



Finance Committee

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

Tuesday, September 7, 2021

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 5, 2021.*

FINANCE AND CORPORATE SERVICES DIVISION

1. **FINANCIAL INFORMATION – 2ND QUARTER JUNE 30, 2021**
(File Ref. No.) (REDMS No. 6713116)

FIN-8

See Page FIN-8 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2021”, dated August 6, 2021 from the Acting Director, Finance be received for information.

Pg. # ITEM

2. **ACTIVE CAPITAL PROJECTS INFORMATION - 2ND QUARTER JUNE 30, 2021**

(File Ref. No. 03-0975-01) (REDMS No. 6713219)

FIN-36

See Page FIN-36 for full report

Designated Speaker: Jenny Ho

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Information – 2nd Quarter June 30, 2021”, dated August 4, 2021 from the Acting Director, Finance be received for information.



LULU ISLAND ENERGY COMPANY

3. **LULU ISLAND ENERGY COMPANY – 2ND QUARTER JUNE 30, 2021 FINANCIAL INFORMATION**

(File Ref. No. 01-0060-20-LIEC) (REDMS No. 6726602)

FIN-67

See Page FIN-67 for full report

Designated Speakers: Alen Postolka & Jerry Chong

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2nd Quarter June 30, 2021 Financial Information”, dated August 10, 2021 from the Chief Executive Officer and Chief Financial Officer, be received for information.



RICHMOND OLYMPIC OVAL CORPORATION

4. **RICHMOND OLYMPIC OVAL CORPORATION - 2ND QUARTER 2021 FINANCIAL INFORMATION**

(REDMS No. 6730969)

FIN-75

See Page FIN-75 for full report

Designated Speaker: Rick Dusanj

Pg. # ITEM

STAFF RECOMMENDATION

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2021 from the Director, Finance of the Richmond Olympic Oval Corporation be received for information.

ADJOURNMENT



Finance Committee

Date: Monday, July 5, 2021

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 (by teleconference)
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 5:55 p.m.

MINUTES

It was moved and seconded

That the minutes of the Special Finance Committee meeting held on April 26, 2021, and the Finance Committee meeting held on June 7, 2021, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **REVENUE ANTICIPATION BORROWING (2021) BYLAW NO. 10270**
(File Ref. No. 03-0900-01 (REDMS No. 6689521))

It was moved and seconded

That Revenue Anticipation Borrowing (2021) Bylaw No. 10270 be introduced and given first, second and third readings.

CARRIED

Finance Committee
Monday, July 5, 2021

2. BANKING RESOLUTION UPDATE

(File Ref. No. 03-0900-01) (REDMS No. 6684789)

It was moved and seconded

That effective July 12, 2021, the banking resolution (part 9 of resolution R09/11-4) adopted by Council on June 8, 2009, be replaced with the following:

- (1) *All cheques be signed on behalf of the City by the Mayor or, in his/her absence, the Acting Mayor as determined by Council resolution, and counter-signed by the General Manager, Finance and Corporate Services or, in his/her absence, the Acting General Manager, Finance and Corporate Services. The use of a mechanical or other device in affixing a facsimile of their signatures to such cheques is also an acceptable means of authorization.*
- (2) *The following persons are authorized in all dealings (as described below) with the City's bank on behalf of the City:*
 - *Chief Administrative Officer, or in his/her absence, the Deputy Chief Administrative Officer*
 - *General Manager, Finance and Corporate Services, or in his/her absence, the Acting General Manager, Finance and Corporate Services*
 - *Director, Finance, or in his/her absence, the Acting Director, Finance*
 - *Manager, Revenue, or in his/her absence, the Acting Manager, Revenue*
 - *Manager, Treasury and Financial Services, or in his/her absence, the Acting Manager, Treasury and Financial Services*

Two of the above persons, one of whom must be the Chief Administrative Officer (in his/her absence, the Deputy Chief Administrative Officer), or the General Manager, Finance and Corporate Services (in his/her absence, the Acting General Manager, Finance and Corporate Services), or the Director, Finance (in his/her absence, the Acting Director, Finance), are authorized to:

- (a) *Provide instructions, verifications and approvals to the City's bank (without limitation) to transfer funds, wire payments and authorize debits on behalf of the City;*
- (b) *Enter into and authorize Financial Services Agreement, other banking agreements, cash management service requests, and electronic banking arrangements with the City's bank on behalf of the City;*

Finance Committee
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- (c) Obtain delivery of all or any stocks, bonds and other securities held in safekeeping or otherwise for the account of the City; and*
- (d) Give instructions to the City's bank and its subsidiaries in assisting with the management of the City's investments.*

Any one of the above persons is authorized to:

- (e) Negotiate with, deposit with, or transfer to the City's account, all or any cheques and other orders for the payment of money to the City, and to endorse such cheques and orders for the payment of money to the City, either in writing or by rubber stamp.*
- (3) Authorization from both the Mayor (in his/her absence the Acting Mayor) and the General Manager, Finance and Corporate Services (in his/her absence the Acting General Manager, Finance and Corporate Services or the Director, Finance), along with a copy of the adopted bylaw, are required for the City to obtain long-term borrowing from the City's bank and to grant security to the City's bank on behalf of the City.*
 - (4) The City's bank is authorized to honour, pay and charge to the account of the City, all City's written instructions bearing a facsimile or facsimiles of the signature of the above-mentioned authorized persons on the understanding that each instruction will be binding on the City to the same extent as though they had been manually signed.*
 - (5) This resolution:*
 - (a) Remains in force and effect until written notice to the contrary has been given in writing to, and acknowledged in writing by, the City's bank; and*
 - (b) Be certified by the Corporate Officer and provided to the City's bank, together with specimens of facsimiles of the signatures having authority to sign cheques and/or written instructions on behalf of the City.*

CARRIED

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:56 p.m.).

CARRIED

Finance Committee
Monday, July 5, 2021

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 5, 2021.

Mayor Malcolm D. Brodie
Chair

Shannon Unrau
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee **Date:** August 6, 2021
From: Ivy Wong, CPA, CMA **File:**
 Acting Director, Finance
Re: **Financial Information – 2nd Quarter June 30, 2021**

Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2021”, dated August 6, 2021 from the Acting Director, Finance be received for information.

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

Att: 5

| REPORT CONCURRENCE | | |
|------------------------------------|--|---|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| Arts, Culture & Heritage | <input checked="" type="checkbox"/> | <div style="text-align: center; margin-bottom: 10px;"> Acting GM, F&CS </div> <hr/> |
| Building Approvals | <input checked="" type="checkbox"/> | |
| Community Bylaws | <input checked="" type="checkbox"/> | |
| Community Social Development | <input checked="" type="checkbox"/> | |
| Development Applications | <input checked="" type="checkbox"/> | |
| Economic Development | <input checked="" type="checkbox"/> | |
| Engineering | <input checked="" type="checkbox"/> | |
| Facilities and Project Development | <input checked="" type="checkbox"/> | |
| Fire Rescue | <input checked="" type="checkbox"/> | |
| Information Technology | <input checked="" type="checkbox"/> | |
| Parks Services | <input checked="" type="checkbox"/> | |
| Public Works | <input checked="" type="checkbox"/> | |
| RCMP | <input checked="" type="checkbox"/> | |
| Real Estate Services | <input checked="" type="checkbox"/> | |
| Recreation & Sport Services | <input checked="" type="checkbox"/> | |
| Transportation | <input checked="" type="checkbox"/> | |
| Library Services | <input checked="" type="checkbox"/> | |
| SENIOR STAFF REPORT REVIEW | INITIALS: <div style="text-align: center; margin-top: 10px;"> </div> | APPROVED BY CAO <div style="text-align: center; margin-top: 10px;"> </div> |

Origin

Pre-audited financial information for the 2nd quarter ended June 30, 2021 is 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.

The COVID-19 pandemic began to impact the City's financial results in mid-March 2020 by the closure of public facilities, including libraries, community recreation centres, and cultural facilities. In May 2020, Council endorsed the Restoring Richmond Plan for the gradual reimplementation of program and services through a step-by-step approach to reopening various City services, amenities and facilities while maintaining physical distancing and public health guidelines as they continue to be updated. Due to the pandemic, the City continues to experience reductions in revenue such as gaming revenues, which will have a significant impact on future quarterly results. The length of the economic disruption and recovery is uncertain at this time as public health orders continue to be updated to address issues as they arise.

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.

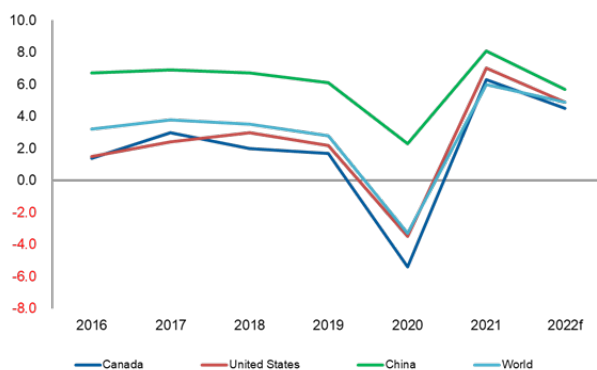
Analysis

Macroeconomic Indicators & Forecast

Economic growth prospects remain highly uncertain across the globe due to the ongoing COVID-19 pandemic. Expanding vaccine coverage is enabling increased activity and optimism, although recovery timelines vary by geography and sector. This reflects different levels of pandemic-induced disruptions and government policy support. New virus mutations, particularly the Delta variant, are adding additional elements of uncertainty regarding the extent and duration of the pandemic.

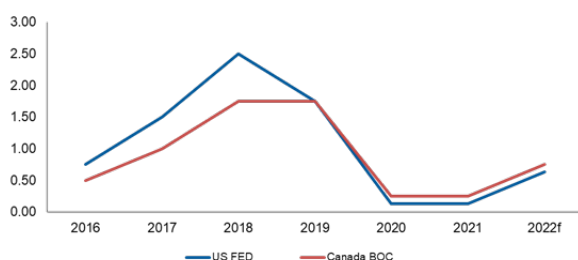
As public health restrictions subside, household spending is anticipated to fuel a surge in demand for services consumption as limited spending opportunities and high government transfers during the pandemic have resulted in an accumulation of personal savings.

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



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will increase by 6.0% in 2021, compared to a 3.2% decline in 2020.
- GDP forecasts have changed slightly since the April 2021 report reflecting fiscal support and improved health conditions in a few major economies, but also some delay in recoveries in many upstream producing nations. The overall global forecast remained unchanged while the outlook is diverging for advanced economies compared to emerging markets.
- 2020 marked the largest decline in Canada's economy since the Great Depression, but the year ended with strong rebound activity and GDP is forecasted to grow by 6.3% in 2021. The U.S. growth forecast for 2021 is 7%.
- Global GDP growth is expected to slow to 4.9% in 2022. Canadian, U.S. and China GDP growth forecasts are 4.5%, 4.9%, and 5.7%, respectively, for 2022.

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

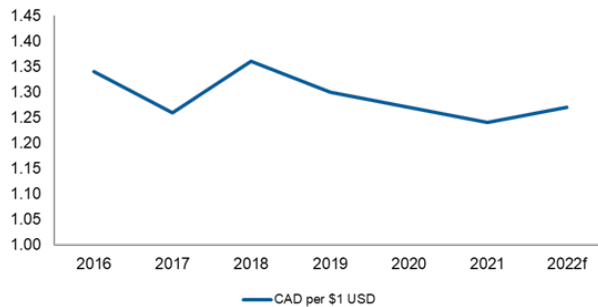


- At the end of Q1 2020, in response to the COVID-19 pandemic, the Bank of Canada (BoC) announced an emergency rate cut to 0.25% for the overnight lending rate where it has remained since that time.
- The BoC rate is forecasted to remain at its lower bound throughout 2021 and climb gradually once the inflation rate returns consistently to the 2 percent.
- The U.S. Federal Reserve (US FED) rate remained at 0.13% where it is expected to remain, potentially rising in 2022.

¹ International Monetary Fund, World Economic Outlook (July 2021)

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (July 2021)

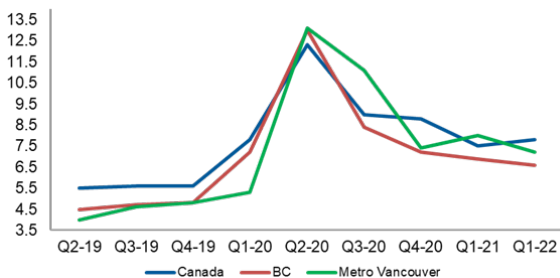
3) Exchange Rates – CAD/USD at Year-End³



- Due to a combination of better growth prospects boosting commodity prices and a weakening in the US dollar, the USD/CAD exchange rate ended Q2 2021 at \$1.24 CAD per \$1 USD.
- The Canadian dollar (CAD) is expected to end 2021 at \$1.25 CAD per \$1 USD and depreciate further to \$1.27 CAD per \$1 USD by the end of 2022.
- The value of the CAD against the USD will be dependent on the relative economic recovery in the two countries.
- A weaker Canadian dollar may benefit non-commodity export sectors, such as tourism, as cross-border economic activity resumes.

Regional & Local Economic Activity Indicators

4) Unemployment⁴

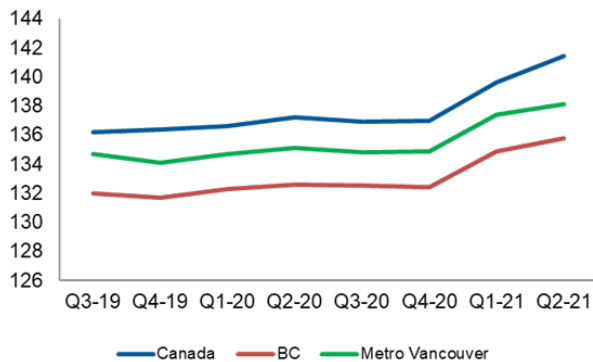


- While the unemployment rate in Canada improved in Q2, the rate has still not returned to pre-pandemic levels as more people have entered the workforce.
- Employment in some sectors has proven to be highly resilient and has surpassed levels seen before the pandemic. Those sectors most affected by public health restrictions, such as hospitality, have seen restrictions eased. However, it is proving challenging finding staff for some segments of the hospitality industry as many found new sectors of employment during the pandemic.
- At the end of Q2 2021 the Canada, BC and Metro Vancouver unemployment rates were 7.8%, 6.6% and 7.5%, respectively.

³ Royal Bank Economic Research Forecast (July 2021)

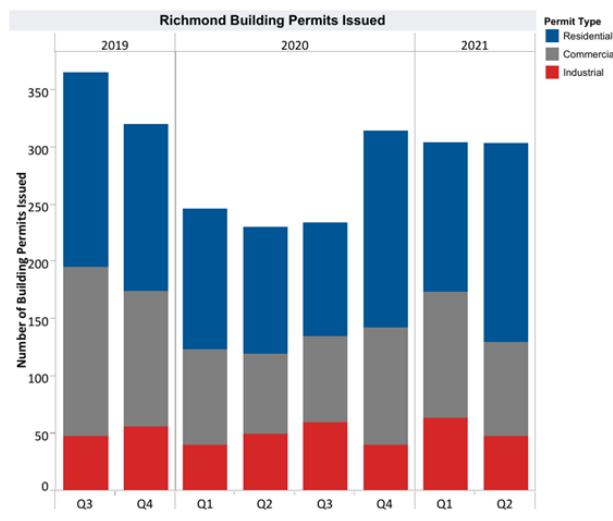
⁴ Statistics Canada

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



- At the end of Q2 2021, the Consumer Price Index increased by 3.1% in Canada (141.4), 2.4% in British Columbia (135.8), and 2.5% in Metro Vancouver (138.1), compared to the same period last year.
- The broad decline in prices in spring 2020 had an upward impact on consumer inflation by June 2021. Energy prices have surged due to a combination of higher demand and lower supply. Inflation is being monitored closely by the Bank of Canada and other central banks.

