMPCO Manufacturers Inc.	84,043	Engineering & Public Works
8	Fire Safety Plans for Various City Properties	Black Tusk Fire & Security Inc. & Elite Fire Protection Ltd.	310,804	Community Safety
9	Tempest Oracle SQL Server Migration	Central Square Canada Software Inc.	142,305	Finance & Corporate Services
10	Geotechnical Engineering Services for the Steveston Community Centre and Branch Library Replacement	EXP Services Inc.	98,094	Engineering & Public Works
11	Environmental Services for the Steveston Community Centre and Branch Library Replacement	Active Earth Engineering Ltd.	116,700	Engineering & Public Works
12	Brighthouse Park Pavillion Renovations - Drop in Centre and Shower Program	Holaco Construction Ltd.	590,382	Engineering & Public Works
13	Supply and Delivery of Two (2) Enclosed Tractors with 26' Flail Mowers	Rollins Machinery Ltd.	451,440	Engineering & Public Works
14	Watermania Splash Pool Filtration System Replacement	Modern Niagara Vancouver Inc.	193,651	Engineering & Public Works
15	Security Services to December 31, 2022	Safe & Sound Security Systems Ltd.	260,000	Engineering & Public Works
16	Supply and Installation of Roof Assembly with Optional Soffit Pattern	Fricia Construction Inc.	137,650	Community Services
17	Infor Public Sector Annual Support Contract Renewal 2022 - 2023	Infor Canada Ltd.	153,473	Finance & Corporate Services

Contract Awards greater than \$75,000 (continued)April 1st to June 30th, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Construction Manager for Pre-Construction Services for the Steveston Community Centre and Branch Library	Scott Construction Management Ltd.	151,838	Engineering & Public Works
19	Supply and Delivery of Multiple Plug-In Hybrid and/or Fully Electric Crossover Vehicles	Mainland Ford Ltd.	426,448	Engineering & Public Works
20	Supply and Delivery of Multiple Four (4) Cylinder Hybrid Minivans	Alpine Toyota Ltd.	179,260	Engineering & Public Works
21	Construction Services for City Hall Roof and Infrastructure Replacements - Phase 1	Heatherbrae Builders Co. Ltd.	823,254	Engineering & Public Works
22	Construction Services for City Hall Mechanical Replacements	Heatherbrae Builders Co. Ltd.	1,912,376	Engineering & Public Works
23	On-Call Roofing Contractor - June 1, 2022 - May 31, 2025	Marine Roofing Repair & Maintenance	714,010	Engineering & Public Works
24	MyRichmond Mobile App Development	Radical I/O Technology Inc.	570,000	Finance & Corporate Services
25	Asphalt Paving for the Railway Avenue East Laneway Upgrade Project	Winvan Paving Ltd.	76,424	Engineering & Public Works
26	PeopleSoft Systems Analyst Consultant for PeopleSoft FSCM Upgrade and Operational Support	S.I. Systems Partnership	75,000	Finance & Corporate Services
27	Supply and Delivery of Multiple Plug-in Hybrid and/or Fully Electric Four-Door Sedans	Open Road Toyota Richmond	172,520	Engineering & Public Works
28	Garden City Soil Screening and Spreading	High Road Excavating Ltd.	144,738	Community Services
29	Car Seat Recycling Services	WCS Waste Control Services Inc.	170,250	Engineering & Public Works
Total contracts awarded greater than \$75,000			\$12,081,365	



City of Richmond

Report to Committee

To: Finance Committee **Date:** August 1, 2022
From: Ivy Wong, CPA, CMA **File:** 03-0975-01/2022-Vol
 Acting Director, Finance 01
Re: **Active Capital Projects Information - 2nd Quarter June 30, 2022**

Staff Recommendation

That the staff report titled, "Active Capital Projects Information - 2nd Quarter June 30, 2022", dated August 1, 2022 from the Acting Director, Finance, be received for information.

Ivy Wong, CPA, CMA
 Acting Director, Finance
 (604-276-4046)

Att. 2

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"/>
Community Social Development	<input checked="" type="checkbox"/>	Animal Protection Services <input checked="" type="checkbox"/>
Parks Services	<input checked="" type="checkbox"/>	Community Safety Administration <input checked="" type="checkbox"/>
Recreation and Sport Services	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	
Facilities and Project Development	<input checked="" type="checkbox"/>	
Fleet & Environmental Programs	<input checked="" type="checkbox"/>	
Roads & Construction	<input checked="" type="checkbox"/>	
Sewerage & Drainage	<input checked="" type="checkbox"/>	
		CONCURRENCE OF GENERAL MANAGER
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

Active Capital Project Information for the 2nd Quarter (ended June 30, 2022) is provided to the Finance Committee for information purposes. This report includes the approved 2022 Capital Budget, approved capital budget reallocations, and other previously approved capital projects.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.2 Clear accountability through transparent budgeting practices and effective public communication.

Analysis

SUMMARY OF ACTIVE CAPITAL PROJECTS

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 project completion stages:

- Planning and Design – includes projects that were previously approved and are undergoing design specifications, design approvals, or public consultation.
- Contract Award – this includes preparing and issuing a request for proposal, evaluating proposals received, and finalizing contract award agreements.
- Construction – includes build out of the approved design either by City workforce or under executed agreements.
- Functional Completion – certain projects are completed in phases that allow for portions of the project to be functionally complete while the next phase is initiated.
- Project Completion – may include fully functional assets that are in their final inspection and acceptance stage, assets that may still require minor deficiencies to be addressed, as-built drawings to be received, collection of external funding and fulfillment of audit requirements, where applicable.

Capital projects also include amounts set aside for land acquisition, public art, child care and affordable housing which are dependent upon external factors such as market conditions, availability and external partners. These projects are presented to Council prior to final approval.

The approved 2022 Capital Budget of \$103.1M (excluding internal transfers and debt repayments) and other previously approved active capital projects are summarized by program in Table 1. The current balance committed to active capital projects is \$516.5M.

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

Program	Plan Year	Number of Active Projects	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Infrastructure Program	2022	47	\$47,606	\$1,193	\$46,413
	2021	49	48,554	14,372	34,182
	2020	51	65,610	33,499	32,111
	2019	23	26,345	16,305	10,040
	2018 & older	19	101,684	81,085	20,599
Infrastructure Program Total		189	\$289,799	\$146,454	\$143,345
Building Program	2022	9	21,519	49	21,470
	2021	13	109,686	5,331	104,355
	2020	8	17,411	4,167	13,244
	2019	13	18,443	7,640	10,803
	2018 & older	13	155,135	116,390	38,745
Building Program Total		56	\$322,194	\$133,577	\$188,617
Parks Program	2022	10	7,492	10	7,482
	2021	11	12,450	806	11,644
	2020	8	10,505	1,884	8,621
	2019	11	12,297	6,112	6,185
	2018 & older	25	35,892	24,157	11,735
Parks Program Total		65	\$78,636	\$32,969	\$45,667
Construction Related Programs		310	\$690,629	\$313,000	\$377,629

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

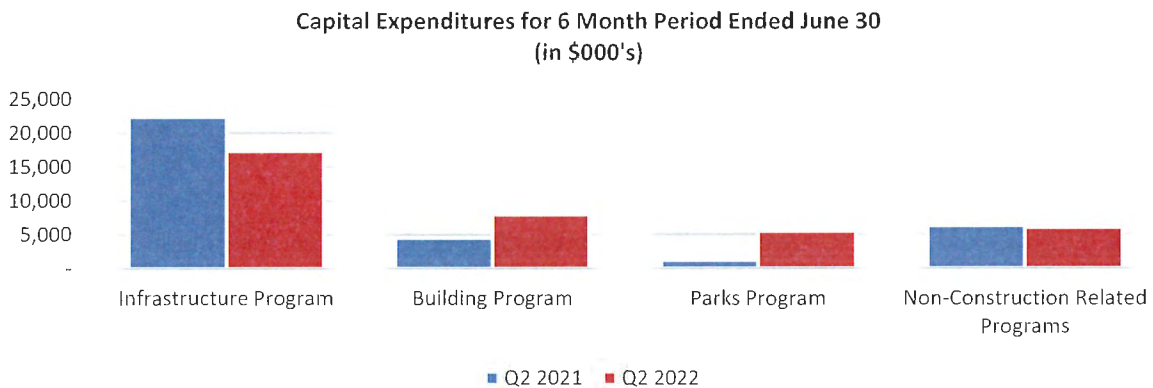
Program	Plan Year	Number of Active Projects	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Affordable Housing Program	2022	1	400	-	400
	2021	3	3,999	239	3,760
	2020	1	400	33	367
	2019	2	425	-	425
	2018 & older	2	3,000	126	2,874
Affordable Housing Program Total		9	\$8,224	\$398	\$7,826
Child Care Program	2022	1	200	-	200
	2021	1	112	74	38
	2018 & older	1	100	11	89
Child Care Program Total		3	\$412	\$85	\$327
Equipment Program	2022	16	10,686	350	10,336
	2021	11	8,459	2,865	5,594
	2020	7	5,336	2,741	2,595
	2019	11	13,941	7,998	5,943
	2018 & older	12	12,591	8,294	4,297
Equipment Program Total		57	\$51,013	\$22,248	\$28,765
Land Program	2022	1	5,000	-	5,000
	2021	2	30,000	-	30,000
	2020	1	10,000	1,759	8,241
	2019	1	10,000	-	10,000
	2018 & older	4	52,044	13,124	38,920
Land Program Total		9	\$107,044	\$14,883	\$92,161
Public Art Program	2022	1	210	49	161
	2021	1	185	168	17
	2020	1	745	496	249
	2019	1	563	144	419
	2018 & older	3	5,434	4,790	644
Public Art Program Total		7	\$7,137	\$5,647	\$1,490
Contingent External Contribution	2022	1	8,335	-	8,335
Contingent External Contribution Total		1	\$8,335	\$-	\$8,335
Non-construction Related Programs		86	\$182,165	\$43,261	\$138,904
Grand Total		396	\$872,794	\$356,261	\$516,533

An estimate of \$10M was included in the 2022 Capital Budget for external grants or contributions that may be approved throughout the year but were not included in the original capital submissions. Funding is transferred to the approved applicable projects only when the external grants or contributions are confirmed. As of June 30, 2022, \$1,664,790 was transferred to the approved applicable projects.

