



**Finance Committee
Electronic Meeting**

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

Monday, June 3, 2024

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 May 6, 2024.*

FINANCE AND CORPORATE SERVICES DIVISION

1. **2023 ANNUAL REPORT AND 2023 ANNUAL REPORT HIGHLIGHTS**
(File Ref. No. 01-0375-01) (REDMS No. 7671605)

FIN-7

See Page FIN-7 for full report

Designated Speaker: Mike Ching and Cindy Gilfillan

STAFF RECOMMENDATION

That the reports titled, “2023 Annual Report” and “2023 Annual Report – Highlights” be approved.

Pg. # ITEM

2. **ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE – 1ST QUARTER MARCH 31, 2024**

(File Ref. No. 03-0975-01) (REDMS No. 7658433)

FIN-110

See Page FIN-110 for full report

Designated Speaker: Mike Ching and Jenny Ho

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Financial Update – 1st Quarter March 31, 2024”, dated May 6, 2024 from the Director, Finance, be received for information.



3. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2024**

(File Ref. No. 03-0905-01) (REDMS No. 7654482)

FIN-125

See Page FIN-125 for full report

Designated Speaker: Mike Ching and Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 1st Quarter March 31, 2024”, dated May 3, 2024 from the Director, Finance, be received for information.



4. **DEVELOPMENT COST CHARGES IMPOSITION BYLAW ANNUAL INFLATIONARY UPDATE (2024)**

(File Ref. No. 03-0900-01) (REDMS No. 7654741)

FIN-151

See Page FIN-151 for full report

Designated Speaker: Venus Ngan

STAFF RECOMMENDATIONS

- (1) *That the proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558, as recommended in the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be introduced and given first reading; and*

Pg. # ITEM

- (2) *That the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be endorsed as the basis for public consultation in establishing the amended Development Cost Charges Imposition Bylaw.*

5. **RICHMOND OLYMPIC OVAL CORPORATION – 1ST QUARTER 2024 FINANCIAL INFORMATION**
(File Ref. No. 03-1200-09) (REDMS No. 7689869)

FIN-157

See Page FIN-157 for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on the first Quarter 2024 Financial Information for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

6. **LULU ISLAND ENERGY COMPANY - 2024 1ST QUARTER FINANCIAL INFORMATION**
(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7689972)

FIN-163

See Page FIN-163 for full report

Designated Speaker: Alen Postolka

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 1st Quarter Financial Information”, dated May 17, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.

ADJOURNMENT



Finance Committee

Date: Monday, May 6, 2024

Place: Council Chambers
Richmond City Hall

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

Call to Order: The Chair called the meeting to order at 4:48 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on April 2, 2024, be adopted as circulated.

CARRIED

DELEGATIONS

CJ James, Engagement Partner, and Aanu Adeleye, Engagement Senior Manager, KPMG, reported a clean audit opinion on the City's financial statements for the 2023 fiscal year.

Finance Committee
Monday, May 6, 2024

FINANCE AND CORPORATE SERVICES DIVISION

1. 2023 CONSOLIDATED FINANCIAL STATEMENTS

(File Ref. No. 03-0905-01) (REDMS No. 7649224)

A brief discussion ensued in regards to Asset Retirement Obligations noting that this is a new accounting standard effective for the City's 2023 fiscal year that relates to the recognition of any legal obligation the City owns highlighting that the City works with external consultants to determine an estimate.

It was moved and seconded

That the 2023 City of Richmond Consolidated Financial Statements as presented in Attachment 2 be approved.

CARRIED

RICHMOND PUBLIC LIBRARY

2. 2023 FINANCIAL STATEMENTS FOR THE RICHMOND PUBLIC LIBRARY

(File Ref. No. 03-0905-01) (REDMS No. 7649837)

It was moved and seconded

That the 2023 Richmond Public Library audited financial statements for the year ended December 31, 2023, as presented in the attached report from the Chief Librarian, be received for information.

CARRIED

LULU ISLAND ENERGY COMPANY

3. 2023 FINANCIAL STATEMENTS FOR THE LULU ISLAND ENERGY COMPANY

(File Ref. No. 01-0060-20-LIEC1) (REDMS No. 7641119)

It was moved and seconded

That the Lulu Island Energy Company report titled "2023 Financial Statements for the Lulu Island Energy Company", dated April 9, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.

CARRIED

Finance Committee
Monday, May 6, 2024

RICHMOND OLYMPIC OVAL CORPORATION

4. **RICHMOND OLYMPIC OVAL CORPORATION 2023 AUDITED FINANCIAL STATEMENTS**

(File Ref. No. 03-1200-09) (REDMS No. 7664200)

It was moved and seconded

That the report on the 2023 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

The question on the motion was not called as discussion ensued in regards to (i) post employment benefits noting that the Oval uses a third party to determine these figures, (ii) simulators and exhibit fabrication figures includes the build out of Phases 1 and 2 of the Richmond Olympic Experience and any additions and/or enhancements would come from this account, and (iii) implementation of subsidized programming is forthcoming.

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

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:02 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, May 6, 2024.

Mayor Malcolm D. Brodie
Chair

Andrea Mizuguchi
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee

Date: May 2, 2024

From: Jerry Chong
General Manager, Finance and Corporate
Services

File: 01-0375-01/2024-Vol
01

Re: 2023 Annual Report and 2023 Annual Report Highlights

Staff Recommendation

That the reports titled, “2023 Annual Report” and “2023 Annual Report – Highlights” be approved.

Jerry Chong
General Manager, Finance and Corporate Services
(604-276-4064)

Att. 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
SENIOR STAFF REPORT REVIEW	INITIALS:
APPROVED BY CAO	

Staff Report

Origin

Pursuant to Section 98 of the *Community Charter*, before June 30th, in each year, a Council must:

- a) Prepare an annual report
- b) Make the report available for public inspection
- c) Have the report available for public inspection at a Council or other public meeting

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

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

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

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

Analysis

The City of Richmond's annual report formally presents the audited financial statements and other relevant financial, economic and demographic indicators to the public. The report also highlights many of the City's significant achievements and milestones from 2023.

Two versions of the Annual Report are produced each year in order to reach the different audiences interested in this information. The comprehensive 2023 Annual Report meets all legislative requirements for financial reporting as required under the *Community Charter* for British Columbia's local governments. This version will be publicly available through the City's [website](#) and printed only upon request. The comprehensive version includes the City's audited consolidated financial statements; the City's corporate objectives and success indicators, as identified through Council's Term Goals; and a listing of permissive exemptions. In addition to the statutorily required information, the comprehensive version provides information on the City's milestones from 2023, including awards and achievements and a variety of key corporate financial and community demographic statistical data for the year.

For a broader audience, the City also produces a condensed financial reporting document known as the 2023 Annual Report – Highlights. This shorter version, which is designed to be accessible and easily understandable for a general audience, provides information about the City of Richmond, its services, highlights from 2023 and the City's financial condition. In order to support sustainable practices the condensed version is available through the City's website and distribution will be done electronically. There will be limited printed copies for presentation purposes and to fulfill statutory obligations.

The City will again submit both reports to the Government Finance Officers Association (GFOA) for consideration in their annual awards program. The 2022 reports received the GFOA Canadian Award for Financial Reporting and the Outstanding Achievement in Popular Financial Reporting Award for the 21st and 14th successive year respectively.

The reports are produced entirely in house through the joint efforts of the Finance Department and the Corporate Communications and Marketing Department, with design by the in-house Production Centre team. The 2023 reports also feature photos submitted by City of Richmond employees who were asked to submit images to showcase their city, and recognize the talent and contributions of staff outside their day-to-day work environments.

Financial Impact

None.

Conclusion

The City of Richmond 2023 Annual Report and the 2023 Annual Report – Highlights satisfy the *Community Charter* requirements for financial reporting and are important instruments in ensuring public transparency and accountability for the management of City finances. The reports also provide useful information on the City’s achievements and milestones during the 2023 fiscal year.



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



Clay Adams
Director, Corporate Communications and
Marketing
(604-276-4399)

- Att. 1: 2023 Annual Report
- 2: 2023 Annual Report – Highlights



City of
Richmond
British Columbia, Canada

2023 Annual Report

For the year ended December 31, 2023





City of Richmond

British Columbia, Canada

2023 Annual Report

For the year ended December 31, 2023

Our vision is to be the most appealing, livable and well-managed community in Canada

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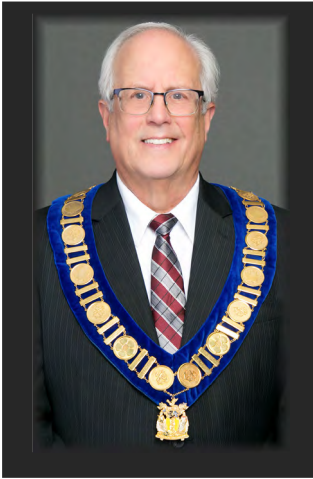
For an online copy of this report, please visit richmond.ca/AnnualReport



The City of Richmond is proud of its diverse and committed workforce. This year, we asked our employees to take photos and send us images of “their Richmond” for this report. Photos with the camera icon are just some of the submissions, and we are delighted to share them with you. None are professional photographers.

COVER PHOTO: THE HORSESHOE SLOUGH PUMP STATION, ONE OF 39 PUMP STATIONS IN RICHMOND, PROTECTS THE COMMUNITY AND IS AN ESSENTIAL PIECE OF THE CITY’S FLOOD PROTECTION MEASURES

Message from the Mayor



The City of Richmond and our City Council continued to be civic leaders in 2023 thanks to a number of bold, innovative and sustainable programs that benefitted residents as well as businesses.

Despite stubbornly high inflation and interest rates, Richmond showcased an active year with a robust, stable economy as well as a commitment to addressing community needs.

As housing affordability dominated public, media and government conversations, Council took action to encourage the availability of various forms of affordable rental accommodation. It approved a project in the City Centre that will see a total of over 1,350 units built, including 156 Low End Market Rental units and 120 market rental units. At Public Hearings, Council also approved over 1,000 townhouse and condominium units across the city of which almost 300 will be

affordable rental units and 200 will be permanent market rentals.

Challenges in housing affordability gave rise to increased risks of homelessness. Council took steps to support those in need by adding capacity at the Richmond House Emergency Shelter. Warming Centres at South Arm and Brighthouse Parks, as well as the ongoing operation of a Drop-In Centre and Shower Program near City Hall, were also extended.

The City issued building permits with an overall construction value exceeding \$750 million in 2023. Major residential construction projects started over the past year, including the \$500 million Richmond Centre redevelopment that will provide over 1,100 residential units and additional retail space in the City Centre.

Richmond's commitment to environmental sustainability was evident when Council adopted a Circular City Strategy in April as the guiding framework for environmental action. With six strategic directions and 84 actions, the strategy is the first of its kind for a Canadian local government and sets Richmond on a path to achieve 100 per cent circularity by 2050.

In another innovative approach, Council adopted the Zero Carbon Step Code for new residential, commercial, office, retail and hotel use. The Code will accelerate the transition to zero-emission energy sources in new buildings and move us closer to achieving our 2030 (50 per cent) and 2050 (100 per cent) greenhouse gas emission reduction targets.

Through wise investments, sound management and innovative action, our staff, volunteers and businesses—as well as our community and government partners—continued to work together to make Richmond a better place for all. This 2023 Annual Report contains examples of just some of our goals and achievements. As always, I invite your comments and questions through my office.

A handwritten signature in black ink, appearing to read "Malcolm Brodie". The signature is fluid and cursive.

Malcolm Brodie
Mayor, City of Richmond

Richmond City Council



Back row, left to right:

Lieutenant Jim Dickson (Richmond Fire-Rescue), Councillor Andy Hobbs, Councillor Kash Heed, Councillor Laura Gillanders, Councillor Michael Wolfe, Constable Jordan Hitchon (Richmond RCMP)

Front row, left to right:

Councillor Alexa Loo, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Chak Au, Councillor Carol Day

Connect with Richmond City Council

To contact Council, email MayorAndCouncillors@richmond.ca or call 604-276-4000.
For Council Meetings agendas and minutes, visit richmond.ca/agendas.
To live stream Council meetings or view videos of past meetings, visit richmond.ca/WatchOnline.

City of Richmond Senior Management Team 2023



Chief Administrative Officer	Serena Lusk
General Manager, Community Services	Elizabeth Ayers
General Manager, Community Safety.....	Cecilia Achiam
General Manager, Engineering and Public Works	John Irving
General Manager, Finance and Corporate Services	Jerry Chong
General Manager, Planning and Development.....	Joe Erceg
General Manager, Law and Legislative Services.....	Tony Capuccinello Iraci

Public safety agencies

Chief, Richmond Fire-Rescue.....	Jim Wishlove
Officer in Charge, Royal Canadian Mounted Police	Dave Chauhan

Banker

Scotiabank

Auditors

KPMG

Message from the Chief Administrative Officer



I am pleased to present the City of Richmond's 2023 Annual Report. It details our strong financial position and outlines many of the important initiatives we have undertaken to serve our community.

Central to these initiatives is our focus on people. The City remains committed to providing programs and services that meet the needs of our residents and businesses.

The introduction of the new MyRichmond mobile app and MyPermit online portal are examples. MyRichmond allows residents quick and secure access to a range of City programs and services from their mobile devices anywhere, anytime. Similarly, the MyPermit portal gives developers and contractors the tools they need to deliver housing options in Richmond. Part of the Permit Optimization Project, this online self-service option for plumbing and gas applications will expedite around 3,500 permits annually.

A refresh of the City website took place with the emphasis on customer needs and improving the user experience. Elements such as easier navigation, streamlining of content and a built-in multilingual translation tool created a more efficient environment for the more than four million views each year.

The past year saw the community engaged in many ways. The 76th annual Steveston Salmon Festival drew over 75,000 visitors to the waterfront village to celebrate our rich fishing history, while over 40,000 attended the 20th anniversary of the Richmond Maritime Festival. The City also commemorated the 50th anniversary of its Sister City relationship with Wakayama, Japan with the special planting of three Kuromatsu, or Japanese Black Pine, trees at City Hall.

Council supported our ongoing commitment to child care with the opening of the Hummingbird Child Care Centre in the Oval Village neighbourhood. Providing 37 licenced spaces for infants, toddlers and children, it is the 13th City-owned, purpose-built child care facility in Richmond and means over 2,500 new spaces have been added since 2016—a 44 per cent increase. Richmond now has child care spaces for over 35 per cent of children to the age of 12.

One of Canada's healthiest and most active communities, Richmond welcomed over 21,200 children and youth to day camps in 2023, with around 13,000 participating in various summer programs. Almost 700,000 people registered for in-person programs at City facilities with another 1.6 million drop-in admissions at various locations.

Promoting diversity and inclusiveness is essential in a city as uniquely multicultural as Richmond. Over 80 per cent of our population is a visible minority, the highest proportion of any British Columbia municipality, so accessibility and acceptance is important as we build a strong, resilient community.

Displayed at City Hall for the first time was the Progress Pride Flag in support of Richmond's 2SLGBTQI+ community, as well as the Survivor's Flag to observe the National Day for Truth and Reconciliation. An investment of \$9.1 million from the Federal Government Rapid Housing Initiative led to the announcement of a 25-unit affordable housing project for vulnerable women and their children, and the City continued to advance several affordable housing projects to address the ongoing affordability and rental challenge.

Our city's foundation for success is strong financial stewardship and Council's Long Term Financial Management Strategy. It has enabled us to maintain effective and responsive service levels so Richmond remains a strong community committed to continued growth and success—within a framework of diversity, sustainability and value for taxpayers.

As Chief Administrative Officer, I am proud of the commitment of our staff and volunteers to improving the well-being of the community and thank everyone for their continued efforts in support of our residents and businesses.

A handwritten signature in black ink that reads "Serena". The signature is fluid and cursive.

Serena Lusk
Chief Administrative Officer

Council Strategic Plan: 2022 to 2026

The Community Charter requires BC municipalities to include a statement in the Annual Report of their objectives for the current and future years, along with measures to track success towards those objectives.

The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. Soon after Council began its four-year term in October 2022, it undertook a strategic planning process to help fulfill its governance role and achieve a successful term of office. Through that process, Council adopted a new set of six Strategic Focus areas, which provided the framework for the City's programs and services during 2023.

1. Proactive in Stakeholder and Civic Engagement

Keeping citizens connected and informed is essential to Richmond's strategy of remaining a strong and resilient community. Over the past year, the City coordinated a variety of initiatives to engage residents, and recognize and embrace their culture and identity. Council and members of Richmond's Sikh community came together in July to unveil an interpretive memorial at King George Park for the 1914 Komagata Maru incident, and celebrations were held to mark Hanukkah, the 50th anniversary of the Sister City relationship with Wakayama, Japan, as well as National Indigenous History Month. The City unveiled a refreshed website that had over 4.3 million views and offers a multilingual translation tool for residents seeking information in a non-English language. A 10-part video series, Richmond Stories, drew on archival footage, story telling and anecdotes to highlight the city's rich history and cultural influences. Topics included a charming love story on the interurban tram, and the fine craftsmanship of Japanese boatbuilding on Steveston's waterfront. The online Let's Talk Richmond platform remained an integral component of the City's engagement strategy with almost 30 projects throughout the year on topics ranging from flood protection and



GEORGE SEISHI MUKAI RETURNED TO STEVESTON AFTER HIS WORLD WAR II INTERNMENT. LEARN MORE ABOUT HIM AND OTHERS IN THE RICHMOND STORIES VIDEO, "A TRADITION OF BOATBUILDING"

affordable housing, to dog parks and pickleball. Engagement on the various projects increased over 20 per cent, with a rise in registered participants of almost 45 per cent. In May, the City launched its new MyRichmond app for iOS and Android to allow residents quick and secure access to a range of City programs and services from their mobile devices.

2. Strategic and Sustainable Community Growth

Providing stable and affordable housing options remained a priority as Council completed public hearings for the rezoning of several multi-family projects, including more than 1,000 townhouse and condominium units across the city. Almost 300 were affordable rental units, while almost 200 were permanent market rental. Another significant rental development was Phase 1 of Polygon's Talisman project at Garden City and Cambie Roads. Consisting of 156 Low End Market Rental (LEMR) units and 120 market rental units in two six-storey, wood framed, stand-alone buildings, the development will ultimately see 10 buildings totalling 1,357 units (156 LEMR units + 171 Market Rental units + 1,030 strata units). Richmond also remains a go-to location for economic investment thanks to its proximity to key distribution points, ease of access and initiatives such as the Industrial Lands

Intensification Initiative that has positioned the City as a regional growth leader in industrial land redevelopment and intensification initiatives. In 2023, the City issued building permits with an overall construction value exceeding \$750 million while accruing development revenue of over \$11 million. Over \$4.48 million in business licence revenue was generated in 2023, an eight per cent increase from the previous year, and over 17,000 licences were issued.



3. A Safe and Prepared Community

The Richmond RCMP continued to keep our city safe through targeted enforcement and education. Serious assaults decreased 12 per cent in 2023, drug offences were down seven per cent, and there were declines in residential break and enter and arson. Commercial break and enter crime dropped 16 per cent. Council approved a long-awaited Community Policing Office in the Hamilton area of east Richmond. Community Bylaws also played a key role in keeping the community safe. Over 440 tickets were issued to businesses that failed to comply with licensing requirements or for operating contrary to their business licence conditions.

Bylaws staff made over 500 grease inspections and responded to almost 3,700 parking violation complaints—an increase of 23 per cent from the previous year. Richmond Fire-Rescue responded to over 12,260 calls, an eight per cent rise from the previous year. Council approved a \$250M, 10-year upgrade to the City Works Yard in its current Lynas Lane location. The yard plays a crucial role in day-to-day operations as well as emergency management and environmental protection, and the long-term investment will result in a safe, secure operations facility that will support the community for decades to come. The City upgraded almost 1,000 metres of watermains and 800 metres of drainage mains in the Burkeville neighbourhood, while around five kilometres of aging asbestos cement watermains were replaced with PVC piping. City staff also completed four kilometres of canal reclamation on the Woodward's drainage catchment.

4. Responsible Financial Management and Governance

Effective financial planning and partnerships with other levels of government and stakeholders supported continued growth and development. Reinforcing the commitment to providing efficient and timely support to the construction sector, the online MyPermit portal was launched. Plumbing and gas permits can now be submitted, processed and approved online, expediting the current annual issuance of 3,000 to 3,500 trades permits anytime from anywhere. Grants and funding supported a range of projects in 2023. Among them was \$9 million through the Canada Mortgage and Housing Corporation for a 25-unit affordable housing development for vulnerable women; \$500,000 from the Provincial Ministry of Transportation and Infrastructure for Phase Two of the Steveston Highway Multi-Use Pathway; and \$2.28 million from the Provincial Ministry of Emergency Management and Climate Readiness for various flood protection projects. Youth benefitted from a \$360,000 grant from the BC Government for upgrades to the popular Media Lab; and a further \$2.68 million came from the Public Safety Canada Growing Communities Fund to combat youth gang violence in Richmond.



RICHMOND RECYCLING DEPOT

Over \$4.3 million in Development Cost Charges supported important community amenities such as road and active transportation improvements; upgrades to water mains, drainage pump stations, and sanitary pump stations; and the acquisition and development of parkland, playing fields and playgrounds.

5. A Leader in Environmental Sustainability

The City of Richmond remains an acknowledged leader in environmental sustainability due to years of investment, foresight and innovation. Council adopted a Circular City Strategy in April, the first of its kind by a local government in Canada, as the guiding framework for environmental action. Richmond continued to explore innovative and sustainable road paving technologies, becoming the first local government in Canada to use an innovative blend of recycled asphalt and recycled plastic flake as a binding agent. The City's award-winning Recycling Depot saw over 270,000 visits by residential and commercial users – the equivalent to one user every 43 seconds. Richmond continued to lead in water conservation through water meter and demand management programs. Richmond spent \$1.2 million in 2023 to assist strata developments

to install water meters. It also acquired four fully-electric Ford F-150 Lightning trucks and two E-Transit vans, joining the existing Green Fleet of 15 fully electric vehicles, 32 plug-in hybrids, 25 hybrids and one hydrogen model, all of which make up around 20 per cent of the fleet vehicles. To support and encourage the use of private electric vehicles, Council amended the City's Zoning Bylaw to require the installation of EV charging infrastructure for non-residential parking spaces in all new developments. Richmond also became one of the first communities in the region to offer an e-scooter sharing program. Over 60,000 shared e-scooter or e-bike trips occurred in 2023 as popularity grew. The multi-award-winning Lulu Island District Energy program continued to deliver low carbon energy to almost 6,500 residential units and 30 buildings throughout the city. Two buildings were added to the grid in 2023, with an overall reduction in greenhouse gas emissions of almost 4,000 tonnes for the year.

6. A Vibrant, Resilient and Active Community

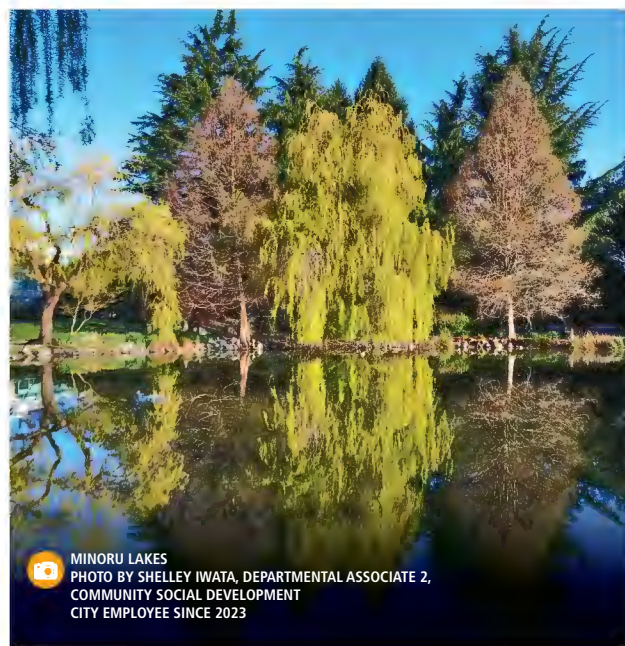
Richmond is renowned for its vibrant arts scene, extensive parks and trails, and diverse cultural heritage. Supporting the local community, the City commissioned 22 Richmond-based artists for public art, along with five new murals and prominent installations such as Typha at the Middle Arm Waterfront Greenway, and Leaping



TYPHA BY ARTISTS CHARLOTTE WALL AND PUYA KHALILI

Home at the Richmond Animal Shelter. The City also received the Creative Cities Network of Canada’s Public Art Legacy Award for Sea to Sky, the five-storey integrated glass artwork by Musqueam artist Thomas Cannell as part of the Keltic Development. Ranked once again by the national Culture Days office as first in BC and third in Canada for midsize cities, Richmond hosted 93 free, in-person and online activities by 62 artists and cultural organizations. The opening weekend at the Richmond Cultural Centre attracted an estimated 2,000 people. Enhancing its many outdoor experiences, the City reopened Minoru Lakes in 2023 following a \$10.6 million reconstruction that included new furniture and viewing areas, a boardwalk and a waterfall. Parks staff also planted over 2,300 new trees around Richmond in addition to the 1,200 trees planted through development. As part of the City’s Homelessness Strategy and 10-year Collaborative Action Plan to Reduce and Prevent Poverty in Richmond, the City led community dialogues to reduce stigma and promote understanding. Emergency Shelters, Warming Centres and a Drop-In Centre were activated and expanded on the direction of Council to provide access

to shelter and supports regardless of weather. The City’s Cultural Harmony Plan, the first of its kind in Canada, continued to promote diversity and inclusivity in the community, with ongoing dialogue and education programs reducing the number of reported hate-related crimes and incidents by 26 per cent.



Fiscal responsibility, financial sustainability

Through strong fiscal management, sound financial strategies and strategic investments, the City ended 2023 in a position to ensure ongoing support and growth for the community.

Consolidated statement of operations (in \$000s)

	2023 Budget	2023 Actual	2022 Actual
Revenue	\$637,787	\$741,099	\$644,348
Expenses	562,681	538,736	503,066
Annual Surplus	\$75,106	\$202,363	\$141,282

The City’s consolidated revenue for the year totaled over \$741 million, an increase of \$96.8 million from the previous year, and is further evidence of the City’s economic emergence from the challenges of the pandemic. Expenses rose by \$35.7 million from 2022, primarily due to wages and collective agreement increases, recruitment of vacant positions, policing contract costs and water purchases from Metro Vancouver. Overall, the City realized an annual surplus of \$202.4 million in 2023. This includes an operating surplus of \$6.1 million.

More details on the City’s financial position can be found in the Report from the General Manager, Finance and Corporate Services (page 14) and the Audited Financial Statements (page 17).

Proud, strong and vibrant. Welcome to Richmond.

With over 230,000 residents, 13,000 businesses and 125,000 people working here, the City of Richmond is one of the region's most vibrant and desirable locations. Bordered by the mouth of the Fraser River and home to Vancouver's International Airport—consistently ranked among the best in the world—Richmond continues to grow and welcome people from around the world to visit or establish roots here.

The city has one of Canada's most diverse populations with residents from over 180 different ethnic or cultural backgrounds and more than 80 per cent identifying as a visible minority. The predominant ethnic group self-identifies as Chinese and their cultural influence, along with those from other south Asian countries and elsewhere, can be seen throughout Richmond.

This commitment to inclusiveness was reflected through the display of the Progress Pride Flag for Pride Week, as well as ongoing recognition of the National Day for Truth and Reconciliation, and National Indigenous History Month. City staff continued to work with the Richmond RCMP to promote the "Hate Has No Place" campaign and other initiatives, and officers proactively engaged with various faith communities and conducted safety patrols of places of worship following outbreaks of violence in the Middle East in October.

Richmond was back on the world sporting stage, hosting the Canadian Adult Recreational Hockey Association (CARHA) World Cup at the internationally renowned Richmond Olympic Oval and other venues in March. Following postponements due to the pandemic, this competition alone attracted over 1,600 participants from 11 countries. It was one of over 80 major sporting events hosted in the city last year, including the World Wheelchair Curling Championships featuring more than 100 athletes from 17 nations competing for international honours.

Richmond encourages active lifestyles and promotes quality of life. With over 871 hectares (2,153 acres) of park land, 136 kilometres of

park trails, 87 kilometres of on-road cycling paths and 140 parks, there are sports and recreation amenities in every neighbourhood. A commitment to active and healthy lifestyles is another reason why Richmond residents live an average of 85.7 years, more than four years longer than the national average of 81.1 years.

The natural diversity and beauty has also made Richmond a popular location for film and television production, with around 40 location agreements in place during 2023 despite labour disputes that slowed industry output. Richmond now boasts six film studio facilities, and production injects an estimated \$28 million to the local economy.

Richmond residents are proud of their community in many ways. The City's commitment to environmental sustainability is well known, and 2023 saw the launch of the Energize Richmond Community Leaders program to encourage awareness and participation in climate



THE SURVIVORS' FLAG WAS DISPLAYED AT CITY HALL TO HONOUR THE NATIONAL DAY FOR TRUTH AND RECONCILIATION
PHOTO BY REENA CLARKSON, COMMUNICATIONS ASSOCIATE,
CORPORATE COMMUNICATIONS AND MARKETING
CITY EMPLOYEE SINCE 2004



AN ASPIRING YOUNG ARTIST COLOURS AT THE CHILDREN'S ARTS FESTIVAL
 PHOTO BY CARMEN DE SOUSA, RECREATION FACILITY CLERK,
 COMMUNITY SERVICES—PLANNING AND PROJECTS
 CITY EMPLOYEE SINCE 2017

conversations. A public call for interest resulted in 30 leaders being put in place to engage others and encourage discussions and action on climate issues in their daily lives.

Community events transitioned to full swing in 2023 following the pandemic slowdowns of recent years. The popular Halloween Fireworks Festival returned to Minoru Park. Along with a spectacular visual display and ghostly participants, the thousands who attended also had a close up look at a massive, locally-grown 1,003 kilogram (2,212 pound) pumpkin. It was one of several events back in full swing such as the Children's Arts Festival, Doors Open, Steveston Salmon Festival, Cherry Blossom Festival and Richmond Maritime Festival.

The annual Island City by Bike Tour returned in June, with hundreds of cyclists of all ages and levels taking part in a free seven or 22-kilometre ride through the city.

The City of Richmond continues to be a leader in the development and implementation of bold, innovative programs and strategies that recognize and reflect our character, heritage and reputation as a safe, sustainable and culturally diverse community. The many accomplishments and achievements of the past year, some of which are in this Annual Report, demonstrate why Richmond remains one of the most appealing, livable and well-managed communities in Canada.

Freedom of the City

In October, Richmond City Council awarded long-time resident, former Councillor and provincial politician Harold Steves with the Freedom of the City – the highest honour a local government can bestow on an individual.