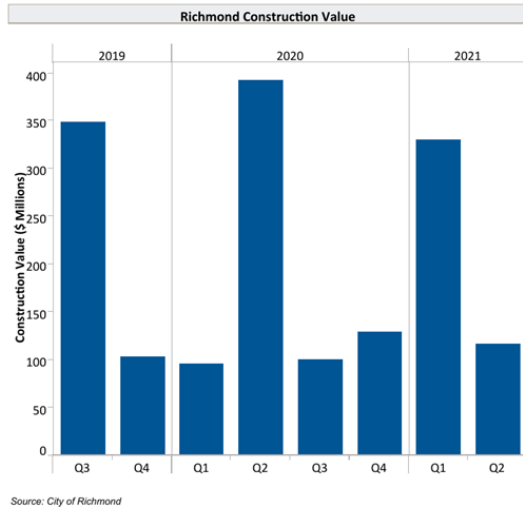
6) Building Permits – Richmond⁶



- In Q2 2021 there were 173 residential, 82 commercial, and 48 industrial building permits issued in Richmond. This represents a 31.7% increase in the total number of building permits issued over the same period in 2020.
- 177 new units are being added to the local housing supply through this new residential construction permitted in Q2 2021.
- Overall, there is a trend for larger, more complex multi-unit developments contributing a large portion of the number of housing units developed in Richmond. As a result, quarter to quarter, the number of units will fluctuate widely to reflect when such applications are issued as opposed to being a measure of development activity compared to the same time last year. The number of residential units developed as a comparison over the course of a year to account for adequate processing time for complex applications is a more valid comparison of residential activity.

⁵ Statistics Canada

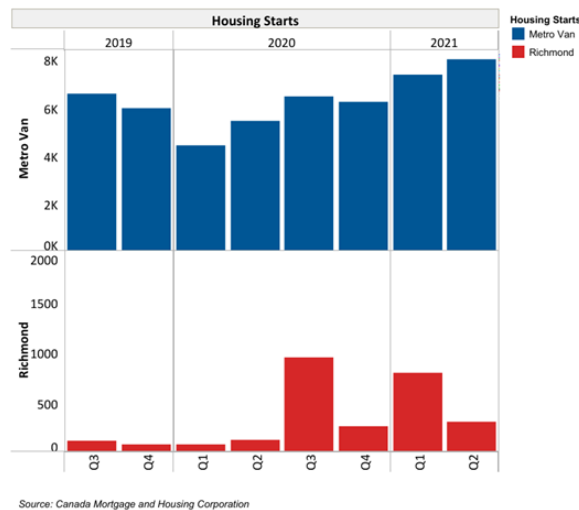
⁶ City of Richmond Building Permits



- \$117 million in construction value was registered in Q2 2021.

As with the data showing numbers of housing units, the quarter to quarter variation in construction value reflects the time when large, complex developments are issued. Q1 construction value suggests much higher activity in 2021 while Q2 suggests the opposite. Combining the construction value for the first 6 months of the year indicates construction activity comparable to the first 6 months as corroborated by building permit revenues.

7) Housing Starts⁷

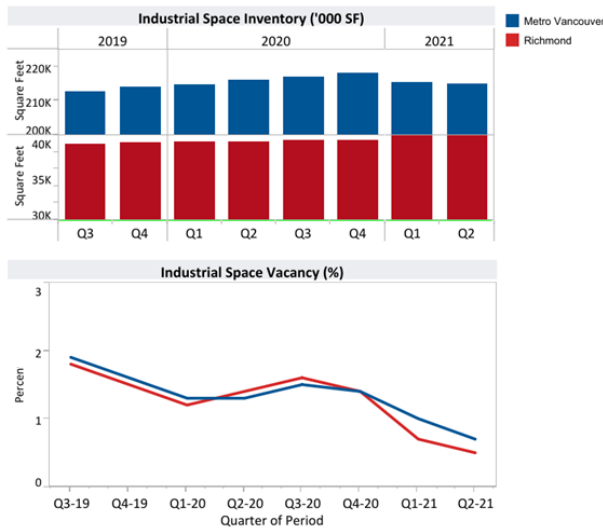


- In Q2 2021, there were 294 housing starts in Richmond and 7,972 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on their verification that construction work has commenced⁸.
- Year to date housing starts in Richmond and Metro Vancouver increased by 158% and 48.1%, respectively, over the same three-month period in 2020.
- The change in CHMC's housing start data for Richmond in Q2 2021 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

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.

8) Commercial Space⁹
 a) Industrial Space



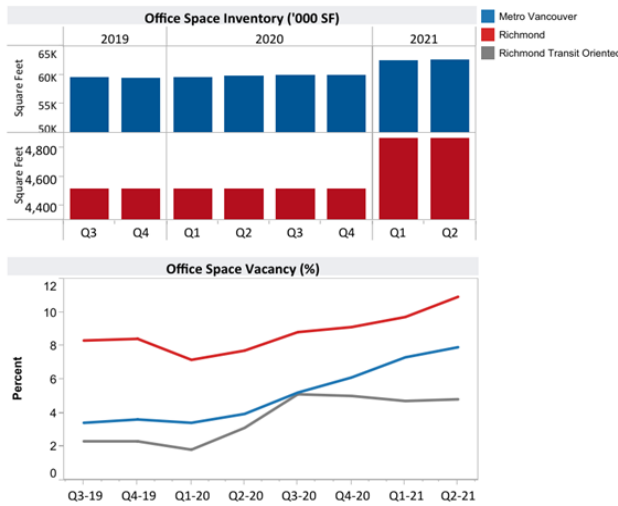
Industrial sales and leasing activity in Metro Vancouver continued to be strong in Q2 2021, spurred by factors including the acceleration of e-commerce adoption.

Approximately 64,000 square feet of industrial space has been added to Richmond’s inventory during the second quarter of 2021.

The industrial vacancy rate in Richmond decreased slightly from 0.7% in Q1 2021 to 0.5% in Q2 2021.

The region continues to face an acute shortage of industrial land and the industrial vacancy rate in Metro Vancouver was 0.7% at the end of Q2 2021.

b) Office Space



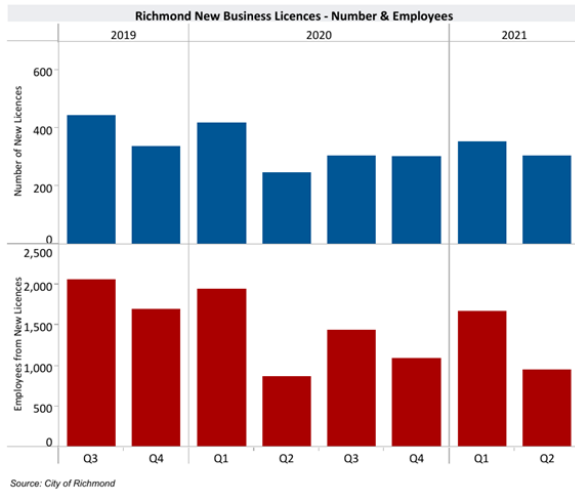
Source: Cushman & Wakefield

- At the end of Q2 2021 the office vacancy rate was 10.9% in Richmond and 7.7% in Metro Vancouver.
- The downtown Vancouver office market continued to be challenged, though some notable large lease transaction fueled optimism in longer term prospects.
- Office vacancy rates for Q2 2021 have increased by 41.6% in Richmond and 102.6% in Metro Vancouver compared to Q2 2020 due to increase in sublease activities in the third and fourth quarters of 2020 which resulted in negative absorption.
- Many office based businesses have been reconsidering their real estate footprints due to COVID-19 requiring employees to work remotely where possible, and the overall acceleration of the work from home trend.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

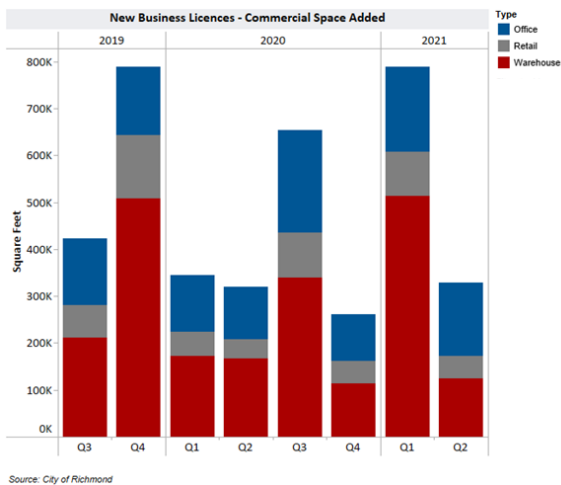
9) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



- 305 new business licenses (representing 954 jobs) were issued by the City of Richmond in Q2 2021, an increase of 24% compared to the same period last year. The number of licenses issued year-to-date is still 0.8% lower than the same period in 2020, which saw a couple months of regular activity prior to the beginning of the pandemic.
- Overall in 2020 the number of new business licenses issued decreased by 31.4% so the new business license activity and associated revenues experienced in the first two quarters of 2021 show significant signs of improvement.
- The number of total valid business licenses at the end of Q2 2021 was 13,586, only 0.6% lower than the same period last year and 3.5% lower than pre-COVID at the end of Q1 2020 when the total number of valid business licenses was 14,039.

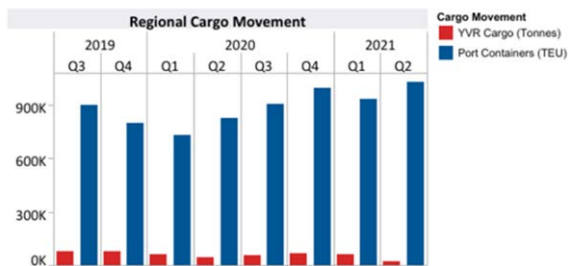
b) New Business Licences – Commercial Space



- 328,000 square feet of commercial space absorption was tied to the new business licenses issued from April through June 2021.
- Office space represented the largest share of absorption, at 155,288 square feet, followed by industrial (123,806 square feet), and retail (48,894 square feet).

10) Goods and People Movement

a) Regional Cargo Movement¹⁰



- The Port of Vancouver experienced an increase in cargo volumes of 24.2% in Q2 2021 over the same period in 2020, as measured by Twenty Foot Equivalents (TEUs).
- While global goods movement experienced many challenges and supply chain disruptions last year, Port activity proved to be resilient overall with a record breaking year for shipments of grain, potash and containers. However, some supply chain issues still exist and many products have been significantly delayed due to material shortages and production delays.
- At the Vancouver International Airport (YVR), 20,015 tonnes of air cargo was handled through the first month of the second quarter of 2021, an increase of 68% over the first month of the second quarter of 2020.

¹⁰ Port of Vancouver Monthly Cargo Statistics

Q2 excludes May and June figures for YVR Cargo (Tonnes) as they were not available at the time of reporting

b) Airport Passengers¹¹



- The COVID-19 pandemic continues to severely impact air travel with widespread global travel restrictions and international border closures.
- 187,000 passengers traveled through YVR in April of 2021, compared to 69,000 in April 2020. Year to date, the number of passengers decreased by 83.5% over the same 4 month period in 2020 which experienced some regular activity prior to the pandemic.

c) Richmond Hotel Room Revenue¹²



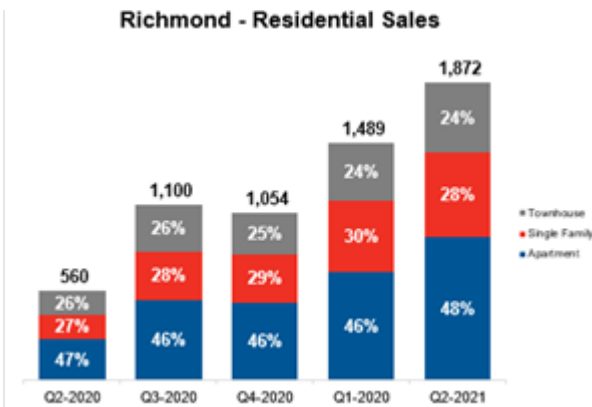
- Some Richmond hotels have been able to offset COVID-19 losses by capturing pandemic related business activity due to their proximity to YVR which is currently one of only four Canadian airports accepting scheduled international commercial passenger flights.
- Hotel room revenue is calculated using Municipal & Regional District Tax (MRDT) payment, which is 3% on the purchase price of taxable accommodation.
- In 2020 this did not accurately capture revenue in the months it was earned as the Province allowed the deferral of tax payments until September 30, 2020 – resulting in a large one-time transfer in Q3.
- Overall MRDT levels in 2020 declined by 64% over 2019 levels. During the first five months of 2021, MRDT revenue levels were up by 274.8% over the same period in 2020, but still down by 34.6% compared to the same period in 2019 prior to the pandemic.

¹¹ YVR Monthly Statistics – Q2 2021 includes April figures only as May and June data figures were not available at the time of reporting

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC – Richmond Hotel Revenue for Q2 2021 includes April and May data only.

Residential Real Estate¹³

In the second quarter of 2021, the housing market continued to experience strong seller's market conditions as a result of interest rates remaining low, the job market improving and an economy that is showing signs of recovery. Sales and housing prices in Richmond have all increased significantly year over year.

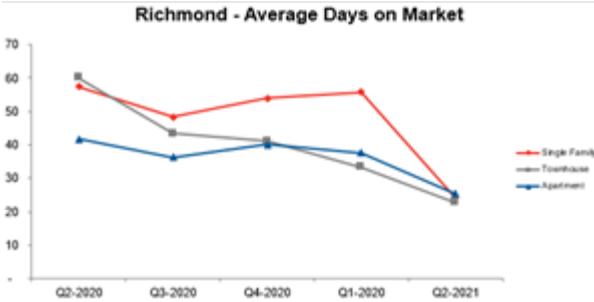


- Overall home sales in Q2 2021 showed an increase of 234% over the same period last year.
- Single family detached (SFD) home sales increased by 250% compared to Q2 2020.
- Townhouse and apartment sales have increased by 197% and 246%, respectively, compared to Q2 2020.
- Townhouse sales comprise 24% of the residential home sales in Richmond. SFD and apartment sales account for 28% and 48%, respectively, of home sales in Richmond.
- There were 1,872 residential home sales in Richmond by the end of Q2 2021, an 87% increase compared to the same period last year.

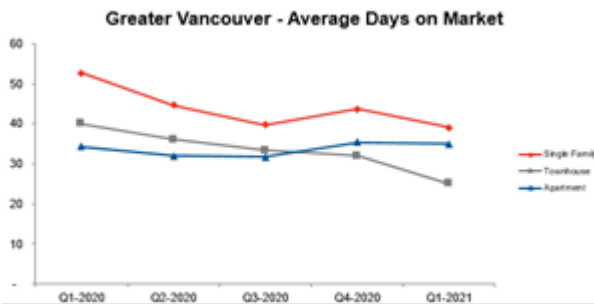


- Richmond residential properties had a sales-to-active listings ratio of 45% as of June 30, 2021 representing a sellers market.

¹³ Real Estate Board of Greater Vancouver



- At Q2 2021, SFD properties in Richmond had an average of 24 days on the market, a 58% decrease compared to Q2 2020.
- Townhouses and apartments had an average of 23 and 25 days on the market, respectively, representing a 62% decrease and a 40% decrease respectively over the same period last year.



- At Q2 2021, SFD properties in GVRD had an average of 20 days on the market, which represents a 56% decrease compared to Q2 2020.
- Townhouses and apartments in GVRD had an average of 17 and 21 days on the market, which represents a decrease of 54% and 33% respectively, over the same period in 2020.

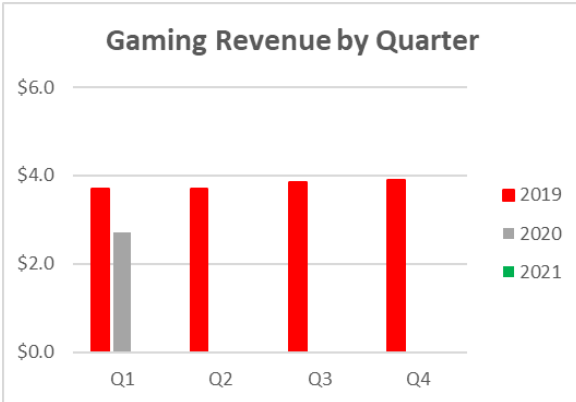


- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q2 2021 was \$1,910,500, a 26% increase compared to Q2 2020. The GVRD housing market has also increased with SFD properties priced at \$1,801,100, which was a 23% increase compared to the same quarter last year.
- At Q2 2021, the HPI for townhouse properties in Richmond was \$923,500, an increase of 17% compared to Q2 2020. The HPI for townhome properties in GVRD was \$946,900, which represented a 20% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$718,300, an increase of 10% compared to Q2 2020. GVRD's apartment prices increased to \$737,600, which was an 8.3% increase from Q2 2020.

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.

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.