YEAR TO DATE CAPITAL EXPENDITURES

The following is an overview of the actual capital expenditures on a cash-basis for the 6 month period ended June 30.

Figure 1 – Capital Expenditures for the 6 Month Period Ended June 30



Infrastructure Program:

The \$5.0M year-over-year decrease in capital expenditure is mainly driven by \$3.0M for Canada Line Capstan Station and \$1.9M for Eckersley B Sanitary Pump Station incurred in 2021.

Building Program:

The \$3.4M year-over-year increase is mainly driven by \$1.3M for Animal Shelter Replacement, \$1.1M for Richmond Curling Club Ice Plant Replacement and Other Systems and \$0.7M Capital Buildings Project Development Advanced Design.

Parks Program:

The \$4.2M year-over-year increase is mainly driven by \$2.6M of parkland acquisition at 8528 Ash Street, \$0.8M for Minoru Lakes Renewal, and \$0.7M for Aberdeen Park - Phase 3.

Non-Construction Related Programs:

The \$0.3M year-over-year decrease is mainly driven by \$2.6M spent on fire vehicle purchases in Q2 2022 offset against \$2.9M in spending for other vehicle purchases and equipment in 2021.

The following are capital projects with the highest current year-to-date capital expenditures (actuals on a cash-basis) as at June 30, 2022.

Table 2: Capital projects with the highest current year-to-date capital expenditures (in \$'000s)

Project Name	Current Year-to-Date
	Actuals
Parkland Acquisition (2017)	\$2,583
Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020)	2,220
Animal Shelter Replacement (2018)	1,952
Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2021)	1,803
Fire Vehicle Replacement Reserve Purchases (2019)	1,510
Watermain Replacement Upgrades Program (2021)	1,433
Fire Vehicle (2019)	1,122
Burkeville Utility Improvements Drainage (2021)	997
Flood Protection & Dike Improvements (2019)	987
Capital Buildings Project Development Advanced Design (2021)	886

CAPITAL BUDGET REALLOCATION

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocation was recorded in the second quarter of 2022 and has not yet been reported to Council:

Table 3: Budget Reallocation (in \$'000s)

Program	Transfer From	Transfer To	Amount
Equipment	Data Centre Server Refresh / Update (Phase 1 of 2) (2020)	Network Load balancer Refresh (2021)	\$3
Total Budget Reallocation			\$3

During the second quarter, the City received the following significant external contributions from various funding partners:

- \$750,000 from Federation of Canadian Municipalities for the Municipalities Climate Innovation Program to support the deep energy and greenhouse gas emission reduction project planned for the Library Cultural Centre
- \$430,096 from Public Safety Canada National Disaster Mitigation Program (NDMP) to build the Steveston Highway and No. 3 Road Drainage Pump Station
- \$154,040 from Transport Canada for the traffic signal project at Williams Road and Shell Road

GRANT APPLICATIONS

During the second quarter, the City received approvals for various grant applications relating to:

- Funding of \$2,243,898 committed by Investing in Canada Infrastructure Program - Community, Culture and Recreation (CCR) for the conversion of the Cultural Centre Annex (previously known as Minoru Place Activity Centre) to Arts Centre
- Funding of \$1,892,000 committed by Translink for the Major Road Network and Bike (MRNB) Upgrade Program
- Funding of \$1,749,500 committed by Translink for the Bicycle Infrastructure Capital Cost Share (BICCS) Program
- Funding of \$330,000 committed by Translink for the Walking Infrastructure to Transit (WITT) Program
- Funding of \$99,000 committed by Translink for the Transit Related Road Infrastructure (TRRIP) Program

The City is currently awaiting results for the following grant applications:

- Government of Canada Disaster Mitigation and Adaption Fund (2021) for various dike improvement and drainage pump station upgrade projects for a funding of \$38,720,000
- Government of Canada Active Transportation Fund for the City Centre Cycling Network Expansion project for a funding of \$4,110,000
- Province of British Columbia Investing in Canada Infrastructure Program Green Infrastructure - Environmental Quality Sub Stream Fund for the Minoru Park Stormwater Detention Pond and Sustainability Improvements project for a funding of \$2,309,895
- Public Safety Canada National Disaster Mitigation Program (NDMP) - Intake 6 Fund for the Steveston Island Preliminary Dike Design project for a funding of \$500,000
- Government of Canada Canada Community Revitalization Fund (CCRF) for the London Heritage Farm Revitalization project for a funding of \$459,000

HIGHLIGHTS OF KEY CAPITAL PROJECTS

Information on key capital projects include the adjusted project budgets including transfers from other projects and budget amendments, actuals on a cash-basis, and remaining commitments as at June 30, 2022.

INFRASTRUCTURE

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

There are continued upgrades for drainage and sanitary pump stations, dikes and roads throughout the City along with infrastructure improvements in the Burkeville area, Steveston

area and various other locations. Table 4 provides the highlights for the key infrastructure capital projects.

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

Program	Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Drainage	Drainage Pump Station and Diking Upgrades – Federal Grant (2020-2022)	\$12,216	\$5,763	\$6,453
Drainage	Burkeville Utility Improvements Drainage (2021)	2,026	1,404	622
Road & Drainage	No. 4 Road Reconstruction and Box Culvert Repair from Blundell Road to Granville Avenue (2018, 2020)	2,786	1,817	969
Road	Annual Asphalt Re-Paving Program - MRN and Non MRN (2021)	4,933	862	4,071
Road	Annual Asphalt Re-Paving Program - MRN and Non MRN (2022)	5,032	378	4,654
Sanitary	Steveston Sanitary Sewer (2020-2022)	7,400	925	6,475
Water	Watermain Replacement Program (2021)	6,196	2,419	3,777
Water	Thompson Gate Pressure Reducing Valve Station (2020)	1,500	722	778
Total Key Infrastructure Capital Projects		\$42,089	\$14,290	\$27,799

BUILDING

The Building Program includes major building construction and renovation projects as well as minor facility upgrades. Table 5 provides the highlights for the key building capital projects.

Table 5: Key Building Capital Projects (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Animal Shelter Replacement (2018)*	\$8,000	\$5,812	\$2,188
Richmond Curling Club - Priority 1 Repairs (2022)	650	-	650
Richmond Ice Centre Infrastructure Renewals - Phase 1 (2020)	6,850	1,523	5,327
Community Safety Building (2020)	1,420	86	1,334
Richmond Courthouse (2019-2020)	1,932	173	1,759
Britannia Shipyards Envelope & Mechanical System Renewals (2022)	2,125	30	2,095
Watermania Mechanical and Pool Equipment Renewals (2022)	2,295	-	2,295
Minoru Arenas (2019, 2021)*	4,580	2,432	2,148
Cultural Centre Annex (formerly Minoru Place Activity Centre) Program - Implementation (2019)	3,326	210	3,116

*As projects are nearing completion and updated cost projection are available, it is estimated that a combined \$2.1M remaining budget could be returned to the original funding source upon project closure.

Table 5: Key Building Capital Projects (in \$'000s) - continued

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
City Hall Infrastructure Replacement (2020-2021)	4,270	247	4,023
Works Yard Improvements (2018-2019)	4,222	1,771	2,451
Steveston Community Centre and Branch Library (2021)	95,000	32	94,968
Total Key Building Capital Projects	\$134,670	\$12,316	\$122,354

Attachment 1 includes the Q2 2022 Construction Update on Engineering and Public Works Capital Projects as well as the project budget and the scheduled construction completion.

PARKS

The Parks program includes the development and replacement of parks, trails, community garden and natural areas in Richmond. Key Parks capital projects are summarized in Table 6 below with the project highlights outlined in Attachment 2.

Table 6: Key Parks Capital Projects (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Alexandra Neighbourhood Park (formerly West Cambie Park) (2019)	\$1,770	\$1,345	\$425
Aberdeen Park Playground and Garden Construction (2018)	1,250	1,250	-
Garden City Lands Phase 2 and 3 (2016-2018)	6,170	3,356	2,814
City-wide Community Gardens (2020-2021)	380	225	155
Minoru Lakes Renewal (2019-2021)	9,810	1,208	8,602
King George Artificial Turf Field Replacement (2021)	850	-	850
Lang Park Completion (2020)	275	145	130
London Heritage Farm Master Plan Phase 1 (2022)	612	6	606
Dog Park Upgrades (2021)	200	1	199
London/Steveston Neighbourhood Park (2017, 2019-2020)	950	669	281
Hollybridge Pier/Middle Arm (2010, 2012, 2015)	2,350	2,033	317
The Gardens Agricultural Park (2015)	1,100	598	502
South Arm Park Renewal (2021)	300	-	300
Playground Improvement & Replacement (2018, 2020-2022)	2,050	964	1,086
Parks Aging Infrastructure (2018-2022)	2,720	1,861	859
Parks General Development (2020-2022)	1,350	345	1,005
Parks Identity Signage Program (2021-2022)	200	32	168
Total Key Parks Capital Projects	\$32,337	\$14,038	\$18,299

TRANSPORTATION

The Transportation department implements a range of capital projects each year throughout Richmond, including new or widening of existing arterial roads, traffic signals, sidewalks, walkways, bicycle lanes, upgrades to transit-related road infrastructures and traffic safety and traffic calming projects. Table 7 provides the highlights for the key Transportation capital projects.