Richmond-born Steves is the great-grandson of Manoah and Martha Steves, one of the area's founding families and after whom the waterfront community of Steveston is named. He was first elected to Municipal Council in 1968, 22 years before Richmond was designated as a City, for what would be the start of over 50 years of public service.

After a brief stint as a Member of the Legislative Assembly from 1973 to 1975, Steves returned to Richmond Council in 1977 and remained an elected official until his retirement prior to the 2022 municipal election. Among his many achievements was establishing the Agricultural Land Commission to protect valuable farmland and rural areas from development.



HAROLD STEVES DISPLAYS HIS FREEDOM OF THE CITY AWARD
 WITH MAYOR MALCOLM BRODIE

2023 Awards

A measurement of the City's success in achieving its goals are the honours and recognition from peers and others. In 2023, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

Providing sustainable, environmentally-friendly energy

The award-winning Lulu Island Energy Company received yet another accolade in 2023, this time for the expansion of its environmentally friendly energy grid into Richmond's City Centre. The City-owned utility won the 2023 National Energy Globe Award from the Energy Globe Foundation, an Austrian-based non-profit organization that recognizes projects focusing on energy efficiency, sustainability and the use of renewable energy or emission-free sources in over 180 countries. Once complete, the City Centre District Energy Utility expansion will connect to 170 residential and mixed-use commercial development sites covering 50 million square feet and save over one million tonnes of carbon emissions compared to conventional energy systems. Along with winning the National Award, the project was also shortlisted from over 30,000 submissions for the International Energy Globe Award in a category alongside projects from Turkey, Malaysia, China and the United Arab Emirates.

Engaging the community

The City received two Silver Leaf Awards from the Canadian chapter of the International Association of Business Communicators, a global organization supporting excellence in communications and engagement. The first Silver Leaf was for the multi-year "Rethink Waste: Think Tank and Ideas Hub" communication and engagement campaign to support the City's goals to reduce waste and support a circular economy. The second recognized the communications campaign to support the introduction of the "Richmond Single-Use Plastic Ban," a new bylaw banning single-use plastic items. The

communications campaign supported businesses through the transition and increased awareness about the new bylaw, further promoting reusable options in the community with a goal to reduce unnecessary waste and pollution.

Supporting our economy

Richmond's Supply Chain Resiliency Program received a British Columbia Economic Development Association (BCEDA) Award for its achievement in supporting economic development. Recognized along with the City of Surrey and Township of Langley, the municipalities were presented with the Economic Recovery and Resiliency Award for communities over 20,000 in population. Developed to support businesses during the pandemic, the program identified existing industrial capabilities that could be re-engineered to support future emergency production needs, and helped manufacturers diversify by focusing on emerging opportunities in new sectors. Over 380 manufacturers participated in the program, and more than 200 manufacturing businesses took part in a series of associated Technology Adoption Workshops. BCEDA's Economic Recovery and Resiliency Award recognizes programs and projects that represent a successful recovery initiative from natural and manmade disasters.



Building connections through design

Recognition of the outstanding design, functionality and innovation of the Minoru Centre for Active Living, the City of Richmond's state-of-the-art fitness and aquatic facility, continued in 2023. The centre received the prestigious Provincial Facility Excellence Award for projects over \$3 million from the BC Recreation and Parks Association (BCRPA). The annual award recognizes an outstanding facility design or redesign that reflects community culture, innovation and community need. The BCRPA commended the City for working with the local community to create a sustainable and environmentally friendly facility that fosters community connections and enriches individual well-being and quality of life, describing it as a leading community space not only in BC, but nationally and internationally.

Financial reporting

For the 21st and 14th year in a row, respectively, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 2022 Annual Report and the Award for Outstanding Achievement in Popular Financial Reporting for the 2022 Highlights Report. The awards recognized the City's success in producing a high standard report that demonstrated a constructive "spirit of full disclosure" and clearly communicated the municipality's financial story. Richmond also received yet another 'A' grade—the equal highest amongst 32 major Canadian cities—in C.D. Howe's annual Report Card on municipal budgeting, financial reporting and fiscal transparency for 2022.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

Innovation in planning

The Planning Institute of British Columbia awarded the City of Richmond its Silver Award for Excellence in Planning in the category of Enduring Planning Performance. It highlighted the City Centre Area Plan as an example of an exemplary long-term professional planning project that will benefit current and future communities. The Planning Institute of British Columbia is a non-profit professional association of planners in BC and Yukon, and affiliated with the Canadian Institute of Planners.

Report from the General Manager, Finance and Corporate Services

Mayor Malcom Brodie and Members of Richmond City Council,

I am pleased to submit the Consolidated Financial Statements and Auditors' Report for the fiscal year ended December 31, 2023 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation of the financial statements is management's responsibility.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2023 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended are in accordance with Canadian public sector accounting standards.

These financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval, and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company, which is accounted for as a Government Business Enterprise.

Consolidated statement of financial position (in \$000s)

	2023 Actual	2022 Actual	Change
Financial Assets	\$ 1,842,941	\$ 1,721,772	\$ 121,169
Liabilities	717,366	696,047	21,319
Net Financial Assets	1,125,575	1,025,725	99,850
Non-Financial Assets	2,705,957	2,603,444	102,513
Accumulated Surplus	\$ 3,831,532	\$ 3,629,169	\$ 202,363

The City's overall financial position improved by \$202.4 million, with accumulated surplus (similar to net worth of a corporation) totaling \$3.8 billion. A significant part of this increase is due to additions to capital assets and transfers to the statutory reserves for future capital improvements.

The City's cash and investments are \$1.7 billion while long-term debt decreased by \$9.2 million, mainly due to the reduction of the loan for the construction of Minoru Centre for Active Living (final payment in 2024). Meanwhile, the City's tangible capital assets increased by \$100.7 million, which includes \$75.9 million of in-kind contributions from development as conditions of rezoning.

Statutory reserves (in \$000s)

	2019	2020	2021	2022	2023
Total Reserves	\$557,576	\$609,533	\$647,209	\$703,184	\$789,710

Statutory reserves are established by Bylaw for specific purposes, mainly capital expenditures.

The increase in the balance to \$789.7 million is mainly attributable to the timing of these capital expenditures, increased investment income earned on the balances, and contributions including a one-time transfer from the Province of BC for the Growing Communities Fund grant.

Council's Long Term Financial Management Strategy ensures prudent management of the reserves through safeguarding the existing level of annual transfers through the City's utility and operating budgets and by increasing the annual transfer to the Capital Building and Infrastructure reserve by one per cent of the property tax base to address funding gaps, inflation and increased community needs. The total of all contributions since the adoption of the Long Term Financial Management Strategy to 2023 is \$185.7 million and has been applied to the construction of various community safety facilities, including firehalls and police stations, as well as other community facilities, that support the needs of the growing community.

Consolidated statement of operations (in \$000s)

	2023 Budget	2023 Actual	2022 Actual
Revenue	\$637,787	\$741,099	\$644,348
Expenses	562,681	538,736	503,066
Annual Surplus	\$75,106	\$202,363	\$141,282

The City's consolidated revenue for the year totaled \$741.1 million, an increase of \$96.8 million from 2022 mainly due to increased investment income, developer contributed tangible capital assets and grants.

Expenses increased by \$35.7 million from prior year mainly due to wages and salaries relating to filling vacancies and collective agreement rate increases, contract cost increases relating to community safety, supply and material cost increases relating to the Rapid Housing grant and to water purchases from Metro Vancouver.

The annual surplus for 2023 was \$202.4 million, including an operating surplus of \$6.1 million. The remainder of the annual surplus represents the change in investment in tangible capital assets, reserves and other items in accumulated surplus.

Budget variance

Consolidated revenue of \$741.1M was greater than budgeted revenue by \$103.3M mainly due to:

- \$47.2M in investment income due to higher investment rates, with the majority of this increase transferred to reserves in accordance with the Community Charter requirements.
- \$27.0M in Provincial and Federal grants including \$20.4M for the Growing Communities Fund grant.
- \$17.9M higher than budgeted other capital funding revenue due to contributed assets received through development and the timing of externally funded capital expenditures.

Consolidated expenses of \$538.7M were lower than budgeted by \$23.9M. The main variances include:

- \$5.0M in utilities and \$3.9M in engineering, public works and project development mainly due to the timing of the recognition of capital expenditures that did not meet the capitalization criteria.
- \$3.6M in general government mainly due to insurance savings and vacant positions.
- \$2.9M in community safety mainly due to policing contract costs.

The City's consolidated annual surplus of \$202.4 million exceeded the budgeted annual surplus of \$75.1 million by \$127.3 million, prior to transfers to reserves and other accumulated surplus.

Year over year change

Consolidated revenue of \$741.1M increased by \$96.8M from 2022 mainly due to an increase of:

- \$32.3M in other capital funding sources primarily due to the timing of increased developer contributed tangible capital assets.
- \$31.3M in investment income due to the elevated interest rate environment.
- \$25.8M in provincial and federal grants mainly due to the \$20.4M Growing Communities Fund grant from the Province of BC
- \$19.1M in property taxes mainly due to the approved rate increase and to growth relating to new development.

Consolidated expenses of \$538.7M increased by \$35.7M over 2022 mainly due to a:

- \$13.3M increase in general government mainly due to debt interest and the prospective recognition of the new accounting standard for asset retirement obligations.
- \$10.9M increase in community safety mainly due to estimated salary rate increases, contract costs and the Building Safer Communities Fund grant expenses.
- \$6.4M increase in community services mainly due to higher registration in recreation programs and was offset by increased sales of services revenue.
- \$5.6M increase in planning and development mainly due to the Rapid Housing grant related expenses and filling vacancies.

Financial sustainability

The City's consolidated financial position improved in 2023 as the City saw unprecedented returns on its investments and received several significant grants. The guiding principles of Council's Long Term Financial Management Strategy continues to support the City in positioning the City to achieving long-term goals and maintaining ongoing financial sustainability to deliver on Council priorities.

Respectfully submitted,



Jerry Chong, CPA, CA
General Manager, Finance and Corporate Services

May 13, 2024

City of Richmond audited financial statements

Year ended December 31, 2023



KPMG LLP

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Vancouver BC V7Y 1K3
Canada
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the City of Richmond

Opinion

We have audited the consolidated financial statements of the City of Richmond (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



City of Richmond
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



City of Richmond
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada
May 13, 2024

CITY OF RICHMOND

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 321,479	\$ 654,651
Investments (note 4)	1,380,383	921,493
Investment in Lulu Island Energy Company ("LIEC") (note 5)	37,098	35,028
Accrued interest receivable	26,614	14,676
Accounts receivable (note 6)	36,126	36,013
Taxes receivable	19,474	15,224
Development fees receivable	20,299	43,219
Debt reserve fund - deposits (note 7)	1,468	1,468
	<u>1,842,941</u>	<u>1,721,772</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	115,127	103,582
Post-employment benefits (note 10)	37,881	38,528
Development cost charges (note 11)	241,634	237,051
Deposits and holdbacks (note 12)	148,738	150,007
Deferred revenue (note 13)	75,357	59,063
Debt, net of sinking fund deposits (note 14)	98,629	107,816
	<u>717,366</u>	<u>696,047</u>
Net financial assets	1,125,575	1,025,725
Non-Financial Assets		
Tangible capital assets (note 15)	2,694,902	2,594,212
Inventory of materials and supplies	6,146	5,405
Prepaid expenses	4,909	3,827
	<u>2,705,957</u>	<u>2,603,444</u>
Accumulated surplus (note 16)	<u>\$ 3,831,532</u>	<u>\$ 3,629,169</u>

Contingent demand notes (note 7)
Contingent assets and contractual rights (note 19)
Commitments and contingencies (note 20)

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:



General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (notes 2(p) and 26)	2023	2022
Revenue:			
Taxation and levies (note 22)	\$ 287,052	\$ 288,720	\$ 269,582
Utility fees	133,609	132,951	127,965
Sales of services	48,817	50,737	44,494
Payments-in-lieu of taxes	14,650	18,114	21,314
Provincial and federal contributions	11,656	38,660	12,893
Development cost charges (note 11)	20,323	10,292	22,434
Other capital funding sources	65,698	83,562	51,220
Other revenue:			
Investment income	14,323	61,503	30,250
Gaming revenue	14,500	13,013	12,562
Licenses and permits	12,195	15,934	15,047
Other (note 23)	14,370	25,543	35,206
Equity income in LIEC (note 5)	594	2,070	1,381
	637,787	741,099	644,348
Expenses:			
Community safety	141,538	138,669	127,727
Utilities:			
Water, sewer and sanitation	118,880	113,832	110,490
Engineering, public works and project development	85,795	81,910	89,103
Community services	76,203	71,328	64,955
General government	76,335	72,780	59,492
Planning and development	33,080	29,484	23,890
Richmond Olympic Oval	18,788	19,200	16,844
Richmond Public Library	12,062	11,533	10,565
	562,681	538,736	503,066
Annual surplus	75,106	202,363	141,282
Accumulated surplus, beginning of year	3,629,169	3,629,169	3,487,887
Accumulated surplus, end of year	\$ 3,704,275	\$ 3,831,532	\$ 3,629,169

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (notes 2(p) and 26)	2023	2022
Annual surplus for the year	\$ 75,106	\$ 202,363	\$ 141,282
Acquisition of tangible capital assets	(132,566)	(90,046)	(87,100)
Initial recognition of asset retirement obligation on recognized tangible capital assets	-	(7,081)	-
Contributed tangible capital assets	(48,745)	(75,945)	(41,332)
Amortization of tangible capital assets	70,471	71,938	72,722
Net (gain) loss on disposal of tangible capital assets	-	(2,133)	222
Proceeds on sale of tangible capital assets	-	2,577	543
	(35,734)	101,673	86,337
Acquisition of inventory of materials and supplies	-	(6,146)	(5,405)
Acquisition of prepaid expenses	-	(4,909)	(3,827)
Consumption of inventory of materials and supplies	-	5,405	4,696
Use of prepaid expenses	-	3,827	3,921
Change in net financial assets	(35,734)	99,850	85,722
Net financial assets, beginning of year	1,025,725	1,025,725	940,003
Net financial assets, end of year	\$ 989,991	\$ 1,125,575	\$ 1,025,725

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 202,363	\$ 141,282
Items not involving cash:		
Amortization of tangible capital assets	71,938	72,722
Accretion of asset retirement obligation	290	-
Initial recognition of asset retirement obligation on unrecognized tangible capital assets	4,522	-
Net (gain) loss on disposal of tangible capital assets	(2,133)	222
Contributions of tangible capital assets	(75,945)	(41,332)
Equity income in LIEC	(2,070)	(1,381)
Changes in non-cash operating working capital:		
Accrued interest receivable	(11,938)	(5,744)
Accounts receivable	(113)	(6,358)
Taxes receivable	(4,250)	(1,067)
Development fees receivable	22,920	(30,794)
Debt reserve fund	-	(960)
Inventory of materials and supplies	(741)	(709)
Prepaid expenses	(1,082)	94
Accounts payable and accrued liabilities	(348)	17,642
Post-employment benefits	(647)	498
Development cost charges	4,583	12,396
Deposits and holdbacks	(1,269)	43,966
Deferred revenue	16,294	2,877
Net change in cash from operating activities	222,374	203,354
Capital activities:		
Cash used to acquire tangible capital assets	(90,046)	(87,100)
Proceeds on disposal of tangible capital assets	2,577	543
Net change in cash from capital activities	(87,469)	(86,557)
Financing activities:		
Proceeds from issuance of debt	-	96,000
Repayments of debt	(9,187)	(5,570)
Net change in cash from financing activities	(9,187)	90,430
Investing activities:		
Purchase of investments	(458,890)	(224,607)
Decrease in cash and cash equivalents	(333,172)	(17,380)
Cash and cash equivalents, beginning of year	654,651	672,031
Cash and cash equivalents, end of year	\$ 321,479	\$ 654,651
Non-cash transactions, related to asset retirement obligations:		
Tangible capital asset additions	\$ 7,081	\$ -

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

1. Operations:

The City of Richmond (the “City”) is incorporated under the Local Government Act of British Columbia. The City’s principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, infrastructure, environmental, recreational, water, sewer, and drainage.

2. Significant accounting policies:

These consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada.

(a) Basis of consolidation:

These consolidated financial statements reflect a combination of the City’s General Revenue, General Capital and Loan, Waterworks and Sewerworks, and Reserve Funds consolidated with the Richmond Public Library (the “Library”) and the Richmond Olympic Oval Corporation (the “Oval”). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly-owned municipal corporation of the City. Interfund and inter-entity transactions, fund balances and activities have been eliminated on consolidation. The City’s investment in Lulu Island Energy Company (“LIEC”), a wholly-owned government business enterprise (“GBE”), is accounted for using the modified equity method.

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, policing, and servicing general debt.

(ii) General Capital and Loan Fund:

This fund is used to record the City’s tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related tangible capital assets and debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund and developer contributions plus interest earned on fund balances.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(b) Basis of accounting:

The City follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivables, development fees receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The City has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the City does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments are recorded at cost and expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90-days from date of acquisition.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) Investment in government business enterprises:

Government business enterprises are recorded using the modified equity method of accounting. The City's investment in the GBE is recorded as the value of the GBE's shareholder's equity. The investment's income or loss is recognized by the City when it is earned by the GBE. Inter-organizational transactions and balances are not eliminated, except for any gains or losses on assets remaining within the City.

(g) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(h) Development cost charges:

Development cost charges are restricted by legislation to expenditures on capital infrastructure. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

(i) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the assets. The cost, less estimated residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Asset	Useful life - years
Buildings and building improvements	10 - 75
Infrastructure	5 - 100
Vehicles, machinery and equipment	3 - 40
Library's collections, furniture and equipment	4 - 20

Amortization is charged over the asset's useful life commencing when the asset is acquired. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources, works of art, and cultural and historic assets:

Natural resources, works of art, and cultural and historic assets are not recorded as assets in the consolidated financial statements.

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the construction of a tangible capital asset.

(v) Labour capitalization:

Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized.

(vi) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(viii) Inventory of materials and supplies:

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

(k) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

(l) Taxes:

The City establishes property tax rates based on assessed market values provided by the British Columbia Assessment Authority. Market values are determined as of July 1st of each year. The City records taxation revenue at the time the property tax bills are issued. The City is entitled to collect interest and penalties on overdue taxes.

The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.

Payments in Lieu of Taxes ("PILT") for federal properties are calculated on the basis of values and rates which would apply if these properties were taxable. The annual tax rates together with the assessed value on the Grant Roll are used to calculate the PILT levy. The PILT revenue is recorded when the payment is received.

(m) Deferred revenue:

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed, other related expenses are incurred or services are provided.

Deferred revenue also represents funds received from external parties for specified purposes. This revenue is recognized in the period in which the related expenses are incurred.

(n) Deposits:

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as deposits and are refundable under certain circumstances. When qualifying expenses are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenses.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2023-2027) ("Consolidated Financial Plan") and was adopted through Bylaw No. 10429 on January 30, 2023.

(q) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material of live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The City is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(r) Use of accounting estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenditures during the reporting period. Areas requiring the use of management estimates relate to performing the actuarial valuation of employee future benefits, the value of contributed tangible capital assets, the value of developer contributions, the value of asset retirement obligations, useful lives for amortization, determination of provisions for accrued liabilities, allowance for doubtful accounts, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(s) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of segments as well as presented financial information in segment format.

(t) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. The cost is amortized over the useful life of the tangible capital asset (Note 2 (j)(i)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

3. Adoption of new accounting standards:

(a) PS 3280 Asset Retirement Obligations:

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations ("PS 3280"). The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities.

The City has adopted this standard on a prospective basis.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

3. Adoption of new accounting standards (continued):

(b) PS 3450 Financial Instruments and related standards:

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450 Financial Instruments, all financial instruments are included on the Consolidated Statement of Financial Position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see note 2(d)).

The adoption of these standards did not have any impact on the amounts presented in these consolidated financial statements.

4. Investments:

	2023		2022	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 443,418	\$ 443,418	\$ 379,378	\$ 379,378
Government and government guaranteed bonds	599,013	595,015	361,297	350,352
Bank bonds	325,486	328,578	180,818	175,405
Municipal Finance Authority bonds	12,466	12,722	-	-
	\$ 1,380,383	\$ 1,379,733	\$ 921,493	\$ 905,135

5. Investment in Lulu Island Energy Company Ltd.:

The City owns 100% of the issued and outstanding shares of LIEC, which was incorporated under the British Columbia Business Corporations Act on August 19, 2013. LIEC develops, manages and operates district energy utilities in the city of Richmond, on the City's behalf, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sales to customers, customer service, profit generation, financial management and advisory services for energy and infrastructure.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

5. Investment in Lulu Island Energy Company Ltd. (continued):

Summarized financial information relating to LIEC is as follows:

	2023	2022
Cash, cash equivalents, and investments	\$ 14,527	\$ 15,516
Accounts receivable	4,793	2,241
Tangible capital assets	53,741	45,745
Total assets	73,061	63,502
Accounts payable and accrued liabilities	1,849	3,853
Government grants	403	241
Deferred contributions	19,236	13,018
Project agreement/concession liability	14,475	11,362
Total liabilities	35,963	28,474
Shareholder's equity	\$ 37,098	\$ 35,028
Total revenue	\$ 8,570	\$ 7,608
Total expenses	6,500	6,227
Net income	\$ 2,070	\$ 1,381

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$165,059 (2022 - \$152,937).

On October 30, 2014, LIEC and Corix Utilities Inc. ("Corix") entered into a 30-year Concession agreement (the "Concession Agreement"), where Corix will design, construct, finance, operate and maintain the infrastructure for the district energy utility at the Oval Village community (the "OVDEU project"). On September 22, 2022, the LIEC terminated the Concession Agreement after the Company entered into a new project agreement (the "Project Agreement") with Project Contractor, a wholly-owned subsidiary of Corix to design, build, finance, operate and maintain City Centre District Energy Utility infrastructure providing heating and cooling services to new residential and mixed use commercial developments within the City Centre area (the "CCDEU project"). The existing OVDEU project has been transferred into the CCDEU project, and the OVDEU plant and equipment, financing and operations are now executed by the Project Contractor under the Project Agreement.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

6. Accounts receivable:

	2023	2022
Water and sewer utilities	\$ 15,429	\$ 14,760
Casino revenue	2,940	3,363
Capital grants	8,416	9,536
Other trade receivables	9,341	8,354
	\$ 36,126	\$ 36,013

7. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2023 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 1,468	\$ 1,468

8. Accounts payable and accrued liabilities:

	2023	2022
Trade and other accrued liabilities	\$ 103,234	\$ 103,582
Asset retirement obligations (note 9)	11,893	-
	\$ 115,127	\$ 103,582

9. Asset retirement obligations:

The City has recognized liabilities related to the legal obligations to incur costs to retire a tangible capital asset. A significant part of City's asset retirement obligations results from the removal and disposal of designated materials from buildings and fuel tanks. The measurement of the liability for asset retirement obligations is impacted by new information about activities required to settle the liability, the activities that settled all or part of the obligation, and any changes in the legal obligation. To estimate the liability for the removal and disposal of designated materials in City buildings and fuel tanks, assessment reports are used with experience and expert advice to determine the costs of retiring the material. For assets without an assessment, an estimate is based on the cost for similar assets until more asset specific data is available.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

9. Asset retirement obligations (continued):

The estimated liability consists of costs relating to tangible capital assets that are both recognized and unrecognized. Where the tangible capital asset is recognized and in productive use, the associated asset retirement obligation is amortized over the estimated remaining useful life of the asset. Where the tangible capital asset is unrecognized, as in the case of building lease arrangements which contain clauses that obligate the City with asset retirement obligations, or where the asset is a component of a greater tangible capital asset, such as fuel tanks, the obligation is expensed. The City estimates that the majority of the obligations will be paid during fiscal years 2048 to 2073.

	Initial recognition January 1, 2023	Accretion expense	Balance December 31, 2023
Recognized tangible capital assets	\$ 7,081	\$ 290	\$ 7,371
Unrecognized tangible capital assets	4,522	-	4,522
	\$ 11,603	\$ 290	\$ 11,893

When significant obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows, otherwise they are recorded at current costs. The discount rate used reflects the risks specific to the asset retirement liability. The discount rate used for 2023 is 4.10 per cent. There are no liabilities recorded using the present value of future cash flows at December 31, 2023.

10. Post-employment benefits:

The City provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2023	2022
Accrued benefit obligation, beginning of year	\$ 33,637	\$ 36,150
Opening adjustment due to Oval actuarial valuation Jan 1 st , 2023	207	-
Current service cost	2,434	2,780
Interest cost	1,528	917
Past service (credit) / cost	(494)	21
Benefits paid	(3,786)	(2,976)
Actuarial loss / (gain)	1,287	(3,255)
Accrued benefit obligation, end of year	\$ 34,813	\$ 33,637

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2023. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

10. Post-employment benefits (continued):

	2023	2022
Accrued benefit obligation, end of year	\$ 34,813	\$ 33,637
Unamortized net actuarial gain	3,068	4,891
Accrued benefit liability, end of year	\$ 37,881	\$ 38,528

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2023	2022
Discount rate	4.10%	4.40%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

11. Development cost charges:

	2023	2022
Balance, beginning of year	\$ 237,051	\$ 224,655
Contributions	4,342	30,053
Interest	10,533	4,777
Revenue recognized	(10,292)	(22,434)
Balance, end of year	\$ 241,634	\$ 237,051

12. Deposits and holdbacks:

	Balance December 31, 2022	Deposit contributions / interest earned	Refund/ expenditures	Balance December 31, 2023
Security deposits	\$ 126,281	\$ 10,527	\$ (11,095)	\$ 125,713
Developer contributions	7,919	-	-	7,919
Damage deposits	7,143	830	(1,315)	6,658
Contract holdbacks	4,789	2,415	(2,437)	4,767
Other	3,875	620	(814)	3,681
	\$ 150,007	\$ 14,392	\$ (15,661)	\$ 148,738

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

13. Deferred revenue:

	Balance December 31, 2022	Externally restricted inflows	Revenue earned	Balance December 31, 2023
Taxes and utilities	\$ 26,231	\$ 30,008	\$ (26,231)	\$ 30,008
Building permits/development	17,119	5,474	(7,511)	15,082
Oval	3,121	1,650	(1,958)	2,813
Capital grants	3,011	25,062	(11,464)	16,609
Business licenses	2,681	2,239	(2,307)	2,613
Parking easement/leased land	2,428	108	(56)	2,480
Other	4,472	6,863	(5,583)	5,752
	\$ 59,063	\$ 71,404	\$ (55,110)	\$ 75,357

14. Debt, net of MFA sinking fund deposits:

The City obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures.

Gross amount for the debt less principal payments and actuarial adjustments to date are as follows:

MFA issue	Loan authorization bylaw	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2023	Net debt 2022
127	9075	\$ 50,815	\$ 44,791	\$ 6,024	\$ 11,816
158	10334	96,000	3,395	92,605	96,000
		\$ 146,815	\$ 48,186	\$ 98,629	\$ 107,816

Current borrowing includes:

MFA issue	Issue date	Term (yrs.)	Maturity date	Interest rate	Refinancing date
127	April 7, 2014	10	April 7, 2024	3.30%	-
158	September 23, 2022	20	September 23, 2042	4.09%	September 23, 2032

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

14. Debt, net of MFA sinking fund deposits (continued):

Interest expense incurred for the year on the long-term debt was \$5,594,469 (2022 - \$2,750,689).

Repayments on net outstanding debt over the next five years and thereafter are as follows:

2024	\$	9,538
2025		3,636
2026		3,764
2027		3,895
2028		4,032
Thereafter		73,764
	\$	98,629

15. Tangible capital assets:

Cost	Balance December 31, 2022	Additions and transfers	Disposals	Balance December 31, 2023
Land	\$ 1,121,481	\$ 70,368	\$ (2)	\$ 1,191,847
Building and building improvements	595,611	29,499	(3,367)	621,743
Infrastructure	1,951,176	55,961	(4,382)	2,002,755
Vehicles, machinery and equipment	176,948	13,559	(5,887)	184,620
Library's collections, furniture and equipment	11,126	1,321	(478)	11,969
Assets under construction	63,372	2,364	-	65,736
	\$ 3,919,714	\$ 173,072	\$ (14,116)	\$ 4,078,670

Accumulated amortization	Balance December 31, 2022	Disposals	Amortization expense	Balance December 31, 2023
Building and building improvements	\$ 246,225	\$ (3,088)	\$ 22,177	\$ 265,314
Infrastructure	951,155	(4,315)	38,080	984,920
Vehicles, machinery and equipment	120,150	(5,791)	10,780	125,139
Library's collections, furniture and equipment	7,972	(478)	901	8,395
	\$ 1,325,502	\$ (13,672)	\$ 71,938	\$ 1,383,768

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

15. Tangible capital assets (continued):

Net book value	December 31, 2023	December 31, 2022
Land	\$ 1,191,847	\$ 1,121,481
Buildings and building improvements	356,429	349,386
Infrastructure	1,017,835	1,000,021
Vehicles, machinery and equipment	59,481	56,798
Library's collection, furniture and equipment	3,574	3,154
Assets under construction	65,736	63,372
Balance, end of year	\$ 2,694,902	\$ 2,594,212

(a) Assets under construction:

Assets under construction having a value of \$65,735,570 (2022 - \$63,371,507) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution and recorded in other capital funding revenue on the statement of operations. The value of contributed assets received during the year is \$75,944,770 (2022 - \$41,331,921) comprised of land in the amount of \$58,306,673 (2022 - \$30,863,846), infrastructure in the amount of \$17,638,097 (2022 - \$5,123,075), buildings in the amount of \$nil (2022 - \$5,345,000).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including building, artifacts, paintings, and sculptures located at City sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

There were no write-down of tangible capital assets in 2023 (2022 - nil).