- Due to closures of casinos, no gaming revenue was allocated to the City in Q2 2021.
- Gaming revenue for Q2 2021 was the same as Q2 2020 - \$nil as the casino has remained closed since March 16, 2020.
- The City did not budget any 2021 gaming revenues due to the public health closures implemented in 2020.

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 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. Gaming revenue for Q3 2020 was \$nil.

On June 29, 2021, the provincial government announced that certain businesses can reopen, such as casinos. Great Canadian Gaming Corporation indicated that they would reopen the River Rock Casino Resort on Thursday, July 1, 2021. The City will continue to monitor the impact of COVID-19 and the allocation of gaming revenue accordingly depending on the revenue received for the last half of 2021.

Operating Activity

Table 1 compares budget to unaudited actual activity up to June 30, 2021. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 1: Net Operational Activity for the period January 1, 2021 to June 30, 2021 (in \$000's)

| Division/Department ¹ | Q2 YTD Net Budget ² | Q2 YTD Actuals and Commitments | Q2 YTD Variance (\$) | Q2 YTD Variance (%) |
|----------------------------------|--------------------------------|--------------------------------|----------------------|---------------------|
| Community Safety ³ | \$(756) | \$(884) | \$128 | 17% |
| Community Services | 22,276 | 20,412 | 1,864 | 8% |
| Corporate Administration | 5,130 | 4,020 | 1,110 | 22% |
| Engineering and Public Works | 29,254 | 28,406 | 848 | 3% |
| Finance and Corporate Services | 11,907 | 10,555 | 1,352 | 11% |
| Fire Rescue | 22,429 | 20,372 | 2,057 | 9% |
| Library | 5,291 | 4,475 | 816 | 15% |
| Planning and Development | 4,081 | 2,572 | 1,500 | 37% |
| Policing | 30,698 | 29,356 | 1,342 | 4% |
| Fiscal | (93,284) | (95,564) | 2,280 | 2% |
| Law and Legislative Services | 2,046 | 1,931 | 115 | 6% |
| Total | \$39,072 | \$25,651 | \$13,421 | 34% |
| Water Utility | 4,448 | 3,401 | 1,047 | 24% |
| Sanitary Sewer Utility | 3,826 | 3,731 | 95 | 2% |
| Sanitation and Recycling Utility | 193 | (261) | 454 | 235% |
| Utilities Total | \$8,467 | \$6,871 | \$1,596 | 19% |

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 March 22, 2021.

³Includes Community Safety Administration, 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 2021 Revised Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to timing required to fill vacant positions and lower year to date operating spending offset by lower parking revenues due to COVID-19.
- Community Services' favourable variance is due to vacant positions and reduced auxiliary staffing levels in alignment with the lower revenues generated resulting from reduction in programs and services offered as a result of the COVID-19 pandemic.
- Corporate Administration's favourable variance is mainly due to vacant positions and less training expenses from reduced activity during COVID-19 pandemic.
- Engineering and Public Works favorable variance is mainly due to timing of Public Work maintenance expenses.
- Finance and Corporate Services' favourable variance is mainly driven by vacant positions.

- Fire Rescue’s favourable variance is due to timing required to fill the Council approved 12 Firefighters and vacancies due to retirement.
- 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’s favourable variance is primarily due to vacant positions and higher than budgeted building permit revenue related to multi residential buildings.
- Policing favourable variance is due to timing required to fill the Council approved 16 RCMP Officers and 11 Municipal Employees.
- Fiscal’s favourable variance is mainly due to timing of expenditures.
- Law and Legislative Services’ favourable variance is due to vacancies and lower than budgeted general operating expenses.
- Water Utility’s favorable variance is mainly driven by unbudgeted construction revenue and less public works maintenance than budgeted. Any surplus at year-end will be transferred to the Water Levy Stabilization Provision.
- Sanitary Sewer Utility is on budget. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility’s favourable variance is mainly due to higher than budgeted Recycle BC revenue and garbage and recycling processing fees. Any surplus at year end will be transferred to the General Solid Waste and Recycling Provision

The capability of remote work has also contributed to savings in most of the respective Divisions/Departments listed above.

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 Three Month Period Ended June 30, 2021, with comparative figures for 2020 is included in Attachment 3.

Cash and Investment Portfolio

As of June 30, 2021, the City’s total cash and investment balance totalled \$1.53 billion with a weighted average annualized yield of 1.42%. The overall cash and investment balance is comprised of \$653.4 million in investments and \$880.4 million in interest bearing cash account (Attachment 4). The higher than normal cash balance was primarily due to the annual incoming cash flow from property tax collection, of which close to \$230 million collected on behalf of other taxing agencies will be remitted back to these agencies in subsequent months.

The City holds a significant proportion of its cash and investment balance in short-term and cashable products for liquidity and yield enhancement purposes. The City integrates Environmental, Social and Governance (ESG) considerations in its investment approach by using negative screening to exclude any direct investments in environmentally-sensitive or fossil-fuel industries. Through the use of negative screening, the City is able to demonstrate responsible investing while complying with the restrictive nature of the City’s permitted investments.

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

| | June 30, 2021 (current quarter) | March 31, 2021 (previous quarter) |
|------------------------------------|------------------------------------|--------------------------------------|
| 2 Year Government of Canada Bonds | 0.40% | 0.22% |
| 5 Year Government of Canada Bonds | 0.97% | 0.99% |
| 10 Year Government of Canada Bonds | 1.39% | 1.55% |

Source: Bank of Canada

In Canada, the third wave of the virus slowed growth in the second quarter. However, falling COVID-19 cases, progress on vaccinations and easing containment restrictions all point to a strong pickup in the second half of this year. At the latest interest rate announcement on July 14, 2021, the Bank of Canada (the Bank) kept the policy interest rate at 0.25%. The overnight interest rate has remained unchanged at the current 0.25% level since March 27, 2020. The Bank said it will keep the rate at near-zero until the economy is ready to handle an increase in rates, which it does not expect to happen until the second half of 2022.

The Bank also said that economic conditions have improved enough to allow it to reduce its weekly purchases of federal bonds to \$2 billion from \$3 billion. The purchases are a stimulus measure, known as quantitative easing, designed to help drive down rates charged on mortgages and business loans.

As economic prospects improve, there is still considerable excess capacity and the recovery continues to require extraordinary monetary policy support. The Bank will continue to hold the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2% inflation target is sustainably achieved. The Bank will continue to provide the appropriate degree of monetary policy stimulus to support the recovery and achieve the inflation objective.

The City’s overall credit risk exposure remains low because the City continues to maintain a diversified portfolio of strong credit quality investments. 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.

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, 41 contracts greater than \$75,000 were awarded totalling over \$16.9 million (Attachment 5).

Financial Impact

None.

Conclusion

At the end of the second quarter, the City continued with the Restoring Richmond Plan while maintaining public health protection protocols to minimize the spread of COVID-19. Staff are closely monitoring the situation and making adjustments where applicable to mitigate the impacts.



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

Economic Indicators

June 30, 2021

Macroeconomic Indicators & Forecast

| | 2019 | 2020 | Change | 2021f | 2022f |
|----------------------------------|------|-------|----------|-------|-------|
| 1) Real GDP (% at YE) | | | | | |
| Canada | 1.6 | (5.3) | (431.3%) | 6.3 | 4.5 |
| United States | 2.3 | (3.5) | (252.2%) | 7.0 | 4.9 |
| China | 6.1 | 2.3 | (62.3%) | 8.1 | 5.7 |
| World | 2.9 | (3.2) | (210.3%) | 6.0 | 4.9 |
| 2) Interest Rates (at YE) | | | | | |
| Bank of Canada | 1.75 | 0.25 | (85.7%) | 0.25 | 0.75 |
| US FED | 1.75 | 0.13 | (92.6%) | 0.13 | 0.63 |
| 3) Exchange Rate (at YE) | | | | | |
| CAD per \$1 USD | 1.3 | 1.27 | (2.3%) | 1.25 | 1.27 |

Regional and Local Market Indicators

| | | | | | | |
|--|----------------|----------------|---------------|-----------------|-----------------|---------------|
| 4) Unemployment (% at QE) | Q2-2021 | Q1-2021 | Change | Q2-2020 | Change | |
| Canada | 7.8 | 8.4 | (7.1%) | 12.5 | (37.6%) | |
| BC | 6.6 | 7.3 | (9.6%) | 13.3 | (50.4%) | |
| Metro Vancouver | 7.5 | 8.0 | (6.3%) | 13.1 | (42.7%) | |
| 5) CPI (2002=100) (at QE) | Q2-2021 | Q1-2021 | Change | Q2-2020 | Change | |
| Canada | 141.4 | 139.6 | 1.3% | 137.2 | 3.1% | |
| BC | 135.8 | 134.9 | 0.7% | 132.6 | 2.4% | |
| Metro Vancouver | 138.1 | 137.4 | 1.9% | 134.7 | 2.5% | |
| 6) Richmond Building Permits | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
| Residential – New Construction [^] | 73 | 64 | 14.1% | 136 | 95 | 43.2% |
| Residential – Alterations | 100 | 47 | 112.8% | 168 | 139 | 20.9% |
| Residential Total | 173 | 111 | 55.9% | 304 | 234 | 29.9% |
| [^] Number of units from new residential construction | 177 | 878 | (79.8%) | 845 | 909 | (7.0%) |
| Residential | 173 | 111 | 55.9% | 304 | 234 | 29.9% |
| Commercial | 82 | 70 | 17.1% | 191 | 153 | 24.8% |
| Industrial | 48 | 49 | (2.0%) | 112 | 89 | 25.8% |
| Building Permits Total | 303 | 230 | 31.7% | 607 | 476 | 27.5% |
| Construction Value (\$ million) | 117.0 | 392.0 | (70.2%) | 447.0 | 487.3 | (8.3%) |
| 7) Housing Starts (Units) | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
| Starts - Metro Vancouver | 7,972 | 5,384 | 48.1% | 15,294 | 9,764 | 56.6% |
| Starts - Richmond | 294 | 114 | 157.9% | 1,077 | 186 | 479.0% |
| 8) Richmond Residential Sales Activity | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
| Sales - Detached | 532 | 152 | 250.0% | 976 | 353 | 176.5% |
| Sales - Townhouse | 437 | 147 | 197.3% | 800 | 342 | 133.9% |
| Sales - Apartment | 903 | 261 | 246.0% | 1,585 | 663 | 139.1% |
| Sales - Total | 1,872 | 560 | 234.3% | 3,361 | 1,358 | 147.5% |

Regional and Local Market Indicators (continued)
9) Richmond Sales to Active Listings Ratio (% at QE)

| | Q2-2021 | Q2-2020 | Change |
|------------------------|---------|---------|--------|
| Single Family Detached | 34.7 | 13.8 | 151.4% |
| Townhouse | 65.3 | 20.1 | 224.9% |
| Apartment | 48.9 | 20.1 | 143.3% |
| Total | 45.4 | 17.8 | 155.1% |

10) Average Days on Market

| Property Type | Richmond | | | Metro Vancouver | | |
|------------------------|----------|---------|---------|-----------------|---------|---------|
| | Q2-2021 | Q2-2020 | Change | Q2-2021 | Q2-2020 | Change |
| Single Family Detached | 24 | 57 | (57.9%) | 20 | 45 | (55.6%) |
| Townhouse | 23 | 60 | (61.7%) | 17 | 36 | (52.8%) |
| Apartment | 25 | 42 | (40.5%) | 21 | 32 | (34.4%) |

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

| Property Type | Richmond | | | Metro Vancouver | | |
|------------------------|----------|---------|--------|-----------------|---------|--------|
| | Q2-2021 | Q2-2020 | Change | Q2-2021 | Q2-2020 | Change |
| Single Family Detached | 1,911 | 1,511 | 26.5% | 1,801 | 1,464 | 23.0% |
| Townhouse | 924 | 791 | 16.8% | 947 | 791 | 19.7% |
| Apartment | 718 | 651 | 10.3% | 738 | 681 | 8.4% |

12) Commercial Space (at QE)

| | Richmond | | | Metro Vancouver | | |
|-------------------------------------|----------|---------|---------|-----------------|---------|---------|
| | Q2-2021 | Q2-2020 | Change | Q2-2021 | Q2-2020 | Change |
| Office Vacancy (%) | 10.9 | 7.7 | 41.6% | 7.9 | 3.9 | 102.6% |
| Transit Oriented Office Vacancy (%) | 4.8 | 3.7 | 29.7% | N/A | N/A | N/A |
| Office Inventory (000 sf) | 4,863 | 4,517 | 7.6% | 62,658 | 59,775 | 4.8% |
| Industrial Vacancy (%) | 0.5 | 1.4 | (64.3%) | 0.5 | 1.3 | (61.5%) |
| Industrial Inventory (000 sf) | 44,454 | 39,189 | 13.4% | 214,895 | 216,044 | (0.5%) |

13) Richmond Business Growth

| | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
|---------------------------------------|---------|---------|---------|-----------|----------|--------|
| Total Valid Business Licences (at QE) | 13,586 | 13,670 | (0.6%) | 13,586 | 13,670 | (0.6%) |
| New Licences - Number Issued | 305 | 246 | 24% | 658 | 663 | (0.8%) |
| New Licences - Employees | 954 | 868 | 9.9% | 2,628 | 2,820 | (6.8%) |
| New Licences - Office Added (sf) | 155,288 | 111,071 | 39.8% | 336,781 | 231,713 | 45.3% |
| New Licences - Retail Added (sf) | 48,894 | 41,790 | 17.0% | 141,840 | 93,686 | 51.4% |
| New Licences - Industrial Added (sf) | 123,806 | 166,691 | (25.7%) | 637,769 | 339,355 | 87.9% |
| Total Space Added (sf)/Avg. Change | 327,988 | 319,552 | 2.6% | 1,116,390 | 664,754 | 67.9% |

Regional and Local Market Indicators (continued)

| 14) Goods & People Movement | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
|--|-----------|---------|---------|-----------|-----------|---------|
| YVR Air Cargo (tonnes)** | 20,015 | 11,920 | 67.9% | 81,020 | 74,551 | 8.7% |
| PMV Container Movement (TEUs) | 1,030,085 | 829,624 | 24.2% | 1,963,047 | 1,564,514 | 25.5% |
| YVR Passengers (million)** | 0.19 | 0.07 | 171.4% | 0.82 | 4.97 | (83.5%) |
| Richmond Hotel Revenue (\$ million)*** | 24.6 | 0.3 | 8100.0% | 54.8 | 14.7 | 272.8% |

Notes:

- a) *QE indicates quarter end; YE indicates year end*
- b) *f - forecast to year-end*
- c) ** - Figures have been updated to reflect changes in source data.*
- d) *** YVR data for Q2 includes April 2021 figures only.*
- e) ****Hotel Room Revenue for Q2 includes April and May 2021 data only*

List of Sources:

- 1) *International Monetary Fund, World Economic Outlook (July 2021)*
- 2) & 3) *US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (July 2021)*
- 4) & 5) *Statistics Canada*
- 6) *City of Richmond Building Permits*
- 7) *Canada Mortgage and Housing Corporation*
- 8) to 11) *Real Estate Board of Greater Vancouver*
- 12) *Cushman & Wakefield Office and Industrial Market Beat Reports*
- 13) *City of Richmond Business Licences*
- Port of Vancouver Monthly Cargo Statistics*
- 14) *YVR monthly statistics*
- City of Richmond Additional Hotel Room Tax Ledger, Destination BC*