Garden City Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road

This project adds separated cycling and pedestrian facilities along a popular cycling route to improve public safety and contribute to the City’s long-term objective of providing physical separation between cyclists and motor vehicles along arterial roads. The addition of an extruded curb and paving of a 1.8m wide cycling path have been completed. This adds an additional 350m of separated cycling path to the City network, while maintaining the existing number of vehicle travel lanes. Completion is expected by Q4 2022.

Active Transportation Improvement Program

Through the City’s Active Transportation Program, delineators were installed along on-street cycling lanes along Granville Avenue. This feature creates a physical barrier separating cyclists and vehicles, which is proven to improve cyclist safety and reduce collisions. Works were substantially completed in Q2, installing 3.4km of delineators along Granville Avenue from Garden City Road to Railway Avenue.

Arterial Road Improvement Program

Through the Arterial Road Improvement Program, Transportation has been making improvements to reduce collisions and improve pedestrian and cycling safety at intersections, such as the removal of channelized right-turn islands. At the northwest intersection of Garden City Road and Lansdowne Road, the channelized right-turn lane and corresponding island were removed and replaced with a standard curb return and pedestrian facilities. A 40m section of the southbound on-street bike lane was also upgraded to an off-street bike path including an additional 25m of boulevard. This project connects to the work on the west side of Garden City Road between Lansdowne Road and Westminster Highway where the paved shoulder was upgraded to a protected multi-use pathway. Two other channelized island removals within this project are slated to be completed by Q4 2022.

Table 7: Key Transportation Capital Projects (in \$’000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Garden City Road Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road (2019)	\$1,000	\$732	\$268
Active Transportation Improvement Program (2020)	900	329	571
Arterial Roadway Improvement Program (2020)	800	255	545
Total Key Transportation Capital Projects	\$2,700	\$1,316	\$1,384

AFFORDABLE HOUSING

The City of Richmond recognizes that a range of housing choices is essential in creating a diverse, inclusive and livable community in Richmond. After being the first municipality in Metro Vancouver to establish an Affordable Housing Reserve Fund, the City has consistently used a range of tools to facilitate the development of affordable housing. The City takes an active role in the creation of affordable housing by working in partnership with senior levels of government, non-profit organizations and the private sector. The key affordable housing capital projects are highlighted below and summarized in Table 8.

Affordable Housing Projects – City Wide

Included in the Affordable Housing Projects – City Wide, the City is partnering with BC Housing and Pathways Clubhouse to build new affordable housing on City-owned land at 5491 No. 2 Road. The six-storey building will provide 80 new homes for single people, families and seniors. Rental rates will accommodate both low-income and moderate-income households. Construction is scheduled to start in 2022.

Bridgeport Supportive housing

The City has partnered with BC Housing to develop 40 units of supportive housing on City-owned land on Smith Street. The Bridgeport Supportive Housing will provide housing and on-site support to help Richmond residents experiencing homelessness transition to housing stability. Building occupancy is targeted for 2022.

Table 8: Key Affordable Housing Capital Projects (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Affordable Housing Projects – City Wide (2017)	\$2,600	\$126	\$2,474
Bridgeport Supportive housing (2021)	250	-	250
Total Key Affordable Housing Capital Projects	\$2,850	\$126	\$2,724

EQUIPMENT

The equipment program includes machinery and vehicles for Public Works (PW), Fire Rescue Services, City Hall computer hardware, software and other miscellaneous equipment. Table 9 provides the highlight for the key equipment capital projects.

Energy Management Projects

The mechanical update at Richmond Library Cultural Centre (LCC) involved implementing a deep greenhouse gas emission and energy-efficient retrofit of heating and cooling systems. The replacement of LCC's mechanical system will ensure reliability and continuity of the facility's heating and cooling services, resulting in a 60% GHG reduction (160 tonnes CO₂e) annually over its lifecycle. The City has submitted the required documents and received funding from CleanBC (BC Hydro) and the Federation of Canadian Municipalities. The project has been completed.

Energy Management Projects - Gas Equipment Replacement and Upgrade Phase 1

This project involves an upgrade to the heating and cooling control system equipment at the Steveston Tennis Shed, two buildings within the City's Operation Works Yard, and one building in the Britannia Shipyard. This capital project budget also covers the heating replacement at Richmond City Hall and Thompson Community Centre. The project is at the early stage of the design.

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

The Vehicle and Equipment Reserve Purchases projects in Plan Year 2019 to 2022 are currently in replacement progress. These projects have combined outstanding acquisitions that involve over 70 vehicles and pieces of equipment that have been identified for replacement. As of Q2 2022, 11 of these outstanding units have been completed and 39 units are on order.

Public Electric Vehicle Charging Expansion

This project involves the installation of 20 charging stations at 8 different locations throughout the city. The charging stations are now operational and the project is complete. According to the grant agreement, a final report will be submitted to Natural Resources Canada (NRCan).

Fire Vehicle Replacement Reserve Purchases

Annual Replacement of vehicles are planned within the Fire department dependent on age, condition and industry standards. The process for replacing Fire Vehicles is based on annual testing and development of specifications for vehicle replacements. Steps include: developing specification for the replacement of front line apparatus, sending bid information out to the marketplace, evaluating submissions, and awarding accordingly. The projects have combined outstanding acquisitions of 4 front line vehicles and 5 support vehicles. The Fire Vehicle and Equipment Reserve Purchases projects in Plan Year 2019 to 2022 are currently in development stage of the required specifications.

Closed Circuit Television for Signalized Intersections

This project is being done in coordination with the Traffic Department. The closed circuit television cameras operate on the fibre optic network and additional cameras will be implemented based on the timing of the fibre optic network and new traffic signals upgrades in the City. Phase 3 of the project is planned in 2023.

Bylaws License Plate Recognition (LPR) System

The License Plate Recognition project under the Parking Department is near completion. The project is in its final stage and should be fully operational by end of fourth quarter 2022.

Vehicles for RCMP Detachment Team

The operational requirements for the RCMP detachment include support vehicles to be used by the municipal staff for work related duties only. The acquisition of these vehicles was deferred due to global supply chain issues. However, the vehicles are currently being sourced with the expectation that they will be electric or hybrid vehicles in line with the Sustainable Green Fleet Policy 2020.

Master Customer Data

There is an increasing expectation from Richmond residents and businesses to access City online services at any time and from any location, and the City's Digital Strategy has provided a wide range of benefits to users including increased availability and access to streamlined processes. The latest initiative to support this objective is the MyRichmond module, MyBusiness, which was launched in July 2022. MyBusiness offers business owners a comprehensive dashboard of information and available services at a glance, allowing them to apply for, obtain approvals and pay for business licenses without leaving the comfort of their home or office.

Business Continuity Transition to Laptops

This project invests in the technical infrastructure required to support staff to be able to work remotely and ensure the City has the capacity to operate business services during emergency events and planned site interruptions. This project was significant to continuing business operations during the recent COVID-19 pandemic and has mostly completed its deployment, with estimated completion in Q3 2022.

Field Devices

This initiative supports equipping City field workers with devices to securely interface with Public Works asset management systems, allowing remote access and the ability to update service status while working offsite. Completion is expected by Q3 2022.

Oracle RAC Enterprise and Solaris SPARC Server Upgrades

Oracle Real Application Clusters (RAC) are mission-critical database component services used in the City's financial, payroll, taxation, Public Works asset management, identity access management and Geographic Information Systems (GIS). This project will implement a cost-effective, highly available and modernized Oracle Database RAC infrastructure. Equipment has been installed and production database migration is estimated to complete by Q4 2022.

Annual Hardware Refresh

This is a planned annual replacement program for end-of-service City computer hardware, which includes desktops, laptops, backup printers, monitors, cellular phones and iPads. This approach maintains business productivity, reduces maintenance costs and ensures computer hardware is technically appropriate for the software applications used in City business services and practices. Equipment is scheduled for ongoing replacement during the year.

Table 9: Key Equipment Capital Projects (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Energy Management Projects (2017)	\$3,339	\$2,971	\$368
Energy Management Projects - Gas Equipment Replacement and Upgrade Phase 1 (2019)	675	7	668
Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2019-2022)	14,382	4,999	9,383
Public Electric Vehicle Charging Expansion (2019)	700	589	111

Table 9: Key Equipment Capital Projects (in \$'000s) - continued

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
Fire Vehicle Replacement Reserve Purchases (2019-2022)	8,297	3,818	4,479
Closed Circuit Television for Signalized Intersections (2018)	2,185	1,281	904
Bylaws License Plate Recognition (LPR) System (2016)	208	172	36
Vehicles for RCMP Detachment Team (2014)	105	-	105
Master Customer Data (2015)	900	320	580
Business Continuity Transition to Laptops (2021)	365	262	103
Field devices (2021)	281	204	77
Oracle RAC Enterprise and Solaris SPARC Server Upgrades (2021)	850	779	71
Annual Hardware Refresh (2021-2022)	1,041	284	757
Total Key Equipment Capital Projects	\$33,328	\$15,686	\$17,642

PUBLIC ART

The Public Art Program is a self-sustaining project funded by private development contributions to the Public Art Reserve. The key Public Art capital project is highlighted below in Table 10.

West Cambie Neighbourhood Park Public Art Project

The functional artwork, titled Pergola Garden, installed at Alexandra Park, is based on the theme of “Connectivity, Ecology, Infrastructure and History”. Inspired by its landscape setting, the artwork will provide shelter for park visitors enjoying picnics, taking part in exercises, or watching performance. The installation was completed in Q2 2022.