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

16. Accumulated surplus:

	General and Reserve Fund	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2023 Total	2022 Total
Investment in tangible capital assets	\$ 2,675,638	\$ -	\$ -	\$ 8,503	\$ 3,719	\$ 2,687,860	\$ 2,581,249
Reserves (note 17)	707,871	42,064	28,189	11,586	-	789,710	703,184
Appropriated surplus	252,076	18,184	11,245	775	3,694	285,974	280,562
Investment in LIEC	37,098	-	-	-	-	37,098	35,028
Surplus	16,225	906	6,621	607	571	24,930	23,900
Other equity	5,960	-	-	-	-	5,960	5,246
Balance, end of year	\$ 3,694,868	\$ 61,154	\$ 46,055	\$ 21,471	\$ 7,984	\$ 3,831,532	\$ 3,629,169

17. Reserves:

	Balance, December 31, 2022	Change during year	Balance, December 31, 2023
Affordable housing	\$ 15,427	\$ 1,497	\$ 16,924
Arts, culture and heritage	3,573	553	4,126
Capital building and infrastructure	129,625	16,277	145,902
Capital reserve	263,825	24,136	287,961
Capstan station	14,582	427	15,009
Child care development	10,169	697	10,866
Community legacy and land replacement	1,545	126	1,671
Drainage improvement BL 7812	59,740	(7,332)	52,408
Flood protection BL 10403	-	13,311	13,311
Equipment replacement	26,888	3,006	29,894
Growing communities fund	-	21,067	21,067
Hamilton area plan community amenity	3,605	162	3,767
Leisure facilities	27,768	1,291	29,059
Local improvements	7,760	349	8,109
Neighborhood improvement	8,588	565	9,153
Oval	9,846	1,740	11,586
Public art program	4,828	159	4,987
Sanitary sewer BL 7812	53,518	(1,560)	51,958
Sanitary sewer BL10401	-	6,181	6,181
Steveston off-street parking	339	15	354
Steveston road ends	147	(4)	143
Waterfront improvement	181	6	187
Watermain replacement BL 7812	61,230	(5,606)	55,624
Water supply BL10402	-	9,463	9,463
	\$ 703,184	\$ 86,526	\$ 789,710

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

18. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The City paid \$14,904,749 (2022 - \$13,914,367) for employer contributions while employees contributed \$12,439,772 (2022 - \$12,078,813) to the plan in fiscal 2023.

19. Contingent assets and contractual rights:

(a) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the City's control occurs or fails to occur.

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2023. Contingent assets are not recorded in the consolidated financial statements.

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

19. Contingent assets and contractual rights (continued):

(b) Contractual rights:

The City has entered into contracts or agreements in the normal course of operations that it expects will result in revenue and assets in future fiscal years. The City's contractual rights are comprised of leases, licenses, grants and various other agreements, including the provision of police services with the Vancouver Airport Authority. The following table summarizes the expected revenue from the City's contractual rights:

2024	\$ 32,980
2025	2,701
2026	1,493
2027	1,432
2028	1,381
Thereafter	4,871

The City is entitled to receive revenue from certain other agreements. The revenue from these agreements cannot be quantified and has not been included in the amounts noted above.

20. Commitments and contingencies:

(a) Joint and several liabilities:

The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Metro Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

The City is committed to operating lease payments for premises and equipment in the following approximate amounts:

2024	\$ 4,334
2025	3,040
2026	2,737
2027	953
2028 and thereafter	5,061

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

20. Commitments and contingencies (continued):

(c) Litigation:

As at December 31, 2023, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia (“Association”):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

(f) E-Comm Emergency Communications for Southwest British Columbia Incorporated (“E-Comm”):

The City is a shareholder of the E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 37 Class A and 18 Class B shares issued and outstanding as at December 31, 2023). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder’s withdrawal date.

(g) Community associations:

The City has agreements with the various community associations which operate the community centers throughout the City. The City generally provides the buildings and grounds, pays the operating costs of the facilities, and provides certain staff and other services such as information technology. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive.

21. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust fund is excluded from the City’s consolidated financial statements.

	2023	2022
Richmond Community Associations	\$ 724	\$ 696

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

22. Taxation and levies:

	2023	2022
Taxes collected:		
Property taxes	\$ 572,078	\$ 524,934
Payment-in-lieu of taxes and grants	31,496	37,860
Local improvement levies	76	84
	<u>603,650</u>	<u>562,878</u>
Less transfers to other authorities:		
Province of British Columbia - School taxes	(230,746)	(210,071)
TransLink	(48,562)	(45,904)
Metro Vancouver	(10,197)	(9,116)
BC Assessment Authority	(7,270)	(6,741)
Sewer debt collect via payment in lieu of taxes	-	(114)
Other	(41)	(36)
	<u>(296,816)</u>	<u>(271,982)</u>
Less payment-in-lieu of taxes retained by the City	(18,114)	(21,314)
	<u>\$ 288,720</u>	<u>\$ 269,582</u>

23. Other revenue:

	2023	2022
Developer contributions	\$ 3,102	\$ 14,957
Tangible capital assets gain on sale of land	2,497	260
Penalties and fines	5,080	6,382
Parking program	2,335	1,781
Recycle BC	3,274	3,083
Oval - Other revenue	2,987	1,557
Other	6,268	7,186
	<u>\$ 25,543</u>	<u>\$ 35,206</u>

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

24. Government transfers:

Government transfers are received for operating and capital activities. The operating transfers consist of gaming revenue and provincial and federal contributions. Capital transfers are included in other capital funding sources revenue. The source of the government transfers are as follows:

	2023	2022
Operating:		
Province of British Columbia	\$ 19,935	\$ 19,273
TransLink	4,008	3,891
Government of Canada	7,355	2,291
Capital:		
Province of British Columbia	24,023	8,619
TransLink	2,101	885
Government of Canada	1,566	1,410
	\$ 58,988	\$ 36,369

25. Segmented reporting:

The City provides a wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows:

- (a) **Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, and protection of life and properties.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water, sewer, drainage and diking networks and sanitation and recycling.
- (c) **Engineering, Public Works and Project Development** comprises of General Public Works, Roads and Construction, Storm Drainage, Fleet Operations, Engineering, Project Development, Sustainability and Facility Management. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

25. Segmented reporting (continued):

- (d) **Community Services** comprises of Parks, Recreation, Arts, and Culture and Heritage Services. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the economic, arts, culture, and community issues that the City encounters.
- (e) **General Government** comprises of Mayor and Council, Corporate Administration, Law and Legislative Services and Finance and Corporate Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, legal services, providing sound management of human resources, information technology, finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and Development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City including the City's transportation systems, and community social development.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.

	Community safety	Utilities	Engineering public works and project development	Community services	General government	Planning and development	Total city subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 288,720	\$ -	\$ 288,720
User fees	-	114,975	17,976	-	-	-	132,951
Sales of services	8,528	3,228	2,099	12,669	11,653	2,333	40,510
Payments-in-lieu of taxes	-	-	-	-	18,114	-	18,114
Provincial and federal grants	770	15	4,114	513	24,103	3,871	33,386
Development cost charges	-	122	782	4,836	693	3,859	10,292
Other capital funding sources	(131)	1,456	13,736	5,216	58,307	4,978	83,562
Other revenue:							
Investment income	-	305	-	-	61,175	-	61,480
Gaming revenue	855	-	-	-	12,158	-	13,013
Licenses and permits	5,053	49	101	-	16	10,715	15,934
Other	2,613	4,542	1,057	752	(1,451)	199	7,712
Equity income	-	-	-	-	2,070	-	2,070
	17,688	124,692	39,865	23,986	475,558	25,955	707,744
Expenses:							
Wages and salaries	57,564	16,187	29,039	38,662	34,562	15,397	191,411
Public works maintenance	27	7,634	7,081	2,281	(1,462)	485	16,046
Contract services	73,540	10,670	6,559	3,693	5,523	2,226	102,211
Supplies and materials	3,052	38,909	1,773	12,708	13,632	4,763	74,837
Interest and finance	121	31,180	6	155	7,956	1	39,419
Transfer from (to) capital for tangible capital assets	983	275	5,639	2,442	2,422	2,629	14,390
Amortization of tangible capital assets	3,288	8,956	31,796	11,272	10,048	3,948	69,308
Loss (gain) on disposal of tangible capital assets	94	21	17	115	99	35	381
	138,669	113,832	81,910	71,328	72,780	29,484	508,003
Annual surplus (deficit)	\$ (120,981)	\$ 10,860	\$ (42,045)	\$ (47,342)	\$ 402,778	\$ (3,529)	\$ 199,741

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

25. Segmented reporting (continued):

	Total City subtotal	Richmond Public Library	Richmond Olympic Oval	2023 Consolidated	2022 Consolidated
Revenue:					
Taxation and levies	\$ 288,720	\$ -	\$ -	\$ 288,720	\$ 269,582
User fees	132,951	-	-	132,951	127,965
Sales of services	40,510	76	10,151	50,737	44,494
Payments-in-lieu of taxes	18,114	-	-	18,114	21,314
Provincial and federal grants	33,386	1,138	4,136	38,660	12,893
Development cost charges	10,292	-	-	10,292	22,434
Other capital funding sources	83,562	-	-	83,562	51,220
Other revenue:					
Investment income	61,480	23	-	61,503	30,250
Gaming revenue	13,013	-	-	13,013	12,562
Licenses and permits	15,934	-	-	15,934	15,047
Other	7,712	10,941	6,890	25,543	35,206
Equity income	2,070	-	-	2,070	1,381
	707,744	12,178	21,177	741,099	644,348
Expenses:					
Wages and salaries	191,411	8,181	12,045	211,637	195,616
Public works maintenance	16,046	41	-	16,087	14,390
Contract services	102,211	498	-	102,709	93,463
Supplies and materials	74,837	2,467	5,426	82,730	73,847
Interest and finance	39,419	4	-	39,423	31,340
Transfer from (to) capital for tangible capital assets	14,390	(542)	-	13,848	21,206
Amortization of tangible capital assets	69,308	901	1,729	71,938	72,722
Loss (gain) on disposal of tangible capital assets	381	(17)	-	364	482
	508,003	11,533	19,200	538,736	503,066
Annual surplus (deficit)	\$ 199,741	\$ 645	\$ 1,977	\$ 202,363	\$ 141,282

26. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated 5 Year Financial Plan adopted by Council on January 30, 2023. The table below reconciles the adopted Consolidated 5 Year Financial Plan to the budget amounts reported in these consolidated financial statements. Richmond Public Library Board approved additional expenditures funded by the Library's surplus, which were not included in the original consolidated financial plan, but were subsequently added to the Consolidated 5 Year Financial Plan Amendment Bylaw adopted by Council on October 23, 2023.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

26. Budget data (continued):

	Financial plan Bylaw No. 10429	Financial statement budget
Revenue from Consolidated financial plan	\$ 639,287	\$ -
Less :		
Amount reclassified to expenses	(1,500)	-
Revenue budget after adjustments	637,787	637,787
Expenses from Consolidated financial plan	563,487	-
Add:		
Amount reclassified from revenue	(1,500)	-
Richmond Public Library Board approved expenses funded by Library Surplus	694	-
Expense budget after adjustments	562,681	562,681
Annual surplus	75,106	75,106
Less:		
Acquisition of tangible capital assets	(352,842)	-
Contributed tangible capital assets	(48,745)	-
Transfer to reserves	(81,863)	-
Debt principal	(9,187)	-
Add:		
Capital funding	401,221	-
Operating reserve funding	8,391	-
Transfer from surplus	7,225	-
Transfer from Library surplus	694	-
Annual surplus	\$ -	\$ 75,106

27. Financial risk management:

The City has exposure to certain risks from its financial instruments:

(a) Credit risk:

Credit risk is the risk of economic loss should the counterparty to a transaction default or otherwise fail to meet its obligation. The City is exposed to credit risk through its cash and cash equivalent and accounts receivables. The maximum exposure to credit risk on these instruments is their carrying value.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

27. Financial risk management (continued):

(a) Credit risk (continued):

Credit risk associated with cash and cash equivalent is minimized by ensuring that these assets are held at financial institutions with a high credit quality. The City has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The City assess, on a continuous basis, accounts receivables and provides for any amounts that are not collectible.

(b) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates or interest rate will affect the City's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investments.

(i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the City. There is no interest rate risk regarding the City's short terms notes and deposits, government guaranteed bonds, bank guaranteed bonds and Municipal Finance Authority bonds.

The City exposed to interest rate risk related to its long-term debt issued by the Municipal Finance Authority which is subject to fixed interest rate. Fluctuations in rates could impact future payments upon renewal.

(ii) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The City does not hold investments in foreign currencies.

(c) Liquidity risk:

Liquidity risk is the risk that the City will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The City manages its liquidity risk by monitoring its operating and capital requirements. The City prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposure from 2022.

28. Comparative information:

Certain comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for the current year. These reclassifications do not impact the annual surplus reported in the prior year or accumulated surplus.

CITY OF RICHMOND

Unaudited Statement of Growing Communities Fund

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

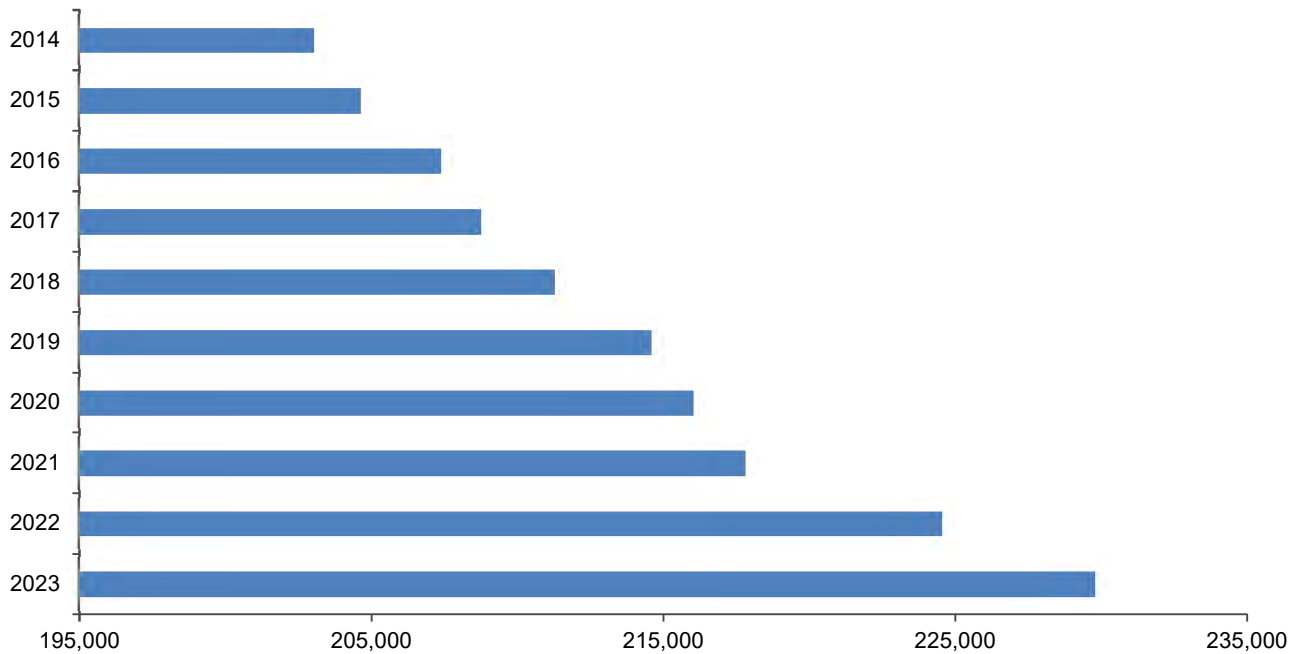
In 2023, the Provincial Government announced funding of up to \$1 billion in direct grants provided to local governments to help support all B.C. communities. The objective of this funding is to help local government to invest into infrastructure and amenities that will help facilitate the increase in housing supply throughout the community. In 2023, the City received a Growing Communities Grant of \$20.3 million. A requirement of the Growing Communities Fund is to include a schedule to the financial statements presenting the amount of funding received, use of funds, and year-end balance of unused funds. A schedule will continue to be reported annually until funds are fully drawn down.

	2023
Growing Communities Fund received	\$ 20,354
Total eligible costs incurred	-
Interest earned	713
Balance December 31, 2023	\$ 21,067

City of Richmond statistical data

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City of Richmond population 2014–2023



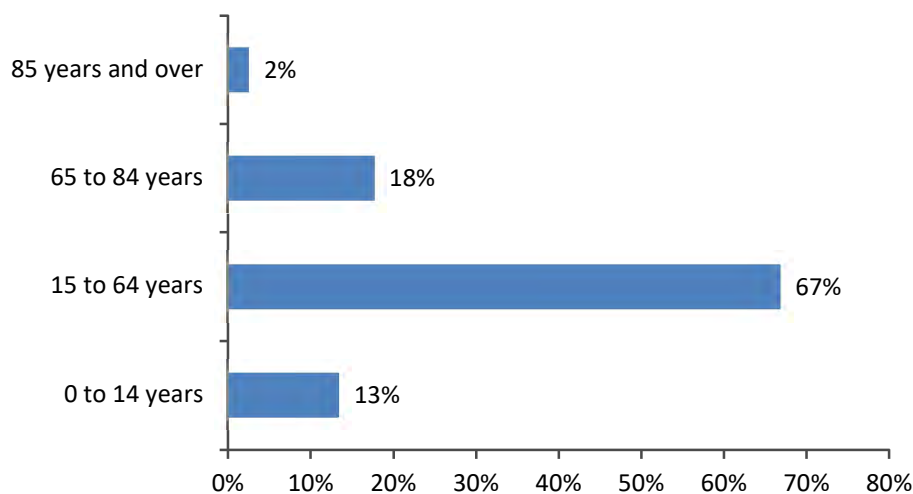
Numbers were revised for 2019–restated based on BC Stats estimates.
 Source: BC Stats population figures

Median age 2019–2023

	2019	2020	2021	2022	2023
Median age	41.9	42.1	42.4	42.0	41.4

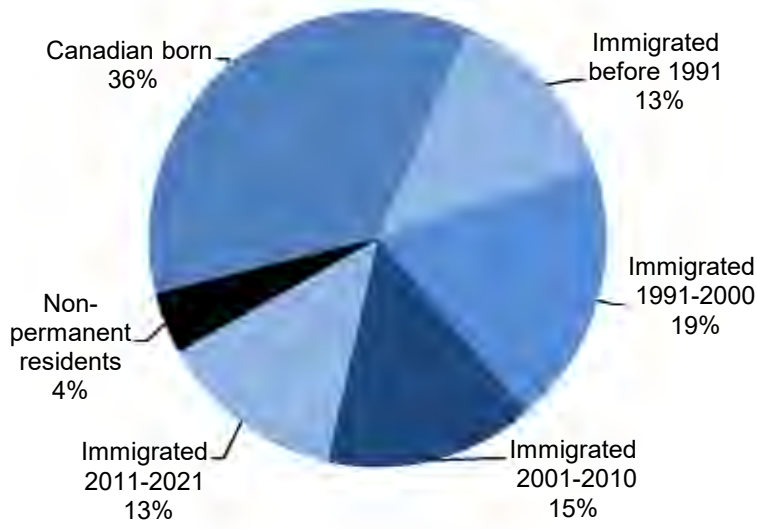
Source: BC Stats population figures

Total population by age groups



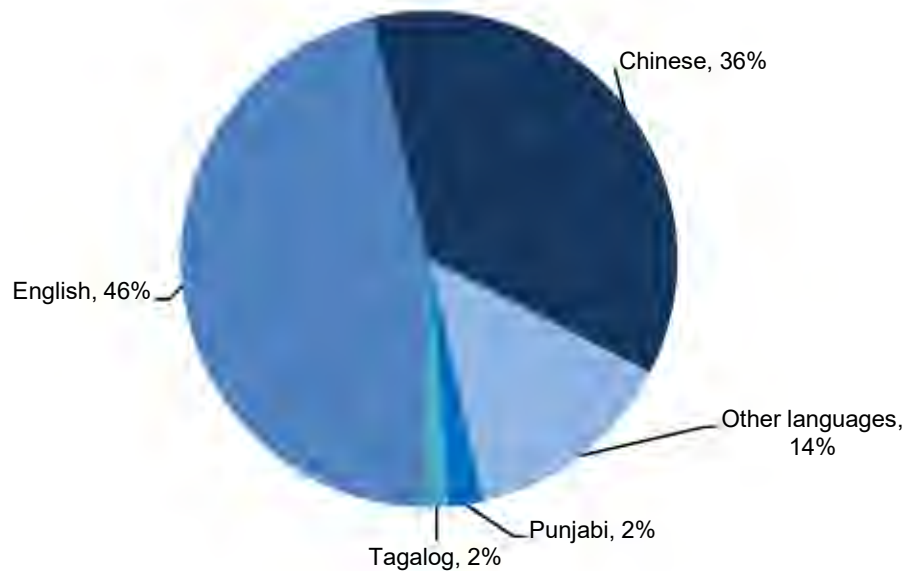
Source: Statistics Canada, 2021 Census of Population

Immigrant status of Richmond residents by period of immigration



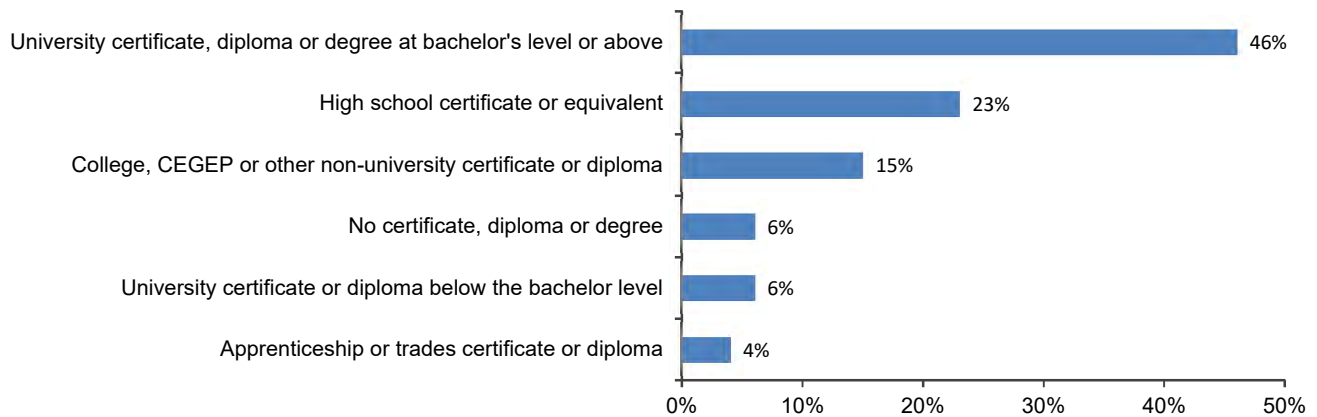
Source: Statistics Canada, 2021 Census of Population

Language spoken most often at home



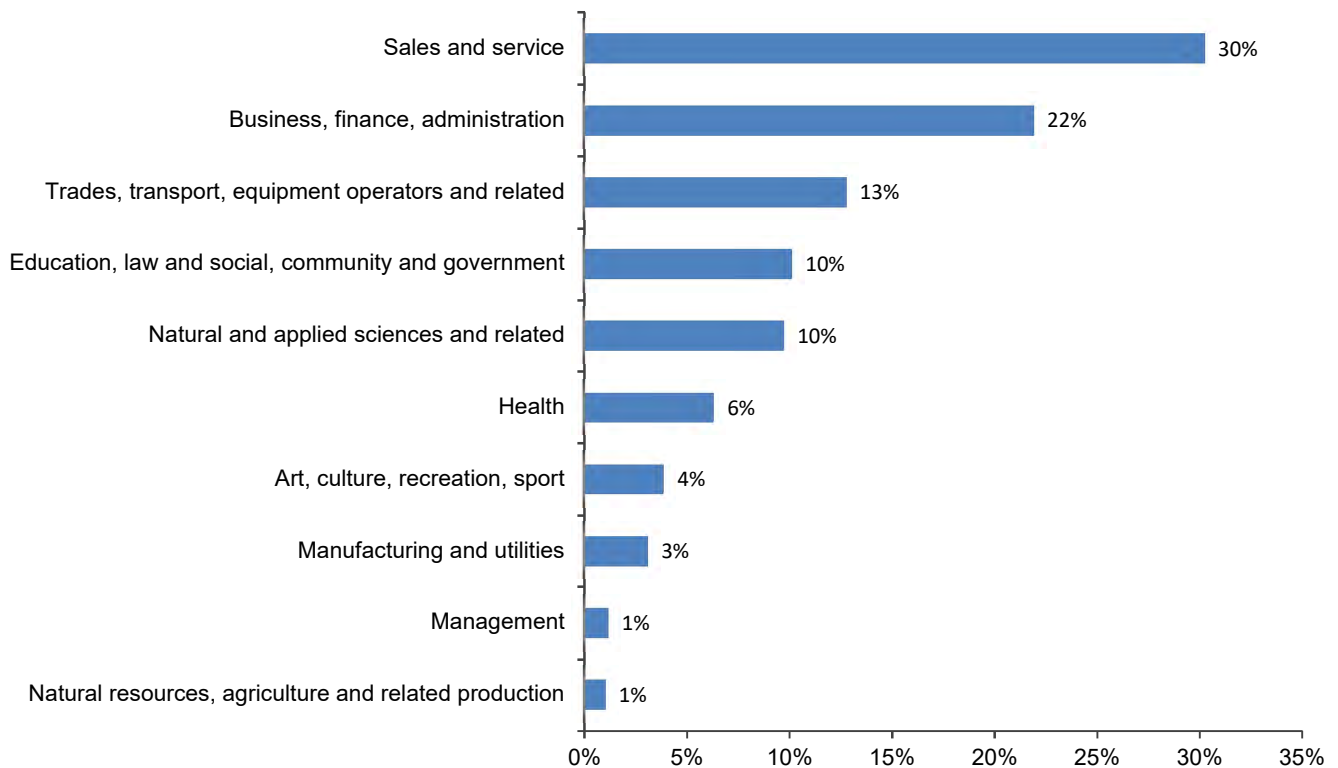
Source: Statistics Canada, 2021 Census of Population

Highest level of education attained for the population aged 25 to 64



Source: Statistics Canada, 2021 Census of Population

Occupations of Richmond residents



Source: Statistics Canada, 2021 Census of Population

Major employers in Richmond (in alphabetical order)

- Air Canada
- Allied Universal Security Services of Canada
- Amazon Canada
- Change Healthcare Canada
- City of Richmond
- London Drugs Ltd.
- MDA Systems Ltd.
- River Rock Casino Resort
- Richmond School District No. 38
- Vancouver Coastal Health
- WorkSafe BC

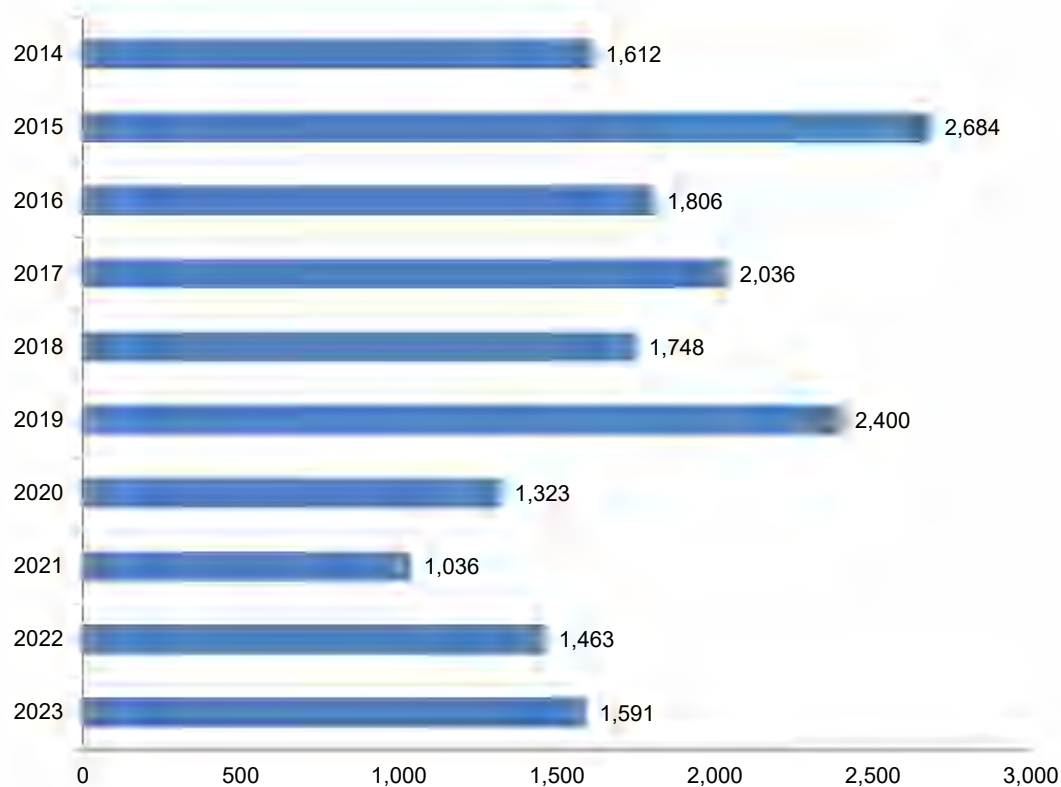
Richmond School District Enrolment Grades K–12

	2019	2020	2021	2022	2023
School Age (Domestic) Enrolment	19,665	19,637	19,936	20,839	21,770
International Fee Paying Students	952	606	684	744	959
Total Enrolment	20,617	20,243	20,620	21,583	22,729

Note: Excluding RVS, Continuing Ed and Homestay students.

Source: Richmond School District No. 38

Housing starts in Richmond 2014–2023



Includes only projects for new residential construction receiving final building permit in given year.

Source: City of Richmond building permit records

Richmond housing starts by type of units 2023



Includes only projects for new residential construction receiving final building permit in given year.
Source: City of Richmond building permit records

New dwelling units constructed 2014–2023



*Includes one family and two family dwellings.