Financial and Key Indicators

June 30, 2021

(All dollar amounts in \$000's)

| | | | | | | |
|---|----------------|----------------|---------------|-----------------|-----------------|---------------|
| 1) Development Cost Charges Contributions | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
| Roads, Water, Sewer DCC's Received | \$1,565 | \$1,893 | (17.3%) | \$5,627 | \$12,702 | (55.7%) |
| Parks DCC's Received | \$714 | \$2,533 | (72.0%) | \$3,514 | \$8,260 | (57.5%) |
| Total DCC Fees Received | \$2,280 | \$4,446 | (48.7%) | \$9,141 | \$20,963 | (56.4%) |
| DCC Reserves – Uncommitted balance at QE | \$142,025 | \$137,782 | 3.1% | n/a | n/a | n/a |
| 2) Uncommitted Reserves (at QE) | Q2-2021 | Q2-2020 | Change | | | |
| Capital Funding Reserves | \$206,793 | \$182,165 | 40.9% | | | |
| Utility Reserves | \$106,341 | \$72,823 | 46.0% | | | |
| Affordable Housing Reserves | \$6,555 | \$5,355 | 22.4% | | | |
| Other Reserves | \$69,096 | \$60,526 | 14.2% | | | |
| Total Uncommitted Reserves | \$388,786 | \$285,501 | 36.2% | | | |
| 3) Taxes to date | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
| Taxes Collected | \$321,299 | \$182,165 | 76.4% | \$333,865 | \$194,173 | 71.9% |
| City Portion of Taxes Collected | \$157,436 | \$89,261 | 76.4% | \$163,594 | \$95,145 | 71.9% |
| Unpaid Taxes - Delinquent & Arrears (at QE) | \$7,234 | \$6,751 | 7.2% | n/a | n/a | n/a |
| No. of Participants on Pre-authorized withdrawal (at QE) | 6,336 | 6,423 | (1.4%) | n/a | n/a | n/a |
| Pre-authorized withdrawals payments | \$5,536 | \$6,617 | (16.3%) | \$13,897 | \$16,745 | (17.0%) |
| Interest rate % paid | 0.45% | 0.95% | (52.6%) | 0.45% | 0.95% | (52.6%) |
| <i>Sources: All data is from City of Richmond records</i> | | | | | | |
| 4) Cash and Investments | Q2-2021 | Q2-2020 | Change | | | |
| Investments | \$653,359 | \$769,542 | (15.1%) | | | |
| Cash (includes high interest savings accounts) | \$880,396 | \$517,615 | 70.1% | | | |
| Total Cash and Investments | \$1,533,755 | \$1,287,157 | 19.2% | | | |
| Average City Rate of Return on Investments % | 1.42% | 1.94% | (26.8%) | | | |

Financial and Key Indicators**June 30, 2021**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

| | Q2-2021 | Q2-2020 | Change | YTD-2021 | YTD-2020 | Change |
|--|----------------|----------------|----------------|-----------------|-----------------|---------------|
| 5) Planning and Development | | | | | | |
| Building Permit Fees Collected | \$1,666 | \$3,141 | (47.0%) | \$5,069 | \$5,370 | (5.6%) |
| Development Applications Received | 53 | 33 | 60.6% | 78 | 83 | (6.0%) |
| Development Applications Fees | \$138 | \$232 | (40.5%) | \$310 | \$414 | (25.2%) |
| 6) Business Licences | | | | | | |
| Revenue Received for Current Year Licences | \$1,157 | \$1,459 | (20.7%) | \$2,973 | \$2,981 | (0.3%) |
| Revenue Received for Next Year (Deferred) | \$245 | \$230 | 6.4% | \$338 | \$319 | 5.9% |
| Total Licence Revenue | \$1,402 | \$1,689 | (17.1%) | \$3,311 | \$3,300 | 0.3% |
| <i>Year to date valid licences and revenue include current year licences issued in the prior year.</i> | | | | | | |
| 7) Other Revenues | | | | | | |
| Parking Program Revenue | \$299 | \$192 | 55.4% | \$594 | \$635 | (6.4%) |
| Gaming Revenue | \$0 | \$0 | 0% | \$0 | \$2,705 | (100.0%) |
| Traffic Fine Revenue | \$0 | \$0 | 0% | \$0 | \$2,508 | (100.0%) |
| 8) Employees | | | | | | |
| Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i> | 1,368 | 1,543 | (11.3%) | | | |
| <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 | 14,825 | 10,753 | 37.9% | 29,277 | 26,559 | (8.8%) |
| Community Bylaws | 1,208 | 2,727 | (55.7%) | 2,103 | 3,771 | (44.2%) |
| Fire Incidents | 2,266 | 1,669 | 35.8% | 4,186 | 3,817 | 8.1% |
| Public Works calls for Service | 3,780 | 3,317 | 14.0% | 7,196 | 6,514 | 10.5% |

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

| 10) Housing Units Secured Since 2007 (at QE) | Q2-2021 | Q2-2020 | Change |
|--|---------------|---------------|-------------|
| <u>Affordable Housing</u> | | | |
| Non-Market Rental (units) | 569 | 529 | 7.6% |
| Affordable Rental (LEMR**) (units) | 926 | 825 | 9.8% |
| ARTS Rental (units) | 37 | 37 | 0.0% |
| Entry Level Home Ownership (units) | 25 | 25 | 0.0% |
| <u>Market Housing</u> | | | |
| Market Rental (units) | 925 | 925 | 0.0% |
| Secondary Suite / Coach House (units) | 303 | 294 | 3.1% |
| Total Housing Units | 2,851* | 2,633* | 8.3% |

* 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 | 2020f | 2019 |
|---|---------|---------|
| | 216,046 | 213,678 |

Population figures from BC Stats – 2021 forecasted population not available

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, 2021, with comparative figures for 2020.

(Expressed in thousands of dollars)

| | Budget June 30 2021 | Actuals June 30 2021 | Actuals June 30 2020 |
|---|---------------------------|----------------------------|----------------------------|
| Revenue: | | | |
| Taxes and levies | \$128,125 | \$128,125 | \$120,423 |
| Utility fees | 60,737 | 57,382 | 57,343 |
| Sales of services | 18,001 | 13,917 | 12,612 |
| Payments-in-lieu of taxes | 6,071 | 6,116 | 6,393 |
| Provincial and federal grants | 5,570 | 5,037 | 3,563 |
| Development cost charges | 12,335 | 7,834 | 5,901 |
| Other capital funding sources | 37,971 | 17,029 | 30,616 |
| Other revenue: | | | |
| Investment income | 6,641 | 7,764 | 9,510 |
| Gaming revenue | - | - | 2,705 |
| Licences and permits | 5,701 | 7,121 | 7,795 |
| Other | 12,355 | 9,485 | 11,107 |
| Equity income | 715 | 852 | 814 |
| | 294,222 | 260,662 | 268,782 |
| Expenses: | | | |
| Community safety | 63,396 | 57,059 | 54,728 |
| Utilities: water, sewer and sanitation | 54,150 | 51,240 | 49,122 |
| Engineering, public works and project development | 41,463 | 33,649 | 33,188 |
| Community services | 36,805 | 27,105 | 24,677 |
| General government | 39,921 | 31,354 | 29,024 |
| Planning and development | 12,355 | 11,792 | 8,848 |
| Library services | 5,480 | 4,605 | 4,745 |
| | 253,570 | 216,804 | 204,332 |
| YTD Surplus (Annual Surplus) ² | 40,652 | 43,858 | 64,450 |
| Accumulated surplus, beginning of year | 3,303,791 | 3,303,791 | 3,239,341 |
| Accumulated surplus, end of June 30 ³ | \$3,344,443 | \$3,347,649 | \$3,303,791 |

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

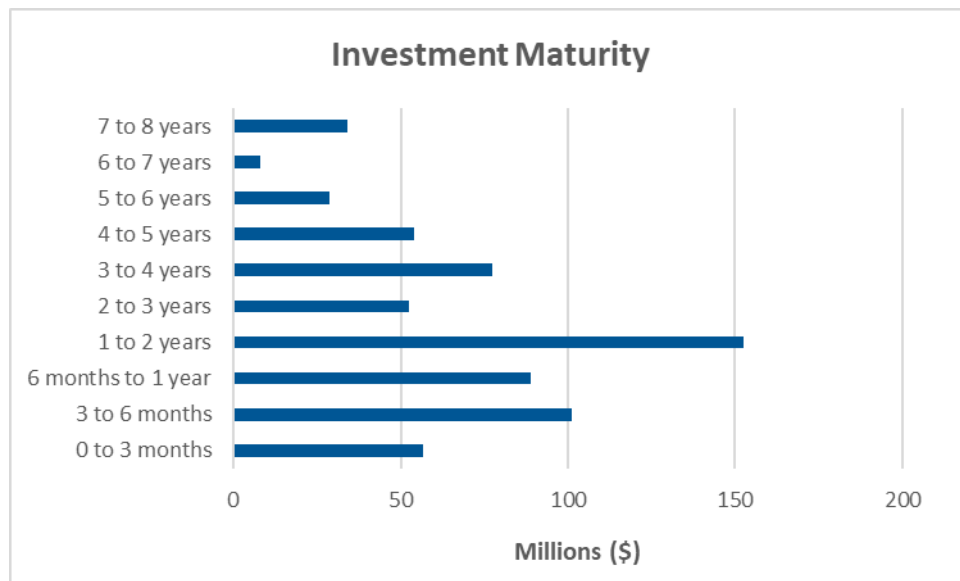
² Annual Surplus is the difference between revenues and expenses and reflects the change in the accumulated surplus on the Statement of Financial Position. Annual Surplus is prior to transfer to reserves and surplus appropriations. The revenues include capital contributions, development cost charges 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.

Cash and Investment Portfolio

June 30, 2021 (in 000's)

| Asset Class | DBRS Long Term Rating | Issuer | Term | Net Book Value | % of Total Portfolio | Investment Limit (% of Portfolio) |
|---|-----------------------|-------------------------|-------------|---------------------|----------------------|-----------------------------------|
| Provincial | | | | | | |
| | AA (high) | British Columbia | 2021-2028 | \$ 56,915 | 8.7% | 25% |
| | AA (low) | Alberta | 2022-2023 | 50,356 | 7.7% | 20% |
| | AA (low) | Ontario | 2022-2026 | 45,363 | 6.9% | 20% |
| | AA (low) | Quebec | 2022-2025 | 40,964 | 6.3% | 20% |
| | AA (low) | Saskatchewan | 2025-2028 | 38,831 | 5.9% | 20% |
| | A (high) | Manitoba | 2021-2023 | 35,049 | 5.4% | 10% |
| | A (high) | Nova Scotia | 2021-2027 | 29,704 | 4.5% | 10% |
| | A (high) | New Brunswick | 2021-2027 | 27,830 | 4.3% | 10% |
| | | | Total | \$ 325,014 | 49.7% | 50% |
| Chartered Banks | | | | | | |
| | AA | Bank of Nova Scotia | 2021-2025 | \$ 69,968 | 10.7% | 15% |
| | AA (High) | Royal Bank | 2022-2025 | 47,793 | 7.3% | 15% |
| | AA (High) | TD Bank | 2021-2023 | 41,008 | 6.3% | 15% |
| | AA | CIBC | 2022-2025 | 34,246 | 5.2% | 15% |
| | A (low) | Canadian Western Bank | 2021 | 16,855 | 2.6% | 3% |
| | AA | Bank of Montreal | 2022 | 14,984 | 2.3% | 15% |
| | A (high) | HSBC Bank of Canada | 2023 | 9,997 | 1.5% | 5% |
| | AA (low) | National Bank of Canada | 2025 | 9,699 | 1.5% | 10% |
| | | | Total | \$ 244,550 | 37.4% | 50% |
| BC Credit Unions | | | | | | |
| | BC | Vancity | 2021 - 2022 | \$ 39,138 | 6.0% | 10% |
| | BC | Gulf and Fraser | 2021 - 2022 | 25,487 | 3.9% | 5% |
| | Federal | Coast Capital Savings | 2021 - 2022 | 19,170 | 2.9% | 3% |
| | | | Total | \$ 83,795 | 12.8% | 30% |
| Total Investment Portfolio Balance | | | | \$ 653,359 | 100.00% | |
| Cash Balance (includes high interest saving products with terms less than 90 days) | | | | \$ 880,396 | | |
| Total Cash and Investment Balance | | | | \$ 1,533,755 | | |



Contract Awards greater than \$75,000

April 1st to June 30th, 2021

| Item | Description | Awarded Vendor | Awarded Amount | Division |
|------|---|---------------------------------------|----------------|------------------------------|
| 1 | Richmond Ice Centre Infrastructure Renewals Phase I - Compressor Replacement | Ashton Mechanical Ltd. | 725,335 | Engineering & Public Works |
| 2 | Supply of Benches | Frances Andrew Site Finishings Ltd. | 105,000 | Community Services |
| 3 | Repair and Replacement of Direct Digital Controls Systems at City Facilities | ESC Automation Inc. | 169,000 | Engineering & Public Works |
| 4 | Property Management Services | Dorset Realty Group Canada Ltd. | 93,600 | Finance & Corporate Services |
| 5 | Support and Maintenance on Sixteen (16) City Owned VxRail Servers | Turning Point Technologies | 124,577 | Finance & Corporate Services |
| 6 | PerfectMind Annual Subscription 2021 | PerfectMind Inc. | 175,036 | Finance & Corporate Services |
| 7 | Consulting Services for Development Cost Charge Program | Urban Systems Ltd. | 98,040 | Finance & Corporate Services |
| 8 | Support and Maintenance Renewal | Safe Software Inc. | 92,020 | Finance & Corporate Services |
| 9 | Hydrogeological and Biophysical Assessment Consulting Services for Richmond Nature Park | Hemmera Envirochem Inc. | 165,651 | Community Services |
| 10 | Amanda Software Renewal Services | Calytera Software Inc. | 92,778 | Finance & Corporate Services |
| 11 | Supply and Installation of Two (2) Custom Dell Vxrail Servers | Turning Point Technology Services Inc | 122,373 | Finance & Corporate Services |
| 12 | Supply & Delivery of One (1) Skid Steer Loader with Rubber Tracks | Avenue Machinery Corp. | 82,950 | Engineering & Public Works |
| 13 | Operation of Restorative Justice Program | Touchstone Family Association | 100,700 | Community Safety |
| 14 | Traffic Camera Licenses | FLIR Unmanned Aerial Systems ULC | 76,067 | Planning & Development |
| 15 | Supply and Delivery of Aquaterr and Toro Irrigation Components | EMCO Corporation | 250,000 | Community Services |
| 16 | Supply and Delivery of Computer Equipment | Compugen Inc. | 845,910 | Finance & Corporate Services |
| 17 | Street and Sidewalk Vegetation Control | Western Weed Control (1980) Ltd | 337,800 | Community Services |

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

April 1st to June 30th, 2021

| Item | Description | Awarded Vendor | Awarded Amount | Division |
|------|---|--|----------------|------------------------------|
| 18 | Bates East Sanitary Pipe Relining | Mar-Tech Underground Services Ltd. | 87,304 | Engineering & Public Works |
| 19 | Gilbert Road and Steveston Hwy Drainage Pump Station Upgrade | Xylem Canada Company | 332,958 | Engineering & Public Works |
| 20 | Thompson Gate PRV Station - Annacis Main No. 4 Connection | Greater Vancouver Water District | 123,600 | Engineering & Public Works |
| 21 | Environmental Consultant Services - Mitchell Island Storm Water Feasibility Study | Kerr Wood Leidal Associates Limited | 90,000 | Engineering & Public Works |
| 22 | Oracle Database Software and Solaris Server Hardware Purchase | Oracle & Eclipsys | 660,821 | Finance & Corporate Services |
| 23 | Design Services - Minoru Arenas System Renewals | Thinkspace Architecture Planning Interior Design | 114,400 | Engineering & Public Works |
| 24 | Richmond Courthouse Infrastructure Replacements - Design & Contract Administration Services | O4 Architecture Ltd. | 187,370 | Engineering & Public Works |
| 25 | Supply and Delivery of HVAC Filters | Dafco Filtration Group | 734,874 | Engineering & Public Works |
| 26 | City Hall Low-Rise HVAC and Plumbing Replacements | Davidson Brothers Mechanical Contractors Ltd. | 276,933 | Engineering & Public Works |
| 27 | No. 4 Rd Road Reconstruction and Box Culvert Repair | M2K Construction Ltd. | 2,478,477 | Engineering & Public Works |
| 28 | Construction Services for Alexandra Neighbourhood Park | GPM Civil Contracting Inc. | 1,420,829 | Community Services |
| 29 | Supply and Delivery of Auto Extrication Rescue Tools | Rescue Tools Canada | 78,134 | Community Safety |
| 30 | Burkeville Drainage Upgrade Project Phase 2 | Fortis BC Energy Inc. | 142,525 | Engineering & Public Works |
| 31 | Microsoft Licensing Including Support and Maintenance | Dell Canada Inc. | 787,316 | Finance & Corporate Services |
| 32 | Construction Management Services for the Demolition of the Minoru Aquatics Centre | Scott Special Projects Ltd. | 902,815 | Engineering & Public Works |
| 33 | Odlin Park Playground Design Build Services | Habitat Systems Inc. | 135,093 | Community Services |
| 34 | Construction Services for Minoru Arenas Infrastructure Replacement Project | Heatherbrae Builders Co.Ltd. | 945,000 | Engineering & Public Works |
| 35 | Construction Services - Paving Repair on Westminster Highway & Gilley Road | Brighthouse Civil Contracting Ltd. | 117,263 | Engineering & Public Works |