Table 10: Key Public Art Capital Project (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Expected Commitments / Work In Progress
West Cambie Neighbourhood Park Public Art Project (2018)	\$725	\$553	\$172
Total Key Public Art Capital Projects	\$725	\$553	\$172

CAPITAL PROJECTS EXPECTED TO BE COMPLETED IN NEXT QUARTER

The following active capital projects are expected to be completed in Q3 2022.

Table 11: Capital Projects Expected to be Completed in Next Quarter

Program	Project Name
Infrastructure Program	Active Transportation Improvement Program (2020)
	Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018)
	Annual Asphalt Re-Paving Program - MRN (2020)
	Annual Asphalt Re-Paving Program - Non-MRN (2020)
	Arterial Roadway Improvement Program (2019)
	Burkeville Utility Improvements Drainage (2021)
	Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020)
	Eckersley B Sanitary Pump Station (2020)
	Laneway Drainage Upgrade (2021)
	SCADA System Improvements (2021)
	South Dike Repair - Gilbert Road Area (2021)
	Steveston Highway & No. 3 Road Pump Station Upgrade (2019)
Building Program	Gateway Theatre Infrastructure Replacements - First Stage (2018)
	Gateway Theatre Infrastructure Replacements Phase 2 (2019)
	Gateway Theatre Lighting Infrastructure and Systems Renewal (2018)
	Gateway Theatre Main Stage Lighting Replacement (2017)
	Library and Cultural Centre Chiller Replacement (2017)
	Library Cultural Centre Conveyence Replacements (2019)
	Minoru Arenas - Mechanical & Life Safety System Renewals (2021)
Equipment Program	2018 Digital Strategy Implementation (2018)
	Business Process Management Suite (BPMS) (2016)
	Data Centre Server Refresh / Update (Phase 1 of 2) (2020)
	Master Customer Data (2015)
	MS SQL Server Refresh (2022)
	Network Load balancer Refresh (2021)
	Oracle RAC Enterprise and Solaris SPARC Server Upgrades (2021)
	Program Registration & Facility Booking Solution (2017)

CAPITAL PROJECTS COMPLETED IN THE QUARTER

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

Table 12: Projects Closed in the Quarter Ended June 30, 2022 (in \$'000s)

Project Name	Budget	Actuals as at June 30, 2022	Remaining Budget
Laneway Drainage Upgrade (2020)	\$1,460	\$1,450	\$10
Laneway Drainage Upgrade - Herbert East Lane (2019)	542	537	5
Canal Stabilization (2020)	500	500	-

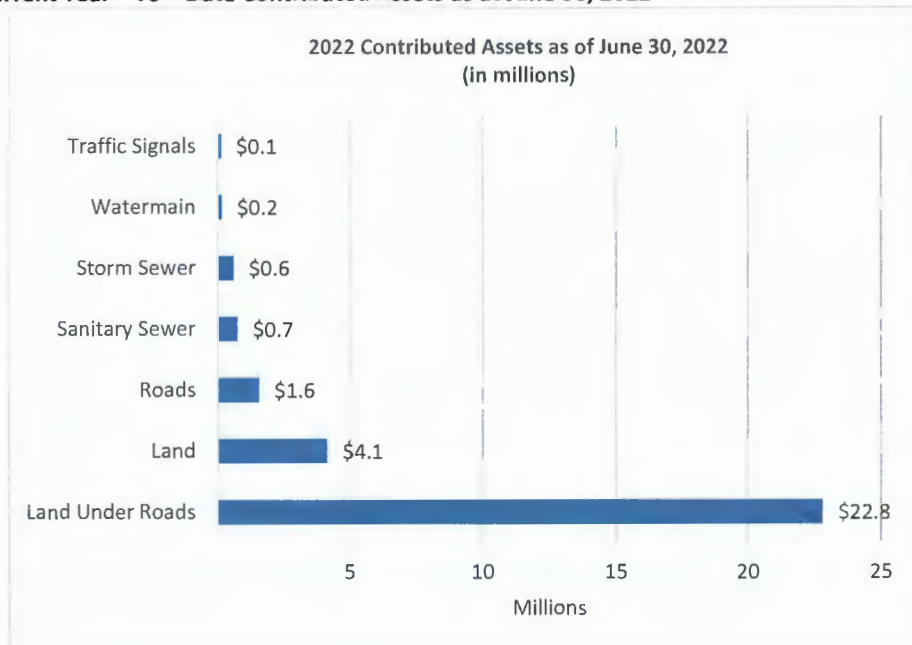
Table 12: Projects Closed in the Quarter Ended June 30, 2022 (in \$'000s) - continued

Project Name	Budget	Actuals as at June 30, 2022	Remaining Budget
Electrical Power Capacity Design for Shore Power & Electrical Vehicle Charging (2018)	331	327	4
Public Works Minor Capital - Sanitation & Recycling (2019)	300	296	4
PeopleSoft HCM 9.2 Update 2020 (2020)	227	227	-
Integrated Payment Approval (2015)	100	65	35
Child Care Projects - City-wide (Capital Grants) (2022)	50	50	-
Child Care Projects - City-wide Non-Capital Grants (2022)	10	7	3
Total	\$3,520	\$3,459	\$61

CONTRIBUTED ASSETS

Included in the Consolidated 5 Year Financial Plan (2022-2026) Bylaw was an estimated \$54.8M for assets that are transferred to the City by developers and third parties. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. Any variance between the budgeted and the actual contributed assets received will be included in the annual surplus reported on the financial statements. The following assets totalling \$30.1M have been recorded as of June 30, 2022:

Figure 2 – Current Year – To – Date Contributed Assets as at June 30, 2022



Land Under Roads are roads dedicated to the City as part of rezoning applications and consists of the following significant asset contributions:

- A strip of land along the south side of Lansdowne Road and the east side of Minoru Boulevard for the rezoning application for the property at 5740 Minoru Boulevard. The fair market value is recorded at \$9.5M
- The lane on the east side of Minoru Boulevard is part of the rezoning application for the property at 6533 Park Road and is recorded at the fair market value of \$8.1M
- Two strips of land along the north and south sides of the property at 8091 Capstan Way is recorded at the fair market value of \$4.3M

Included in Land is:

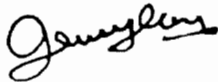
- The linear parkland along the north side of the property at 5740 Minoru Boulevard recorded at the fair market value of \$4.1M

Financial Impact

None.

Conclusion

This report provides information on active capital projects that were previously approved by Council. All previously approved active capital projects are currently within budget.



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

JH:sx

- Att. 1: Q2 2022 Construction Update on Engineering and Public Works Capital Projects
- 2: Q2 2022 Construction Update on Parks Capital Projects

Q2 2022 Construction Update on Engineering and Public Works Capital Projects

Flood Protection

Drainage Pump Station and Diking Upgrades – Federal Grant

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the multi-year \$34.45M Flood Protection Program that are budgeted from 2020 to 2025. This project includes the upgrades of various drainage pump station and diking upgrades. The construction of Steveston Highway and Gilbert Road drainage pump station and the South Dike Upgrades from No. 3 Road to west of No. 4 Road are scheduled to be completed by Q3 2022. Construction for the South Dike Upgrade at No. 9 Road has commenced, with construction completion anticipated in Q1 2023. The design of the South Dike Upgrade at No. 4 Road to No. 5 Road is currently underway and construction is planned to commence in 2024.

Burkeville Area Drainage, Watermain and Sanitary Sewer Upgrades

This project consists of upgrades to the City's storm sewer capacity. Aging watermain and sanitary sewers will also be upgraded at the same time to minimize ongoing disruption to residents and overall construction costs. This project will be performed in phases over 5 to 10 years. Phase 3 construction is underway and is anticipated to be complete by Q3 2022. Phase 4 will commence Q4 2022.

Roads

No. 4 Road Reconstruction and Box Culvert Repair from Blundell Road to Granville Avenue

This project involves the reconstruction of the northbound lanes of No. 4 Road from Blundell Road to Granville Avenue. This section has settled over the years resulting in road surface deterioration. In addition, the joints in the drainage box culvert located on the west side of No. 4 Road are failing and are repaired through this project. Roadway repaving has been completed and the project is substantially complete.

Paving Program – Various Locations – City-Wide

The annual Paving Program works have commenced and enabling concrete works are ongoing. Upcoming locations include No. 5 Road / North of Cambie Road, 7411 No. 1 Road, and various spot repairs. Paving of 5000 – 6000 Block Granville Avenue is underway and the paving program is scheduled to be complete in Q4 2022.

Sanitary Sewers

Steveston Sanitary Sewer

This project includes the rehabilitation and upgrades to the City's sanitary sewer in the Steveston catchment. This project will be performed in phases over a 5 to 10 year period. Ongoing work includes pipe condition assessment and preliminary field investigation. This project utilizes trenchless technology which will reduce disruption to nearby residents and businesses during construction. The next phase of construction includes sanitary works in the back laneways of Regent Street, west of 4th Avenue and Hunt Street, east of 4th Avenue and is scheduled to commence in Q3 2022.

Water

Watermain Replacement Program

This project replaces and upsizes aging watermains at the end of their service life with PVC pipe, in line with the City's Aging Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. Watermain replacement at Monteith Road is substantially complete. City crews have commenced work in the Nevis and Petts neighborhood, including replacement of the watermain on Williams Road between Gilbert Road and No. 3 Road. Completion is anticipated in Q2 2023.

Thompson Gate Pressure Reducing Valve (PRV) Station

This project includes the construction of a new PRV station on Boundary Road and Thompson Gate to connect the neighbourhood's watermain system to Metro Vancouver's Annacis transmission main. Completion of the project is required to provide adequate flows to support upcoming development in the area. Construction of the PRV station is substantially complete.