Includes only projects for new residential construction receiving final building permit in given year.
Source: City of Richmond building permit records

Construction value of building permits issued 2014–2023 (in \$000s)



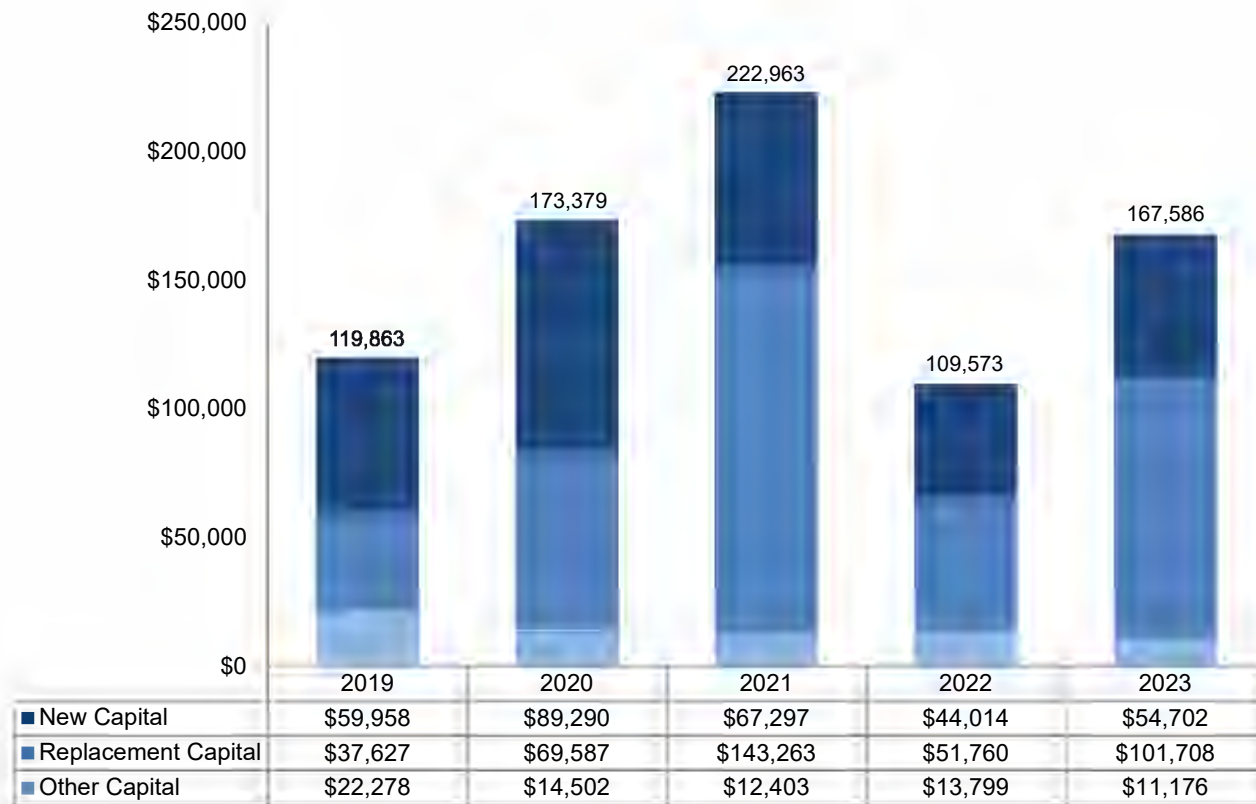
Source: City of Richmond building permit records

Richmond business licences 2019–2023



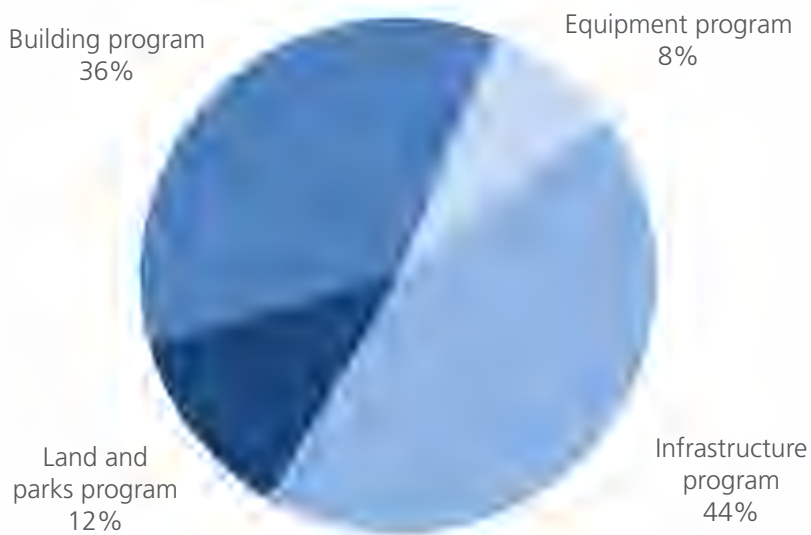
Source: 2023 City of Richmond business licences

City of Richmond budgeted capital costs 2019–2023 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Capital program by type 2023



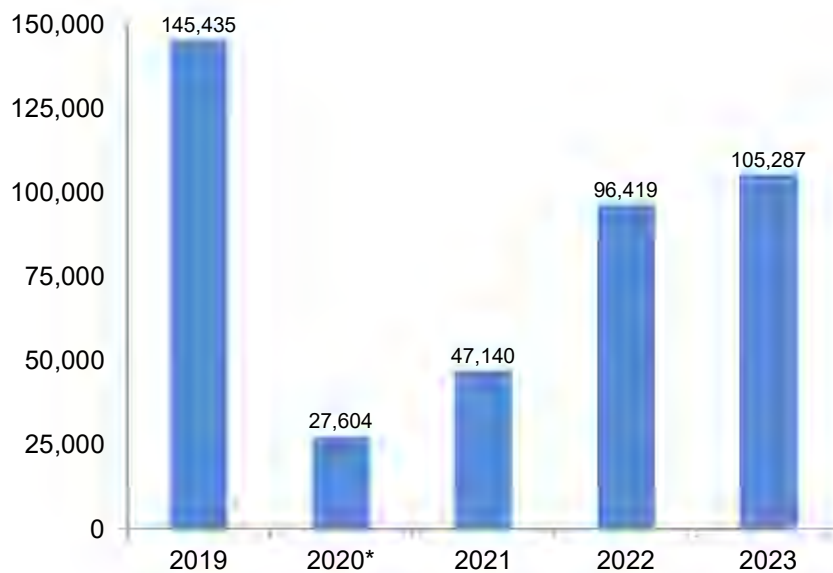
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2023



Source: City of Richmond Finance and Corporate Services

Registration in Richmond Recreation and Cultural Services programs 2019–2023



*2020 figure has been restated.

Source: City of Richmond Finance and Corporate Services

2023 tax rates

	City of Richmond	School - Province of BC	Metro Vancouver	BC Assessment	Municipal Finance Authority	TransLink
Residential	1.62616	0.98100	0.05070	0.03360	0.00020	0.21880
Business	3.53271	3.33000	0.12420	0.09640	0.00050	0.71910
Light industrial	3.53271	3.33000	0.17237	0.09640	0.00070	0.62790
Seasonal / recreational	1.16185	1.99000	0.05700	0.03360	0.00020	0.14960
Major industrial	5.90261	1.33000	0.17237	0.45500	0.00070	1.28310
Farm	16.51434	3.64500	0.05070	0.03360	0.00020	0.30900
Utilities	36.67091	12.57000	0.17744	0.45500	0.00070	2.20310

Source: City of Richmond Finance and Corporate Services

2023 general revenue fund assessment and taxation by property class (in \$000s)

	Assessment	% of assessment by class	Taxation	% of taxation by class
Residential	\$101,623,264	74.64%	\$165,256	57.11%
Business	26,755,530	19.65%	94,520	32.66%
Light industrial	6,737,965	4.95%	23,803	8.22%
Seasonal / recreational	440,869	0.32%	512	0.18%
Major industrial	528,313	0.39%	3,118	1.08%
Farm	25,545	0.02%	422	0.14%
Utilities	47,852	0.03%	1,755	0.61%
Total	\$136,159,338	100.00%	\$289,386	100.00%

Amounts are based on billing.

Source: City of Richmond Finance and Corporate Services

Taxes levied on behalf of taxing authorities (in \$000s)

	2019	2020	2021	2022	2023
City of Richmond	\$231,100	\$241,739	\$257,088	\$269,907	\$289,386
School Board	181,863	121,559	186,528	197,657	221,507
Metro Vancouver	6,922	9,145	11,146	12,410	9,747
BC Assessment	5,894	6,008	6,088	6,344	6,946
TransLink	38,863	40,189	41,576	43,301	46,646
Other	29	116	112	117	115
Total Taxes	\$464,671	\$418,756	\$502,538	\$529,736	\$574,347

Amounts are less supplementary adjustments.

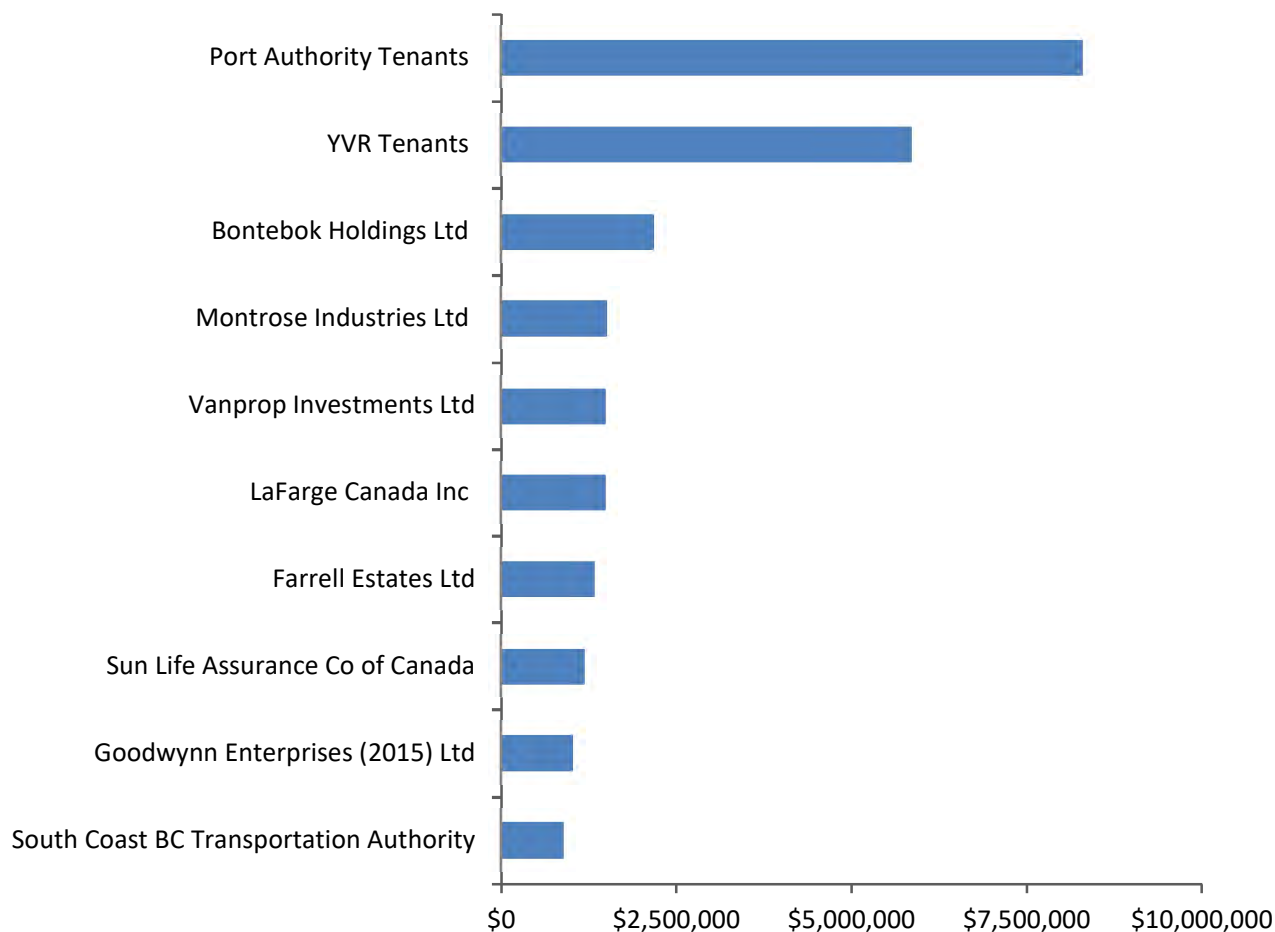
Source: City of Richmond Finance and Corporate Services

General assessment by property class 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Residential	\$84,391,147	\$75,895,923	\$78,838,953	\$92,961,083	\$101,623,264
Business	18,964,170	19,613,458	18,856,561	22,213,156	26,755,530
Light industrial	3,528,011	3,850,127	4,286,605	5,368,958	6,737,965
Seasonal / recreational	221,291	211,659	213,776	353,571	440,869
Major industrial	259,457	289,800	336,999	389,851	528,313
Farm	26,166	26,103	26,044	26,496	25,545
Utilities	35,869	55,674	41,633	43,033	47,852
Total	\$107,426,111	\$99,942,744	\$102,600,571	\$121,356,148	\$136,159,338

Source: City of Richmond Finance and Corporate Services

Top 10 corporate taxpayers in Richmond



Source: City of Richmond Finance and Corporate Services

Debt servicing costs compared to general taxation revenue 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Debt servicing costs	\$6,628	\$6,826	\$7,032	\$8,320	\$14,782
General taxation revenue	\$230,198	\$239,991	\$255,837	\$269,582	\$288,720
Debt servicing costs as a % of general taxation revenue	2.88%	2.84%	2.75%	3.09%	5.12%

All debt is supported by general revenues.

Source: City of Richmond Finance and Corporate Services

Liability servicing limit 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Liability servicing limit	\$117,239	\$113,768	\$113,663	\$127,512	\$156,904

The liability servicing limit is a calculated amount based on 25% of specific municipal revenues.

Source: City of Richmond Finance and Corporate Services

City of Richmond debt per capita 2019–2023



Source: City of Richmond Finance and Corporate Services

Net debt 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Net debt	\$27,891	\$22,741	\$17,386	\$107,816	\$98,629

Source: City of Richmond Finance and Corporate Services

Expenses by function 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Community safety	\$106,209	\$112,895	\$123,232	\$127,727	\$138,669
Engineering, public works and project development	80,940	75,314	80,083	89,103	81,910
Community services	67,522	50,833	59,873	64,955	71,328
General government	55,689	51,495	52,995	59,492	72,780
Utilities: water, sewer and sanitation	98,653	102,824	106,519	110,490	113,832
Planning and development	48,104*	19,201	25,166	23,890	29,484
Richmond Public Library	10,601	9,040	9,816	10,565	11,533
Richmond Olympic Oval	15,972	12,586	14,079	16,844	19,200
Total expenses	\$483,690	\$434,188	\$471,763	\$503,066	\$538,736

*Includes one-time TransLink contribution for Capstan Station.

Source: City of Richmond Finance and Corporate Services

Expenses by object 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Wages and salaries	\$177,363	\$164,788	\$179,260	\$195,616	\$211,637
Public works maintenance	15,299	13,343	13,011	14,390	16,087
Contract services	79,098	81,642	89,086	93,463	102,709
Supplies and materials	68,801	64,437	68,056	73,847	82,730
Interest and finance	26,089	29,779	30,301	31,340	39,423
Transfer from (to) capital for tangible capital assets	52,244	13,568	21,094	21,206	13,848
Amortization of tangible capital assets	64,228	66,254	68,519	72,722	71,938
Loss on disposal of tangible capital assets	568	377	2,436	482	364
Total expenses	\$483,690	\$434,188	\$471,763	\$503,066	\$538,736

Source: City of Richmond Finance and Corporate Services

Revenue by source 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Taxation and levies	\$230,198	\$239,991	\$255,837	\$269,582	\$288,720
Utility fees	111,472	114,335	118,144	127,965	132,951
Sales of services	42,747	29,090	35,601	44,494	50,737
Licences and permits	13,030	19,407	13,995	15,047	15,934
Investment income	25,142	20,175	14,968	30,250	61,503
Grants including casino revenue	42,104	16,953	18,404	25,455	51,673
Development cost charges	13,802	16,737	16,223	22,434	10,292
Other capital funding sources	39,028	71,051	64,695	51,220	83,562
Other	64,419	51,313	37,577	57,901	45,727
Total revenue	\$581,942	\$579,052	\$575,444	\$644,348	\$741,099

Source: City of Richmond Finance and Corporate Services

Accumulated surplus 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Accumulated surplus, beginning of year	\$3,141,090	\$3,239,342	\$3,384,206	\$3,487,887	\$3,629,169
Annual surplus	98,252	144,864	103,681	141,282	202,363
Accumulated surplus, end of year	\$3,239,342	\$3,384,206	\$3,487,887	\$3,629,169	\$3,831,532

Source: City of Richmond Finance and Corporate Services

Changes in net financial assets 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Change in net financial assets	\$42,748	\$83,116	\$51,018	\$85,722	\$99,850
Net financial assets, end of year	\$805,869	\$888,985	\$940,003	\$1,025,725	\$1,125,575

Source: City of Richmond Finance and Corporate Services

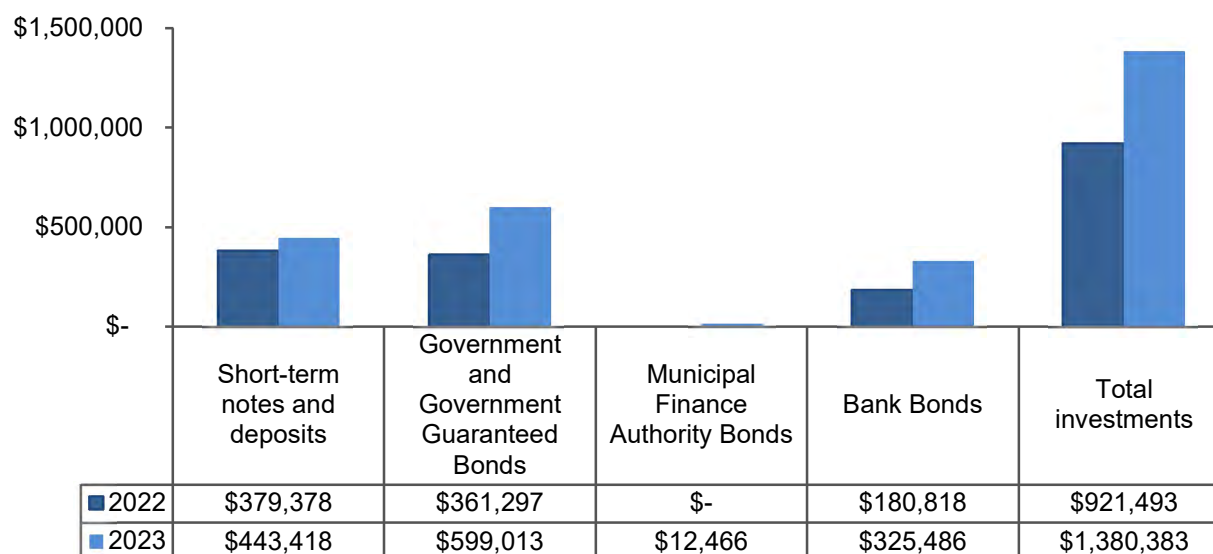
Reserves 2019–2023 (in \$000s)

	2019	2020	2021	2022	2023
Affordable housing	\$11,705	\$12,250	\$14,293	\$15,427	\$16,924
Arts, culture and heritage	3,726	3,721	3,526	3,573	4,126
Capital building and infrastructure	100,686	111,528	122,720	129,625	145,902
Capital reserve	171,976	222,778	244,445	263,825	287,961
Capstan station	32,318	11,477	11,149	14,582	15,009
Child care development	8,922	10,055	10,078	10,169	10,866
Community legacy and land replacement	1,310	1,387	1,458	1,545	1,671
Drainage improvement	55,645	60,597	57,159	59,740	52,408
Equipment replacement	20,203	22,577	25,206	26,888	29,894
Flood protection*	-	-	-	-	13,311
Growing communities fund*	-	-	-	-	21,067
Hamilton area plan community amenity	1,720	2,762	3,007	3,605	3,767
Leisure facilities	17,676	18,097	18,970	27,768	29,059
Local improvements	7,327	7,459	7,571	7,760	8,109
Neighbourhood improvement	7,860	7,919	8,037	8,588	9,153
Oval	8,856	7,810	8,100	9,846	11,586
Public art program	4,858	4,582	4,405	4,828	4,987
Sanitary sewer	47,731	48,903	49,611	53,518	51,958
Sanitary sewer BL10401*	-	-	-	-	6,181
Steveston off-street parking	325	331	336	339	354
Steveston road ends	150	153	155	147	143
Waterfront improvement	202	195	187	181	187
Watermain replacement	54,380	54,952	56,796	61,230	55,624
Water supply BL10402*	-	-	-	-	9,463
Total reserves	\$557,576	\$609,533	\$647,209	\$703,184	\$789,710

*New reserves created in 2023

Source: City of Richmond Finance and Corporate Services

Investment portfolio per type 2022–2023 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Ratio analysis indicators of financial condition

	2023	2022	2021
Sustainability ratios			
Assets to liabilities (times)	6.3	6.2	7.6
Financial assets to liabilities (times)	2.6	2.5	2.8
Net debt to total revenues	13.3%	16.7%	3.0%
Net debt to the total assessment	0.07%	0.09%	0.02%
Expenses to the total assessment	0.4%	0.4%	0.5%
Flexibility ratios			
Debt charges to revenues	0.8%	0.4%	0.3%
Net book value of capital assets to cost	66.1%	66.2%	66.8%
Own source revenue to the assessment	0.4%	0.5%	0.5%
Vulnerability ratios			
Government transfers to total revenues	4.1%	4.0%	3.2%

Source: City of Richmond Finance and Corporate Services

2023 permissive property tax exemptions

In accordance with Section 98 (2)(b) of the Community Charter, we disclose that the following properties were provided permissive property tax exemptions by Richmond City Council in 2023. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

Property / Organization	Address	2023 Municipal tax exempted
Churches and religious properties		
Aga Khan Foundation Canada	4000 May Drive	\$11,926
BC Muslim Association	12300 Blundell Road	2,221
Bakerview Gospel Chapel	8991 Francis Road	2,691
Beth Tikvah Congregation	9711 Geal Road	16,080
Bethany Baptist Church	22680 Westminster Highway	7,571
Brighthouse United Church	8151 Bennett Road	15,125
Broadmoor Baptist Church	8140 Saunders Road	4,224
Canadian Martyrs Parish	5771 Granville Avenue	21,638
Christian and Missionary Alliance	3360 Sexsmith Road	11,275
Christian Reformed Church	9280 No. 2 Road	19,223
Church in Richmond	4460 Brown Road	2,484
Church of Latter Day Saints	8440 Williams Road	18,303
Conference of the United Mennonite Churches of BC	11571 Daniels Road	12,863
Cornerstone Evangelical Baptist Church	12011 Blundell Road	750
Dharma Drum Mountain Buddhist Temple	8240 No. 5 Road	1,201
Emmanuel Christian Community	10351 No. 1 Road	8,814
Fraserview Mennonite Brethren Church	11295 Mellis Drive	5,800
Fujian Evangelical Church	12200 Blundell Road	3,079
Gilmore Park United Church	8060 No. 1 Road	3,046
I Kuan Tao (Fayi Chungder) Association	8866 Odlin Crescent	4,808
Immanuel Christian Reformed Church	7600 No. 4 Road	3,482
India Cultural Centre	8600 No. 5 Road	3,023
International Buddhist Society	9160 Steveston Highway	4,231
Johrei Fellowship Inc.	10380 Odlin Road	6,448
Lansdowne Congregation Jehovah's Witnesses	11014 Westminster Highway	3,240
Ling Yen Mountain Temple	10060 No. 5 Road	3,064
Nanaksar Gurdwara Gursikh Temple	18691 Westminster Highway	2,241
North Richmond Alliance Church	9140 Granville Avenue	4,941
Our Savior Lutheran Church	6340 No. 4 Road	3,393
Parish of St. Alban's	7260 St. Albans Road	14,381

Churches and religious properties continued . . .

Peace Evangelical Church	8280 No. 5 Road	\$1,204
Richmond Alliance Church	11371 No. 3 Road	2,450
Richmond Baptist Church	6560 Blundell Road	3,422
Richmond Baptist Church	6640 Blundell Road	11,363
Richmond Bethel Mennonite Church	10160 No. 5 Road	4,078
Richmond Chinese Alliance Church	10100 No. 1 Road	14,192
Richmond Chinese Evangelical Free Church	8040 No. 5 Road	2,468
Richmond Emmanuel Church	7451 Elmbridge Way	6,022
Richmond Faith Fellowship	11960 Montego Street	3,652
Richmond Pentecostal Church	9260 Westminster Highway	1,710
Richmond Pentecostal Church	9300 Westminster Highway	2,933
Richmond Presbyterian Church	7111 No. 2 Road	11,210
Richmond Sea Island United Church	8711 Cambie Road	19,466
Salvation Army Church	8280 Gilbert Road	3,554
Science of Spirituality SKRM Inc.	11011 Shell Road	1,071
Shia Muslim Community	8580 No. 5 Road	1,919
South Arm United Church	11051 No. 3 Road	1,830
St. Anne's Anglican Church	4071 Francis Road	5,944
St. Gregory Armenian Apostolic Church	13780 Westminster Highway	1,197
St. Joseph the Worker Roman Catholic Church	4451 Williams Road	40,672
St. Monica's Roman Catholic Church	12011 Woodhead Road	3,785
St. Paul's Roman Catholic Parish	8251 St. Albans Road	15,021
Steveston Buddhist Temple	4360 Garry Street	16,783
Steveston Congregation Jehovah's Witnesses	4260 Williams Road	9,994
Steveston United Church	3720 Broadway Street	4,157
Subramaniya Swamy Temple	8840 No. 5 Road	1,530
Thrangu Monastery Association	8140 No. 5 Road	3,185
Thrangu Monastery Association	8160 No. 5 Road	1,640
Towers Baptist Church	10311 Albion Road	9,969
Trinity Lutheran Church	7100 Granville Avenue	15,487
Trinity Pacific Church	10011 No. 5 Road	7,007
Trustees Congregation of Meeting Room 8020 No. 5 Rd Richmond BC	8020 No. 5 Road	2,554
Ukrainian Catholic Church	8700 Railway Avenue	3,620
Vancouver International Buddhist Progress Society	6690 - 8181 Cambie Road	8,995
Vancouver International Buddhist Progress Society	8271 Cambie Road	9,404
Vedic Cultural Society of BC	8200 No. 5 Road	3,606
Walford Road Gospel Church	9291 Walford Street	1,119
West Richmond Gospel Hall	5651 Francis Road	4,368

Recreation, child care and community service properties

Atira Women's Resource Society	650 - 5688 Hollybridge Way	\$8,443
BC Society for the Prevention of Cruelty to Animals	12071 No. 5 Road	26,965
City Centre Community Centre	5900 Minoru Boulevard	58,445
Cook Road Children's Centre	8300 Cook Road	2,117
Cranberry Children's Centre	23591 Westminster Highway	7,936
Gardens Children's Centre	10640 No. 5 Road	5,462
Girl Guides of Canada	11551 Dyke Road	35,303
Girl Guides of Canada	4780 Blundell Road	6,836
Hummingbird Child Care Centre	6899 Pearson Way	6,771
Navy League of Canada	7411 River Road	8,630
Richmond Caring Place	7000 Minoru Boulevard	96,998
Richmond Family Place	8660 Ash Street	6,758
Richmond Gymnastics Association	140 - 7400 River Road	18,375
Richmond Lawn Bowling Club	6131 Bowling Green Road	32,935
Richmond Public Library - Cambie Branch	140-160 11590 Cambie Road	3,208
Richmond Public Library - Ironwood Branch	11688 Steveston Highway	3,588
Richmond Rod and Gun Club	140 - 7400 River Road	9,187
Richmond Rod and Gun Club	7760 River Road	24,258
Richmond Tennis Club	6820 Gilbert Road	39,611
Richmond Winter Club	5540 Hollybridge Way	179,133
River Run Early Care and Learning Centre	10277 River Drive	8,308
Riverside Children's Centre	5862 Dover Crescent	1,161
Scotch Pond Heritage	2220 Chatham Street	2,528
Seasoning Child Care Centre	10380 No. 2 Road	16,496
Seedlings Early Childhood Development Hub	6380 No 3 Road	27,082
Sharing Farm	2900 River Road	16,173
Sharing Farm	2771 Westminster Highway	14,616
Sprouts Early Childhood Development Hub	3368 Carscallen Road	10,292
Terra Nova Children's Centre	6011 Blanchard Drive	2,247
Treehouse Learning Centre	100 - 5500 Andrews Road	2,029
Watermania	14300 Entertainment Boulevard	158,530
West Cambie Childcare Centre	4033 Stolberg Street	3,499

Senior citizen housing

Richmond Legion Senior Citizen Society	7251 Langton Road	\$28,508
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Community care facilities

Aspire Richmond Support Society	431 Catalina Crescent	\$2,290
Aspire Richmond Support Society	303 - 7560 Moffatt Road	1,055
Aspire Richmond Support Society	5728 Woodward Road	3,028
Aspire Richmond Support Society	9580 Pendleton Road	3,483
Aspire Richmond Support Society	4433 Francis Road	2,495
Developmental Disabilities Association	6531 Azure Road	2,935
Developmental Disabilities Association	8400 Robinson Road	3,371
Developmental Disabilities Association	7611 Langton Road	3,357
Greater Vancouver Community Service	4811 Williams Road	3,381
Pinegrove Place, Mennonite Care Home Society	11331 Mellis Drive	12,534
Richmond Lions Manor	9020 Bridgeport Road	26,358
Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Road	39,763
Turning Point Housing Society	10411 Odlin Road	3,192

Major services provided by the City of Richmond

Administration

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing, Corporate Planning and Organizational Development and the Corporate Programs Management Group.

Community Safety

Brings together the City's public safety providers including RCMP, Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

Community Services

Coordinates, supports and develops Richmond's community services including Parks Services, Recreation and Sport Services and Arts, Culture and Heritage Services.

Engineering and Public Works

The Engineering and Public Works Departments deliver public works services and utilities, engineering planning, design, construction and maintenance services for all utility and City building infrastructure, as well as sustainability and environmental programs.

Finance and Corporate Services

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services and Business Services.

Planning and Development

Includes the Policy Planning, Transportation, Development Applications, Building Approvals and Community Social Development Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

Law and Legislative Services

Includes the Law Department and the City Clerk's Office.

Other City entities

Gateway Theatre

Operates the City's performing arts theatre.

Lulu Island Energy Company

Operates the City's district energy utilities.

Richmond Olympic Oval Corporation

Operates the Richmond Olympic Oval and the Richmond Sport Hosting program.

Richmond Public Library

Operates Richmond's public library, including four branches.

City of Richmond contacts

The City of Richmond offers many civic services to the community. Additional services are provided through the Richmond Olympic Oval, Richmond Public Library, Gateway Theatre and Lulu Island Energy Company. For more information on City services contact:

City of Richmond

6911 No. 3 Road
Richmond, BC V6Y 2C1
Phone: 604-276-4000
Email: InfoCentre@Richmond.ca
www.richmond.ca

 @CityofRichmondBC

 @Richmond_BC

 @CityofRichmondBC

 /CityofRichmondBC

Gateway Theatre

6500 Gilbert Road
Richmond, BC V7C 3V4
Phone: 604-270-6500
Box Office: 604-270-1812
www.GatewayTheatre.com

 @GatewayThtr

 @GatewayThtr

 @GatewayThtr

Lulu Island Energy Company

6911 No. 3 Road
Richmond, BC V6Y 2C1
Phone: 604-276-4011
Email: Info@LuluIslandEnergy.ca
www.LuluIslandEnergy.ca

Richmond Public Library


100-7700 Minoru Gate (Brighthouse Branch)
Richmond, BC V6Y 1R8
Library Hours Line: 604-231-6401
www.YourLibrary.ca

 @YourLibraryRichmond

 @RPLBC

 @RPLBC

 /YourLibraryRichmond

 Account: RPLYourlibrary1

Richmond Olympic Oval

6111 River Road
Richmond, BC V7C 0A2
Phone: 778-296-1400
Email: Info@RichmondOval.ca
www.RichmondOval.ca

 @RichmondOval

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City of Richmond

6911 No. 3 Road, Richmond, BC V6Y 2C1

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City of
Richmond
British Columbia, Canada

2023 Annual Report Highlights

For the year ended December 31, 2023



RICHMOND CITY COUNCIL



Back row, left to right:

Lieutenant Jim Dickson (Richmond Fire-Rescue), Councillor Andy Hobbs, Councillor Kash Heed, Councillor Laura Gillanders, Councillor Michael Wolfe, Constable Jordan Hitchon (Richmond RCMP)

Front row, left to right:

Councillor Alexa Loo, Councillor Bill McNulty, Mayor Malcolm Brodie, Councillor Chak Au, Councillor Carol Day

CONNECT WITH RICHMOND CITY COUNCIL

To contact Council, email MayorAndCouncillors@richmond.ca or call 604-276-4000.