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

April 1st to June 30th, 2021

| item | Description | Awarded Vendor | Awarded Amount | Division |
|--|---|-----------------------------------|---------------------|----------------------------|
| 36 | Fire Risk Prevention Model | Opta Information Intelligence | 79,000 | Community Safety |
| 37 | Artificial Turf Replacement - Richmond High | Astro Turf West Distributors Ltd. | 443,000 | Community Services |
| 38 | Emergency Repair - Sanitary Sewer Line 8000 Block Capstan Way | PW Trenchless Construction Inc. | 200,000 | Engineering & Public Works |
| 39 | Public Works 2021 Truck Rentals | Zeemac Vehicle Lease Ltd. | 82,050 | Engineering & Public Works |
| 40 | Supply and Installation of Synthetic Turf at King George Park | Astro Turf West Distributors Ltd. | 744,579 | Community Services |
| 41 | Construction Services for Aberdeen Neighbourhood Park – Phase 2 | Wilco Civil Inc. | 2,097,618 | Community Services |
| Total contracts awarded greater than \$75,000 | | | \$16,918,796 | |



City of Richmond

Report to Committee

To: Finance Committee
From: Ivy Wong, CPA, CMA
 Acting Director, Finance

Date: August 4, 2021
File: 03-0975-01/2021-Vol
 01

Re: Active Capital Projects Information - 2nd Quarter June 30, 2021

Staff Recommendation

That the staff report titled, "Active Capital Projects Information – 2nd Quarter June 30, 2021", dated August 4, 2021 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 OF GENERAL MANAGER |
| Arts, Culture & Heritage | <input checked="" type="checkbox"/> | Acting GM, F&CS |
| Community Social Development | <input checked="" type="checkbox"/> | |
| Engineering | <input checked="" type="checkbox"/> | |
| Facility Services & Project Development | <input checked="" type="checkbox"/> | |
| Fleet | <input checked="" type="checkbox"/> | |
| Information Technology | <input checked="" type="checkbox"/> | |
| Parks Services | <input checked="" type="checkbox"/> | |
| RCMP | <input checked="" type="checkbox"/> | |
| Real Estate Services | <input checked="" type="checkbox"/> | |
| Recreation & Sport | <input checked="" type="checkbox"/> | |
| Roads & Construction | <input checked="" type="checkbox"/> | |
| Sewerage & Drainage | <input checked="" type="checkbox"/> | |
| Sustainability & District Energy | <input checked="" type="checkbox"/> | |
| Transportation | <input checked="" type="checkbox"/> | |
| SENIOR STAFF REPORT REVIEW | INITIALS: | APPROVED BY CAO |

Staff Report

Origin

Active Capital Project Information for the 2nd Quarter (ended June 30, 2021) is provided to the Finance Committee for information purposes. This report includes the approved 2021 Capital Budget 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 approved in the 2021 budget and other previously approved projects that 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. Therefore, these projects are presented to Council prior to final approval.

The approved 2021 Capital Budget of \$100.3M (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 \$388.8M.

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

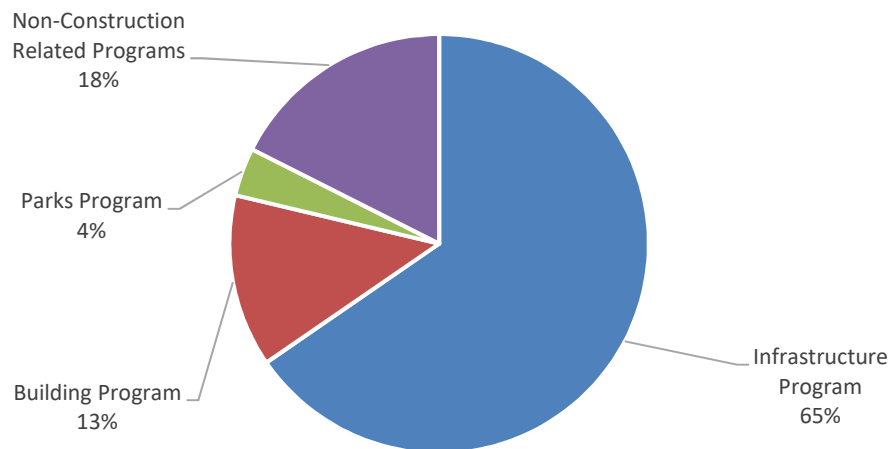
| Program | Plan Year | Budget | Actuals as at June 30, 2021 | Expected Commitments / Work In Progress |
|---|--------------|------------------|--------------------------------|--|
| Infrastructure Program | 2021 | \$47,454 | \$2,006 | \$45,448 |
| | 2020 | 69,500 | 22,707 | 46,793 |
| | 2019 | 33,015 | 18,402 | 14,613 |
| | 2018 | 81,121 | 60,345 | 20,776 |
| | 2017 & older | 50,187 | 38,071 | 12,116 |
| Infrastructure Program Total | | \$281,277 | \$141,531 | \$139,746 |
| Building Program | 2021 | 11,440 | 70 | 11,370 |
| | 2020 | 19,493 | 2,926 | 16,567 |
| | 2019 | 20,713 | 7,689 | 13,024 |
| | 2018 | 56,777 | 22,533 | 34,244 |
| | 2017 & older | 121,008 | 106,551 | 14,457 |
| Building Program Total | | \$229,431 | \$139,769 | \$89,662 |
| Parks Program | 2021 | 12,898 | 25 | 12,873 |
| | 2020 | 11,150 | 1,693 | 9,457 |
| | 2019 | 12,322 | 3,351 | 8,971 |
| | 2018 | 10,430 | 2,678 | 7,752 |
| | 2017 & older | 30,456 | 21,020 | 9,436 |
| Parks Program Total | | \$77,256 | \$28,767 | \$48,489 |
| Construction Related Programs | | \$587,964 | \$310,067 | \$277,897 |
| Affordable Housing Program | 2021 | 650 | - | 650 |
| | 2020 | 400 | 23 | 377 |
| | 2019 | 425 | - | 425 |
| | 2018 | 400 | - | 400 |
| | 2017 & older | 4,800 | 90 | 4,710 |
| Affordable Housing Program Total | | \$6,675 | \$113 | \$6,562 |
| Child Care Program | 2021 | 116 | - | 116 |
| | 2020 | 110 | 21 | 89 |
| | 2018 | 100 | 5 | 95 |
| Child Care Program Total | | \$326 | \$26 | \$300 |
| Equipment Program | 2021 | 7,725 | 636 | 7,089 |
| | 2020 | 6,409 | 2,260 | 4,149 |
| | 2019 | 14,386 | 3,898 | 10,488 |
| | 2018 | 9,610 | 7,545 | 2,065 |
| | 2017 & older | 13,561 | 9,596 | 3,965 |
| Equipment Program Total | | \$51,691 | \$23,935 | \$27,756 |
| Land Program | 2021 | 10,000 | - | 10,000 |
| | 2020 | 10,000 | 1,760 | 8,240 |
| | 2019 | 10,000 | - | 10,000 |
| | 2018 | 10,000 | - | 10,000 |
| | 2017 & older | 42,044 | 14,555 | 27,489 |
| Land Program Total | | \$82,044 | \$16,315 | \$65,729 |
| Public Art Program | 2021 | 185 | 69 | 116 |
| | 2020 | 745 | 451 | 294 |
| | 2019 | 563 | 144 | 419 |
| | 2018 | 1,125 | 373 | 752 |
| | 2017 & older | 4,709 | 4,191 | 518 |
| Public Art Program Total | | \$7,327 | \$5,228 | \$2,099 |
| Contingent External Contribution | 2021 | 8,470 | - | 8,470 |
| Contingent External Contribution Total | | \$8,470 | \$- | \$8,470 |
| Non-construction Related Programs | | \$156,533 | \$45,617 | \$110,916 |
| Grand Total | | \$744,497 | \$355,684 | \$388,813 |

An estimate of \$10M was included in the 2021 Capital Plan (2021-2025 Financial Plan Bylaw) for external grants or contributions that may be received throughout the year. Funding is transferred to the approved applicable projects only when funding is confirmed. As of June 30, 2021, \$1,530,000 was received and the budget for Contingent External Contribution was adjusted to \$8,470,000.

The City has awarded multiple contracts to successful bidders following procurement processes in order to support the capital construction projects described in this report. Termination provisions within each contract will need to be reviewed on a case-by-case basis by the City’s Law Department to assess the financial and legal implications that would result if the City considers the possible cancellation, or delay of a project.

The following is an overview of the actual current year capital expenditures as at June 30, 2021.

Figure 1 – Current Year Capital Expenditures as at June 30, 2021



The following highlights the capital projects with the highest current year capital expenditures (actuals on a cash-basis) as at June 30, 2021.

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

| Project Name | Current Year-to-Date Actuals |
|---|------------------------------|
| 2016 Flood Protection Program (2016, 2020) | \$3,334 |
| Advancement of Partial Funding for the Canada Line Capstan Station (2020) | 3,013 |
| Eckersley B Sanitary Pump Station (2020) | 1,895 |
| Annual Asphalt Re-Paving Program - Non-MRN (2020) | 1,039 |
| Closed Circuit Television for Signalized Intersections (2018) | 1,035 |
| Energy Management Projects (2017, 2018, 2020) | 1,021 |
| Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2019) | 1,016 |
| Phoenix Net Loft Building Stabilization (2018, 2020) | 989 |
| Watermain Replacement Program (2019) | 958 |
| Burkeville Utility Improvements Drainage (2020) | 912 |

CAPITAL BUDGET REALLOCATIONS

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following reallocations were recorded in the second quarter of 2021:

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

| Program | Transfer From | Transfer To | Amount |
|--|--|--|--------------|
| Parks | Hugh Boyd Artificial Turf Sports Field - Turf Replacement (2019) | Safety and Environmental Enhancements to Richmond High Turf Field Warranty Repair (2021) | 98 |
| Contingent External Contribution & Art | Contingent External Contribution (2021) | Public Art Program (2021) | 35 |
| Total Budget Reallocations | | | \$133 |

PENDING ITEMS - CAPITAL BUDGET

GRANT APPLICATIONS

During the second quarter, the City received approval for the following grant applications. The Consolidated 5 Year Financial Plan (2021-2025) will be amended, if applicable.

- Coast Mountain Bus Company 2021 Transit Related Road Infrastructure Program approved for a maximum available funding of \$88,750
- Federation of Canadian Municipalities' Green Municipal Fund Application for Garden City Lands Soil Management and Remediation Study – approved for a maximum available funding of \$175,000
- TransLink 2021 cost-share programs for road, pedestrian, bicycle, and transit facility improvement projects approved for a maximum available funding of \$4,318,000
- TransLink 2021 cost-share programs – Supplemental Application for the delineator protection on the Granville Avenue approved for a maximum available funding of \$300,000
- TransLink 2021 Major Road Network (MRN) Structures Program for the Steveston Highway and Gilbert Road Drainage Upgrades submission approved for a maximum available funding of \$381,000

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

- ICBC 2021 Road Improvement Program for 2021 ICBC - City of Richmond Road Improvement Program partnership. Funding will be determined at the point of grant approval
- Investing in Canada Infrastructure Program - Community, Culture and Recreation (CCR) - Intake Phase 2 for the Minoru Place Activity Centre Conversion to Arts Centre for a maximum available funding of \$2,400,000
- Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Stream for the Thompson Community Centre and Hall Infrastructure Renewals for a maximum available funding of \$900,000
- National Disaster Mitigation Program (NDMP) for Mitigation Planning – the Steveston Island Preliminary Dike Design submission for a maximum available funding of \$500,000

- Union of British Columbia Municipalities (UBCM) Strengthening Communities' Services Grant Application for a maximum available funding of \$3,348,947
- Union of British Columbia Municipalities (UBCM) Community Emergency Preparedness Fund for the Dike Operation & Maintenance Manual Update for a maximum available funding of \$150,000

CAPITAL PROJECTS

At the Council meeting held on May 25, 2021, Council approved the capital project for Digitization of Development Approvals system (AMANDA) with a budget of \$740,000.

At the Closed Council meeting held on June 14, 2021, Council approved the capital project for the Richmond Curling Club with a budget of \$1,500,000.

At the Council meeting held on July 26, 2021, Council approved the capital project for Steveston Community Centre and Branch Library with a budget of \$90,000,000 for construction costs plus an additional \$5,000,000 for construction escalation contingency.

These capital projects will be included in the amendments to Consolidated 5 Year Financial Plan (2021 – 2025) which is scheduled to be presented to Council in Fall 2021.

HIGHLIGHTS OF KEY CONSTRUCTION RELATED CAPITAL PROJECTS

Information on key capital projects include the project budgets, transfers from other projects and budget amendments, actuals on a cash-basis, and remaining commitments as at June 30, 2021.

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 stage. With the current Provincial and Federal regulatory framework, the design and approval process for many drainage projects (including pump stations and dike upgrades) can take one to two years.

There are continued upgrades for 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, 2021 | Expected Commitments / Work In Progress |
|--|---|-----------------|-----------------------------|---|
| Drainage | Drainage Pump Station & Diking Upgrades including Provincial Grant (2016, 2020) | \$28,302 | \$21,808 | \$6,494 |
| Drainage | Drainage Pump Station and Diking Upgrades – Federal Grant (2020, 2021) | 9,516 | 52 | 9,464 |
| Drainage & Sanitary | Burkeville Area Drainage and Utility Improvements - Phase 2 (2019, 2020) | 3,369 | 2,209 | 1,160 |
| Drainage | Laneway Drainage Upgrades (2020) | 1,460 | 1,126 | 334 |
| Road | River Parkway Extension (2018) | 13,200 | 7,430 | 5,770 |
| Road & Drainage | No. 4 Road Reconstruction and Box Culvert Repair (2018, 2020) | 4,286 | 320 | 3,966 |
| Road | Annual Asphalt Re-Paving Program - MRN and Non MRN (2020) | 4,842 | 2,190 | 2,652 |
| Sanitary | Eckersley B Sanitary Pump Station Replacement and Spires Utility Servicing (2020) | 5,100 | 3,026 | 2,074 |
| Sanitary | Steveston Laneway Sanitary Sewer Rehabilitation (2018, 2020, 2021) | 5,439 | 1,541 | 3,898 |
| Sanitary | Hamilton Sanitary Pump Station (2020) | 2,800 | 1,617 | 1,183 |
| Water | Watermain Replacement Program (2020) | 5,793 | 4,169 | 1,624 |
| Total Key Infrastructure Capital Projects | | \$84,107 | \$45,488 | \$38,619 |

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, 2021 | Expected Commitments / Work In Progress |
|--|---------|-----------------------------|---|
| Animal Shelter Replacement (2018) | \$8,000 | \$981 | \$7,019 |
| Lawn Bowling Club Replacement (2018) | 5,300 | - | 5,300 |
| Phoenix Net Loft (2018, 2020) | 19,440 | 1,455 | 17,985 |
| Minoru Place Activity Centre (2019) | 3,326 | 185 | 3,141 |
| Richmond Ice Centre Infrastructure Renewals - Phase 1 (2020) | 6,850 | 595 | 6,255 |
| Richmond Courthouse (2019, 2020) | 1,932 | - | 1,932 |
| Community Safety Building (2020) | 1,420 | 28 | 1,392 |

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

| Project Name | Budget | Actuals as at June 30, 2021 | Expected Commitments / Work In Progress |
|---|-----------------|-----------------------------|---|
| City Hall Infrastructure Replacement (2020, 2021) | 4,270 | 103 | 4,167 |
| Works Yard Improvements (2018, 2019) | 4,222 | 931 | 3,291 |
| Minoru Arenas (2019, 2021) | 4,580 | 482 | 4,098 |
| Total Key Building Capital Projects | \$59,340 | \$4,760 | \$54,580 |

Attachment 1 includes the Q2 2021 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 below with the project highlights included in Attachment 2.