Buildings

Richmond Animal Shelter

The project scope includes upgrading the existing 4,580 sq. ft. facility and building a new 1,600 sq. ft. addition. This work will support the growing population of Richmond, while providing improved facilities, amenities and a high quality environment for animal care. Construction was completed in Q1 2022, an Occupancy Permit was received and transitioning of the animals to their new spaces was completed in Q2 2022. A grand opening was held on July 22, 2022.

Richmond Curling Club

The ammonia ice plant at the Richmond Curling Club was replaced with a new energy efficient, low ammonia system to meet current engineering code and provincial operating regulations. Construction of the ice plant was completed in Q1 2022.

The Richmond Curling Club also requires significant repairs to the building envelope to stop current water ingress and prevent future water damage. The repair work will include roofing works and the replacement of various building envelope components including drains, window sills, and doors. 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. Completion is anticipated for Q2 2023.

Richmond Ice Centre

Richmond Ice Centre is a 155,000 sq. ft. facility that includes six ice rinks, change rooms, a restaurant and concession, as well as retail spaces. Existing aging equipment and infrastructure will be replaced with new and more efficient alternatives. This includes the roof, ice rink floors and various mechanical equipment. The equipment and infrastructure replacements will minimize unplanned maintenance and improve life and safety for the users and operators. The construction started in Q1 2022 and is anticipated for completion in Q4 2023. To enhance the

public experience, this project is multi-phased to minimize impact on programming, operations and service levels.

Community Safety Building

The heat pump system has reached the end of its life expectancy. This is the last phase of the heat pump replacement works, which will prevent service disruption and potential closure for this building. The design is complete and construction is ongoing with anticipated completion in Q3 2022.

Richmond Courthouse

The two-storey, 64,000 sq. ft. Courthouse and Annex buildings were originally built in 1975 and include spaces for the Attorney General Office, Richmond Community Corrections and Richmond Family Justice Centre. Aging rooftop mechanical equipment and the electrical panel 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. The perimeter drainage system, floor slab repairs and releveling and minor building envelope repairs will also be completed. Design was completed in Q1 2022 and construction is anticipated to begin in Q4 2022.

Hummingbird Child Care Centre

Design and construction for this project is the responsibility of the developer, Aspac Development Ltd. Construction completion is anticipated by Q4 2022.

Britannia Shipyards

Within the Britannia Shipyard National Historical Site, there are many buildings that require exterior maintenance, roofing and cladding repairs. Additionally, a new dust extraction system will be installed in the Richmond Boat Builders Building, restoring the building's use as a functional workshop. Construction will begin in Q3 2022 with anticipated completion in Q2 2023.

Watermania

Watermania is part of the Riverport Sports and Entertainment Complex, and offers a complete aquatic and fitness experience. 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. Construction completion is anticipated in Q4 2023.

Minoru Arenas

Building infrastructure renewals and replacements include mechanical and electrical upgrades, life and safety equipment upgrades and architectural improvements of the mezzanine viewing area and change rooms. Construction has commenced and is anticipated for completion in Q3 2022.

Cultural Centre Annex

The Cultural Centre Annex (previously known as Minoru Place Activity Centre) will be repurposed to serve as a Community Arts Programming and Education space. The project includes the renovation of interior spaces to accommodate programming for two dance studios

(with ancillary spaces), a pottery studio, a media arts studio, three multipurpose program rooms (one with a workshop), flex lobby space, reception and administration offices. This project is partially funded by the Provincial and Federal Government through the Investing in Canada Infrastructure Program – Community, Culture and Recreation Program. Construction start is anticipated to commence by Q4 2022, following decommissioning of the space, currently being occupied by BC Housing as an Emergency Response Centre.

City Hall

The green roof membrane above Council Chambers and the fifth floor terrace roof has failed and is starting to leak. Roof replacement work will be completed from the building exterior and no disruption to normal Council Chamber business is anticipated. The work will be completed by Q4 2022.

In addition, the electrical room cooling units, Council Chambers fan coil and hot water control valves at City Hall will be replaced with modern energy efficient systems. Most of the work will occur within unoccupied space such as the main mechanical and electrical rooms and will have minimal disruption to normal City operations. Other work includes replacement of the sewage ejector pump, renewal of the underground parking lines and replacement of various life-safety devices. Construction completion is anticipated by Q1 2023.

Works Yard

Buildings in general at the Works Yard have aged beyond their expected lifespan. In advance of a broader rebuilding program being finalised and funded, there are many building components within each of the active Works Yard facilities that require replacement in order to maintain operability. Design is complete and construction is in progress. Construction is estimated to be completed by Q4 2022.

Design has commenced for electrical upgrades and installation of new Electric Vehicle (EV) infrastructure with anticipated construction completion in Q3 2023.

Steveston Community Centre and Branch Library

The Major Facility Phase 2 project is progressing with the approval of the site location, program totaling 60,350 sq. ft., concept design, capital budget, and most recently award of contracts for Architectural Services and Pre-Construction Construction Manager Services. Public engagement for the Form and Character Design is now complete. Enabling Works for site preparation are anticipated to begin by Q4 2022. The current facility will be demolished after the three-storey replacement building is complete, which is anticipated by Q1 2026.

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
INFRASTRUCTURE - ENGINEERING				
ROADS				
1	No. 4 Road Reconstruction from Blundell Road to Granville Ave (2018)	Granville Avenue to Blundell Road	\$2,786	Complete
	Box Culvert Repair (2020)			
2	Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018)	Alderbridge Way Multi-Use Pathway (MUP) - Shell Road to No. 4 Road	\$1,200	Q3 2022
3	Arterial Roadway Improvement Program (2019)	Railway Greenway - Intersection Improvements for Pedestrians and Cyclists at Blundell, Francis, and Williams	\$450	Q3 2022
4	Active Transportation Improvement Program (2018)	Charles Street MUP - Sexsmith to Bridgeport Canada Line Station, Browngate Road, Garden City Road (Francis Rd-Williams Rd): rebuild MUP on west side	\$2,000	Q4 2022
	Active Transportation Improvement Program (2019)			
5	Annual Asphalt Re-Paving Program - MRN (2021)	Annual asphalt re-paving	\$1,589	Q4 2022
6	Annual Asphalt Re-Paving Program - Non-MRN (2021)	Annual asphalt re-paving	\$3,344	Q4 2022
7	Arterial Roadway Improvement Program (2018)	River Road Sidewalk - No. 6 Road to Burdette Street, Sidewalk Upgrades - Lucas at No. 3 Road	\$350	Q4 2022
8	Bridge Rehabilitation Program (2019)	Various locations Citywide including West Dike Trail Bridge	\$300	Q4 2022
9	Cambie Road / No. 5 Road – Intersection Improvements (2020)	Intersection safety improvement at Cambie Road and No. 5 Road, including Left Turn (LT) lanes on all 4 legs and MUPs	\$2,760	Q4 2022
10	Annual Asphalt Re-Paving Program - MRN (2022)	Annual asphalt re-paving	\$1,621	Q4 2022
11	Annual Asphalt Re-Paving Program - Non-MRN (2022)	Annual asphalt re-paving	\$3,411	Q4 2022
12	Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (2019)	Steveston Highway Multi-Use Pathway – Shell Road to Mortfield Gate	\$2,410	Q2 2023

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
13	Steveston Highway Multi-Use Pathway, Mortfield Gate to No. 2 Road (2020)	Steveston Highway Multi-Use Pathway - Mortfield Gate to No. 2 Road	\$6,600	Q3 2023
14	Street Light LED Upgrade Program (2022)	City-wide Light Emitting Diode (LED) street light replacement program	\$490	Q3 2023
DRAINAGE				
15	Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020)	First phase of drainage pump station upgrades and perimeter dike raising design including pump stations at Steveston Highway and Gilbert Road, and south dike upgrades from No. 3 Road to Finn Slough	\$4,516	Q3 2022
16	Burkeville Utility Improvements Drainage (2021)	Burkeville Drainage Upgrades (Third phase of construction)	\$2,026	Q3 2022
17	Steveston Highway & No. 3 Road Pump Station Upgrade (2019)	Upgrades to the existing drainage pump station at Steveston Highway and No. 3 Road	\$2,439	Q3 2022
18	Laneway Drainage Upgrade (2021)	Laneway drainage upgrade at Railway Avenue East Lane	\$800	Q3 2022
19	Laneway Drainage Upgrade (2022)	Ashwood Drive/Francis Road Lane and Seaton Road North Lane	\$1,183	Q4 2022
20	Storm Main Drainage Upgrade (2021)	Drainage improvements at the intersection of Gilbert Road and Steveston Highway	\$950	Q2 2023
21	Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2021)	Second phase of drainage pump station upgrades and perimeter dike raising design including dike upgrades from No. 3 Road to Finn Slough, and dike upgrades from No. 9 Road to Dyke Road	\$5,000	Q4 2023
22	Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2022)	Third phase of drainage pump station upgrades and perimeter dike raising design including dike upgrades from No. 4 Road to No. 5 Road	\$2,700	Q4 2024
SANITARY				
23	Hamilton Area Sanitary Sewer and Pump Station (2020)	Sanitary pump station located in Hamilton VLA Park	\$2,800	Complete
24	Sanitary Sewer Tie-in and Restoration (2021)	Sanitary sewer tie-in and restoration	\$150	Q3 2023