For Council meeting agendas and minutes, visit richmond.ca/agendas.

To live stream Council meetings or view videos of past meetings, visit richmond.ca/WatchOnline.



The City of Richmond is proud of its diverse and committed workforce. This year, we asked our employees to take photos and send us images of “their Richmond” for this report. Photos with the camera icon are just some of the submissions, and we are delighted to share them with you. None are professional photographers.

COVER PHOTO: THE HORSESHOE SLOUGH PUMP STATION, ONE OF 39 PUMP STATIONS IN RICHMOND, PROTECTS THE COMMUNITY AND IS AN ESSENTIAL PIECE OF THE CITY’S FLOOD PROTECTION MEASURES.

CITY OF RICHMOND, BRITISH COLUMBIA 2023 ANNUAL REPORT HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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This report features highlights from Richmond’s 2023 Annual Report. For the detailed 2023 Annual Report that meets legislated requirements, or for an online copy of this highlights report, please visit richmond.ca/AnnualReport.

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“Our vision is to be the most appealing, livable and well-managed community in Canada.”



VIEW FROM THE SOUTH SIDE OF CITY HALL
PHOTO BY NICOLE JOE, DEPARTMENTAL ASSOCIATE 3, FINANCE
CITY EMPLOYEE SINCE 2023

MESSAGE FROM THE MAYOR



The City of Richmond and our City Council continued to be civic leaders in 2023 thanks to a number of bold, innovative and sustainable programs that benefitted residents as well as businesses.

Despite stubbornly high inflation and interest rates, Richmond showcased an active year with a robust, stable economy as well as a commitment to addressing community needs.

As housing affordability dominated public, media and government conversations, Council took action to encourage the availability of various forms of affordable rental accommodation. It approved a project in the City Centre that will see a total of over 1,350 units built, including 156 Low End Market Rental units and 120 market rental units. At Public Hearings, Council also approved over

1,000 townhouse and condominium units across the city of which almost 300 will be affordable rental units and 200 will be permanent market rentals.

Challenges in housing affordability gave rise to increased risks of homelessness. Council took steps to support those in need by adding capacity at the Richmond House Emergency Shelter. Warming Centres at South Arm and Brighthouse Parks, as well as the ongoing operation of a Drop-In Centre and Shower Program near City Hall, were also extended.

The City issued building permits with an overall construction value exceeding \$750 million in 2023. Major residential construction projects started over the past year, including the \$500 million Richmond Centre redevelopment that will provide over 1,100 residential units and additional



SERENE SKIES OVER THE FRASER RIVER
PHOTO BY CYNTHIA NG, DEPARTMENTAL ASSOCIATE 2,
COMMUNITY SERVICES—PLANNING AND PROJECTS
CITY EMPLOYEE SINCE 2023

retail space in the City Centre.

Richmond's commitment to environmental sustainability was evident when Council adopted a Circular City Strategy in April as the guiding framework for environmental action. With six strategic directions and 84 actions, the strategy is the first of its kind for a Canadian local government and sets Richmond on a path to achieve 100 per cent circularity by 2050.

In another innovative approach, Council adopted the Zero Carbon Step Code for new residential, commercial, office, retail and hotel use. The Code will accelerate the transition to zero-emission energy sources in new buildings and move us closer to achieving our 2030 (50 per cent) and 2050 (100 per cent) greenhouse gas emission reduction targets.

Through wise investments, sound management and innovative action, our staff, volunteers and businesses—as well as our community and government partners—continued to work together to make Richmond a better place for all. This 2023 Annual Report contains examples of just some of our goals and achievements. As always, I invite your comments and questions through my office.



Malcolm Brodie
Mayor, City of Richmond



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



I am pleased to present the City of Richmond's 2023 Annual Report. It details our strong financial position and outlines many of the important initiatives we have undertaken to serve our community.

Central to these initiatives is our focus on people. The City remains committed to providing programs and services that meet the needs of our residents and businesses.

The introduction of the new MyRichmond mobile app and MyPermit online portal are examples. MyRichmond allows residents quick and secure access to a range of City programs and services from their mobile devices anywhere, anytime. Similarly, the MyPermit portal gives developers and contractors the tools they need to deliver housing options in Richmond. Part of the Permit Optimization Project, this online self-service option

for plumbing and gas applications will expedite around 3,500 permits annually.

A refresh of the City website took place with the emphasis on customer needs and improving the user experience. Elements such as easier navigation, streamlining of content and a built-in multilingual translation tool created a more efficient environment for the more than four million views each year.

The past year saw the community engaged in many ways. The 76th annual Steveston Salmon Festival drew over 75,000 visitors to the waterfront village to celebrate our rich fishing history, while over 40,000 attended the 20th anniversary of the Richmond Maritime Festival. The City also commemorated the 50th anniversary of its Sister City relationship with Wakayama, Japan with



RICHMOND MARITIME FESTIVAL

the special planting of three Kuromatsu, or Japanese Black Pine, trees at City Hall.

Council supported our ongoing commitment to child care with the opening of the Hummingbird Child Care Centre in the Oval Village neighbourhood. Providing 37 licenced spaces for infants, toddlers and children, it is the 13th City-owned, purpose-built child care facility in Richmond and means over 2,500 new spaces have been added since 2016—a 44 per cent increase. Richmond now has child care spaces for over 35 per cent of children to the age of 12.

One of Canada's healthiest and most active communities, Richmond welcomed over 21,200 children and youth to day camps in 2023, with around 13,000 participating in various summer programs. Almost 700,000 people registered for

in-person programs at City facilities with another 1.6 million drop-in admissions at various locations.

Promoting diversity and inclusiveness is essential in a city as uniquely multicultural as Richmond. Over 80 per cent of our population is a visible minority, the highest proportion of any British Columbia municipality, so accessibility and acceptance is important as we build a strong, resilient community.

Displayed at City Hall for the first time was the Progress Pride Flag in support of Richmond's 2SLGBTQI+ community, as well as the Survivor's Flag to observe the National Day for Truth and Reconciliation. An investment of \$9.1 million from the Federal Government Rapid Housing Initiative led to the announcement of a 25-unit affordable housing project for

vulnerable women and their children, and the City continued to advance several affordable housing projects to address the ongoing affordability and rental challenge.

Our city's foundation for success is strong financial stewardship and Council's Long Term Financial Management Strategy. It has enabled us to maintain effective and responsive service levels so Richmond remains a strong community committed to continued growth and success—within a framework of diversity, sustainability and value for taxpayers.

As Chief Administrative Officer, I am proud of the commitment of our staff and volunteers to improving the well-being of the community and thank everyone for their continued efforts in support of our residents and businesses.



Serena Lusk
Chief Administrative Officer





SUNSET OVERLOOKING THE MIDDLE ARM TRAIL
PHOTO BY SHANNON UNRAU, LEGISLATIVE SERVICES ASSOCIATE, CLERKS
CITY EMPLOYEE SINCE 2016



2023 Achievement highlights

The Community Charter requires BC municipalities to include a statement in the Annual Report of their objectives for the current and future years, along with measures to track success towards those objectives.

The City of Richmond's objectives and success indicators are expressed through the Council Strategic Plan. Soon after Council began its four-year term in October 2022, it undertook a strategic planning process to help fulfill its governance role and achieve a successful term of office. Through that process, Council adopted a new set of six Strategic Focus areas, which provided the framework for the City's programs and services during 2023.

1. PROACTIVE IN STAKEHOLDER AND CIVIC ENGAGEMENT

Keeping citizens connected and informed is essential to Richmond's strategy of remaining a strong and resilient community. Over the past year, the City coordinated a variety of initiatives to engage residents, and recognize and embrace their culture and identity. Council and members of Richmond's Sikh community came together in July to unveil an interpretive memorial at King George Park for the 1914 Komagata Maru incident, and celebrations were held to mark Hanukkah, the 50th anniversary of the Sister City relationship with Wakayama, Japan, as well as National Indigenous History Month. The City unveiled a refreshed website that had over 4.3 millions views and offers a multilingual translation tool for residents seeking information in a non-English language. A 10-part video series, Richmond Stories, drew on archival footage, story telling and anecdotes to highlight the city's rich history and cultural influences. Topics included a charming love story on the interurban tram, and the fine craftsmanship of Japanese boatbuilding on Steveston's waterfront. The online Let's Talk Richmond platform remained an integral component of the City's engagement strategy with almost 30 projects throughout the year on topics ranging from flood protection and affordable housing, to dog parks and pickleball. Engagement on the various projects increased over 20 per cent, with a rise in registered participants of almost 45 per cent. In May, the City launched its new MyRichmond app for iOS and Android to allow residents quick and secure access to a range of City programs and services from their mobile devices.



RICHMOND RCMP



BACKGROUND PHOTO: BRITANNIA SHIPYARDS NATIONAL HISTORIC SITE
PHOTO BY REENA CLARKSON, COMMUNICATIONS ASSOCIATE,
CORPORATE COMMUNICATIONS AND MARKETING
CITY EMPLOYEE SINCE 2004

2. STRATEGIC AND SUSTAINABLE COMMUNITY GROWTH

Providing stable and affordable housing options remained a priority as Council completed public hearings for the rezoning of several multi-family projects, including more than 1,000 townhouse and condominium units across the city. Almost 300 were affordable rental units, while almost 200 were permanent market rental. Another significant rental development was Phase 1 of Polygon's Talisman project at Garden City and Cambie Roads. Consisting of 156 Low End Market Rental (LEMR) units and 120 market rental units in two six-storey, wood framed, stand-alone buildings, the development will ultimately see 10 buildings totalling 1,357 units (156 LEMR units + 171 Market Rental units + 1,030 strata units). Richmond also remains a go-to location for economic investment thanks to its proximity to key distribution points, ease of access and initiatives such as the Industrial Lands Intensification Initiative that has positioned the City as a regional growth leader in industrial land redevelopment and intensification initiatives. In 2023, the City issued building permits with an overall construction value exceeding \$750 million while accruing development revenue of over \$11 million. Over \$4.48 million in business licence revenue was generated in 2023, an eight per cent increase from the previous year, and over 17,000 licences were issued.

3. A SAFE AND PREPARED COMMUNITY

The Richmond RCMP continued to keep our city safe through targeted enforcement and education. Serious assaults decreased 12 per cent in 2023, drug offences were down seven per cent, and there were declines in residential break and enter and arson. Commercial break and enter crime dropped 16 per cent. Council approved a long-awaited Community Policing Office in the Hamilton area of east Richmond. Community Bylaws also played a key role in keeping the community safe. Over 440 tickets were issued to businesses that failed to comply with licensing requirements or for operating contrary to their business licence conditions. Bylaws staff made over 500 grease inspections and responded to almost 3,700 parking violation complaints—an increase of 23 per cent from the previous year. Richmond Fire-Rescue responded to over 12,260 calls, an eight per cent rise from the previous year. Council approved a significant upgrade to the City Works Yard in its current Lynas Lane location. The yard plays a crucial role in day-to-day operations as well as emergency management and environmental protection, and the long-term investment will result in a safe, secure operations facility that will support the community for decades to come. The City upgraded almost 1,000 metres of watermains and 800 metres of drainage mains in the Burkeville neighbourhood, while around five kilometres of aging asbestos cement watermains were replaced with PVC piping. City staff also completed four kilometres of canal reclamation on the Woodward's drainage catchment.

4. RESPONSIBLE FINANCIAL MANAGEMENT AND GOVERNANCE

Effective financial planning and partnerships with other levels of government and stakeholders supported continued growth and development. Reinforcing the commitment to providing efficient and timely support to the construction sector, the online MyPermit portal was launched. Plumbing and gas permits can now be submitted, processed and approved online, expediting the current annual issuance of 3,000 to 3,500 trades permits anytime from anywhere. Grants and funding supported a range of projects in 2023. Among them was \$9 million through the Canada Mortgage and Housing Corporation for a 25-unit affordable housing development for vulnerable women; \$500,000 from the Provincial Ministry of Transportation and Infrastructure for Phase Two of the Steveston Highway Multi-Use Pathway; and \$2.28 million from the Provincial Ministry of Emergency Management and Climate Readiness for various flood protection projects. Youth benefitted from a \$360,000 grant from the BC Government for upgrades to the popular Media Lab; and a further \$2.68 million came from the Public Safety Canada Growing Communities Fund to combat youth gang violence in Richmond. Over \$4.3 million in Development Cost Charges supported important community amenities such as road and active transportation improvements; upgrades to watermains, drainage pump stations, and sanitary pump stations; and the acquisition and development of parkland, playing fields and playgrounds.

5. A LEADER IN ENVIRONMENTAL SUSTAINABILITY

The City of Richmond remains an acknowledged leader in environmental sustainability due to years of investment, foresight and innovation. Council adopted a Circular City Strategy in April, the first of its kind by a local government in Canada, as the guiding framework for environmental action. Richmond continued to explore innovative and sustainable road paving technologies, becoming the first local government in Canada to use an innovative blend of recycled asphalt and recycled plastic flake as a binding agent. The City's award-winning Recycling Depot saw over 270,000 visits by residential and commercial users – the equivalent to one user every 43 seconds. Richmond continued to lead in water conservation through water meter and demand management programs. Richmond spent \$1.2 million in 2023 to assist strata developments to install water meters. It also acquired four fully-electric Ford F-150 Lightning trucks and two E-Transit vans, joining the existing Green Fleet of 15 fully electric vehicles, 32 plug-in hybrids, 25 hybrids and one hydrogen model, all of which make up around 20 per cent of the fleet vehicles. To support and encourage the use of private electric vehicles, Council amended the City's Zoning Bylaw to require the installation of EV charging infrastructure for non-residential parking spaces in all new developments. Richmond also became one of the first communities in

the region to offer an e-scooter sharing program. Over 60,000 shared e-scooter or e-bike trips occurred in 2023 as popularity grew. The multi-award-winning Lulu Island District Energy program continued to deliver low carbon energy to almost 6,500 residential units and 30 buildings throughout the city. Two buildings were added to the grid in 2023, with an overall reduction in greenhouse gas emissions of almost 4,000 tonnes for the year.

6. A VIBRANT, RESILIENT AND ACTIVE COMMUNITY

Richmond is renowned for its vibrant arts scene, extensive parks and trails, and diverse cultural heritage. Supporting the local community, the City commissioned 22 Richmond-based artists for public art, along with five new murals and prominent installations such as Typha at the Middle Arm Waterfront Greenway, and Leaping Home at the Richmond Animal Shelter. The City also received the Creative Cities Network of Canada's Public Art Legacy Award for Sea to Sky, the five-storey integrated glass artwork by Musqueam artist Thomas Cannell as part of the Keltic Development. Ranked once again by the national Culture Days office as first in BC and third in Canada for midsize cities, Richmond hosted 93 free, in-person and online activities by 62 artists and cultural organizations. The opening weekend at the Richmond Cultural Centre attracted an estimated 2,000 people. Enhancing its many outdoor experiences, the City reopened Minoru Lakes in 2023 following a \$10.6 million reconstruction that included new furniture and viewing areas, a boardwalk and a waterfall. Parks staff also planted over 2,300 new trees around Richmond in addition to the 1,200 trees planted through development. As part of the City's Homelessness Strategy and 10-year Collaborative Action Plan to Reduce and Prevent Poverty in Richmond, the City led community dialogues to reduce stigma and promote understanding. Emergency Shelters, Warming Centres and a Drop-In Centre were activated and expanded on the direction of Council to provide access to shelter and supports regardless of weather. The City's Cultural Harmony Plan, the first of its kind in Canada, continued to promote diversity and inclusivity in the community, with ongoing dialogue and education programs reducing the number of reported hate-related crimes and incidents by 26 per cent.



TYPHA BY ARTISTS CHARLOTTE WALL AND PUYA KHALILI

Proud, strong and vibrant. Welcome to Richmond.

With over 230,000 residents, 13,000 businesses and 125,000 people working here, the City of Richmond is one of the region's most vibrant and desirable locations. Bordered by the mouth of the Fraser River and home to Vancouver's International Airport—consistently ranked among the best in the world—Richmond continues to grow and welcome people from around the world to visit or establish roots here.

The city has one of Canada's most diverse populations with residents from over 180 different ethnic or cultural backgrounds and more than 80 per cent identifying as a visible minority. The predominant ethnic group self-identifies as Chinese and their cultural influence, along with those from other south Asian countries and elsewhere, can be seen throughout Richmond.

This commitment to inclusiveness was reflected through the display of the Progress Pride Flag for Pride Week, as well as ongoing recognition of the National Day for Truth and Reconciliation, and National Indigenous History Month. City staff continued to work with the Richmond RCMP to promote the "Hate Has No Place" campaign and other initiatives, and officers proactively engaged with various faith communities and conducted safety patrols of places of worship following outbreaks of violence in the Middle East in October.

Richmond was back on the world sporting stage, hosting the Canadian Adult Recreational Hockey Association (CARHA) World Cup at the internationally renowned Richmond Olympic Oval and other venues in March. Following postponements due to the pandemic, this competition alone

attracted over 1,600 participants from 11 countries. It was one of over 80 major sporting events hosted in the city last year, including the World Wheelchair Curling Championships featuring more than 100 athletes from 17 nations competing for international honours.

Richmond encourages active lifestyles and promotes quality of life. With over 871 hectares (2,153 acres) of park land, 136 kilometres of park trails, 87 kilometres of on-road cycling paths and 140 parks, there are sports and recreation amenities in every neighbourhood. A commitment to active and healthy lifestyles is another reason why Richmond residents live an average of 85.7 years, more than four years longer than the national average of 81.1 years.

The natural diversity and beauty has also made Richmond a popular location for



film and television production, with around 40 location agreements in place during 2023 despite labour disputes that slowed industry output. Richmond now boasts six film studio facilities, and production injects an estimated \$28 million to the local economy.

Richmond residents are proud of their community in many ways. The City's commitment to environmental sustainability is well known, and 2023 saw the launch of the Energize Richmond Community Leaders program to encourage awareness and participation in climate conversations. A public call for interest resulted in 30 leaders being put in place to engage others and encourage discussions and action on climate issues in their daily lives.

Community events transitioned to full swing in 2023 following the pandemic slowdowns of recent years. The popular Halloween Fireworks Festival returned to Minoru Park. Along with a spectacular visual display and ghostly participants, the thousands who attended also had a close up look at a massive, locally-grown 1,003 kilogram (2,212 pound) pumpkin. It was one of several events back in full swing such as the Children's Arts Festival, Doors Open, Steveston Salmon Festival, Cherry Blossom Festival and Richmond Maritime Festival.

The annual Island City by Bike Tour returned in June, with hundreds of cyclists of all ages and levels taking part in a free seven or 22-kilometre ride through the city.

The City of Richmond continues to be a leader in the development and implementation of bold, innovative programs and strategies that recognize and reflect our character, heritage and reputation as a safe, sustainable and culturally diverse community. The many accomplishments and achievements of the past year, some of which are in this Annual Report, demonstrate why Richmond remains one of the most appealing, livable and well-managed communities in Canada.



HAROLD STEVES DISPLAYS HIS FREEDOM OF THE CITY AWARD WITH MAYOR MALCOLM BRODIE

FREEDOM OF THE CITY

In October, Richmond City Council awarded long-time resident, former Councillor and provincial politician Harold Steves with the Freedom of the City – the highest honour a local government can bestow on an individual.

Richmond-born Steves is the great-grandson of Manoah and Martha Steves, one of the area's founding families and after whom the waterfront community of Steveston is named. He was first elected to Municipal Council in 1968, 22 years before Richmond was designated as a City, for what would be the start of over 50 years of public service.

After a brief stint as a Member of the Legislative Assembly from 1973 to 1975, Steves returned to Richmond Council in 1977 and remained an elected official until his retirement prior to the 2022 municipal election. Among his many achievements was establishing the Agricultural Land Commission to protect valuable farmland and rural areas from development.



MINORU LAKES
PHOTO BY SHELLEY IWATA, DEPARTMENTAL ASSOCIATE 2,
COMMUNITY SOCIAL DEVELOPMENT
CITY EMPLOYEE SINCE 2023



CITY CENTRE DISTRICT ENERGY UTILITY



2023 Awards

A measurement of the City's success in achieving its goals are the honours and recognition from peers and others. In 2023, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

PROVIDING SUSTAINABLE, ENVIRONMENTALLY-FRIENDLY ENERGY

The award-winning Lulu Island Energy Company received yet another accolade in 2023, this time for the expansion of its environmentally friendly energy grid into Richmond's City Centre. The City-owned utility won the 2023 National Energy Globe Award from the Energy Globe Foundation, an Austrian-based non-profit organization that recognizes projects focusing on energy efficiency, sustainability and the use of renewable energy or emission-free sources in over 180 countries. Once complete, the City Centre District Energy Utility expansion will connect to 170 residential and mixed-use commercial development sites covering 50 million square feet and save over one million tonnes of carbon emissions compared to conventional energy systems. Along with winning the National Award, the project was also shortlisted from over 30,000 submissions for the International Energy Globe Award in a category alongside projects from Turkey, Malaysia, China and the United Arab Emirates.

AWARDS CONTINUED . . .

ENGAGING THE COMMUNITY

The City received two Silver Leaf Awards from the Canadian chapter of the International Association of Business Communicators, a global organization supporting excellence in communications and engagement. The first Silver Leaf was for the multi-year “Rethink Waste: Think Tank and Ideas Hub” communication and engagement campaign to support the City’s goals to reduce waste and support a circular economy. The second recognized the communications campaign to support the introduction of the “Richmond Single-Use Plastic Ban,” a new bylaw banning single-use plastic items. The communications campaign supported businesses through the transition and increased awareness about the new bylaw, further promoting reusable options in the community with a goal to reduce unnecessary waste and pollution.

SUPPORTING OUR ECONOMY

Richmond’s Supply Chain Resiliency Program received a British Columbia Economic Development Association (BCEDA) Award for its achievement in supporting economic development. Recognized along with the City of Surrey and Township of Langley, the municipalities were presented with the Economic Recovery and Resiliency Award for communities over 20,000 in population. Developed to support businesses during the pandemic, the program identified existing industrial capabilities that could be re-engineered to support future emergency production needs, and helped manufacturers diversify by focusing on emerging opportunities in new sectors. Over 380 manufacturers participated in the program, and more than 200 manufacturing businesses took part in a series of associated Technology Adoption Workshops. BCEDA’s Economic Recovery and Resiliency Award recognizes programs and projects that represent a successful recovery initiative from natural and manmade disasters.

BUILDING CONNECTIONS THROUGH DESIGN

Recognition of the outstanding design, functionality and innovation of the Minoru Centre for Active Living, the City of Richmond’s state-of-the-art fitness and aquatic facility, continued in 2023. The centre received the prestigious Provincial Facility Excellence Award for projects over \$3 million from the BC Recreation and Parks Association (BCRPA). The annual award recognizes an outstanding facility design or redesign that reflects community culture, innovation and community need. The BCRPA commended the City for working with the local community to create a sustainable and environmentally friendly facility that fosters community connections and enriches individual well-being and quality of life, describing it as a leading community space not only in BC, but nationally and internationally.



THE AQUATIC CENTRE AT MINORU CENTRE FOR ACTIVE LIVING

FINANCIAL REPORTING

For the 21st and 14th year in a row, respectively, the Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 2022 Annual Report and the Award for Outstanding Achievement in Popular Financial Reporting for the 2022 Highlights Report. The awards recognized the City's success in producing a high standard report that demonstrated a constructive "spirit of full disclosure" and clearly communicated the municipality's financial story. Richmond also received yet another 'A' grade—the equal highest amongst 32 major Canadian cities—in C.D. Howe's annual Report Card on municipal budgeting, financial reporting and fiscal transparency for 2022.

INNOVATION IN PLANNING

The Planning Institute of British Columbia awarded the City of Richmond its Silver Award for Excellence in Planning in the category of Enduring Planning Performance. It highlighted the City Centre Area Plan as an example of an exemplary long-term professional planning project that will benefit current and future communities. The Planning Institute of British Columbia is a non-profit professional association of planners in BC and Yukon, and affiliated with the Canadian Institute of Planners.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

REPORT FROM THE GENERAL MANAGER, FINANCE AND CORPORATE SERVICES

I am pleased to submit the Consolidated Financial Statements and Auditors' Report for the fiscal year ended December 31, 2023 for the City of Richmond, pursuant to Section 98 and 167 of the Community Charter. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation of the financial statements is management's responsibility.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2023 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended are in accordance with Canadian public sector accounting

standards.

These financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company, which is accounted for as a Government Business Enterprise.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN \$000S)

	2023 Actual	2022 Actual	Change
Financial Assets	\$ 1,842,941	\$ 1,721,772	\$ 121,169
Liabilities	717,366	696,047	21,319
Net Financial Assets	1,125,575	1,025,725	99,850
Non-Financial Assets	2,705,957	2,603,444	102,513
Accumulated Surplus	\$ 3,831,532	\$ 3,629,169	\$ 202,363

The City's overall financial position improved by \$202.4 million, with accumulated surplus (similar to net worth of a corporation) totaling \$3.8 billion. A significant part of this increase is due to additions to capital assets and transfers to the statutory reserves for future capital improvements.

The City's cash and investments are \$1.7 billion while long-term debt decreased by \$9.2 million mainly due to the reduction of the loan for the construction of Minoru Centre for Active Living (final payment in 2024). Meanwhile, the City's tangible capital assets increased by \$100.7 million, which includes \$75.9 million of in-kind contributions from development as conditions of rezoning.

CONSOLIDATED STATEMENT OF OPERATIONS (IN \$000S)

	2023 Budget	2023 Actual	2022 Actual
Revenue	\$637,787	\$741,099	\$644,348
Expenses	562,681	538,736	503,066
Annual Surplus	\$75,106	\$202,363	\$141,282

The City's consolidated revenue for the year totaled \$741.1 million, an increase of \$96.8 million from 2022 mainly due to increased investment income, developer contributed tangible capital assets and grants.

Expenses increased by \$35.7 million from prior year mainly due to wages and salaries relating to filling vacancies and collective agreement rate increases, contract cost increases relating to community safety, supply and material cost increases relating to the Rapid Housing grant and to water purchases from Metro Vancouver.

The annual surplus for 2023 was \$202.4 million, including an operating surplus of \$6.1 million. The remainder of the annual surplus represents the change in investment in tangible capital assets, reserves and other items in accumulated surplus.

The City's consolidated financial position improved in 2023 as the City saw unprecedented returns on its investments and received several significant grants. The guiding principles of Council's Long Term Financial Management Strategy continues to supporting the City in positioning the City to achieving long-term goals and maintaining ongoing financial sustainability to deliver on Council priorities.

Respectfully submitted,

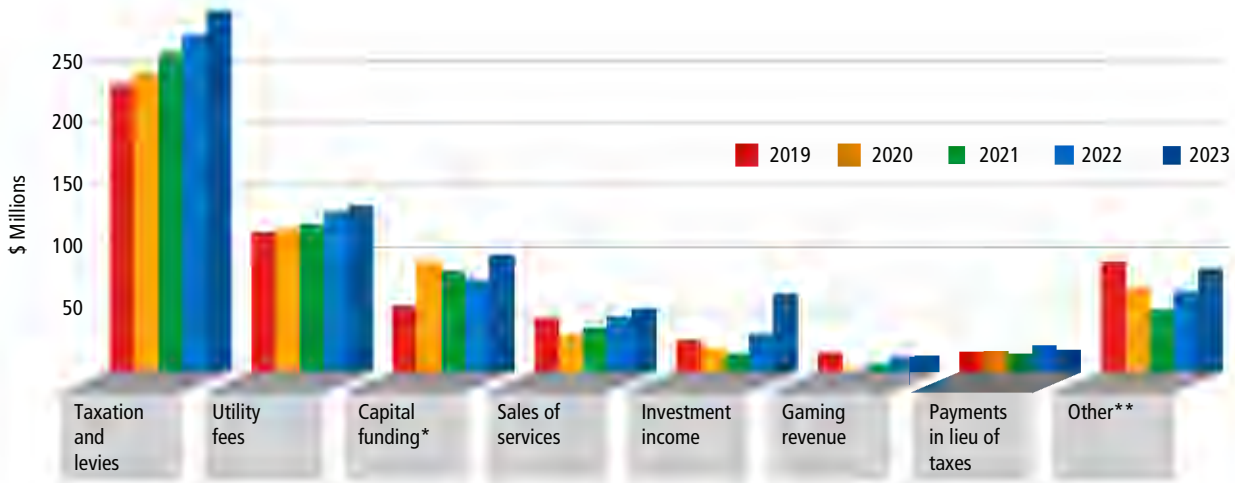


Jerry Chong, CPA, CA
 General Manager, Finance and Corporate Services
 May 13, 2024



DAFFODILS IN FULL BLOOM AT CITY HALL
 PHOTO BY MEHRAZIN SHEIKH, BUSINESS SERVICES ANALYST, BUSINESS IMPROVEMENT CITY EMPLOYEE SINCE 2023

REVENUE BY SOURCE 2019–2023

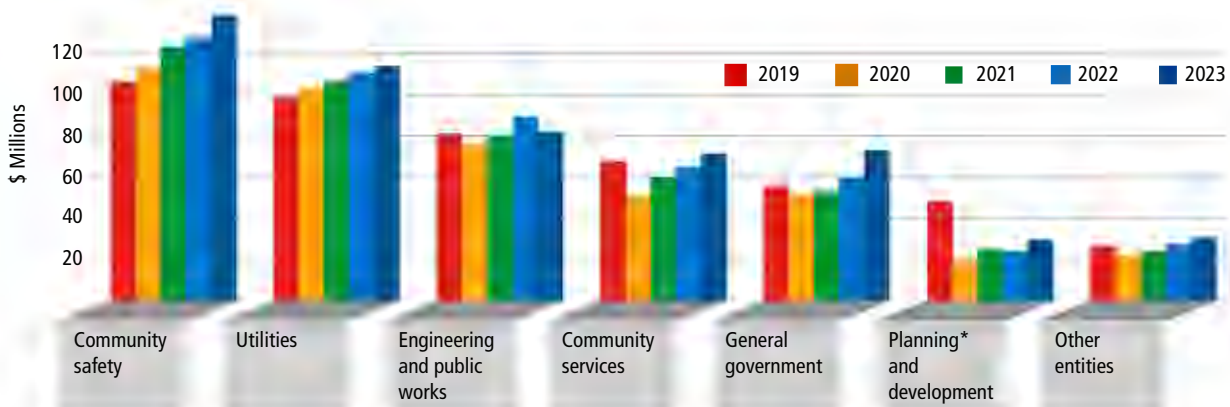


Source: City of Richmond Finance and Corporate Services

* Capital funding includes: Development Cost Charges and other capital funding sources.