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

| Project Name | Budget | Actuals as at June 30, 2021 | Expected Commitments / Work In Progress |
|--|-----------------|-----------------------------|---|
| Alexandra Park (formerly West Cambie Park) (2016, 2019) | \$2,554 | \$338 | \$2,216 |
| Aberdeen Park Phase 2 and 3 (2018, 2019) | 2,050 | 156 | 1,894 |
| Railway Granville Bike Park (2020) | 270 | 259 | 11 |
| Garden City Lands Phase 2 and 3 (2016-2018) | 5,995 | 2,854 | 3,141 |
| Riverport and Cook Community Gardens (2020) | 180 | 169 | 11 |
| Minoru Lakes Renewal (2018-2020) | 6,060 | 468 | 5,592 |
| Safety and Environmental Enhancements to Richmond High Turf Field Warranty Repair (2021) | 448 | - | 448 |
| King George Park Rugby Field Upgrades (2013-2015, 2019) | 374 | 166 | 208 |
| Lang Park Completion (2020) | 250 | 61 | 189 |
| Dog Park Upgrades (2021) | 200 | 1 | 199 |
| The Gardens Agricultural Park (2015) | 1,100 | 434 | 666 |
| London / Steveston Park Enhancements (2017, 2019) | 550 | 500 | 50 |
| Hollybridge Pier/Middle Arm (2010, 2012, 2015) | 2,350 | 1,918 | 432 |
| South Arm Park Renewal (2021) | 300 | - | 300 |
| Playground Improvement & Replacement (2018, 2020) | 1,100 | 369 | 731 |
| Parks Aging Infrastructure (2018-2020) | 2,040 | 1,602 | 438 |
| Parks General Development (2020) | 400 | 172 | 228 |
| Parks Identity Signage Program (2019, 2020) | 100 | 64 | 36 |
| Total Key Parks Capital Projects | \$26,321 | \$9,531 | \$16,790 |

TRANSPORTATION

The key transportation capital project is highlighted below. Top 20 Collision Prone Intersections – Short-term Improvements (2020) implements short-term improvements determined through the Network Screening Study to enhance intersection safety at the identified intersections. To date, the project is substantially completed with minor work remaining at some locations for lighting upgrade to Light Emitting Diode (LED), delineators upgrade and enlargement of signal heads. Long-term Improvements at two intersections are being advanced through separate approved Capital projects. Table 7 provides the highlight for the key transportation capital project.

Table 7: Key Transportation Capital Project (in \$'000s)

| Project Name | Budget | Actuals as at June 30, 2021 | Expected Commitments / Work In Progress |
|--|--------------|-----------------------------|---|
| Top 20 Collision Prone Intersections- Short-term Improvements (2020) | \$500 | \$273 | \$227 |
| Total Key Transportation Capital Project | \$500 | \$273 | \$227 |

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 8: Projects Closed in the Quarter Ended June 30, 2021 (in \$'000s)

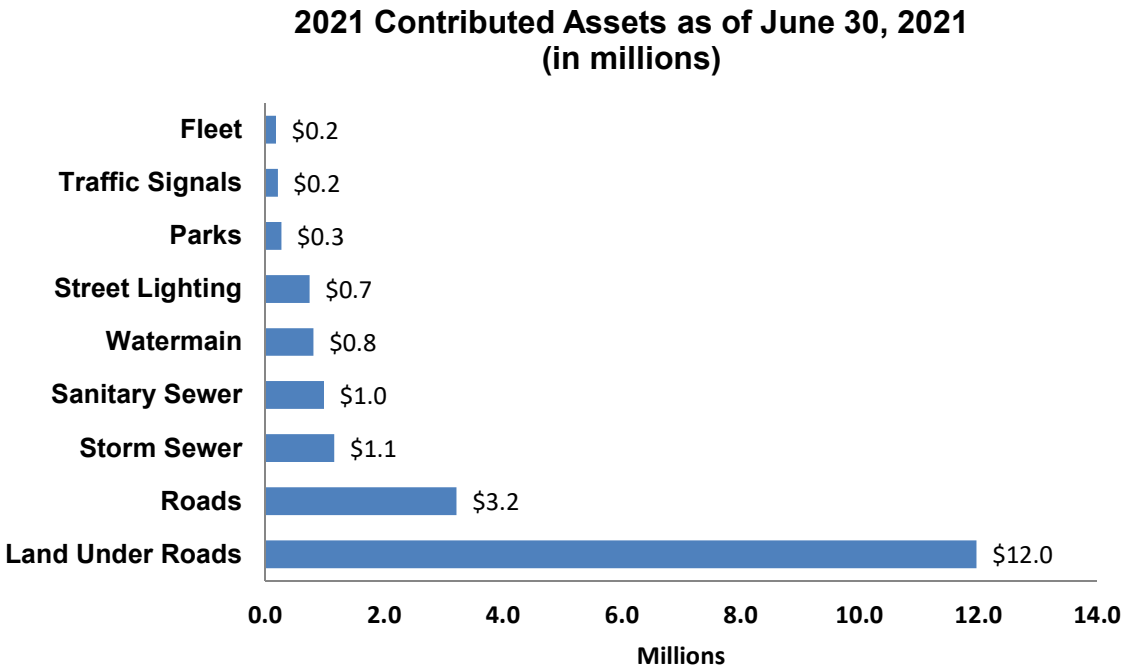
| Project Name | Budget | Actuals as at June 30, 2021 | Remaining Budget* |
|---|----------------|-----------------------------|-------------------|
| Burkeville Drainage Improvements (2018) | \$2,000 | \$1,998 | \$2 |
| Annual Hardware Refresh (2019) | 468 | 467 | 1 |
| Gravity Sewer Assessment Program (2018) | 450 | 444 | 6 |
| Annual Hardware Refresh (2018) | 427 | 423 | 4 |
| Public Works Minor Capital - Sanitary (2019) | 400 | 398 | 2 |
| Traffic Calming Program (2020) | 300 | 300 | - |
| Transportation Planning, Functional and Preliminary Design (2020) | 257 | 257 | - |
| Accessible Pedestrian Signal Program (2019) | 250 | 247 | 3 |
| Watermain Tie-in and Restoration (2018) | 250 | 247 | 3 |
| LED Street Name Sign Program (2019) | 200 | 200 | - |
| SCADA System Improvements (2020) | 150 | 149 | 1 |
| Child Care - Administration (2019) | 100 | 100 | - |
| Child Care Projects - City-wide (Capital Grants) (2021) | 50 | 46 | 4 |
| Child Care Projects - City-wide Non-Capital Grants (2020) | 10 | 6 | 4 |
| Total | \$5,312 | \$5,282 | \$30 |

* Unspent funds will be returned to the original source of funding

CONTRIBUTED ASSETS

Included in the Consolidated 5 Year Financial Plan (2021-2025) Bylaw was an estimated \$61.5M for assets that are transferred to the City by developers. Under the Public Sector Accounting Standards, these are recorded as revenue at the fair market value at the time of contribution. 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 \$19.5M have been recorded as of June 30, 2021:

Figure 2 – Current Year-To-Date Contributed Assets as at June 30, 2021



Included in Land Under Roads are the road extensions of:

- The lane on the Lansdowne Road to the No. 3 Road as part of the rezoning application for the property at 5671 No. 3 Road recorded at the fair market value of \$9.0M; and
- Lansdowne Road to the No. 3 Road as part of the rezoning application for the property at 5500 No. 3 Road recorded at the fair market value of \$1.5M.

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.

A handwritten signature in black ink that reads "Jenny Ho". The signature is written in a cursive, flowing style.

Jenny Ho, CPA, CGA
Acting Manager, Budgets
(604-276-4223)

JH:sx

- Att. 1: Q2 2021 Construction Update on Engineering and Public Works Capital Projects
- 2: Q2 2021 Construction Update on Parks Capital Projects

Q2 2021 Construction Update on Engineering and Public Works Capital Projects

Flood Protection

Drainage Pump Station and Diking Upgrades – Provincial Grant

The City secured \$16.6 million from the Provincial Government under the Flood Protection Program. This project includes the upgrades of four drainage pump stations and diking upgrades. Construction for the South Dike upgrade (Gilbert Road to No. 3 Road), Horseshoe Slough drainage pump station and Shell Road North drainage pump station is substantially complete. Construction for the No. 7 Road South drainage pump station is ongoing.

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. Procurement of the Steveston Highway and Gilbert Road drainage pump station and South Dike Upgrades from No. 3 Road to west of No. 4 Rd is ongoing.

Burkeville Area Drainage, Watermain and Sanitary Sewer Upgrades

This project consists of upgrades to the City's storm sewer capacity. Ageing 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 2 is ongoing with Phase 3 commencing in Q3 2021.

Laneway Drainage Upgrades

This project consists of upgrades to laneways in the Broadmoor area to reduce local flood risks by increasing the City's storm system capacity. Construction at Bates Road East laneway is ongoing, followed by Reeder Road South laneway in Q3 2021.

Roads

River Parkway Extension

This project involves the construction of the interim two-lane road along the former railway corridor, from 200m northeast of Gilbert Road to Cambie Road. The new River Parkway connects to the existing Leslie Road, Gilbert Road, Cambie Road and future Minoru Boulevard as well as provides access to the future park. River Parkway has replaced the existing River Road between Gilbert Road and Cambie Road and provides a continuous alternate route to No. 3 Road and existing River Road. This project is substantially complete and River Parkway is open for public use. The River Road access at Gilbert Road has been closed and the construction of a cul-de-sac at the west end of River Road is complete.

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 undergone settlement 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 which will also be repaired through this project. Construction is ongoing.

Paving Program – Various Locations – City-Wide

The annual Paving Program works are ongoing. Locations completed include 11000 Block Railway Avenue, 10000 Block No. 4 Road, 8000 Block Lansdowne Road, 8000 Block Westminster Highway, and 6000 Block Cooney Road. Upcoming locations include: 11000 Block No. 3 Road, Alderbridge and Garden City Road, Bridgeport and No. 5 Road, and various spot repairs.

Sanitary SewersEckersley B Sanitary Pump Station

This project includes the replacement of the existing sanitary pump station located at William Cook Elementary School and will connect to the existing sanitary system and recently completed Spires area upgrades. Construction is ongoing.

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 5 to 10 year. Construction started in 2020 to address priority locations and the design of the master plan is ongoing with some rehabilitation work planned for late-2021.

WaterWatermain Replacement Program

This project replaces and upsizes ageing watermains at the end of their service life with PVC pipe, in line with the City's Ageing Infrastructure Replacement Strategy. This will minimize unplanned maintenance and improve fire protection. Construction in the Bridgeport/Simpson/Olafson area and Bates area is complete. Construction in the Chatsworth/Chelmsford area is ongoing.

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 is ongoing.

Buildings

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. Design development is complete, abatement works are in progress and the construction contract has been awarded. It is anticipated that this project will be complete by Q2 2022.

Bowling Green Community Activity Centre

The current Richmond Lawn Bowling Clubhouse was constructed in 1963 and is located in the northeast corner of Minoru Park. This facility will be demolished and replaced with a modern 4,900 sq. ft. single-storey facility in the same location. It is anticipated that the design will be complete and ready for tendering by Q3 2021 with construction to be completed by Q1 2023.

Phoenix Net Loft

Deconstruction and salvage of the Phoenix Net Loft is complete and salvaged materials are stored at the City owned warehouse at 7400 River Road.

Minoru Place Activity Centre

BC Housing is temporarily operating the facility as an Emergency Response Centre for the vulnerable population experiencing homelessness due to COVID-19. The Minoru Place Activity Centre will be repurposed to a Community Arts Program and Education space (Cultural Centre Annex), once the license agreement with BC Housing is complete. In September 2020, Council approved the submission of a grant to Investing in Canada Infrastructure Program – Community, Culture and Recreation Stream. The detailed design phase of the project has been completed and construction is anticipated to begin in Q3 2022.

City Centre Community Centre North

The developer driven amenity will feature an indoor activity track, gymnasium, multi-purpose rooms and Children's Exploratorium. The 33,000 sq. ft. project is currently in the detailed design phase by the developer and it is anticipated to be under construction in 2021, with an estimated completion by the end of 2023.

Richmond Ice Centre- Phase 1

Existing ageing equipment and infrastructure will be replaced with new and more efficient alternatives. Three new compressors will use less ammonia, have more efficient power consumption and improved control operation. The equipment and infrastructure replacements will minimize unplanned maintenance and improve life and safety for the users and operators. The compressors replacement and the other upgrades to the refrigeration plant will be completed in Q3 2021, whereas the design for the remainder of the work is ongoing, with construction scheduled to start in Q1 2022.

Child Care Centres

A combined total of approximately 64,880 sq. ft. has been designed to accommodate about 201 children in various licensed child care programs. Funding was collected through both the Development Cost Charges and Community Amenities Charges. Design and construction, which is the responsibility of the developer, continue for the following:

- Sprouts Early Childhood Development Hub - Pinnacle International (construction completion anticipated by Q3 2021)
- Seedlings Early Childhood Development Hub - Keltic Canada Development Co. Ltd. (construction completion anticipated by Q1 2022)
- Hummingbird Child Care - Aspac Development Ltd. (construction completion anticipated by Q3 2022)

Richmond Courthouse

The two-storey, 64,000 sq. ft. building was originally built in 1975 and currently houses spaces for the Attorney General Office, Richmond Community Corrections, Richmond Family Justice Centre and RCMP Community Services. Existing ageing equipment will be replaced with new and more efficient alternatives. Existing infrastructure will be improved to enhance life and safety for the users and operators. Staff have procured the consulting team and contractor, with anticipated completion for the design in Q4 2021 and construction start in Q2 2022.

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 has been completed and construction is planned to start in Q3 2021.

City Hall Infrastructure Replacement

Multiple building components and mechanical equipment at City Hall will be replaced with modern energy efficient systems, with construction completion anticipated by Q1 2022. In addition, the replacement of the Council Chamber roof is anticipated to be complete in Q3 2022.

Works Yard Improvements

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 for this phase is complete and construction tendering is in progress. Construction is estimated to be complete by Q1 2022.

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 started in Q2 2021 with anticipated completion in Q2 2022.