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
25	Steveston Gravity Sewer Replacement and Rehabilitation (2020)	Multi-year sanitary rehabilitation and upgrade program in the Steveston area	\$7,400	Q3 2023
	Gravity Sewer Rehabilitation and Upgrades (2021)			
	Steveston Sanitary Sewer and Hammersmith Forcemain Rehabilitation (2022)			
WATER				
26	Watermain Replacement Upgrades Program (2020)	Watermain Replacement Program - Monteith Area	\$5,793	Complete
27	Thompson Gate Pressure Reducing Valve Station (2020)	Water pressure reducing valve station to reduce Metro Vancouver's distribution pressure to local pressure to provide additional water service to the East Richmond area	\$1,500	Complete
28	Watermain Tie-in and Restoration (2021)	Watermain tie-in and restoration	\$200	Q2 2023
29	Watermain Replacement Upgrades Program (2021)	Watermain Replacement Program - Nevis/Petts Area, Danube/Minler Area, Springfield Area, No. 3 Road, Terra Nova Park and Granville Avenue	\$6,196	Q3 2023
30	Watermain Replacement Upgrades Program (2022)	Watermain Replacement Program - Sealord Neighbourhood 2, No. 7 Road, and Montego/Aztec	\$5,566	Q3 2024
BUILDINGS - PROJECT DEVELOPMENT				
31	Thompson Community Centre & Hall Infrastructure Renewals (2021)	Infrastructure Upgrades	\$900	Complete
32	Minoru Arenas - Mechanical & Life Safety System Renewals (2021)	Mechanical and Life Safety Renewals	\$1,280	Q3 2022
33	Community Safety Building - Mechanical Component Replacements and Associated Works (2020)	Components Replacement	\$1,420	Q3 2022

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
34	Hamilton Community Centre - HVAC Replacement (2021)	Heating, Ventilation, and Air Conditioning (HVAC) Replacements	\$500	Q4 2022
35	Works Yard Mechanical Replacements (2019)	Mechanical Systems Replacement	\$1,707	Q4 2022
36	Works Yard Aging Mechanical and Building Envelope Infrastructure Replacement (2018)	Site wide infrastructure replacements	\$2,515	Q4 2022
37	Minor Capital Buildings Project Development	29 projects (roof replacement, flooring, mechanical equipment, etc.)	\$4,613	Q4 2022
38	City Hall Council Chamber Roof Replacement (2021)	Council Chamber Roof Replacement	\$1,640	Q4 2022
39	City Hall - Replacement of Mechanical, Life/Safety, and Envelope Components and Associated Works (2020)	Replacement Components	\$2,630	Q1 2023
40	Community Safety Building Emergency Power and Interior Upgrades (2021)	Emergency Power Upgrades	\$890	Q1 2023
41	Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works (2020)	Infrastructure Replacements	\$1,932	Q2 2023
	Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works (2019)			
42	Cultural Centre Annex (previously known as Minoru Place Activity Centre) Program - Implementation (2019)	Repurposing	\$3,326	Q2 2023

	Project Name	Scope of Work	Capital Funding (x1000)	Scheduled Construction Completion
43	Richmond Curling Club - Priority 1 Repairs (2022)	Infrastructure Repairs and Replacements	\$650	Q2 2023
44	Britannia Shipyards Envelope & Mechanical System Renewals (2022)	Infrastructure and Envelope Upgrades	\$2,125	Q2 2023
45	Works Yard Electrical Service Upgrade and EV Infrastructure (2020)	Electrical Upgrade and Electric vehicle (EV) Infrastructure	\$1,982	Q3 2023
46	Richmond Ice Centre Infrastructure Renewals - Phase 1 (2020)	Infrastructure Renewals	\$13,700	Q4 2023
	Richmond Ice Centre Renewals - Phase 2 Design and associated works (2021)			
	Richmond Ice Centre Renewals - Phase 2 Construction and associated works (2022)			
47	Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (2019)	Mechanical and Envelope Replacement	\$1,341	Q4 2023
48	Watermania Mechanical and Pool Equipment Renewals (2022)	Infrastructure Renewals	\$2,295	Q4 2023
49	West Richmond Community Centre - HVAC and Mechanical renewals (2021)	HVAC Renewals	\$1,330	Q4 2023
50	Steveston Community Centre and Branch Library (2021)	Replacement of Existing Facility	\$95,000	Q1 2026
	Steveston Community Centre and Branch Library Contingency (2021)			

Q2 2022 Construction Update on Parks Capital Projects

Alexandra Neighbourhood Park

Alexandra Neighbourhood Park is located in the newly established Alexandra neighbourhood, at the intersection of Odlin Road and May Drive. In March 2019, Council approved the re-naming of this park from West Cambie Park to Alexandra Neighbourhood Park. Request for Proposals (RFPs) for the work was issued in **Q2 2020**, and the construction contract was awarded in **Q2 2021**. Construction was completed in **Q2 2022** and the park is on a one-year maintenance period. The project team will work with the contractor to monitor and address minor outstanding deficiencies during this time. The official park opening event was held on June 8, 2022.

Aberdeen Neighbourhood Park – Phase 2

Aberdeen Neighbourhood Park is located at the intersection of Cambie Road and Hazelbridge Way. In July 2017, Council approved the re-naming of this new park from Cambie City Centre to Aberdeen Neighbourhood Park. The RFP for Phase 2 works was issued in **Q3 2020**. The construction contract was awarded in **Q2 2021** and park construction is underway. Some pandemic-related supply chain issues were encountered, which delayed progress slightly. The Phase 2 playground opened to the public in **Q2 2022**. Overall park construction is approximately 95% complete, with an opening event held on July 27, 2022.

Garden City Lands (GCL)

The construction of the community gardens was completed in **Q1 2022** and is now officially open to gardeners. An extensive contaminated sites testing program commenced in **Q4 2021** with a Qualified Environmental Professional (QEP) engaged. The QEP will take soil samples for testing and further analysis. Staff have installed benches along the Perimeter Recreational Trail, and installation of additional native tree and shrub plantings were finished in **Q2 2022** along the same trail, in the vicinity of No. 4 Road and a portion of Alderbridge Way. Planting along Westminster Highway and Garden City Road are expected to proceed in **Q4 2022**. Soil from the Polygon Talisman site has been imported and placed on site in **Q2 2022** and will continue in **Q3 2022**; soil will be placed on the Kwantlen Polytechnic University (KPU) farm site. Soil screening will proceed in **Q3 2022** to ensure the highest quality of soil is placed on site. The Perimeter Recreational Trail will remain open to residents to enjoy the site during this time.

City-wide Community Gardens

Several new community gardens are being planned for construction throughout the City in 2022. As per Council direction, three new community gardens are under construction along the Railway Greenway. Prior to construction, public consultation and engagement by staff with the immediate neighbouring residents took place in **Q2 2022**. Construction is underway and anticipated to be completed by end of **Q3 2022**. An expansion of the Cook Community Gardens was completed in **Q2 2022** with 40 new community garden plots, including two wheelchair accessible plots. Staff will continue to update Council as the project proceeds.

Minoru Lakes Renewal

Construction started in late **Q1 2022**. The existing lakes were dewatered in compliance with environmental regulations. In **Q2 2022**, demolition of existing structures and walls were completed with earthworks prioritizing rough grading at key areas including foundations, pools and walls. Drainage, electrical and mechanical infrastructure upgrades have started and will proceed into **Q3 2022**. A plumbing permit is pending for new water service and irrigation works. Subsurface construction is prioritized for **Q3 2022** followed by lake embankments, boardwalks, bridges and viewing platforms. Finished surfaces and furnishings including plazas, benches, picnic tables, light poles, trails and planting are targeted to start in early **Q4 2022**.

King George Park – Artificial Turf Field Replacement

Synthetic sports fields generally last 8 to 12 years depending on the usage and the maintenance of the fields. Originally constructed in 2008, the King George field is currently being replaced with a new synthetic sports surface and a shock attenuation base-pad for extended durability and performance playability. The new sports surfacing system will also include a Thermoplastic Elastomer (TPE) infill with enhanced environmental and playability benefits to replace the old crumb rubber infill. Construction operations are anticipated to be completed by **Q3 2022** (weather dependent).

Lang Park Redevelopment Plan – Phase 3 Completion

The current construction phase of the Lang Park Redevelopment Plan includes an overhead shelter, table tennis tables and a community book exchange kiosk as part of the approved park program to address the needs of the community. The table tennis table installations and book exchange kiosk were completed in **Q1 2021**. Fabrication of the overhead shelter steel frame was completed in **Q3 2021**. Materials for the shelter's roof assembly were purchased in late **Q2 2022** for work to proceed in **Q3 2022**.

London Heritage Farm – Master Plan Phase 1

Council approved the Heritage Alteration Permit (HAP) in **Q1 2022**. Components of the project were completed in **Q2 2022** including an apiary expansion, chicken run renovations and heritage garden planting. Remaining site improvements include pathway accessibility improvements, furnishings, signage, heritage displays and a boardwalk. Construction activities such as earthworks and pathway improvements are planned for **Q3 2022** to minimize impacts to site operations, such as the allotment gardens and heritage programs.

Dog Park Upgrades

The existing Steveston Dogs Off-leash Area is slated to be upgraded in 2022. Upgrades are expected to include improved surfacing, play features, tree planting, site furnishings and a drinking fountain. Detailed design has started in **Q1 2022**. Public consultation and engagement by staff with the Steveston Community took place in **Q2 2022**. Construction is anticipated to start in late **Q3 2022**.

London/Steveston Neighbourhood Park

London/Steveston Neighbourhood Park enhancements are being implemented in phases. The first phase was completed in 2018 and included greenway connections to No. 2 Road. The second phase was completed in 2019, included a pathway loop, trees, landforms and stormwater detention ponds.

The third phase of the project includes a playground, half-court basketball plaza and park shelter. Construction of the playground and the half-court basketball plaza were completed in 2020. The park shelter was installed in **Q1 2021**. The fourth and final phase of enhancements include an off-leash dog park. The off-leash area will include a variety of surface treatments, fencing, play elements, tree planting and site furnishings. Preliminary planning and design work are expected to commence in **Q3 2022**.