** Other includes: provincial and federal grants, licences and permits and other sources.

EXPENSES BY FUNCTION 2019–2023



Source: City of Richmond Finance and Corporate Services

* Expenses for Planning and Development for 2019 include a one-time \$28.1M contribution towards the Canada Line Capstan Station.

Richmond at a glance

229,781
2023 POPULATION

November 10, 1879
INCORPORATED AS MUNICIPALITY

129.27
SIZE OF CITY IN
SQUARE KM

17
ISLANDS COMPRISING
THE CITY

December 3, 1990
DESIGNATED AS CITY OF RICHMOND

Fast facts

\$751 million
NEW CONSTRUCTION VALUE
IN 2023

39
PERCENTAGE OF THE CITY
WITHIN THE AGRICULTURAL
LAND RESERVE (ALR)

871
HECTARES THAT MAKE
UP THE CITY'S 140 PARKS

830
HECTARES OF CRANBERRY
FIELDS IN PRODUCTION

49
KILOMETRES OF DIKES FOR
FLOOD PROTECTION

136
KILOMETRES OF WALKING,
ROLLING AND CYCLING TRAILS

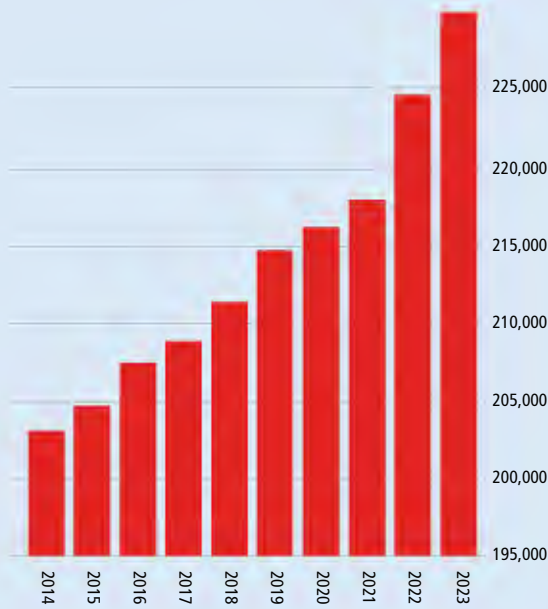
316
PERMANENT AND TEMPORARY
PUBLIC ARTWORKS ON
DISPLAY THROUGHOUT
RICHMOND IN 2023

39
PUMP STATIONS THAT CAN
DISCHARGE 1.4 MILLION US
GALLONS OF WATER PER
MINUTE—THE EQUIVALENT
OF OVER TWO OLYMPIC
SWIMMING POOLS

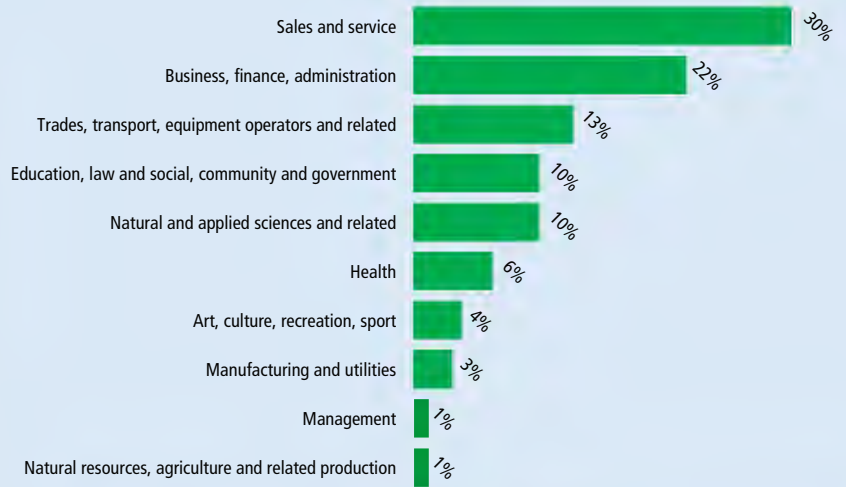
80
IDENTIFIED HERITAGE
BUILDINGS OR SITES IN
RICHMOND

60.3
PERCENTAGE OF THE CITY'S
POPULATION BORN OUTSIDE
OF CANADA

CITY OF RICHMOND POPULATION 2014–2023



OCCUPATIONS OF RICHMOND RESIDENTS



MAJOR EMPLOYERS IN RICHMOND (IN ALPHABETICAL ORDER)

- Air Canada
- Allied Universal Security Services of Canada
- Amazon Canada
- Change Healthcare Canada
- City of Richmond
- London Drugs Ltd.
- MDA Systems Ltd.
- River Rock Casino Resort
- Richmond School District No. 38
- Vancouver Coastal Health, Richmond
- WorkSafeBC



BILLOWY CLOUDS HOVER OVER THE NORTH DIKE
PHOTO BY JENNY HO, MANAGER OF TANGIBLE CAPITAL ASSETS, FINANCE
CITY EMPLOYEE SINCE 2017

Sources: Statistics Canada, City of Richmond, Vancouver International Airport Authority, Steveston Harbour Authority, Metro Vancouver, Richmond School District.

MAJOR SERVICES PROVIDED BY THE CITY OF RICHMOND

ADMINISTRATION

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing, Corporate Planning and Organizational Development and the Corporate Programs Management Group.

COMMUNITY SAFETY

Brings together the City's public safety providers including RCMP, Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

COMMUNITY SERVICES

Coordinates, supports and develops Richmond's community services including Parks Services, Recreation and Sport Services and Arts, Culture and Heritage Services.

ENGINEERING AND PUBLIC WORKS

The Engineering and Public Works Departments deliver public works services and utilities, engineering planning, design, construction and maintenance services for all utility and City building infrastructure, as well as sustainability and environmental programs.

FINANCE AND CORPORATE SERVICES

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services and Business Services.

PLANNING AND DEVELOPMENT

Includes the Policy Planning, Transportation, Development Applications, Building Approvals and Community Social Development Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

LAW AND LEGISLATIVE SERVICES

Includes the Law Department and the City Clerk's Office.







CHERRY BLOSSOM TREES GREET GARRY POINT PARK VISITORS IN THE SPRING
PHOTO BY RAVI PATEL, PROJECT COORDINATOR,
ENGINEERING—DESIGN AND CONSTRUCTION
CITY EMPLOYEE SINCE 2023

CITY OF RICHMOND CONTACTS

The City of Richmond offers many civic services to the community. Additional services are provided through the Richmond Olympic Oval, Richmond Public Library, Gateway Theatre and Lulu Island Energy Company. For more information on City services contact:




CITY OF RICHMOND

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Richmond, BC V6Y 2C1
Phone: 604-276-4000
Email: InfoCentre@Richmond.ca
www.richmond.ca

 @CityofRichmondBC
 @Richmond_BC
 @CityofRichmondBC
 /CityofRichmondBC

GATEWAY THEATRE

6500 Gilbert Road
Richmond, BC V7C 3V4
Phone: 604-270-6500
Box Office: 604-270-1812
www.GatewayTheatre.com






 @GatewayThtr
 @GatewayThtr
 @GatewayThtr

LULU ISLAND ENERGY COMPANY

6911 No. 3 Road
Richmond, BC V6Y 2C1
Phone: 604-276-4011
Email: Info@LuluIslandEnergy.ca
www.LuluIslandEnergy.ca




RICHMOND PUBLIC LIBRARY

100-7700 Minoru Gate (Brighthouse Branch)
Richmond, BC V6Y 1R8
Library Hours Line: 604-231-6401
www.YourLibrary.ca

 @YourLibraryRichmond
 @RPLBC
 @RPLBC
 /YourLibraryRichmond
 Account: RPLYourlibrary1

RICHMOND OLYMPIC OVAL

6111 River Road
Richmond, BC V7C 0A2
Phone: 778-296-1400
Email: Info@RichmondOval.ca
www.RichmondOval.ca

 @RichmondOval
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City of Richmond

Report to Council

To: Finance Committee **Date:** May 6, 2024
From: Mike Ching **File:** 03-0975-01/2024-Vol
 Director, Finance 01
Re: **Active Capital Projects Financial Update – 1st Quarter March 31, 2024**

Staff Recommendation

That the staff report titled, “Active Capital Projects Financial Update – 1st Quarter March 31, 2024”, dated May 6, 2024 from the Director, Finance, be received for information.

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

Att. 1

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

Staff Report

Origin

The Active Capital Projects Financial Update for the 1st Quarter ended March 31, 2024 is provided to the Finance Committee for information.

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

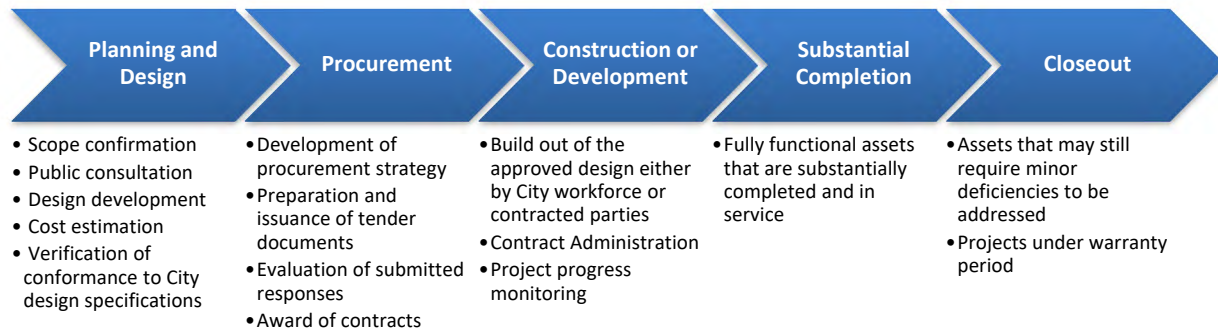
4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Analysis

ACTIVE CAPITAL PROJECT DEFINITION

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

Figure 1 – Capital Project Completion Stages



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

FINANCIAL OVERVIEW

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

As at March 31, 2024, the approved budget of all active capital projects excluding contingent external contribution project was \$1,037.7M, of which \$497.5M, including life-to-date actual expenditures and open commitments, or 47.9 per cent, had already spent and committed. Any unspent budget of active capital projects will remain allocated to the project until project closure.

Figures 2 to 4 highlight the capital financial information by capital program and plan year. Attachment 1 provides highlights of key active capital projects.

Figure 2: Capital Financial Information by Capital Program

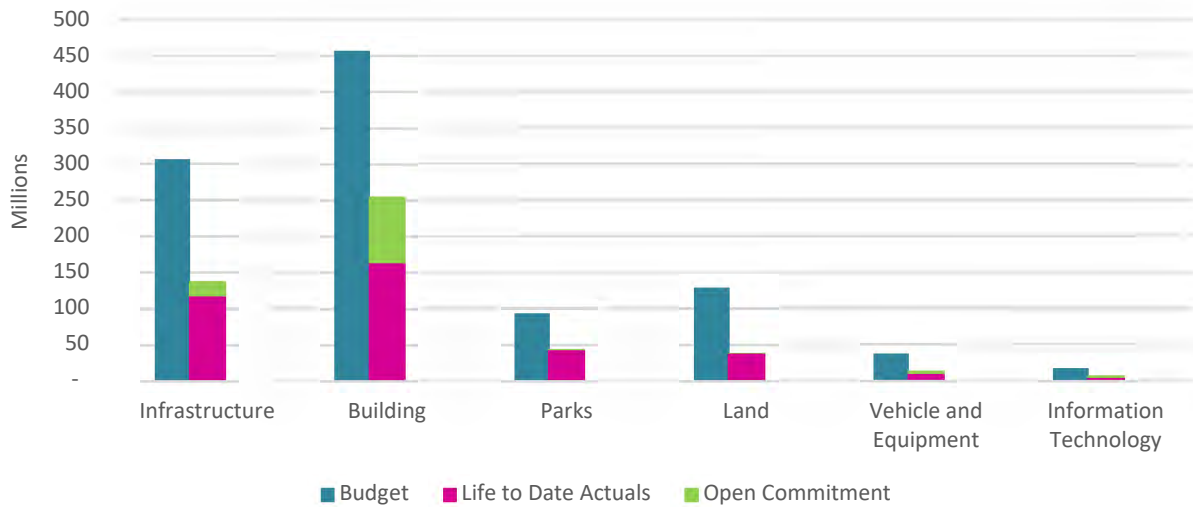


Figure 3: Current Year Actuals by Capital Program

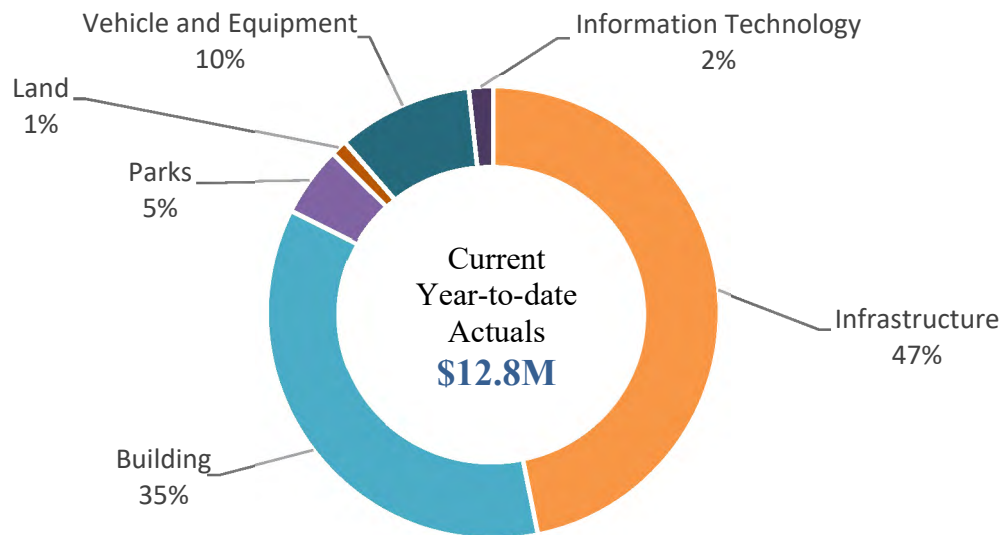
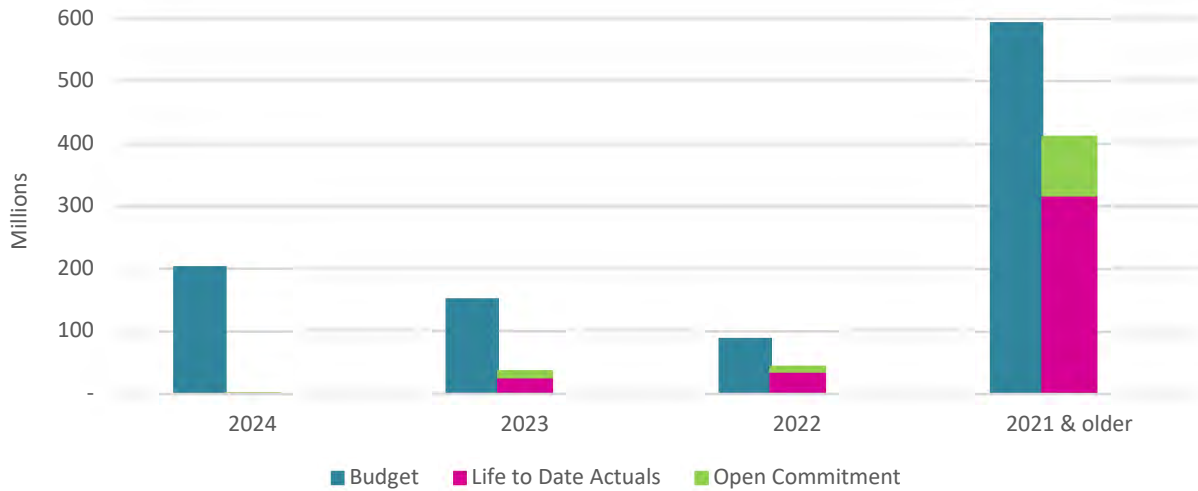
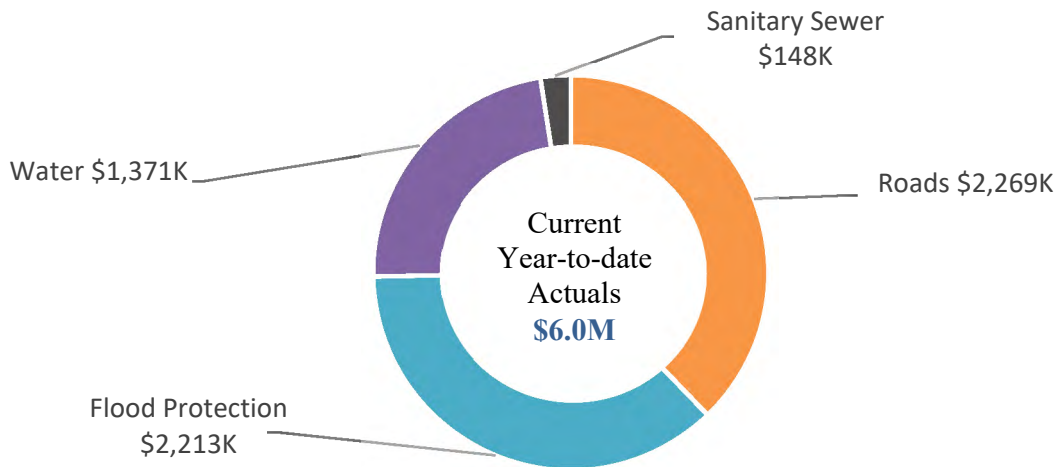


Figure 4: Capital Financial Information by Plan Year



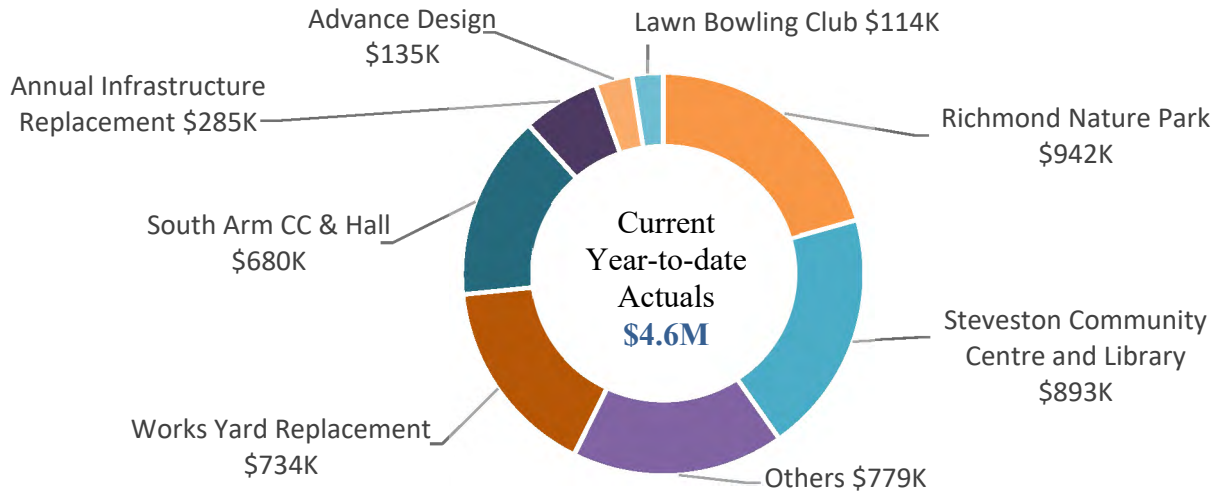
CAPITAL FINANCIAL INFORMATION BY CAPITAL PROGRAM

Infrastructure Program



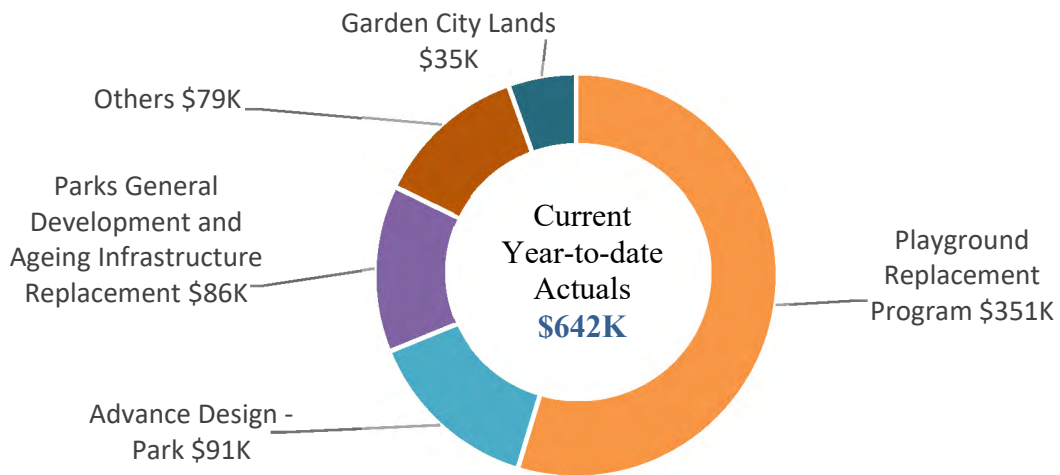
- Current year-to-date actual expenditures for Infrastructure were \$6.0M, where \$1.0M was for Burkeville Utility Improvements and \$0.7M was for Watermain Replacement Upgrades Program.
- Open commitment as of March 31, 2024 is \$20.8M.
- Key projects expected to be in service in 2024 are:
 1. Burkeville Utility Improvements – Phase 6
 2. Cambie Road/No. 5 Road - Intersection Improvements
 3. Steveston Highway Multi-Use Pathway, Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road

Building Program



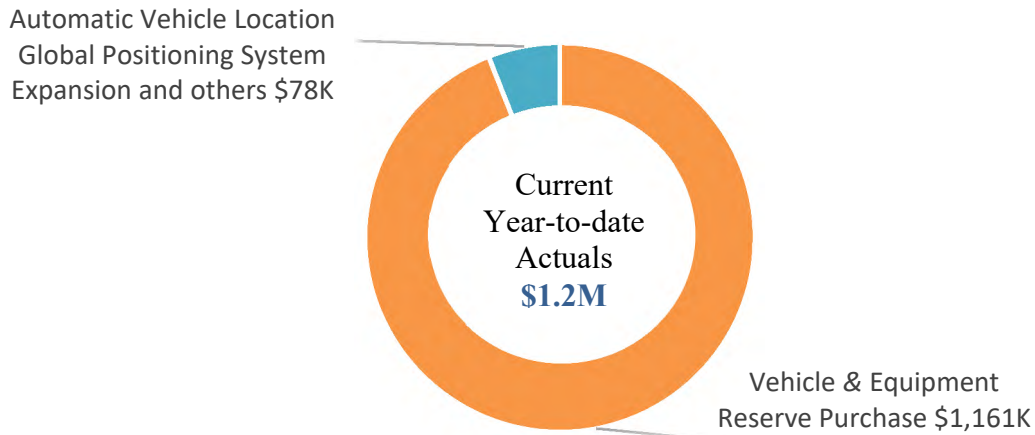
- Current year-to-date actual expenditures for Building were \$4.6M.
- Open commitment as of March 31, 2024 is \$91.6M.
- Key projects expected to be in service in 2024 are:
 1. Richmond Nature Park Infrastructure Renewals
 2. South Arm Community Centre

Parks Program



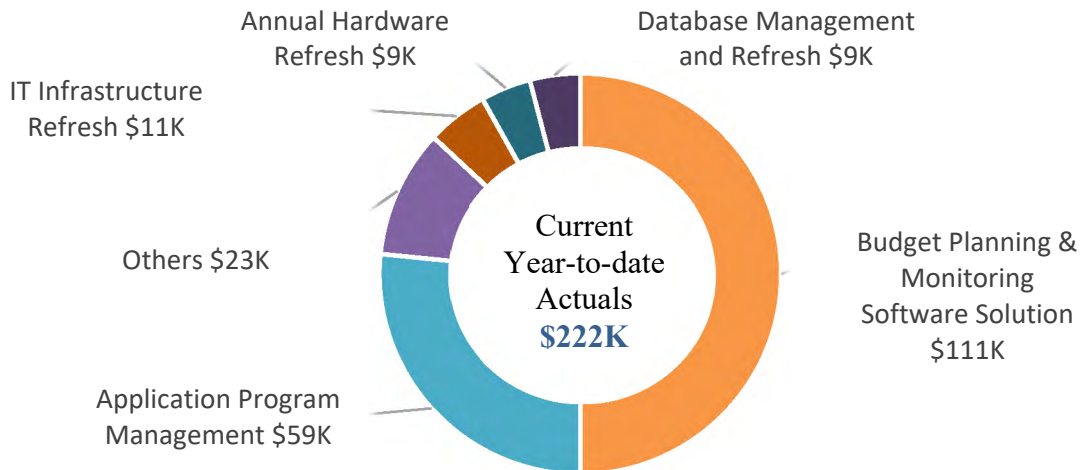
- Current year-to-date actual expenditures for Building were \$642K.
- Open commitment as of March 31, 2024 is \$1.4M.
- Key projects estimated to be in service in 2024 include the following:
 1. Playground Replacement Program (2023)
 2. City-Wide Community Gardens (2023)

Vehicle and Equipment Program



- Current year-to-date actual expenditures for Vehicle and Equipment were \$1.2M.
- Open commitment as of March 31, 2024 is \$3.1M.
- Key project estimated to be in service in 2024 includes the following:
 1. Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2021)

Information Technology Program



- Current year-to-date actual expenditures for Information Technology were \$222K.
- Open commitment as of March 31, 2024 is \$3.0M.

CAPITAL BUDGET REALLOCATION

As at March 31, 2024, \$2.8M was reallocated from Contingent External Contributions to the following capital projects as outlined in Table 1 below:

Table 1: Budget Reallocation (in \$'000s)

Grant Program	Project Name	Amount
Disaster Risk Reduction-Climate Adaptation 2023/2024	Dike Rehabilitation (2024)	\$2,500
Canada Community Revitalization Fund	London Heritage Farm Master Plan Phase 1 (2022)	160
Disaster Risk Reduction-Climate Adaptation 2023/2024	Nature Based Floor Protection Solutions Assessment (2024)	150
Total Budget Reallocation		\$2,810

CAPITAL PROJECTS CLOSED IN THE QUARTER

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

Table 2: Projects Closed in the Quarter Ended March 31, 2024 (in \$'000s)

Project Name	Plan Year	Budget	Actuals	Remaining Budget
London Heritage Farm Master Plan Phase 1	2022	\$772	\$765	\$7
Terra Nova Washroom Septic System	2022	250	145	105
Total		\$1,022	\$910	\$112

CONTRIBUTED ASSETS

Throughout the year, developers and third parties contribute assets to the City. Under the Public Sector Accounting Standards, these are recorded as revenue at fair market value at the time of contribution and is reflected in the financial statements in the annual surplus, and a corresponding increase to investment in tangible capital assets in accumulated surplus. These contributed assets are non-cash contributions and have no impact on the net operating surplus. As of March 31, 2024, \$3.3M of contributed assets were recorded.

Financial Impact

None.

Conclusion

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



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

JH:sx

Att. 1: Highlights of Key Active Capital Projects

Highlights of Key Active Capital Projects

Infrastructure Program

Roads

Active Transportation Improvement Program (2022)

Budget: \$750K^a

Expected Completion Date: Q2 2025

As part of the City's Active Transportation Program, upcoming upgrades include the installation of a special crosswalk and widening of the existing sidewalk along Francis Road between McCutcheon Place and Schaeffer Gate to improve the Midtown Neighbourhood Bike Route, and improvements to the existing Multi-Use Pathway on Garden City Road from Williams Road to Francis Road.

Annual Asphalt Re-Paving Program (2024)

Budget: \$8.3M

Expected Completion Date: Q4 2024

This program upgrades the City's Major Road Network and Non-Major Road Network as part of the City's Infrastructure Replacement Strategy and Pavement Management System. The 2024 work was awarded in Q1 of 2024 and will include the use of reclaimed asphalt pavement (RAP) at various locations that will be completed throughout the year.

Cambie Road and No. 5 Road Intersection Improvements

Budget: \$2.8M^b

Expected Completion Date: Q4 2024

This project will provide dedicated left-turn lanes on all four legs of the intersection. A 3.1 metre wide paved multi-use pathway (MUP) will be constructed along the north side of Cambie Road at the intersection to enhance safety of road users.

^a Active Transportation Improvement Program (2022)'s budget amount will increase to \$1.5 million pending Council approval of staff report "Cambie Road and No. 5 Road Intersection Upgrade, No. 2 Road Multi-Use Pathway and Active Transportation Improvement Program 2022 – Project Update" dated April 24, 2024.

^b Cambie Road and No. 5 Road- Intersection Improvements (2020)'s budget amount will increase to \$3.5 million pending Council approval of staff report "Cambie Road and No. 5 Road Intersection Upgrade, No. 2 Road Multi-Use Pathway and Active Transportation Improvement Program 2022 – Project Update" dated April 24, 2024.

No. 2 Road Multi-Use Pathway – Steveston Highway to Williams RoadBudget: \$2.6M^c

Expected Completion Date: Q4 2024

This project includes the provision of a 2.7 metre wide paved MUP along the east side of No. 2 Road from Steveston Highway to Williams Road, along with the installation of new curbing, boulevard space, and street and path lighting upgrades.

Steveston Highway Multi-Use Pathway - Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road

Budget: \$11.5M

Expected Completion Date: Q4 2024

This project includes the provision of a 3.0 meter wide paved MUP along the south side of Steveston Highway from Shell Road to Mortfield Gate (Phase 1) and Mortfield Gate to No. 2 Road (Phase 2), along with the installation of new curbing, boulevard space, and street and path lighting upgrades.