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|-------------------------------------|--|---|--------------------------------|--|
| INFRASTRUCTURE - ENGINEERING | | | | |
| ROADS | | | | |
| 1 | Garden City Road Pedestrian and Cyclist Enhancements, Westminster Highway to Lansdowne Road (2019) | Garden City Pedestrian and Cyclist Enhancements - Westminster Highway to Lansdowne Road | \$1,000 | Q3 2021 |
| 2 | Arterial Roadway Improvement Program (2019) | Railway Greenway intersections | \$950 | Q3 2021 |
| | Neighbourhood Walkway Program (2019) | | | |
| 3 | River Parkway Road Extension - Gilbert Road to Cambie Road (2018) | River Parkway Road Extension - Gilbert Road to Cambie Road | \$13,200 | Complete |
| | Cambie Road Improvement, River Road to No. 3 Road (2018) | | | |
| | Leslie Road Improvement, River Parkway to approximately 150m to the east (2018) | | | |
| 4 | Street Light LED Upgrade Program (2020) | Year 4 - Continuation of LED replacement program | \$400 | Q3 2021 |
| 5 | Cambie Overpass Rehabilitation Project (2020) | Rehabilitation of the Cambie Overpass approach at Knight Street | \$1,355 | Q3 2021 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|--|---|--------------------------------|--|
| 6 | No. 4 Road Reconstruction from Blundell Road to Granville Ave (2018) | Granville Avenue to Blundell Road | \$4,286 | Q4 2021 |
| | Box Culvert Repair (2018) | | | |
| | Box Culvert Repair (2020) | | | |
| 7 | Bridge Rehabilitation Program (2018) | Various locations Citywide including West Dikes Bridge and Bird Road Bridge | \$590 | Q4 2021 |
| | Bridge Rehabilitation Program (2019) | | | |
| 8 | Annual Asphalt Re-Paving Program - MRN (2020) | Annual asphalt re-paving | \$1,554 | Q4 2021 |
| 9 | Annual Asphalt Re-Paving Program - Non-MRN (2020) | Annual asphalt re-paving | \$3,288 | Q4 2021 |
| 10 | Annual Asphalt Re-Paving Program - MRN (2021) | Annual asphalt re-paving | \$1,589 | Q4 2021 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|--|---|--------------------------------|--|
| 11 | Annual Asphalt Re-Paving Program - Non-MRN (2021) | Annual asphalt re-paving | \$3,344 | Q4 2021 |
| 12 | Arterial Roadway Improvement Program (2018) | River Road Sidewalk - No. 6 Road to Burdette Street, Sidewalk Upgrades - Lucas at No. 3 Road | \$350 | Q4 2021 |
| 13 | Active Transportation Improvement Program (2018) | Odlin Road Bike Route, Westminster Highway MUP - 14600 block to No. 7 Road, and Charles Street MUP - Sexsmith to Bridgeport Canada Line Station | \$2,000 | Q4 2021 |
| | Active Transportation Improvement Program (2019) | | | |
| 14 | Alderbridge Way Multi-Use Pathway, No. 4 Road to Shell Road (2018) | Alderbridge Way MUP - Shell Road to No. 4 Road | \$1,200 | Q4 2021 |
| 15 | Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate (2019) | Steveston Highway MUP - Shell Road to Mortfield Gate | \$2,000 | Q2 2022 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|-----------------|--|---|--------------------------------|--|
| 16 | Cambie Road/No. 5 Road- Intersection Improvements (2020) | Intersection safety improvements at Cambie Road and No. 5 Road | \$2,760 | Q2 2022 |
| 17 | Neighbourhood Walkway Program (2020) | Viking Way Sidewalk - Cambie Road to Bridgeport Road and Westminster Highway Walkway - Muir Drive to 22411 Westminster Highway | \$750 | Q4 2021 |
| 18 | Transit-Related Roadway Improvement Program (2020) | Various locations Citywide including Westminster Hwy at No. 8 Road, Railway Avenue at Linfield Gate, Railway Avenue at Lancing Road, and Railway Avenue at Maple Road | \$500 | Q4 2021 |
| DRAINAGE | | | | |
| 19 | Heather Street Improvement (2019) | Neighbourhood improvement on Heather Street, from Francis Road to Dayton Avenue | \$1,757 | Complete |
| 20 | Burkeville Utility Improvements Drainage (2020) | Burkeville Drainage Upgrades (Second phase of construction) | \$3,369 | Q3 2021 |
| | Burkeville Utility Improvements - Sanitary (2019) | | | |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|---|---|--------------------------------|--|
| 21 | Watercourse Crossing Rehabilitation & Replacement (2020) | Replacement of the a failed culvert crossing that serves City’s tree nursery, KPU incubator farm and Richmond Food Security Society’s Community Farmers | \$300 | Q3 2021 |
| 22 | 2016 Flood Protection (2016) | South dike upgrades - No. 3 Road to Gilbert Road, Horseshoe Slough Pump Station, No. 7 Road South Drainage Pump Station, Shell North Drainage Pump Station | \$28,302 | Q3 2021 |
| 23 | South Dike Repair - Gilbert Road Area (2021) | South Dike Repair - Gilbert Road Area | \$500 | Complete |
| 24 | East Richmond Drainage & Irrigation Upgrades (2018) | Canal stabilization and drainage and irrigation upgrades throughout Richmond including Cambie and No. 7 Culvert Replacement, Westminster Hwy Cross Culvert, 11000-12000 Block No. 3 Road, and 9000 block No. 6 Road | \$3,266 | Q4 2021 |
| | Canal Stabilization (2020) | | | |
| | East Richmond Drainage & Irrigation Upgrades (2020) | | | |
| | Canal Stabilization and Drainage & Irrigation Upgrades (2021) | | | |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|--|---|--------------------------------|--|
| 25 | Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2021) | Second phase of drainage pump station upgrades and perimeter dike raising design as per the awarded Disaster Mitigation and Adaptation Fund including dike upgrades from No. 3 Road to 400m west of No. 4 Road, and dike upgrades at No. 9 Road | \$5,000 | Q4 2022 |
| 26 | Laneway Drainage Upgrade (2020) | Laneway drainage upgrade in Greenlees Road east lane, Bates Road east lane, and Bates Road south lane. | \$1,460 | Q4 2021 |
| 27 | Storm Main Drainage Upgrade (2021) | Drainage improvements at the intersection of Gilbert Road | \$950 | Q4 2021 |
| 28 | Steveston Highway & No. 3 Road Pump Station Upgrade (2019) | Upgrade of the existing drainage pump station at Steveston Highway and No. 3 Road | \$2,439 | Q2 2022 |
| 29 | Burkeville Utility Improvements Drainage (2021) | Burkeville Drainage Upgrades (Third phase of construction) | \$2,026 | Q3 2022 |
| 30 | Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020) | First phase of drainage pump station upgrades and perimeter dike raising design as per the awarded Disaster Mitigation and Adaptation Fund including upgrades at the existing drainage pump station at Steveston Highway and Gilbert Road | \$4,516 | Q4 2022 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|-----------------|---|--|--------------------------------|--|
| 31 | Laneway Drainage Upgrade (2021) | Laneway drainage upgrade at Reeder Road south lane, and Railway Avenue East lane | \$800 | Q4 2022 |
| SANITARY | | | | |
| 32 | Hamilton Area Sanitary Sewer and Pump Station (2020) | Sanitary Pump station located in Hamilton VLA Park | \$2,800 | Q4 2021 |
| 33 | Eckersley B Sanitary Pump Station (2020) | Eckersley B Sanitary Pump Station | \$5,100 | Q3 2021 |
| 34 | Sanitary Sewer Tie-in and Restoration (2021) | Sanitary Sewer Tie-in and Restoration | \$150 | Q2 2022 |
| 35 | Steveston Gravity Sewer Replacement and Rehabilitation (2018) | Multi-year sanitary rehabilitation and upgrade program in the Steveston area | \$5,439 | Q4 2022 |
| | Steveston Gravity Sewer Replacement and Rehabilitation (2020) | | | |
| | Gravity Sewer Rehabilitation and Upgrades (2021) | | | |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|--------------|--|---|--------------------------------|--|
| WATER | | | | |
| 36 | Watermain Replacement Program (2019) | Watermain Replacement Program - McDonald Road Area, Colbeck Area, Palmberg Area and Gilhurst/Bates Area | \$5,395 | Complete |
| 37 | 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 | Q4 2021 |
| 38 | Watermain Replacement Upgrades Program (2020) | Watermain Replacement Program - No. 4 Rd, Chatsworth/Chelmsford Area, Bridgeport/Olafsen Area and Monteith Area | \$5,793 | Q4 2021 |
| 39 | Watermain Tie-in and Restoration (2021) | Watermain Tie-in and Restoration | \$200 | Q2 2022 |
| 40 | Water Metering Program (2021) | Upgrade touch pad meters to radio meters; volunteer multi-family dwelling meters | \$1,286 | Q2 2022 |
| 41 | Watermain Replacement Upgrades Program (2021) | Watermain Replacement Program - Danube/Minler Area, Nevis/Petts Area, Springfield Area, No. 3 Road, Terra Nova Park and Granville Avenue | \$6,196 | Q4 2022 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|--|---|--|--------------------------------|--|
| BUILDINGS - PROJECT DEVELOPMENT | | | | |
| 42 | London Farm House Envelope Renewals (2019) | Envelope Renewals | \$376 | Complete |
| 43 | Works Yard Salt Shed Repairs (2019) | Salt Shed Repair | \$266 | Complete |
| 44 | City Hall Annex Transformer Replacement (2019) | Transformer Replacement | \$500 | Complete |
| 45 | Library Cultural Centre Conveyance Replacements (2019) | Conveyance Replacement and Mechanical Upgrades | \$4,209 | Complete |
| | Library and Cultural Centre Chiller Replacement (2017) | | | |
| | Energy Management Projects (2017) | | | |
| 46 | Phoenix Net Loft Building Stabilization (2018) | Deconstruction/Salvage (\$1.4M) | \$19,440 | Complete |
| 47 | Minoru Arena System Renewals (2019) | Systems Renewal | \$3,300 | Q4 2021 |
| 48 | Community Safety Building - Mechanical Component Replacements and Associated Works (2020) | Components Replacement | \$1,420 | Q4 2022 |
| 49 | Works Yard Electrical Service Upgrade and EV Infrastructure (2020) | Electrical Upgrade and EV Infrastructure | \$1,688 | Q3 2022 |
| 50 | City Hall Upgrades and Repairs (2019) | Mechanical Upgrades and repairs | \$980 | Q4 2021 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|---|--|--------------------------------|--|
| 51 | Minoru Aquatics Centre Demolition (2021) | Demolition | \$2,700 | Q4 2021 |
| 52 | Minor Capital Buildings Project Development (2018) | 62 projects (roof replacement, flooring, mechanical equipment, etc.) | \$4,334 | Q4 2021 |
| 53 | Minoru Place Activity Centre Program - Implementation (2019) | Repurposing | \$3,326 | Q1 2023 |
| 54 | Works Yard Ageing Mechanical and Building Envelope Infrastructure Replacement (2018) | Design of site wide infrastructure replacements | \$2,515 | Q1 2022 |
| 55 | Works Yard Mechanical Replacements (2019) | Mechanical Systems Replacement | \$1,707 | Q1 2022 |
| 56 | City Hall - Replacement of Mechanical, Life/Safety, and Envelope Components and Associated Works (2020) | Replacement Components | \$2,630 | Q1 2022 |
| 57 | Hamilton Community Centre - HVAC Replacement (2021) | HVAC Replacements | \$500 | Q3 2022 |
| 58 | Animal Shelter Replacement (2018) | Replacement | \$8,000 | Q2 2022 |
| 59 | Richmond Ice Centre Infrastructure Renewals - Phase 1 (2020) | Renewals | \$6,850 | Q4 2022 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|---|-------------------------------------|--------------------------------|--|
| 60 | City Hall Council Chamber Roof Replacement (2021) | Council Chamber Roof Replacement | \$1,640 | Q3 2022 |
| 61 | Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2 (2019) | Mechanical and Envelope Replacement | \$1,341 | Q4 2022 |
| 62 | Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works (2020) | Infrastructure Replacements | \$1,932 | Q4 2022 |
| | Richmond Courthouse - Mechanical Components Replacements, Envelope Renewals, Electrical Replacements, Structural Renewals and Associated Works (2019) | | | |
| 63 | Lawn Bowling Club Replacement (2018) | Replacement of Clubhouse | \$5,300 | Q1 2023 |

| | Project Name | Scope of Work | Capital Funding (x1000) | Scheduled Construction Completion |
|----|--|-------------------------------------|--------------------------------|--|
| 64 | Thompson Community Centre & Hall Infrastructure Renewals (2021) | Infrastructure Upgrades | \$900 | Q1 2022 |
| 65 | Minoru Arenas - Mechanical & Life Safety System Renewals (2021) | Mechanical and Life Safety Renewals | \$1,280 | Q2 2022 |
| 66 | West Richmond Community Centre - HVAC and Mechanical renewals (2021) | HVAC Renewals | \$1,330 | Q4 2023 |

Q2 2021 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 were issued in **Q2 2020**, and the construction contract was awarded in **Q2 2021**. Park construction is now underway, and expected to be completed in **Q4 2021**.

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 naming of this new park from Cambie City Centre to Aberdeen Neighbourhood Park. The RFP for Phase 2 works was issued in Q3 2020. Purchasing staff identified a lead proponent, and cost savings opportunities were finalized with the prospective contractor and consultant team. The construction contract was awarded in **Q2 2021**. Park construction is now underway, and expected to be completed in **Q4 2021**.

Railway Granville Bike Park

This project is now substantially complete and open for public use and enjoyment. Public feedback has been positive and the park is well used on a daily basis. This coming fall, two benches will be installed along the Railway Greenway, several trees within the bike park to provide shade and line painting on the track to provide riders guidance on ride line ratings and direction.

Garden City Lands (GCL)

Staff will be proceeding with construction of the community gardens on the site with an expected completion of early **Q3 2021**, pending Agricultural Land Commission (ALC) approval. An extensive contaminated sites testing program will be proceeding in **Q3 2021** once a work plan is developed and RFP issued to identify the project's qualified environmental professional (QEP). Staff will be installing park benches along the Perimeter Recreational Trail in **Q3 2021** and additional native tree and shrub plantings in late **Q4 2021** along the same trail. The scale and extent of this planting effort will be similar to what was successfully completed in 2018. 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 **Q3/Q4 2021**, subject to further public consultation.

Minoru Lakes Renewal

Detailed design for the renewed Minoru Lakes District is nearing completion. A report was presented at the Parks, Recreation and Cultural Services (PRCS) Committee in April 2021 to describe the design of the project. The request for proposals for construction services will be issued in **Q3 2021 and phase one construction is planned to start in 2022**.

Safety and Environmental Enhancements to Richmond High Turf Field Warranty

Replacement of the artificial turf field was completed in 2016, however due to product defects, the vendor will be replacing the synthetic turf under warranty at no cost to the City. Staff have identified opportunities to improve the safety, performance and play experience of the field. Construction has begun near **end of Q2 2021**, and is expected to be completed in **Q3 2021**.

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. Installed in 2008, the King George field is at the end of its expected lifespan and is failing to meet minimum operating safety standards for shock attenuation (e.g. risk of injury). The RFP process has been completed and the contract has been awarded. **This project is anticipated to start in Q3 2021.**

King George Community Park – Gathering Area

The construction phases of the social gathering area was completed in **Q2 2021**. Remaining works are scheduled for **fall 2021**. These works include tree planting, native shrub planting in bioretention areas, and temporary irrigation for plant establishment. The new gathering area features a community stage, a large harvest table, and additional site furnishings reflective of public feedback gathered as part of the King George Community Park Master Plan.

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** and fabrication of the overhead shelter is underway and expected to be completed near end of **Q3 2021**.

Dog Park Upgrades

The existing Steveston Dogs Off-Leash Area is slated to be upgraded in 2021. Upgrades are expected to include improved surfacing, play features, tree planting, site furnishings, and a drinking fountain. **Detailed design is anticipated to begin in Q3 2021.**

The Gardens Agricultural Park

Rehabilitation of the existing park features is ongoing, including pathways, a bridge, planting and site furnishings. The southern part of the park is open to the public with the northern section under final planning and detailed design. Full implementation of the approved park concept is currently on hold due to the potential impacts of the George Massey Tunnel project.

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, 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 was completed in July 2020 and the half-court basketball plaza was completed in December 2020. The park shelter was installed in **February 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. **Detailed design is anticipated to begin in Q3 2021.**

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 delayed 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 in March 2021. A report is being prepared for the redesign process of a structure that does not require Crown Provincial's water lot.

South Arm Community Park Renewal

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

Playground Improvement and Replacement

- South Arm Community Park Playground – The request for proposals will be issued to market near end of **Q3 2021**. Construction is expected to start in **spring 2022**.
- Talmey Neighbourhood School Park and Garnet Tot Lot Playgrounds – Construction on both playgrounds has been completed in **Q2 2021**.
- Steveston Community Park Playground Renewal – A staff report on the Steveston Community Park Playground Next Steps received Council support in **Q1 2021**. Preparation for a request for proposals for detailed design and costing services is underway and targeted to be issued in **Q3 2021**.
- Odlin Park Playground – Procurement and detailed design has been completed and the playground improvement project is scheduled for construction in **Q3 2021**.

Parks Aging Infrastructure

- South Arm Park Basketball Courts – improvements were completed in **Q1 2021** through replacement of the existing basketball hoops and backboards. Sport surfacing replacement of the courts started on the first week of July and expected completion by **August 2021**.

- No. 2 Road Pier – A Structural Conditional Assessment was completed in August 2018. Phase 1 repairs to the pile foundation were completed in July 2020. Replacement of the perimeter rail fence was completed in November 2020. Planning for Phase 2 of the pile foundation replacement is now anticipated for 2022-2023. A capital submission will be submitted for consideration in the future year’s budget process.
- No. 3 Road Pier – A conditional assessment of the pier was completed in March 2021. Minor repairs to the piled foundation is scheduled to start in **fall of 2021**.
- Gibbons Park – Installation of storm drainage onto the field is scheduled to start in **fall 2021**.
- Thompson Burnett Tennis Courts – In **May 2021**, repairs to cracks on the courts and resurfacing of play areas was completed.

Parks General Development

- London Heritage Farm – The implementation of the Master Plan has started in **Q2 2021** following Council approval of the plan in Q1 2021. Works started include upgrades to the irrigation system, a new lavender garden, and site preparation for further works scheduled for **Q3 2021**, including renovations to an existing chicken run and upgrades to a bee apiary.
- Richmond Nature Park – Upgrades to the bird feeding stations were performed with realigned fence sections and new bases for the posts. These works reduce maintenance issues for the stations by levelling the surfaces for easier cleaning and sweeping.
- Thompson Burnett School Park – New pathway alignments were installed in **Q2 2021** to improve pedestrian circulation throughout the site.

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 is currently underway for 10 locations in the west zone, between Granville and Francis Road.