Hollybridge Pier/Middle Arm

This project is the continuation of the Oval West waterfront development as part of the Middle Arm waterfront with a new public pier at the end of Hollybridge Way. The project has been halted as the City has received a final decision letter from the Ministry of Forest, Lands, Natural Resources Operations and Rural Development (FLNRORD), stating that the City's application to construct a public pier has been rejected. **Further consultation is required for the potential next steps to move the project forward.**

The Gardens Agricultural Park

Rehabilitation of the existing park features has been completed, including pathways, a bridge, planting and site furnishings. The northern section of the park was previously closed off to the public for safety reasons, and has now been reopened following completion of pathway and landscape improvements. As the Province has recently announced the approval of the George Massey Crossing Project, staff will study its impact to the implementation of the approved park concept.

South Arm Community Park Renewal

South Arm Community Park Renewal includes enhanced trail connections, plaza, expanded picnic areas, new furnishings and shade trees. Detailed design is currently underway with the playground improvement project, with construction anticipated to start in **Q3 2022**.

Playground Improvement and Replacement

- South Arm Community Park Playground – Construction is expected to start in late **Q3 2022**.
- Steveston Community Park Playground Renewal – A staff report on the Steveston Community Park Playground Next Steps received Council support in **Q1 2021**. The RFP was issued to market in **Q1 2022** and the contract was awarded in **Q2 2022**. Detailed design is underway.
- Great West Cannery Park Playground – Site survey was completed in **Q2 2022** and site analysis is planned for **Q3 2022**.

Parks Aging Infrastructure

- No. 3 Road Pier – A conditional assessment of the pier was completed in 2021. Minor repairs to the piled foundation was completed in **Q4 2021**, however, more damage has been identified due to the storms experienced this past fall and winter season. Further repairs to the sheer boom and piled dolphins are anticipated for **Q4 2022**.

- No. 2 Road Pier – A Structural Conditional Assessment was completed in August 2018. Phase 1 repairs for the pile foundation repairs were completed in **Q3 2020**. Replacement of the perimeter rail fence was completed in **Q4 2020**. Planning for Phase 2 of the pile foundation replacement is now anticipated for 2023. A capital submission will be submitted for consideration in the future year's budget process.
- Terra Nova/Spul'u'Kwuks Park Tennis Courts – Minor crack repairs were completed in **Q2 2022**.
- King George Park caretaker's house and public washrooms drainage upgrades have been substantially completed in **Q1 2022**. Repairs to the pathways and sidewalks for the new drainage are anticipated for completion in **Q3 2022**.
- Repairs to the King George water spray park's surfacing were completed in **Q2 2022** in time for the summer season.
- Minoru Park – Throwing Centre (Hammer and Discus Cage) replacement of the sports surfacing system was completed in **Q2 2022**.

Parks General Development

- McDonald Beach Park – As a result of the ongoing erosion along the beach waterfront, a new pathway was constructed in **Q1 2022** from the parking lot to the east end of the beach as part of an alternate trail system.
- Terra Nova Park – Phase 1 of the new fencing around the community gardens was completed in **Q2 2022**. Planning for Phase 2 is underway.
- Lighting at Fentiman Place in Steveston Park was completed in **Q2 2022**.

Parks Identity Signage Program

This project consists of the design and fabrication of various Park and Open Space signage including wayfinding and identity signs. Completed sites for the signage include various neighbourhood park locations in the Thompson area, e.g., Brighthouse, Dover, Gibbons, Thompson, McCallan, Terra Nova School, Terra Nova South and Quilchena.

Fabrication and installation of new bases and signs are currently underway for Birch, Blundell, General Currie, Gilmore, Grauer, Katsura, McKay, Morris, Palmer and Paulik parks. An additional 12 new park identification locations are currently being reviewed, and site plans are being developed for parks west of No. 2 Road between Francis Road and Williams Road. Additional works are also in progress for Garden City Park Arboretum interpretation signage upgrade.



City of Richmond

Report to Committee

To: Finance Committee

Date: August 11, 2022

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

File: 01-0060-20-LIEC1/2022-Vol 01

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

Re: 2022 Q2 Financial Information for the Lulu Island Energy Company

Staff Recommendation

That the Lulu Island Energy Company report titled "2022 Q2 Financial Information for the Lulu Island Energy Company", dated August 11, 2022, from the Chief Executive Officer and Chief Financial Officer, be received for information.

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

Jerry Chong, CPA, CA
General Manager, Finance and
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 	



Report

To: Board of Directors **Date:** July 27, 2022
From: Jerry Chong, CPA, CA,
Chief Financial Officer
Re: Lulu Island Energy Company – 2022 2nd Quarter Financial Information

Staff Recommendation

That the 2nd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2022 2nd Quarter Financial Information”, dated July 27, 2022, be approved.

Background

Lulu Island Energy Company (LIEC), a corporation wholly-owned by the City of Richmond, was established to provide district energy services on behalf of the City. This report 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, 2022 (Attachment 1) and the interim income statement for the period ended June 30, 2022 (Attachment 2).

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) \$17,610,092 and non-current assets (plant and equipment) \$42,494,860. The total assets are \$60,104,952. The total liabilities of \$25,481,244 include outstanding invoices, deferred contributions and concession liabilities. The shareholder’s equity represents the net worth of the company. It is equal to the total assets minus its total liabilities and measures the company’s financial health. As of June 30, 2022, LIEC’s shareholder equity is \$34,603,708, showing good financial health of the company. Year-to-date budget to actual numbers are shown in Attachment 3.

Revenues

The metered billing revenue is the total energy sales of Alexandra District Energy Utility (ADEU), Oval Village District Energy Utility (OVDEU) and Interim City Center District Energy Utility (ICCDEU) service areas. The year to date metered billings revenue is \$1,333,194 from the ADEU, \$1,556,642 from the OVDEU and \$299,786 from the ICCDEU. Overall, the first six months of metered billing revenue of \$3,189,623 increased by 20% over 2021. This reflects the addition of one new building connection, increased energy use from customers due to increased occupancy, and the approved 2022 rates. LIEC's second quarter income statement is shown in Attachment 4.

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 23% over 2021 due to the additional operations and maintenance work as a result of more buildings being serviced. The growth in energy demand, due to the addition of more buildings, and operation of the first on-site low carbon energy plant (LCEP), 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 55% compared to 2021. The amortization expense increased due to capital asset additions. The year-over-year cost of sales has increased by 17%. The gross margin as a percentage of revenue is 44% for 2022 compared to 50% in the first six months of 2021 due to higher non-controllable expenses.

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 in line with last year, but below budget due to three vacant positions, which are in the process of being filled. Two of the three positions have since been filled after the second quarter, and the third position is in the process of being filled. 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 and additional DEU assets being insured. Professional fees increased in comparison to 2021 due to the additional audit work required due to the increase in LIEC's financial position. Overall, the G&A expenses as a percentage of revenues is 15% compared to 17% in 2021.

Contributions and Financing Expenses

The contributions and financing expense section represents other sources of income and costs for the business. The developer contributions are higher than 2021 due to additional onsite assets placed into service.

Other income is made up of energy model review fees. The energy modeling review fee revenues are higher than 2021's due to the timing of anticipated building permit reviews. The net finance

cost is the result of year-to-date finance costs on concession liabilities, offset by interest income, which is higher than 2021 mainly due to the increase in the concession liability. The additional capital expenditure for OVDEU infrastructure has resulted in a higher balance of concession liability compared to the prior year, which also resulted in the additional assets.

LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure the company's financial performance, increased by 13% compared to the first six months of 2021. EBITA as a percentage of revenue is 56% for 2022 compared to 59% in 2021.

The year-to-date net income of \$956,168 has exceeded the prior year's quarterly net income and the year to date budgeted amount, while as a percentage of revenue is 26% which is in line with 2021. Consistent with the company's financial plan objectives, any net income will be retained 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.



Helen Zhao
Controller
(604-276-4053)

- Att. 1: Interim Statement of Financial Position as of June 30, 2022 (unaudited)
- 2: Interim Income Statement for the period ending June 30, 2022 (unaudited)
- 3: Year-To-Date Budget vs. Actual Comparison (unaudited)
- 4: LIEC Second Quarter Income Statement (unaudited)

Interim Statement of Financial Position (Unaudited)

	As of June 30 2022	As of December 31 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,470,050	\$11,707,794
Accounts receivable	3,077,624	1,676,423
Investments	4,062,418	4,047,518
	17,610,092	17,431,735
Non-current assets:		
Plant and equipment	42,494,860	38,905,146
	\$ 60,104,952	\$ 56,336,881
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,327,382	\$ 2,671,416
Deferred developer contributions	12,059,410	7,753,538
Concession liability	12,114,452	12,264,387
	25,481,244	22,689,341
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	7,206,593	6,250,425
	34,603,708	33,647,540
	\$ 60,104,952	\$ 56,336,881

Interim Income Statement (Unaudited)

	June 30 2022	June 30 2021	\$ Changes	% Change
Revenues				
Metered Billings (Quarterly)	\$ 3,189,623	\$ 2,657,581	\$ 532,042	20%
Service fee	490,750	490,500	125	0%
	3,680,373	3,148,081	532,292	17%
Cost of Sales				
Contracts	464,395	379,091	85,304	23%
Utilities	812,075	522,417	289,658	55%
Amortization	801,424	683,830	117,594	17%
	2077,894	1,585,338	492,556	31%
Gross margin	1,602,479	1,562,743	39,736	3%
General and Administration Expenses				
Salaries and benefits	431,455	421,130	10,325	2%
Administration expenses	42,720	39,262	3,458	9%
Insurance	47,627	44,004	3,623	8%
Professional Fees	33,750	28,718	5,032	18%
	555,552	533,114	22,438	4%
Net income before other items	1,046,927	1,029,629	17,298	2%
Contributions and Financing expense				
Developer contributions	184,055	107,432	76,623	59%
Other income	45,862	23,813	22,049	92%
Net financing cost	(320,676)	(309,064)	(11,612)	4%
	(90,759)	(177,819)	87,060	(49%)
Net Income	\$956,168	\$851,810	104,358	12%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 956,168	\$ 851,810	\$104,358	12%
Net Financing cost	320,676	309,064	11,612	4%
Amortization expense	801,424	683,830	117,594	17%
EBITA	\$2,078,268	\$1,844,704	\$233,564	13%