Flood ProtectionBurkeville Utility Improvements (2024)

Budget: \$4.0M

Expected Completion Date: Q4 2024

This project consists of upgrading the drainage network, sanitary sewers and watermains in the Burkeville area, and will reduce local flood risks by increasing the City's storm system capacity. The phasing construction schedule is designed to prioritize servicing concerns and reduce impacts to the community, with Phase 6 starting in Q2 2024.

Canal Stabilization and Drainage and Irrigation Upgrades (2023, 2024)

Budget: \$6.0M

Expected Completion Date: Q4 2024

The City's drainage infrastructure network routinely goes through condition assessments, where canals and ditches are identified as a priority location for bank stabilization. The City has identified priority locations and the scope of work will include the design and construction of canal stabilization works for Sidaway Road from Blundell Road to Westminster Highway.

^c No 2 Road Multi-Use Pathway, Steveston Highway to Williams Road (2021)'s budget amount will increase to \$3.1 million pending Council approval of staff report "Cambie Road and No. 5 Road Intersection Upgrade, No. 2 Road Multi-Use Pathway and Active Transportation Improvement Program 2022 – Project Update" dated April 24, 2024.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades

Budget: \$25.2M

Expected Completion Date: Q4 2026

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Program. This project includes the upgrades of various drainage pump station and diking upgrades, with the design of the North Dike Upgrades between No. 2 Road and Lynas Lane and the No. 6 Road South and No. 9 Road Drainage Pump Stations currently underway.

Invasive Species Management (2024)

Budget: \$200K

Expected Completion Date: Q3 2026

To reduce the spread of invasive species and mitigate impacts of the Richmond's flood protection system, the City has implemented an integrated management approach. Among the invasive and aggressive species targeted are parrot's feather, Chafer beetle and various knotweed species, all of which are known to adversely affect local infrastructure and biodiversity.

Laneway Drainage Upgrade (2024)

Budget: \$1.3M

Expected Completion Date: Q4 2024

In order to resolve laneway drainage issues, the City has implemented a program to install drainage systems and upgrade road structures to laneways each year. Starting construction in Q2 of 2024, this year's locations include drainage and paving improvements along the laneway east of the 10,000 block of No. 4 Road and along the laneway south of Seafield Crescent.

WaterWatermain Replacement Upgrades Program (2023, 2024)

Budget: \$10.7M

Expected Completion Date: Q4 2024

This program replaces and upsizes ageing watermains at the end of their service life in line with the City's Ageing Infrastructure Renewal Strategy. Construction includes the installation of 5,550 metres of watermain along No. 7 Road from Cambie Road to River Road, No. 2 Road from Williams Road to Steveston Highway, and throughout the Seacote neighbourhood.

Building Program

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

Steveston Community Centre and Library

Budget: \$95.0M

Expected Completion Date: Q3 2026

During a facility strategic planning process, it was identified that this ageing facility is undersized, outdated, and does not meet modern user expectations. Site preparation work for the new three-storey, 60,350 sq. ft. facility has commenced.

Works Yard Replacement Project – Phase 1

Budget: \$100.0M

Expected Completion Date: Q4 2027

The Works Yard is crucial for providing essential services, operations, emergency response and disaster recovery to the community. Throughout its completion at the current site, it will remain fully operational, serving the community during construction, including Phase 1 which involves building an administration facility, parkade, demolishing existing facilities and relocating staff.

Bowling Green Community Activity Centre

Budget: \$5.3M

Expected Completion Date: Q4 2025

Design development for a modern single-storey replacement facility is complete and includes washrooms, change areas, multipurpose room, kitchen and storage. Following the sustainable deconstruction of the outdated facility, whereby materials were salvaged for charitable donation, upcycling or recycling, civil site works are underway.

Richmond Nature Park

Budget: \$4.8M

Expected Completion Date: Q3 2024

The Richmond Nature Park is undergoing facility upgrades to enhance safety, functionality, and longevity, including replacing the septic system and renewing ageing interior components. These upgrades are vital for sustaining functionality, safety, and aesthetic appeal.

South Arm Community Centre

Budget: \$1.9M

Expected Completion Date: Q4 2024

Multiple building components within the facility will be replaced with new, energy efficient equipment and components to better service the community. The renewals will include fire alarm system replacement, flooring replacements and washroom renewals.

Parks Program

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

Brighthouse Park Baseball Diamond Infield Upgrade

Budget: \$520K

Expected Completion Date: Ongoing

This project proposes to upgrade the existing baseball diamond's infield from nature grass to a synthetic turf surface with drainage system improvements. Detailed design is underway through Q1 2024, with procurement for construction targeted for Q2 to Q3 2024.

City-wide Community Gardens (2023)

Budget: \$200K

Expected Completion Date: Q3 2024

Site work for a new community garden at the Hamilton Community Park was completed in Q4 2023 and will be allocated to registered urban gardeners in due course. Based on community feedback, a new community garden will be constructed at the Alexandra Neighbourhood Park for the West Cambie neighbourhood from Q2 to Q3 2024.

Garden City Lands (GCL)

Budget: \$6.2M

Expected Completion Date: Ongoing

Removal of contaminated soils at specific locations was completed in Q3 2023 while additional soil testing continues site-wide. Staff are in the process of planning the implementation of the remaining park features identified in the park development plan.

London/Steveston Neighbourhood Park

Budget: \$400K

Expected Completion Date: Q2 2024

Construction of an off-leash dog park commenced in Q2 2023 and was temporarily put on hold while the City conducted further public engagement and analysis, per direction received by Council. Upon Council's endorsement on a modified plan as a result of further community engagement, construction at the dog park has resumed and is anticipated to be completed prior to Q3 2024.

Playground Improvement and Replacement Program*Playground Replacement*

Budget: \$1.6M

Expected Completion Date: Ongoing

Construction for Heather Dolphin Neighbourhood Park and Odlinwood Neighbourhood Park were completed in Q1 2024 and open for public use. Construction is on schedule for completion at Great West Cannery Park in Q2 2024.

Steveston Community Park Playground Renewal

Budget: \$2.2M

Expected Completion Date: Q3 2025

Procurement for construction tender and award process are ongoing, and construction expected to start in Q3 2024.

Land ProgramStrategic Land Acquisition

Budget: \$128.2M

Expected Completion Date: Ongoing

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

Equipment Program

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

Fire Vehicle Replacement Reserve Purchases

Budget: \$11.1M

Expected Completion Date: Ongoing

The Fire Vehicle Replacement Reserve Purchases projects in Plan Year 2019 to 2024 have a combined outstanding acquisition of six front-line vehicles and five support vehicles. Staff are currently working with Purchasing on doing some market research to assist in developing the procurement plan.

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

Budget: \$14.4M

Expected Completion Date: Ongoing

The 2021 to 2024 fleet vehicle and equipment replacement project involves the estimated acquisition of over 150 vehicles and equipment that have been identified for replacement. As of Q1 2024, 79 units have been completed and are now operational, 12 units are on order, and 59 units are in the evaluation process.

Information TechnologyBudget Planning & Monitoring Software Solution

Budget: \$1.8M

Expected Completion Date: Q3 2024

A modern solution is being implemented that is directly integrated to our Finance and Payroll systems that enables budget scenario planning and modelling to support creation, submission, and approvals of capital, operating and five-year budget requirements. This new system replaces a legacy, outdated system that has been in operation for over 25 years and Phase 1 is expected to complete by Q3, 2024.

Permit Optimization Project (MyPermit)

Budget: \$2.9M

Expected Completion Date: Q4 2027

MyPermit is a multi-phased initiative that will fully digitize and enable customer self-service for development and building permits. Phase 1 of the MyPermit project will streamline the permitting process for simple permit types, such as plumbing and gas trades permits and launched on November 20, 2023, through an online self-service portal option.

Workforce Management System

Budget: \$790K

Expected Completion Date: Q2 2025

The City is implementing a fully digital solution to enable the scheduling, attendance management and timekeeping functions for payroll. This will eliminate all manual and paper-based processes and greatly enhance the accuracy of data and data analytics capabilities for labour management.



City of Richmond

Report to Committee

To: Finance Committee

Date: May 3, 2024

From: Mike Ching
Director, Finance

File: 03-0905-01/2024-Vol
01

Re: Financial Information – 1st Quarter March 31, 2024

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2024”, dated May 3, 2024 from the Director, Finance, be received for information.

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

Att: 4

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

Staff Report

Origin

Pre-audited financial information for the first quarter (ended March 31, 2024) is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City's) financial results throughout the year and before the annual audited financial statements are presented.

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

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

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

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

Economic Overview

Global growth is slow and steady, with the notable absence of a recession. However, the situation varies across countries. The divergence between growth trajectories in advanced economies and emerging markets has continued, though the pattern has flipped from last fall, with recent increases in advanced economies and slight slowdowns in emerging economies – and even greater slowdowns in developing countries, where inflation also remains higher. In the U.S., growth rates are higher than previously forecasted, and China continues to face significant challenges in its real estate sector. While the latest medium-term growth forecast is 3.1%, the lowest it has been in decades, the risks to the overall global outlook are becoming more balanced.

In Canada, economic growth is slow, and inflation is also slowing. The Bank of Canada (BoC) has maintained its policy rate of 5% for almost three quarters and notes that its approach is working to reduce inflationary pressures, though it will continue to monitor progress.¹ Inflation in services, including shelter (rent and mortgage interest costs), is proving more challenging to rein in than inflation in goods. Strong population growth is expected to support robust output growth in 2024.

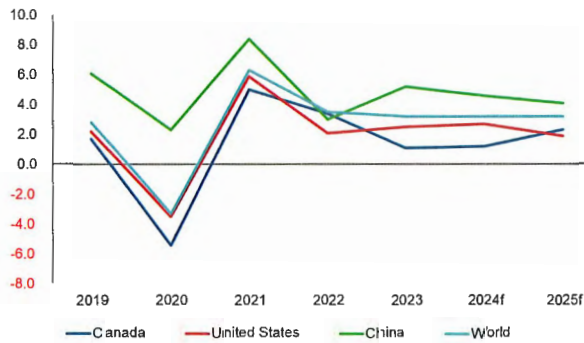
Richmond's diversified economy continues to be relatively healthy. Businesses face challenges in the current economic climate and obtaining financing for large projects can be both difficult and costly. However, business licencing continues to show strong activity, with some recent increases in new licences and a steady overall number of businesses operating in Richmond. Industrial vacancy rates dipped lower this past quarter after edging upwards at the end of 2023, and the industrial real estate market remains quite competitive. Office vacancy has trended

¹Bank of Canada, [Monetary Policy Report, April 2024](#).

upward slightly, though transit-oriented office vacancy rates are down, as businesses locate near transit offerings in the City Centre. Lower growth should be expected in 2024, aligned with global conditions.

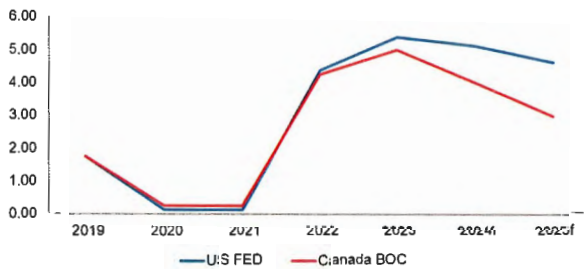
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product % Change²



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will hold steady at the 2023 rate of 3.2% in both 2024 and 2025. This reflects a slight upward revision to the forecast.
- In 2024, Canadian GDP is forecasted to grow by 1.2%, with U.S. and China GDP growth forecasts of 2.7% and 4.6%, respectively.
- This global growth profile for 2024 is slightly stronger than previously anticipated. It reflects slight downward revisions for Canada and China, though an upward revision to the U.S. forecast.

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End³

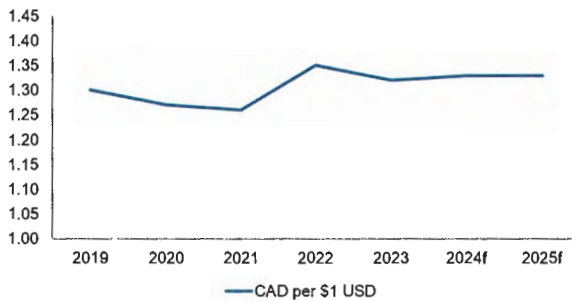


- The BoC has held its overnight lending rate steady at 5.0% since its last increase in July 2023.
- The U.S. Federal Reserve (U.S. FED) continued to hold steady its rate of 5.38% (5.25% - 5.50%), as it also has since its last increase in July 2023.
- Unexpected resiliency in the U.S. economy and increases in U.S. inflation mean that the BoC is expected to start cutting interest rates sooner than the U.S. FED, which will likely maintain higher rates for a longer time period.

²International Monetary Fund, *World Economic Outlook (April 2024): Steady but Slow: Resilience and Divergence*.

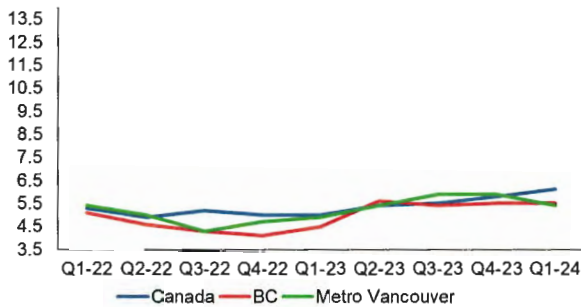
³US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; *Bank of Canada Monetary Policy Report (April 2024)*; RBC *Financial Markets Monthly (April 2024)*.

3) Exchange Rates – CAD/USD at Year End⁴



- While the year-over-year outlook for the Canadian dollar (CAD)/U.S. Dollar (USD) exchange rates is expected to be relatively stable at \$1.33 CAD / \$1 USD in both 2024 and 2025, shorter term fluctuations are likely.
- Multiple factors affect exchange rates including interest rates, oil prices, geopolitical developments, and inflation. If the BoC cuts interest rates before the U.S. FED, there could be a weakening of the CAD, as global investors are attracted to higher interest rate environments.

4) Unemployment⁵

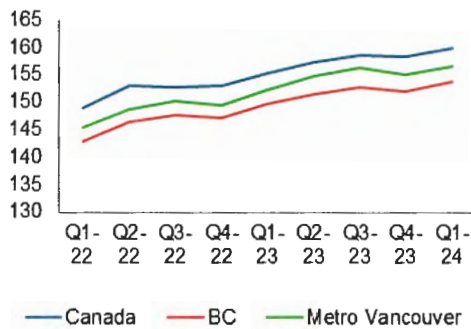


- According to Statistics Canada’s March 2024 Labour Market Survey, population growth continues to be higher than employment growth, and the employment rate declined for a sixth consecutive month. Unemployment also increased to 6.1% in March.
- In B.C. and across Canada, new positions were added in the health care and social assistance sectors. Nationally, employment fell in accommodation and food services, whereas in B.C., employment was down in goods-producing sectors, especially construction.
- At the end of Q1 2024, the Canadian, B.C., and Metro Vancouver unemployment rates were 6.1%, 5.5%, and 5.4%, respectively.

⁴RBC Economics (RBC Financial Markets Monthly, April 2024).

⁵Statistics Canada Labour Force Survey (March 2024); Labour Force Statistics Highlights Issue #24-03.

5) Consumer Price Index (CPI – 2002=100)⁶

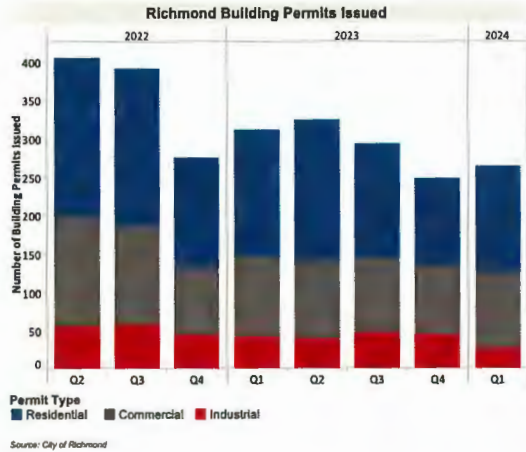


- While Canadian inflation accelerated slightly in March (2.9%) as compared to February (2.8%), it was lower in Q1 2024 than in all quarters since the historic high of 8.1% in June 2022.
- The most recent increase was largely driven by higher gas prices and continuing high shelter costs (including both mortgage interest costs and rent).
- Compared with other provinces, B.C. is squarely in the middle, with the fifth highest rate of inflation in March.
- On average over the past 12 months, inflation has been higher in Metro Vancouver (3.6%) than in B.C. (3.2%) or nationally (3.3%).

⁶Statistics Canada, Consumer Price Index; also Consumer Price Index, March 2024; also BC Stats, Consumer Price Index, March 2024, Issue 24-03; also TD Economics, Canadian Consumer Price Index (March 2024).

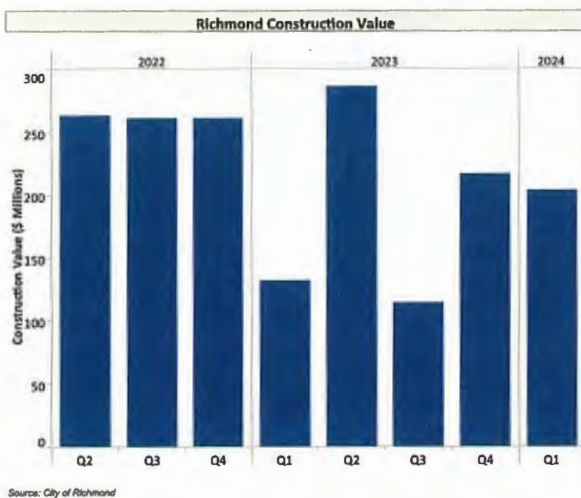
Regional & Local Economic Activity Indicators

6) Building Permits – Richmond⁷



- During the first quarter of 2024, there were 139 residential, 99 commercial, and 25 industrial building permits issued in Richmond.
- This represents a 15.2% decline in total building permits issued over the same period in 2023, with less of a decrease in commercial (-4.8%) as compared to residential (-16.3%) and industrial (-37.5%).
- 316 new units were added to the local housing supply in Q1 2024, which represents a 103.9% increase as compared to the same period in 2023. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

7) Construction Value⁸

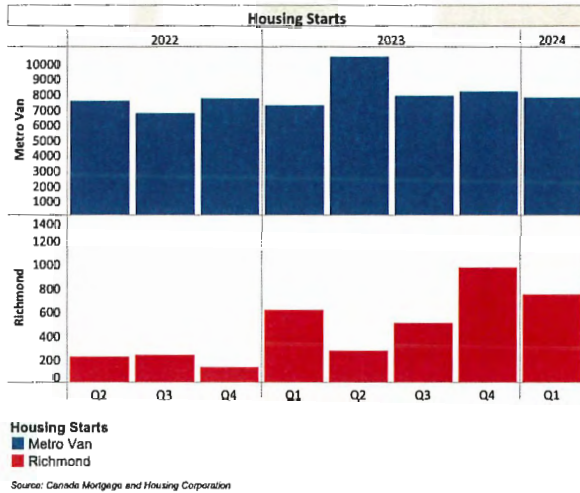


- Approximately \$203.9 million in construction value was registered in Q1 2024, an increase of 53.7% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter.

⁷City of Richmond Building Permits.

⁸City of Richmond Building Permits.

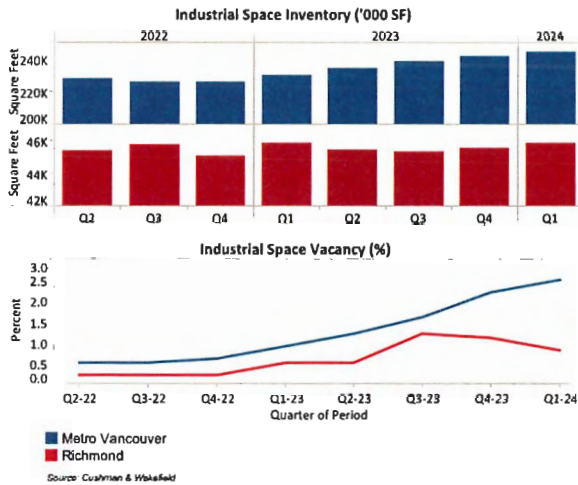
8) Housing Starts⁹



- In Q1 2024, there were 735 housing starts in Richmond and 7,627 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced¹⁰.
- Year-to-date housing starts increased by 22.7% in Richmond and by 7.2% in Metro Vancouver, as compared to the same period in 2023. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.
- While Q1 was strong, a decline in housing starts is anticipated for 2024 due to high land and construction costs, as well as financing challenges, especially for multi-family buildings.

9) Commercial Space¹¹

a) Industrial Space



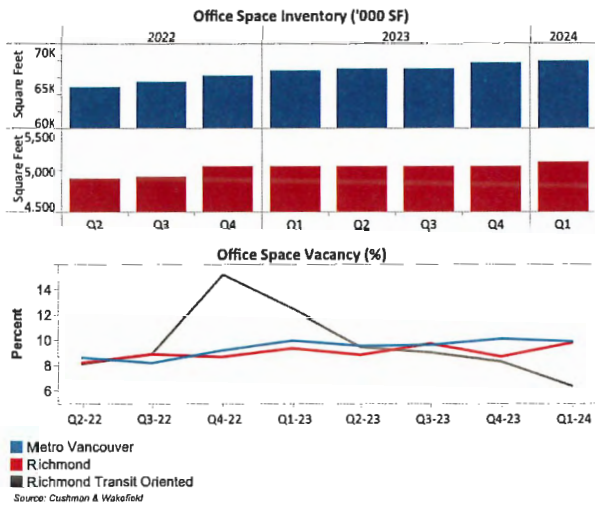
- In Q1, the Metro Vancouver industrial vacancy rate has increased to 2.5% and is approaching a more balanced market. New construction is a key driver of the higher vacancy rates.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver and was 0.8% in Q1 2024, tracking downward after slight increases in Q3 and Q4 2023.
- Asking rents have started to moderate though still remain near historic highs, especially for new construction.

⁹Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.

¹⁰Housing 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.

¹¹Cushman & Wakefield Office and Industrial Market Beat Reports Q1 2024.

b) Office Space



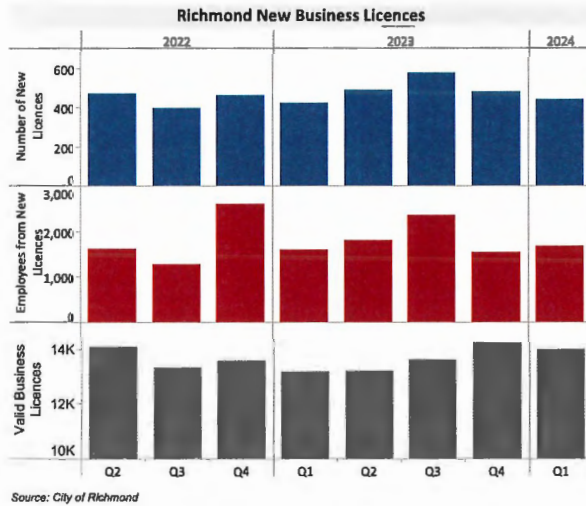
Note that the increased transit-oriented vacancy rate in Q4 2022 was due to the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added.

- The office vacancy rate remains relatively steady at 10.1% in Metro Vancouver, the same in Q1 2024 as it was a year ago in Q1 2023.
- At the end of Q1 2024, the office vacancy rate had increased to 10.0% in Richmond, with transit-oriented vacancy declining to 6.6%¹².
- Following near-record construction completions across Metro Vancouver over the past several years, no large-scale additions are expected in the next two years. Vacancy rates may start to decline, especially in new buildings, as tenants absorb the new, higher-quality space.
- Average asking rents in Richmond are the lowest in the Metro Vancouver region.

¹²Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

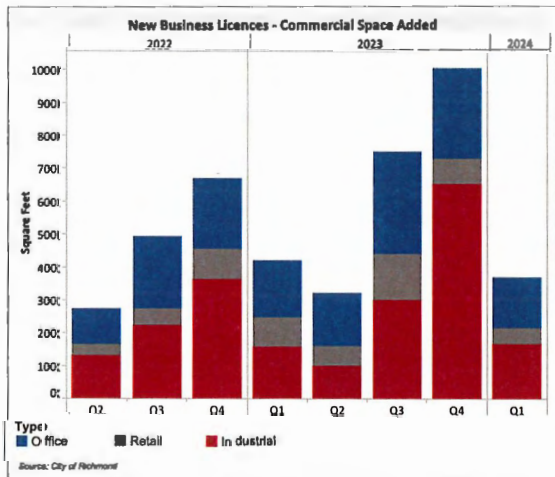
10) Business Growth – Richmond¹³

a) New Business Licences – Number and Employees



- 441 new business licences (representing 1,662 jobs) were issued by the City of Richmond in Q1 2024, a 4.3% increase in new licences (and a 3.6% increase in corresponding jobs) as compared to the same period last year.
- These new business licences are part of the City’s 13,982 total valid business licences at the end of Q1 2024. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.
- In Q1 2024, 67 business licences became inactive. This includes businesses that ceased operations and home occupation businesses that may have stopped operating or moved out of Richmond.

b) New Business Licences – Commercial Space

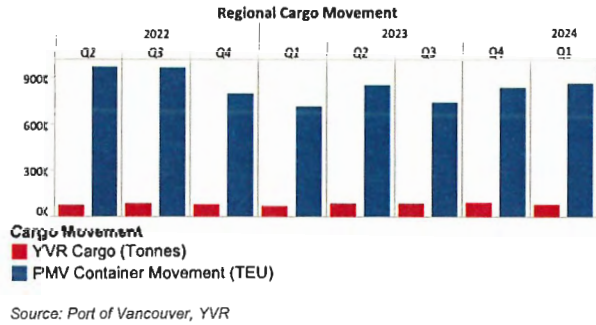


- 368,760 square feet of commercial space absorption was tied to the new business licences issued during Q1 2024.
- This is a decrease of 12.3% compared to the same time period last year. The greatest amount of space was required by industrial (166,656 square feet), followed closely by office (154,095 square feet), and then retail (48,009 square feet).

¹³City of Richmond Business Licencing data.

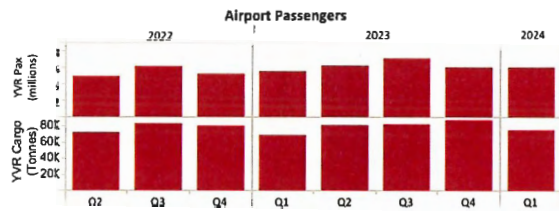
11) Goods and People Movement

a) Regional Cargo Movement¹⁴



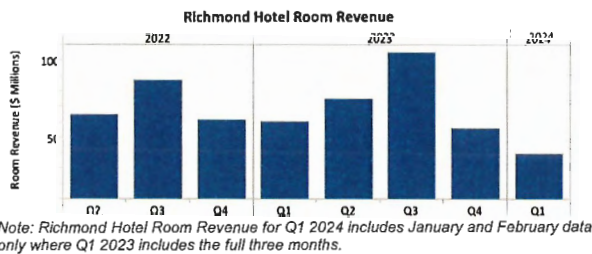
- In Q1 2024, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), increased by 21.6% as compared to the same period last year.
- 73,583 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 9.8% increase as compared to the same period last year.

b) Airport Passengers¹⁵



- Passenger travel through YVR continues to be strong, with an increase of 9.1% during Q1 2024 (5.99M) as compared to the same period last year (5.49M).
- Globally, the aviation industry has returned to profitability, three years after historic losses due to the pandemic. There is now much focus on air transportation’s access to renewable energy sources, as the industry looks toward future growth and sustainability.

c) Richmond Hotel Room Revenue¹⁶



- Hotel room revenues in Richmond for the first two months of Q1 were \$39.7M, which is 9.4% higher than the same period last year.

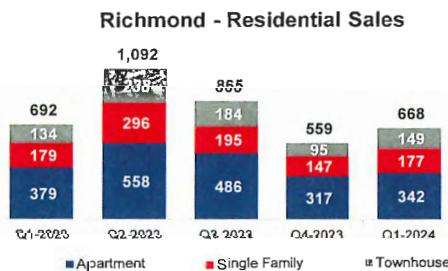
¹⁴Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.

¹⁵YVR Monthly Statistics; International Air Transport Association, Global Outlook for Air Transport (December 2023).

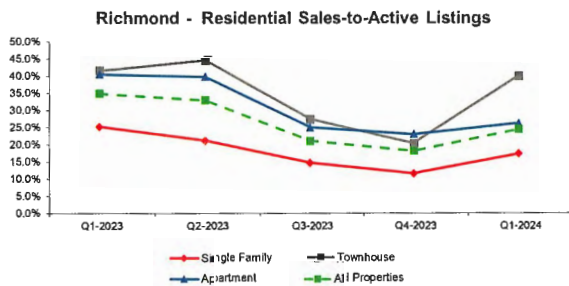
¹⁶City of Richmond Additional Hotel Room Tax Ledger.

Residential Real Estate¹⁷

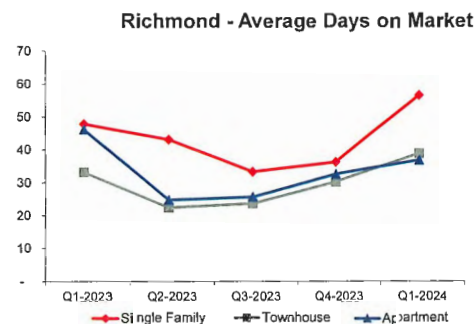
While the market has not reached the same level as compared to last year, the sales activity is reflective of a balanced market. There are still modest month over month price gains of 1% - 2% happening at the base level, despite borrowing costs remaining elevated. Regardless of the increase in inventory, the overall market balance is heading further into seller’s market territory.



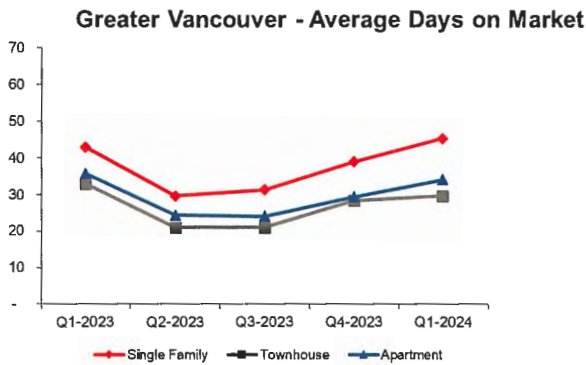
- Single family detached (SFD) home sales decreased by 1.1% compared to Q1 2023.
- Townhouse sales have increased by 11.2% and apartment sales have decreased by 9.8% compared to Q1 2023.
- Townhouse sales comprise 22.3% of the residential home sales in Richmond. SFD and apartment sales account for 26.5% and 51.2%, respectively, of home sales in Richmond.
- There were 668 residential home sales in Richmond in Q1 2024, a 3.5% decrease compared to the same period last year.