City of Richmond

Report to Committee

To: Finance Committee

Date: August 10, 2021

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

File: 01-0060-20-LIEC1/2021-Vol 01

Jerry Chong, CPA, CA
Acting General Manager, Finance
Chief Financial Officer, Lulu Island Energy Company

Re: Lulu Island Energy Company – 2nd Quarter June 30, 2021 Financial Information

Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2nd Quarter June 30, 2021 Financial Information”, dated August 10, 2021 from the Chief Executive Officer and Chief Financial Officer, be received for information.

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

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

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



6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: July 13, 2021

TO: Board of Directors

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

Re: Lulu Island Energy Company – 2021 2nd Quarter Financial Information

Staff Recommendation

That the 2nd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2021 2nd Quarter Financial Information” dated July 13, 2021 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 is prepared with the objective to provide 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 the financial position as of June 30, 2021 (Attachment 1) and the interim income statement for the period ended June 30, 2021 (Attachment 2).

Financial Position

The interim statement of the financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) \$15,892,773 and non-current assets (plant and equipment) \$38,400,609. The total assets are \$54,293,382. The total liabilities of \$20,705,071 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, 2020, LIEC’s shareholder equity is \$33,588,311, 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 both ADEU and OVDEU service areas. The year to date metered billings revenue is \$1,314,894 from the Alexandra District Energy Utility (ADEU) and \$1,342,687 from the Oval Village District Energy Utility (OVDEU). Overall, the first six months of metered billing revenue of \$2,657,581 increased by 20% over 2020. This reflects the addition of two new building connections, increased energy use from customers due to increased occupancy, and the approved annual increase for the 2021 rates. The year-to-date metered billings revenue is in line with the budget.

Cost of Sales

The cost of sales is the accumulated total of expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The contract expense increased by 9% over 2020 with more buildings being serviced, resulting in additional operations and maintenance work. The growth in energy demand, due to the addition of more buildings, resulted in an increased use of electricity and natural gas to run distribution pumps, geo-exchange heat pumps, 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 rise by 23% compared to 2020. The amortization expense increased due to capital asset additions. The year-over-year cost of sales has increased by 17%.

General and Administration Expenses

The general and administration (G&A) expenses are expenditures that LIEC incurs to engage in operating activities which include salaries and benefits, administration expenses, professional fees, etc. Salaries and benefits increased by 12% compared to Q2 2020 due to the alignment with the Administration Procedure 3001.01 in order to fairly reimburse the City for administrative and operational time that City management staff members incur while conducting LIEC business, however, salaries and benefits are in line with budget. The administration expense includes the overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff. Insurance expense increased due to the general insurance rate increase and additional DEU assets being insured. The professional fees increased compared to 2020 due to additional costs as a result of the delayed completion of the year end third party audit. Overall, the G&A expenses as a percentage of revenues are at 17%, which is in line with last year's Q2 results.

Contributions and Financing

The contributions and financing expense section represents other sources of income and costs for the business. The current energy modeling review fee revenues are higher than 2020's due to larger than anticipated building permit reviews. The net finance cost is the result of year-to-date finance costs on concession liabilities, offset by interest income. The net finance cost is higher than 2020 mainly due to the increase in the concession liability and the reduction in investment income due to low interest rates. The additional capital expenditure for OVDEU infrastructure has resulted in a higher balance of concession liability than the prior year.

LIEC's EBITA (earnings before interest, tax, and amortization), used as a proxy to measure the company's financial performance, increased by 20% compared to the first six months of 2020. Q2 EBITA as a percentage of revenue is at 59% for 2021 and was 57% in 2020.

The year-to-date net income of \$851,810 has exceeded the budget by 19%, though, the net income as a percentage of revenue decreased to 27% for 2021 compared to 30% in 2020. Consistent with the company's financial plan objectives, any net income will be maintained in LIEC's equity in order to fund future capital projects and infrastructure replacements.

Financial Impact

None.

Conclusion

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



Owen Sinclair
Budget and Training Coordinator

- Attachment 1: Interim Statement of Financial Position as at June 30, 2021 (unaudited)
- Attachment 2: Interim Income Statement for the period end June 30, 2021 (unaudited)
- Attachment 3: Year-To-Date Budget vs. Actual Comparison (unaudited)

Interim Statement of Financial Position (Unaudited)

| | As at June 30 2021 | As at December 31 2020 |
|---|--------------------------|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 11,410,854 | \$ 8,604,504 |
| Accounts receivable | 2,462,819 | 3,034,510 |
| Other investments | 2,019,100 | 4,014,336 |
| | 15,892,773 | 15,653,350 |
| Non-current assets: | | |
| Plant and equipment | 38,400,609 | 37,359,845 |
| | \$ 54,293,382 | \$ 53,013,195 |
| Liabilities and Shareholder's Equity | | |
| Current and non-current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 640,416 | \$ 1,790,919 |
| Deferred developer contributions | 7,134,390 | 7,352,360 |
| Concession liability | 12,930,265 | 11,133,416 |
| | 20,705,071 | 20,276,695 |
| Shareholder's equity: | | |
| Share capital and contributed surplus | 27,397,115 | 27,397,115 |
| Retained earnings | 6,191,196 | 5,339,385 |
| | 33,588,311 | 32,736,500 |
| | \$ 54,293,382 | \$ 53,013,195 |

Interim Income Statement (Unaudited)

| | June 30 2021 | Restated June 30 2020 | \$ Changes | % Change |
|---|---------------------|-----------------------------|-------------------|------------|
| Revenues | | | | |
| Metered Billings (Quarterly) | \$ 2,657,581 | \$ 2,213,926 | \$ 443,655 | 20% |
| Service fee | 490,500 | 490,743 | (243) | 0% |
| | 3,148,081 | 2,704,669 | 443,412 | 16% |
| Cost of Sales | | | | |
| Contracts | 379,091 | 347,326 | 31,765 | 9% |
| Utilities | 522,417 | 424,064 | 98,353 | 23% |
| Amortization | 683,830 | 579,469 | 104,361 | 15% |
| | 1,585,338 | 1,350,859 | 234,479 | 17% |
| Gross margin | 1,562,743 | 1,353,810 | 208,933 | 15% |
| General and Administration Expenses | | | | |
| Salaries and benefits | 421,130 | 376,932 | 44,198 | 12% |
| Administration expenses | 39,262 | 43,504 | (4,242) | (10%) |
| Insurance | 44,004 | 39,211 | 4,793 | 12% |
| Professional Fees | 28,718 | 24,004 | 4,714 | 20% |
| | 533,114 | 483,651 | 49,463 | 10% |
| Net income before other items | 1,029,629 | 870,159 | 159,470 | 18% |
| Contributions and Financing expense | | | | |
| Developer contributions | 107,432 | 72,871 | 34,561 | 47% |
| Energy modeling review fee | 23,813 | 10,136 | 13,677 | 135% |
| Net financing cost | (309,064) | (139,647) | (169,417) | 121% |
| | (177,819) | (56,640) | (121,179) | |
| Net Income | \$851,810 | \$813,519 | \$38,291 | 5% |
| Earnings before interest, taxes and amortization (EBITA) | | | | |
| Net income per above | \$ 851,810 | 813,519 | \$ 38,291 | 5% |
| Net Financing cost | 309,064 | 139,647 | 169,417 | 121% |
| Amortization expense | 683,830 | 579,469 | 104,361 | 18% |
| EBITA | \$ 1,844,704 | 1,532,635 | \$ 312,069 | 20% |

Notes:

| | As at June 30 2021 | As at June 30 2020 |
|---------------------------------------|--------------------------|--------------------------|
| Percentage of Revenue | | |
| Gross margin percentage | 50% | 50% |
| General and administration percentage | 17% | 18% |
| Net income percentage | 27% | 30% |
| EBITA percentage | 59% | 57% |

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

| | 2021 Q2 Budget | 2021 Q2 Actual | \$ Variance | %Variance |
|---|---------------------------|---------------------------|--------------------|------------------|
| Revenues | | | | |
| Metered Billings (Quarterly) | \$ 2,640,082 | \$ 2,657,581 | \$ 17,499 | 1% |
| Service fee | 490,743 | 490,500 | (243) | 0% |
| | 3,130,825 | 3,148,081 | 17,256 | 1% |
| Cost of Sales | | | | |
| Contracts | 373,752 | 379,091 | 5,339 | 1% |
| Utilities | 618,164 | 522,417 | (95,747) | (15%) |
| Amortization | 692,877 | 683,830 | (9,047) | (1%) |
| | 1,684,793 | 1,585,338 | (99,455) | (6%) |
| Gross margin | 1,446,032 | 1,562,743 | 116,711 | 8% |
| General and Administration Expenses | | | | |
| Salaries and benefits | 423,946 | 421,130 | (2,816) | (1%) |
| Administration expenses | 67,015 | 39,262 | (27,753) | (41%) |
| Insurance | 57,500 | 44,004 | (13,496) | (23%) |
| Professional Fees | 37,270 | 28,718 | (8,552) | (23%) |
| | 585,731 | 533,114 | (52,617) | (9%) |
| Net income before other items | 860,301 | 1,029,629 | 169,328 | 20% |
| Contributions and Financing expense | | | | |
| Developer contributions | 106,752 | 107,432 | 680 | 1% |
| Energy modeling review fee | 19,500 | 23,813 | 4,313 | 22% |
| Net financing cost | (271,984) | (309,064) | (37,080) | 14% |
| | (145,732) | (177,819) | (32,087) | 22% |
| Net Income | \$714,569 | \$851,810 | \$137,241 | 19% |
| Earnings before interest, taxes and amortization (EBITA) | | | | |
| Net income per above | \$ 714,569 | \$ 851,810 | \$ 137,241 | 19% |
| Net Financing cost | 271,984 | 309,064 | 37,080 | 14% |
| Amortization expense | 692,877 | 683,830 | (9,047) | (1%) |
| EBITA | \$ 1,679,430 | \$ 1,844,704 | \$ 165,274 | 10% |



City of Richmond

Report to Committee

To: Finance Committee

Date: August 26, 2021

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

File:

Jerry Chong
Acting General Manager, Finance and Corporate
Services & Chief Financial Officer, Richmond
Olympic Oval

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2021 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2021 from the Director, Finance of the Richmond Olympic Oval Corporation be received for information.

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

Jerry Chong
Acting General Manager, Finance and Corporate
Services & Chief Financial Officer,
Richmond Olympic Oval

DATE: August 19, 2021

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

Jerry Chong
Chief Financial Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Director, Finance, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2021 Financial information**

Origin

This staff report addresses the second quarter financial results for the 3 months ended June 30, 2021 (“Q2”) which was endorsed by the Corporation’s Board of Directors.

Highlights

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 remained agile and continued to make operational adjustments to adhere to evolving provincial health orders and province wide restrictions. Below are some of the highlights of the activities undertaken by the Corporation during Q2.

Community Use

Q2 of 2021 marked continued changes to the Provincial Health Order, and the announcement of the 4-step Restart Plan for British Columbia. In alignment with the move to Steps 1 and 2 of the Restart Plan, the Oval began to offer outdoor group fitness classes and modified indoor group fitness classes respectively. By the end of Q2, the Oval offered 23 weekly group fitness classes. Personal training services continued to increase to pre-pandemic levels with a high of 122 sessions in a bi-weekly period. For those unable or not yet ready to return to activities in-facility, the Oval continued to provide virtual group fitness classes on social media, garnering over 14,000 views across 40 live streams.

In Q2, numerous community groups utilized the Oval to provide programs and services to young children through to and including actively aging seniors. These programs and services include the following sports: basketball, karate, gymnastics, soccer, hockey, figure skating, speed skating, aikido, sport climbing and volleyball.

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

Due to COVID-19 and the restrictions outlined in the Provincial Health Order, events scheduled to take place in Q2 at the Oval have been limited, altered or postponed. The postponed events were rescheduled for 2022 and 2023. Some of the future new events secured in Q2 by Events and Sport Hosting include: Futbol de Salon, City Shred, Boccia Provincials, and the Western Canadian Powerlifting Championship.

Throughout Q2, the Oval’s climbing wall proved to be an important training facility for Canada’s sport climbing athletes training as they prepared for the Tokyo 2020 Summer Games (“the Games”). Additionally, CBC The National profiled Alannah Yip and Sean McColl training at the Richmond Olympic Oval on April 28th in advance of their debut at the Games.

Athletes from Field Hockey Canada, Wheelchair Rugby Canada, Wheelchair Basketball Canada and Climbing Escalade Canada utilized the Oval’s facilities and services during Q2 as a part of their preparations for the Games. Additionally, the Oval hosted a mock competition on June 5th for Alannah Yip and Sean McColl of Climbing Escalade Canada to prepare for the Games, in addition to future mock competitions planned for early Q3.

Governance

Meetings of the Corporation’s Audit & Finance Committee and the Board of Directors took place during Q2.

Financial

For Q2, the Corporation continued to exceed conservative budget targets that were established during the pandemic. The actual surplus before amortization and transfers to reserves/equity for the 3 months ended June 30, 2021 was \$169,000 compared to a budgeted break-even amount, indicating a favorable variance of \$169,000 (please see page 4 for the Corporation’s balance sheet as of June 30, 2021 and page 5 for the statement of operations).

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the estimated 2021 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenues were \$986,000 in Q2 and other revenue of \$243,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenues were \$16,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q2 2021 were \$1,179,000, facility operations costs were \$968,000, marketing expenses were \$119,000, and administration and finance expenses were \$642,000. Overall, expenditures were \$215,000 favorable to budget.



Rick Dusanj, CPA, CA
Director, Finance, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at June 30, 2021

Unaudited, prepared by management

| | | Jun 30, 2021 |
|--|----|--------------|
| ASSETS | | |
| Financial Assets | | |
| Cash | \$ | 1,367,278 |
| Investments | | 11,741,759 |
| Inventory | | 156,242 |
| GOT receivable | | 1,862,500 |
| Accounts receivable | | 326,106 |
| | | 15,453,884 |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | | 1,624,316 |
| Deferred revenue | | 7,797,646 |
| Rental deposits | | 7,373 |
| | | 9,429,334 |
| Net financial assets | | 6,024,550 |
| Non-Financial Assets | | |
| Tangible capital assets | | 12,062,119 |
| Prepaid expenses and other deposits | | 359,332 |
| | | 12,421,452 |
| Accumulated Surplus (Note 1) | \$ | 18,446,002 |

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

| | |
|------------------------------|-----------|
| Investment in capital assets | 8,393,660 |
| Reserves/Provisions | 9,071,867 |
| Common Shares | 1 |
| Surplus | 980,474 |
| | |
| 18,446,002 | |

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 capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to fund the Oval's future capital program, which has averaged \$2.10M 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, 2021

Unaudited, prepared by management

| | QTR 2 2021 | | | | YTD ended June 30, 2021 | | | | 2021 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 | 917,471 | 917,471 | - | 0% | 1,834,942 | 1,834,942 | - | 0% | 3,669,885 |
| Memberships, admissions and programs | 897,674 | 985,662 | 87,988 | 10% | 1,870,126 | 2,111,207 | 241,081 | 13% | 4,294,411 |
| Other | 315,243 | 242,918 | (72,326) | -23% | 602,886 | 540,144 | (62,742) | -10% | 1,320,973 |
| | 3,061,638 | 3,077,300 | 15,662 | 1% | 6,170,454 | 6,348,792 | 178,339 | 3% | 13,010,269 |
| EXPENSES | | | | | | | | | |
| Memberships, admissions and program services | 1,113,844 | 1,179,452 | (65,608) | -6% | 2,240,594 | 2,283,208 | (42,614) | -2% | 4,860,783 |
| Facility Operations | 1,030,027 | 967,736 | 62,291 | 6% | 1,988,478 | 1,920,687 | 67,791 | 3% | 4,205,075 |
| Marketing | 131,916 | 119,307 | 12,609 | 10% | 238,924 | 214,806 | 24,118 | 10% | 527,951 |
| Admin/Finance | 785,651 | 641,794 | 143,857 | 18% | 1,499,812 | 1,275,780 | 224,032 | 15% | 3,250,600 |
| Amortization | 492,053 | 430,084 | 61,969 | 13% | 934,069 | 861,336 | 72,733 | 8% | 2,000,000 |
| | 3,553,491 | 3,338,373 | 215,118 | 6% | 6,901,877 | 6,555,818 | 346,059 | 5% | 14,844,409 |
| Net Loss | (491,853) | (261,073) | 230,780 | 47% | (731,424) | (207,025) | 524,398 | 72% | (1,834,140) |

Numbers may be off due to rounding.