Notes:

	Ending June 30 2022	Ending June 30 2021
Percentage of Revenue		
Gross margin percentage	44%	50%
General and administration percentage	15%	17%
Net income percentage	26%	27%
EBITA percentage	56%	59%

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

	2022 Q2 Budget	2022 Q2 Actual	\$ Variance	% Variance
Revenues				
Metered Billings (Quarterly)	\$ 3,159,309	\$ 3,189,623	30,314	1%
Service fee	490,750	490,750	-	-%
	3,650,059	3,680,373	30,314	1%
Cost of Sales				
Contracts	700,275	464,395	(235,880)	(34%)
Utilities	769,872	812,075	42,203	5%
Amortization	895,524	801,424	(94,100)	(11%)
	2,365,671	1,693,233	(287,777)	(12%)
Gross margin	1,284,388	1,602,479	318,091	25%
General and Administration Expenses				
Salaries and benefits	481,565	431,455	(50,110)	(10%)
Administration expenses	73,919	42,720	(31,199)	(42%)
Insurance	60,000	47,627	(12,373)	(21%)
Professional Fees	44,400	33,750	(10,650)	(24%)
	659,884	555,552	(104,332)	(16%)
Net income before other items	624,504	1,046,927	422,423	68%
Contributions and Financing expense				
Developer contributions	259,985	184,055	(75,930)	(29%)
Other income	24,000	45,862	21,862	91%
Other expenses	(209,000)	-	209,000	(100%)
Net financing cost	(328,485)	(320,676)	7,809	(2%)
	(253,500)	(90,759)	162,741	(64%)
Net Income	\$371,004	\$956,168	\$585,164	158%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$371,004	\$956,168	\$585,164	158%
Net Financing cost	328,485	320,676	(7,809)	(2%)
Amortization expense	895,524	801,424	(94,100)	(11%)
EBITA	\$1,595,013	\$2,078,268	\$483,255	30%

LIEC Second Quarter Income Statement

	2022 Q2 Actual	2021 Q2 Actual	\$ Variance	% Variance
Revenues				
Metered Billings (Quarterly)	\$ 1,586,219	\$ 1,266,258	\$319,961	25%
Service fee	245,375	245,250	125	0%
	1,831,594	1,511,508	320,086	21%
Cost of Sales				
Contracts	287,118	211,011	76,107	36%
Utilities	417,910	161,406	256,504	159%
Amortization	406,923	376,768	30,155	8%
	1,111,951	749,185	362,766	48%
Gross margin	719,643	762,323	(42,680)	(6%)
General and Administration Expenses				
Salaries and benefits	222,882	212,785	10,097	5%
Administration expenses	21,628	18,739	2,889	15%
Insurance	18,877	15,254	3,624	24%
Professional Fees	-	9,988	(9,988)	(100%)
	263,387	256,766	6,621	3%
Net income before other items	456,256	505,557	(49,301)	(10%)
Contributions and Financing expense				
Developer contributions	98,517	53,749	44,768	83%
Other income	43,917	(1,291)	45,208	(3501%)
Net financing cost	(162,133)	(157,440)	(4,693)	3%
	(19,699)	(104,982)	85,284	(81%)
Net Income	\$436,557	\$400,575	\$35,982	9%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$527,311	\$400,575	\$35,982	9%
Net Financing cost	162,133	157,440	4,693	3%
Amortization expense	406,923	376,768	30,155	8%
EBITA	\$1,005,613	\$934,783	\$70,830	8%



City of Richmond

Report to Committee

To: Finance Committee

Date: August 18, 2022

From: Jerry Chong
GM, Finance & Corporate Services

File: 03-1200-09/2022-Vol
01

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2022 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ending June 30, 2022 from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong
GM, Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE
APPROVED BY CAO 

DATE: August 18, 2022

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 2022 Financial information**

Origin

This staff report addresses the second quarter financial results for the 3 months ended June 30, 2022 (“Q2”) which was endorsed by the Corporation’s Board of Directors.

During Q2 the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principles, the Corporation has remained agile. Below are some of the highlights of the activities undertaken during Q2.

Q2 Highlights

Community Use

The Oval continued to offer a variety of developmental programs, with ice programs proving to be particularly popular in Q2. Spring Learn to Skate registrations totaled 542, which was the highest for any single season of the Learn to Skate program. In Q2 2022, sport programs such as Learn to Skate, hockey and private lessons increased by 38% over Q2 2021.

Community groups representing 9 sports continued to utilize the Oval’s courts, ice rinks, and training areas to operate their programs and services. These programs and services included the following sports: aikido, basketball, football, figure skating, gymnastics, hockey, karate, soccer, and speed skating.

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

Sport events that took place in this quarter included: Sport Climbing BC Provincials, Wheelchair Rugby Canada Cup, Wheelchair Basketball BC Hoopfest, Volleyball Canada Women's National Team Tryouts, Volleyball Canada U14 Nationals, Volleyball BC U17/18 Provincials, Canadian Championships Men's and Women's Artistic Gymnastics, Delta Gymnastics Cash and Carry Cup, and Karate BC Provincials. Some of the future new events secured in Q2 by Events and Sport Hosting included: Hoop-Law 2022 Charity Basketball Tournament, 2022 Speed Skating BC Provincial Championships, 2023 Climbing Escalade Canada High Performance Competition, 2023 U17/18 Volleyball BC Provincials and the 2023 Karate BC Provincials.

National and Provincial Team training that occurred in Q2 included: Skateboard Canada training camp, BC Provincial Wheelchair Rugby training, Wheelchair Rugby Canada training camp, Ringette BC Assessment camps, Wheelchair Basketball Canada carding camp, Field Hockey Canada Next Gen Athlete Program, BC Hockey Female U16/U18 Regional camps, and Volleyball Canada Women's National Senior A and Next Gen Teams training.

Governance

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

Financial

Although the Oval's programming revenues are trending in a positive direction as we continue to progress towards pre-pandemic levels, an expected outcome of operating in this new environment are the additional expenses required to provide services to the public. Overall for Q2, the Corporation continued to exceed cautious budget targets. The results for the 3 months ended June 30, 2022 show income of \$30,000 after amortization compared to a budgeted loss of \$504,000, indicating a favorable variance of \$534,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2022 and page 5 for the statement of operations). In Q2, \$471,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q2

Revenues

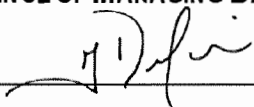
The Q2 portion of the estimated 2022 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,819,000 in Q2 and other revenue of \$409,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$638,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q2 2022 were \$1,576,000, facility operations costs were \$1,174,000, marketing expenses were \$143,000, and administration and finance expenses were \$734,000. Overall, expenditures were \$104,000 unfavorable to budget which is more than offset by the favorable variance in corresponding revenues.



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

REPORT CONCURRENCE
CONCURRENCE OF MANAGING DIRECTOR or CEO 

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at June 30, 2022

Unaudited, prepared by management

		Jun 30, 2022
ASSETS		
Financial Assets		
Cash	\$	1,192,485
Investments		14,704,521
Inventory		169,381
Accounts receivable		496,035
		18,424,922
Financial Liabilities		
Accounts payable and accrued liabilities		1,853,981
Deferred revenue		9,916,509
Rental deposits		7,373
		11,777,863
Net financial assets		6,647,059
Non-Financial Assets		
Tangible capital assets		11,740,206
Prepaid expenses and other deposits		452,605
		12,192,811
Accumulated Surplus (Note 1)	\$	18,839,870

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

Investment in capital assets	8,095,844
Reserves/Provisions	9,883,067
Common Shares	1
Surplus	860,958
18,839,870	

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 \$2.00M 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, 2022

Unaudited, prepared by management

	QTR 2 2022				YTD ended June 30, 2022				2022 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	938,573	938,573	-	0%	1,877,146	1,877,146	-	0%	3,754,292
Memberships, admissions and programs	1,279,308	1,819,061	539,753	42%	2,680,035	3,548,104	868,069	32%	5,854,079
Other	310,474	408,976	98,502	32%	597,653	702,380	104,727	18%	1,174,859
	3,459,605	4,097,860	638,255	18%	7,017,334	7,990,130	972,796	14%	14,508,230
EXPENSES									
Memberships, admissions and program services	1,325,182	1,576,082	(250,900)	-19%	2,662,465	2,999,596	(337,131)	-13%	5,544,075
Facility Operations	1,125,021	1,173,814	(48,793)	-4%	2,235,753	2,277,713	(41,960)	-2%	4,608,583
Marketing	159,319	142,943	16,376	10%	300,486	280,048	20,438	7%	545,155
Admin/Finance	818,218	734,434	83,784	10%	1,594,925	1,477,322	117,603	7%	3,391,864
Amortization	536,340	440,632	95,708	18%	1,022,250	883,205	139,045	14%	2,200,000
	3,964,080	4,067,905	(103,825)	-3%	7,815,879	7,917,884	(102,005)	-1%	16,289,677
Net Income/(Loss) (Note 1)	(504,475)	29,955	534,430	106%	(798,545)	72,246	870,791	109%	(1,781,447)

Note 1 - In Q2, \$0.47M 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 \$2.00M annually over the past 5 years.

Numbers may be off due to rounding.