- Richmond residential properties had a sales-to-active listings ratio of 25.1% as at March 31, 2024, representing a seller’s market.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.
- At Q1 2024, SFD properties in Richmond had an average of 57 days on the market, an 18.8% increase compared to Q1 2023.
- Townhouses and apartments in Richmond had an average of 39 and 37 days on the market, respectively, representing an 18.2% increase and a 19.6% decrease, respectively, over the same period last year.

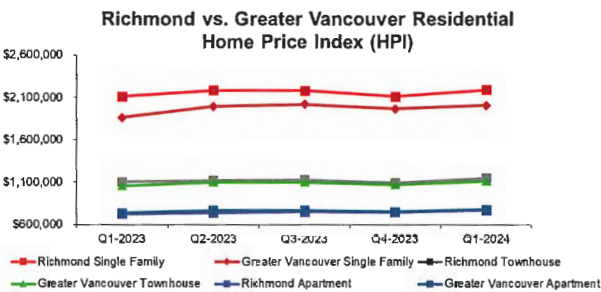


¹⁷ Real Estate Board of Greater Vancouver.



At Q1 2024, SFD properties in GVRD had an average of 45 days on the market, which represents a 4.7% increase compared to Q1 2023.

Townhouses and apartments in GVRD had an average of 30 and 34 days on the market, respectively, which represents a decrease of 9.1% for townhouses and 5.6% for apartments, compared to Q1 2023.



- The Home Price Index (HPI)¹⁸ for SFD properties in Richmond at Q1 2024 was \$2,190,500, a 3.9% increase compared to Q1 2023. The GVRD housing market has increased with SFD properties priced at \$2,007,900, which represents a 7.8% increase compared to the same quarter last year.
- At Q1 2024, the HPI for townhouse properties in Richmond was \$1,146,600, an increase of 3.9% compared to Q1 2023. The HPI for townhouse properties in GVRD was \$1,112,800, which represents a 5.3% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$772,400, an increase of 6.3% compared to Q1 2023. The HPI for apartments in GVRD was \$777,500, which represents a 5.4% increase compared to the same time last year.

¹⁸Home 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 (Province), the Province pays 10% of net gaming income to the City. Net gaming revenue is calculated as net win from casino games less (i) fees payable by BC Lottery Corporation (BCLC) to the service provider, and (ii) BCLC’s administrative and operating costs. Distributions are subject to volatility due to fluctuations in net win from casino games, operating costs and accounting adjustments.



- The gaming revenue for Q1 2024 was \$3,045,099, a decrease of 17.5% compared to the same quarter last year when \$3,690,296 was received.
- The 2024 budget for gaming revenue is \$12,500,000.

Gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 29, 2024 Council meeting, the 2024 Budget was approved which included the gaming revenue allocation for 2024. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be transferred to the capital reserve.

Table 1: Distribution of the 2024 gaming revenue allocation

	Distribution	2024 Budget
Capital Reserves	Remainder	\$1.8M
Grants	25%	3.1M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)*	7%	0.9M
Total		\$12.5M

*The funding allocation towards total policing costs is calculated based on the cost of four officers and does not reflect actual policing effort.

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2024. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: Net Operational Activity for the period January 1, 2024 to March 31, 2024 (in \$000's)

Division/Department¹	Q1 YTD Net Budget²	Q1 YTD Actuals and Commitments³	Q1 YTD Variance (\$)	Q1 YTD Variance (%)
Community Safety ⁴	(820)	(1,104)	284	35%
Community Services	13,571	12,722	849	6%
Corporate Administration	2,513	2,376	137	5%
Engineering and Public Works	19,281	19,241	40	0%
Finance and Corporate Services	7,530	7,259	271	4%
Fire Rescue	13,225	12,922	303	2%
Law and Legislative Services	1,273	1,172	101	8%
Library	3,295	3,293	2	0%
Planning and Development	2,716	2,570	146	5%
Policing	18,810	18,320	490	3%
Fiscal	(32,499)	(32,046)	(453)	1%
Total	48,895	46,725	2,170	4%
Flood Protection Utility	12,382	12,082	300	2%
Sanitary Sewer Utility	6,237	6,209	28	0%
Sanitation and Recycling Utility	320	11	309	97%
Water Utility	7,205	7,132	73	1%
Utilities Total	26,144	25,434	710	3%

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

²The Net Budget is based on the operating budget approved by Council on January 29, 2024.

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

⁴Includes 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 2024 Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to higher business licence revenue and lower operational spending for Q1 2024.
- Community Services' favourable variance is mainly due to vacant positions, lower than budgeted parks expenditures and operating expenses to date, as well as stronger revenue from recreation activities.
- Corporate Administration's favourable variance is mainly due to vacant positions and lower operational spending.

- Engineering and Public Works is on budget.
- Finance and Corporate Services' favourable variance is mainly due to higher revenue, staff vacancies and lower operational spending for Q1 2024.
- Fire Rescue's favourable variance is mainly due to vacant positions through firefighter retirements.
- Law and Legislative Services is on budget.
- Library is on budget.
- Planning and Development's favourable variance is primarily due to staff vacancies in Building Approvals and Community Social Development.
- Policing's favourable variance is driven by lower than budgeted policing contract costs.
- Fiscal's unfavourable variance is mainly due to timing of expenditures.
- Flood Protection Utility's favorable variance is mainly due to vacant positions.
- Sanitary Sewer Utility is on budget.
- Sanitation and Recycling Utility's favourable variance is mainly due to vacant positions and operational savings.
- Water Utility is on budget.

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 March 31, 2024, with comparative figures for 2023, is included in Attachment 3.

Cash and Investment Portfolio

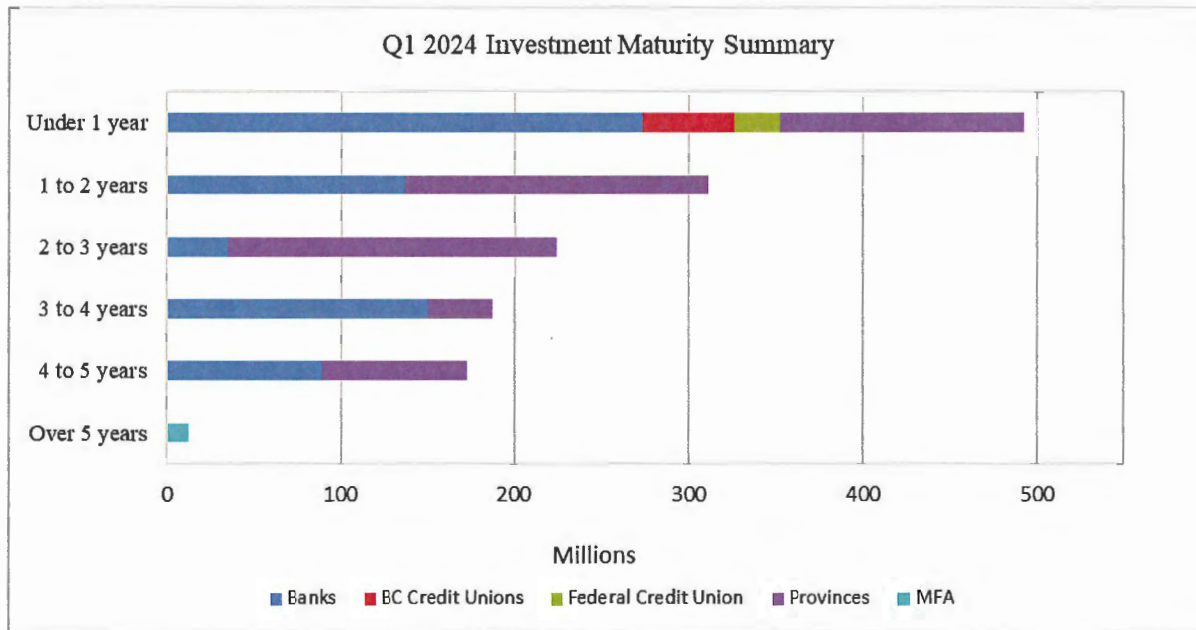
As of March 31, 2024, the City's total cash and investment balance was \$1.65 billion, which represents the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses.

The City's total cash and investment balance was comprised of \$1.40 billion in investments and \$245 million in a high interest savings cash account, with a weighted average annualized yield of 4.59% for the first quarter of 2024.

Consumer Price Index (CPI) inflation has been trending steady in the first quarter of this year with March 2024 CPI reported at 2.9%. The BoC expects CPI inflation to be close to 3% during the first half of this year, move below 2.5% in the second half, and reach the 2% inflation target in 2025.

With clearer signs that monetary policy is moderating spending and relieving price pressures, the BoC held its target for overnight interest rate at 5% at the latest April 10, 2024 interest rate announcement. The BoC will continue to assess and look for evidence that downward momentum of inflation is sustained before any interest rate cuts.

The City’s overall credit risk exposure remains low because the City continues to maintain a diversified and high credit quality investment portfolio comprised of 49% in chartered banks, 44% in provincial government bonds, 5% in B.C. credit unions, 1% in federal credit unions and 1% in MFA long-term bonds. As shown in the investment maturity summary in the chart below, the City’s cash and investment portfolio has been strategically positioned in order to allow for flexible reinvestment opportunities to lock into higher rate investment products in the current interest rate environment.



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

All investment activities have been conducted in compliance with the City’s Investment Policy 3703. Based on the independent ESG rating¹⁹ of the City’s fixed income portfolio, the City continues to receive a high ESG Rating of “AA” as of Q1 2024.

¹⁹Morgan Stanley Capital International (MSCI) ESG Rating

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 first quarter, 37 contracts greater than \$75,000 were awarded totalling over \$83.3 million (Attachment 4).

Financial Impact

None.

Conclusion

The March 31, 2024 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



Cindy Gilfillan, CPA, CMA
Manager, Financial Reporting
604-276-4077

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

Economic Indicators**March 31, 2024****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2024f	2025f			
Canada	1.2	2.3			
United States	2.7	1.9			
China	4.6	4.1			
World	3.2	3.2			
2) Interest Rates (at YE)	2024f	2025f			
Bank of Canada	4.00	3.00			
US FED	5.13	4.63			
3) Exchange Rate (at YE)	2024f	2025f			
CAD per \$1 USD	1.33	1.33			
4) Unemployment (% at QE)	Q1-2024	Q4-2023	Change	Q1-2023	Change
Canada	6.1	5.8	5.2%	5.0	22.0%
BC	5.5	5.5	0.0%	4.5	22.2%
Metro Vancouver	5.4	5.9	(8.5%)	4.9	10.2%
5) CPI (2002=100) (at QE)	Q1-2024	Q4-2023	Change	Q1-2023	Change
Canada	159.8	158.3	0.9%	155.3	2.9%
BC	153.8	152.1	1.1%	149.7	2.7%
Metro Vancouver	156.6	154.9	1.1%	152.3	2.8%

Regional and Local Market Indicators

6) Richmond Building Permits	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
Residential – New Construction [^]	39	63	(38.1%)	39	63	(38.1%)
Residential – Alterations	100	103	(2.9%)	100	103	(2.9%)
Residential Total	139	166	(16.3%)	139	166	(16.3%)
Number of units from new residential construction	316	155	103.9%	316	155	103.9%
Residential	139	166	(16.3%)	139	166	(16.3%)
Commercial	99	104	(4.8%)	99	104	(4.8%)
Industrial	25	40	(37.5%)	25	40	(37.5%)
Building Permits Total	263	310	(15.2%)	263	310	(15.2%)
Construction Value (\$ million)	203.9	132.6	53.7%	203.9	132.6	53.7%
7) Housing Starts CMHC (Units)	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
Starts - Richmond	735	599	22.7%	735	599	22.7%
Starts - Metro Vancouver	7,627	7,118	7.2%	7,627	7,118	7.2%
8) Richmond Residential Sales Activity	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
Sales - Detached	177	179	(1.1%)	177	179	(1.1%)
Sales - Townhouse	149	134	11.2%	149	134	11.2%
Sales - Apartment	342	379	(9.8%)	342	379	(9.8%)
Sales - Total	668	692	(3.5%)	668	692	(3.5%)

Economic Indicators**March 31, 2024****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q1-2024	Q1-2023	Change
Single Family Detached	17.9%	25.4%	(29.5%)
Townhouse	40.6%	41.7%	(2.6%)
Apartment	26.8%	40.6%	(34.0%)
Total	25.1%	35.1%	(28.5%)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2024	Q1-2023	Change	Q1-2024	Q1-2023	Change
Single Family Detached	57	48	18.8%	45	43	4.7%
Townhouse	39	33	18.2%	30	33	(9.1%)
Apartment	37	46	(19.6%)	34	36	(5.6%)

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

Property Type	Richmond			Metro Vancouver		
	Q1-2024	Q1-2023	Change	Q1-2024	Q1-2023	Change
Single Family Detached	2,191	2,108	3.9%	2,008	1,862	7.8%
Townhouse	1,147	1,103	3.9%	1,113	1,056	5.3%
Apartment	772	726	6.3%	778	737	5.4%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2024	Q1-2023	Change	Q1-2024	Q1-2023	Change
Office Vacancy (%)	10.0	9.5	5.3%	10.1	10.1	0.0%
Transit Oriented Office Vacancy (%)	6.6	12.5	(47.2%)	N/A	N/A	N/A
Office Inventory (000 sf)	5,090	5,043	0.9%	67,978	66,815	1.7%
Industrial Vacancy (%)	0.8	0.5	60.0%	2.5	0.9	177.8%
Industrial Inventory (000 sf)	45,863	45,868	0.0%	244,064	230,197	6.0%

13) Richmond Business Growth

	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
Total Valid Business Licences (at QE)	13,982	13,164	6.2%	13,982	13,164	6.2%
New Licences - Number Issued	441	423	4.3%	441	423	4.3%
New Licences - Employees	1,662	1,604	3.6%	1,662	1,604	3.6%
New Licences - Office Added (sf)	154,095	174,274	(12.0%)	154,095	174,274	(12.0%)
New Licences - Retail Added (sf)	48,009	89,038	(46.0%)	48,009	89,038	(46.0%)
New Licences - Industrial Added (sf)	166,656	157,036	6.0%	166,656	157,036	6.0%
Total Space Added (sf)/Avg. Change	368,760	420,348	(12.3%)	368,760	420,348	(12.3%)

Economic Indicators**March 31, 2024****Regional and Local Market Indicators (continued)**

14)	Goods & People Movement	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
	YVR Air Cargo (tonnes)	75,583	68,810	9.8%	75,583	68,810	9.8%
	PMV Container Movement (TEUs)	861,517	708,275	21.6%	861,517	708,275	21.6%
	YVR Passengers (million)	5.99	5.49	9.1%	5.99	5.49	9.1%
	Richmond Hotel Revenue (\$ million)*	39.7	36.3	9.4%	39.7	36.3	9.4%

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.*
**Richmond Hotel Room Revenue for Q1 and YTD includes January and February only.*

List of Sources:

- 1) *International Monetary Fund, World Economic Outlook (April 2024). Steady but Slow Resilience and Divergence.*
2) *US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report, April 2024.*
3) *RBC Economics RBC Financial Markets Monthly, April 2024.*
4) & 5) *Statistics Canada, BC Stats.*
6) *City of Richmond Building Permits.*
7) *Canada Mortgage and Housing Corporation.*
8), 9), 10) & 11) *Real Estate Board of Greater Vancouver.*
12) *Cushman & Wakefield Office and Industrial Market Beat Reports.*
13) *City of Richmond Business Licences*
14) *Port of Vancouver Monthly Cargo Statistics.*
YVR Monthly Statistics.
City of Richmond Additional Hotel Room Tax Ledger.

Financial and Key Indicators**March 31, 2024**

(All dollar amounts in \$000's)

	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
1) Development Cost Charges Contributions						
Roads, Water, Sewer DCCs Received	\$3,289	\$1,086	202.7%	\$3,289	\$1,086	202.7%
Parks DCCs Received	\$3,254	\$566	474.5%	\$3,254	\$566	474.5%
Total DCC Fees Received	\$6,543	\$1,652	295.9%	\$6,543	\$1,652	295.9%
DCC Reserves – Uncommitted Balance at QE	\$150,201	\$141,851	5.9%	N/A	N/A	N/A
2) Uncommitted Reserves (at QE)						
Capital Funding Reserves	\$204,586	\$240,803	(15.0%)			
Utility Reserves	\$84,726	\$107,846	(21.4%)			
Affordable Housing Reserves	\$10,458	\$11,428	(8.5%)			
Other Reserves	\$110,651	\$83,807	32.0%			
Total Uncommitted Reserves	\$410,421	\$443,884	(7.6%)			
3) Taxes to date						
Taxes Collected	\$17,829	\$15,489	15.1%	\$17,829	\$15,489	15.1%
City Portion of Taxes Collected	\$9,093	\$7,899	15.1%	\$9,093	\$7,899	15.1%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$15,502	\$12,515	23.9%	\$15,502	\$12,515	23.9%
No. of Participants on Pre-authorized withdrawal (at QE)	6,359	6,312	0.7%	6,359	6,312	0.7%
Pre-authorized withdrawals payments	\$13,474	\$12,324	9.3%	\$13,474	\$12,324	9.3%
Interest rate % paid	5.20%	4.45%	16.9%	5.20%	4.45%	16.9%
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments						
Investments	\$1,400,854	\$1,046,545	33.9%			
Cash (includes high interest savings accounts)	\$244,746	\$491,822	(50.2%)			
Total Cash and Investments	\$1,645,600	\$1,538,367	7.0%			
Average City Rate of Return on Investments %	4.59%	4.10%	12.0%			

Financial and Key Indicators**March 31, 2024**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

	Q1-2024	Q1-2023	Change	YTD-2024	YTD-2023	Change
5) Planning and Development						
Building Permit Fees Collected	\$2,323	\$1,709	35.9%	\$2,323	\$1,709	35.9%
Development Applications Received	23	36	(36.1%)	23	36	(36.1%)
Development Applications Fees	\$211	\$214	(1.4%)	\$211	\$214	(1.4%)
6) Business Licences						
Revenue Received for Current Year Licences	\$2,281	\$1,957	16.6%	\$2,281	\$1,957	16.6%
Revenue Received for Next Year (Deferred)	\$112	\$104	7.6%	\$112	\$104	7.6%
Total Licence Revenue	\$2,393	\$2,061	16.1%	\$2,393	\$2,061	16.1%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues						
Parking Program Revenue	\$577	\$500	15.4%	\$577	\$500	15.4%
Gaming Revenue	\$3,045	\$3,690	(17.5%)	\$3,045	\$3,690	(17.5%)
Traffic Fine Revenue	\$0	\$0	0%	\$0	\$0	0%
8) Employees						
Full Time Equivalent (FTE) Employees (at QE)	1,678	1,607	4.4%			
<i>(City and Library)</i>						
<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	16,885	15,833	6.6%	16,885	15,833	6.6%
Community Bylaws	1,694	1,639	3.4%	1,694	1,639	3.4%
Fire-Rescue Incidents	3,504	2,908	20.5%	3,504	2,908	20.5%
Public Works Calls for Service	3,422	3,081	11.1%	3,422	3,081	11.1%
10) Richmond Population Estimate Year End						
	2024f	2023				
	235,083	229,781				

*Population figures from BC Stats***Notes:**

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

Unaudited Statement of Operations¹

For the Three Month Period Ended March 31, 2024, with comparative figures for 2023.

(in \$000's)

	Budget March 31, 2024	Actuals March 31, 2024	Actuals March 31, 2023
Revenue:			
Taxes and levies	\$76,669	\$76,625	\$71,687
Utility fees	37,115	34,556	31,050
Sales of services	13,704	10,090	9,228
Payments-in-lieu of taxes	3,663	3,350	3,331
Provincial and federal grants	6,659	4,857	1,236
Development cost charges	4,151	1,308	1,337
Other capital funding sources	17,029	3,826	3,276
Other revenue:			
Investment income	6,405	15,739	9,207
Gaming revenue	3,125	3,045	3,690
Licences and permits	3,208	5,274	4,555
Other	3,838	5,669	3,149
Equity income	211	720	699
	\$175,777	\$165,059	\$142,445
Expenses:			
Community safety	\$38,765	\$35,108	\$32,545
Utilities ⁴	31,228	29,947	29,523
Engineering, public works and project development	15,199	14,151	14,154
Community services	19,934	16,007	15,456
General government	24,711	22,419	20,622
Planning and development	11,296	9,876	5,697
Library services	3,119	2,925	2,656
	\$144,252	\$130,433	\$120,653
YTD Surplus (Annual Surplus) ²	\$31,525	\$34,626	\$21,792
Accumulated surplus, beginning of year	3,532,487	3,532,487	3,510,695
Accumulated surplus, end of March 31 ³	\$3,564,012	\$3,567,113	\$3,532,487

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

²Annual 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.

³Accumulated 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.

⁴Utilities includes flood protection, water, sewer and sanitation recycling

Contract Awards Greater than \$75,000

January 1st to March 31st, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Supply and Delivery of One (1) Dump Body and Outfitting on a City-provided Cab and Chassis	Viking-Cives, Ltd.	\$232,810	Engineering & Public Works
2	Supply and Delivery of One (1) 2023 Peterbilt Cab and Chassis (One Tandem Axle) Truck	Peterbilt Pacific Inc.	259,140	Engineering & Public Works
3	ArcGIS Software Support and Maintenance Renewal	ESRI Canada Ltd.	237,000	Finance and Corporate Services
4	Architectural Services for the Hugh Boyd Community Facility and Fieldhouse - Phase 1	Carscadden Stokes McDonald Architects	98,935	Engineering & Public Works
5	Supply and Delivery of One (1) Rotary Batwing Roll Over Protective Structure Mower with Three (3) Cutting Surfaces	Oakcreek Golf & Turf LP	117,420	Engineering & Public Works
6	On-Call Fire Systems Service Provider	Elite Fire Protection Ltd.	1,157,450	Engineering & Public Works
7	Insurance Brokerage Services	AON Canada Inc.	380,000	Finance and Corporate Services
8	Space Planning 7100 River Road for Works Yard	Heritage Office Furnishings Ltd.	113,900	Engineering & Public Works
9	Works Yard - Salt Shed Construction	Holaco Construction Ltd.	149,058	Engineering & Public Works
10	Densification Impact Assessment of Single Family Parcels	Kerr Wood Leidal Associates Limited	94,448	Engineering & Public Works
11	City Hall Annex First Floor Renovation Design	Ashton Mechanical Ltd.	154,893	Engineering & Public Works
12	South Arm Community Centre Infrastructure Renewals - Flooring and Tile Supply	PCL Constructors Westcoast Inc.	177,269	Engineering & Public Works
13	Steveston Streetscape Vision Design Concepts	WSP Canada Inc.	99,560	Planning and Development
14	Supply and Delivery of Drainage Infrastructure Materials - Burkeville Utility Upgrades	Wolseley Canada Inc.	126,931	Engineering & Public Works
15	City Hall Chiller Replacement, Domestic Waterline and Elevator Renewals - Heat Pump and Equipment Supply	Heatherbrae Builders Co. Ltd.	1,405,560	Engineering & Public Works

Contract Awards Greater than \$75,000 (continued)January 1st to March 31st, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
16	Energy Management Software	Puma Utility Monitoring Inc.	150,000	Engineering & Public Works
17	Works Yard Civil Relocation Design Services	Aplin & Martin Consultants Ltd.	139,798	Engineering & Public Works
18	Workforce Management Solution Implementation	S.I. Systems Partnership	306,000	Finance and Corporate Services
19	Extended Detection and Response Solution (3 year term)	Optiv Canada Inc.	534,813	Finance and Corporate Services
20	South Arm Community Centre Infrastructure Renewals – Base Building Renewals	PCL Constructors Westcoast Inc.	1,463,698	Engineering & Public Works
21	Information Technology Service Management Solution	Kifinti Solutions	749,580	Finance and Corporate Services
22	Supply and Delivery of One (1) 6500KG Gross Vehicle Weight Cutaway Cube Van With Dual Rear Wheels	Barnes Wheaton GM	106,243	Engineering & Public Works
23	Learning Management System	HR Path Canada	204,803	Community Safety
24	Provision of Consulting Services for Dike Breach Modelling and Emergency Reconstruction Strategy	Kerr Wood Leidal Associates Limited	298,709	Engineering & Public Works
25	Audio and Visual Equipment Replacement	Hybrid Audio Visual	134,203	Finance and Corporate Services
26	On-Call Plumbing Contractor Services (3 year term)	PJB Mechanical; Kern BSG Management Ltd.; C&C Electrical Mechanical	2,020,000	Engineering & Public Works
27	Supply and Delivery of Pool Chemicals (3 year term)	DB Perks & Associates; Cleartech; Univar Solutions	1,331,700	Community Services
28	Delivery of Advanced Lifeguarding, Lifesaving and First-Aid Instructional and Recertification Courses	LIT Aquatics Ltd.	2,100,000	Community Services
29	Aquatic Leadership Courses and Swimming Lessons (2 year term)	Lifesaving Society	121,400	Community Services

Contract Awards Greater than \$75,000 (continued)January 1st to March 31st, 2024

Item	Description	Awarded Vendor	Awarded Amount	Division
30	Street and Sidewalk Vegetation Control Services (3 year term)	Western Weed Control Ltd.	350,000	Community Services
31	Amanda Support and Maintenance	Granicus LLC	124,258	Finance and Corporate Services
32	City Hall Annex First Floor Demolition	Ashton Mechanical Ltd.	189,229	Engineering & Public Works
33	Minoru Centre Mechanical System Review	The AME Consulting Group Ltd.	93,640	Engineering & Public Works
34	ForgeRock Support and Maintenance (2 year term)	Ping Identity Corporation	350,513	Finance and Corporate Services
35	Steveston Community Centre and Library - Facility Construction	Scott Construction Ltd.	67,446,228	Engineering & Public Works
36	Asphalt Paving - No 4 East Laneway & Seafield Crescent Laneway Upgrade Projects	Superior Asphalt Paving Ltd.	114,570	Engineering & Public Works
37	Proofpoint Enterprise Software Maintenance and Support	Ion United Inc.	145,396	Finance and Corporate Services



City of Richmond

Report to Committee

To: Finance Committee **Date:** May 6, 2024
From: Mike Ching **File:** 03-0900-01/2024-Vol
 Director, Finance 01
Re: **Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)**

Staff Recommendations

1. That the proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558, as recommended in the staff report titled "Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)" dated May 6, 2024 from the Director, Finance, be introduced and given first reading; and
2. That the staff report titled "Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)" dated May 6, 2024 from the Director, Finance, be endorsed as the basis for public consultation in establishing the amended Development Cost Charges Imposition Bylaw.

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

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Affordable Housing	<input checked="" type="checkbox"/>	
Building Approvals	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

Local governments collect Development Cost Charges (DCC) from new developments in order to fund growth-related capital infrastructure costs. The Ministry's Development Finance Review Committee (DFRC), through its Development Cost Charges Best Practice Guide, recommends local governments in making minor amendments to their DCC bylaw annually to reflect a general inflationary increase in their DCC program costs.

This report supports Council's Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

2.3 Ensure that both built and natural infrastructure supports sustainable development throughout the city.

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

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

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

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

Findings of Facts

The City of Richmond (the City) completed a major DCC update in 2023, where DCC Imposition Bylaw No. 9499, Amendment Bylaw No. 10436 was adopted by Council on July 24, 2023.

Under the *Development Cost Charges Amendment Bylaw Approval Exemption Regulation, B.C. Reg. 130/2010 (DCC Bylaw Approval Exemption Regulation)*, municipalities are permitted to increase DCC rates annually without the approval of the Ministry, as long as the increase does not exceed the annual average Vancouver Consumer Price Index (VCPI) for the previous calendar year. The exemption is granted by the regulation once a year, for up to four years.

In following DFRC's DCC Best Practice Guide, and in line with the *DCC Bylaw Approval Exemption Regulation*, the City is proposing an annual inflationary increase of 4.30% in 2024 to its DCC Imposition Bylaw, effective July 24, 2024.

Updates to Provincial Housing Legislations

Several new pieces of housing legislation have been introduced and rolled out by the Province since the fall of 2023. Specifically, Bill 46 (Housing Statutes – Development Financing) made amendments to the *Local Government Act* to provide local governments with new and expanded development finance tools. These changes include:

- Updating the scope of infrastructure eligible to be funded through DCC to include new categories of infrastructure such as fire protection facilities, police facilities, solid waste and recycling facilities, as well as certain eligible provincial highway infrastructure projects.
- Introducing Amenity Cost Charges (ACC) as a new development finance tool that allows local governments to collect funds for amenities, such as community centres, recreation centres, daycares, and libraries from new development that results in increased population.

Also taking into consideration the impacts of Bill 44 (Housing Statutes – Residential Development), Bill 47 (Housing Statutes – Transit-Oriented Areas) and the proposed Bill 16 (Housing Statutes Amendment Act), staff are currently reviewing the impact of the new legislation and are working towards preparing an update to the City’s DCC framework and establishing a new ACC framework. Upon completion of the review, staff will prepare a report on the updated DCC program and the new ACC program for Council’s consideration.

Analysis

The average annual VCPI for year 2023, as reported by Statistics Canada, was 4.30%. The following table summarizes the proposed changes to the City’s city-wide DCC rates:

Development Type	Unit	Current DCC Rates (2023)	Proposed 4.30% Increase in DCC Rates (2024)	Proposed Increase Amount (\$)
Single Family	per lot	\$61,138.20	\$63,767.14	\$2,628.94
Townhouse	per ft ²	\$32.40	\$33.79	\$1.39
Apartment	per ft ²	\$34.31	\$35.79	\$1.48
Commercial/Institutional	per ft ²	\$22.15	\$23.10	\$0.95
Light Industrial	per ft ²	\$18.19	\$18.97	\$0.78
Major Industrial	per acre	\$206,249.33	\$215,118.05	\$8,868.72

The proposed minor DCC rates amendment will allow the City to reflect the annual cost inflationary adjustment in its DCC program in the current year, while a multi-disciplinary group of staff are continuing to undertake the necessary studies and reviews to ensure that the impacts of the legislative changes will be incorporated into the City’s next major DCC update. Due to the complexity of the legislative changes, along with public consultation requirements and Inspector’s approval requirements, the current expedited major DCC review is anticipated to take around 9 to 12 months to complete.

Next Steps

If first reading of the Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558 is given, staff will communicate the proposed bylaw rates with the development community (e.g. through Urban Development Institute, Commercial Real Estate Development Association (NAIOP), Greater Vancouver Home Builders' Association, on City's social media platforms and the City's website). Feedback received from the public will be presented to Council for consideration upon second and third readings prior to bylaw adoption.

Under the *DCC Bylaw Approval Exemption Regulation*, approval from the Ministry is not required for adoption of the proposed amended DCC bylaw. Once the bylaw has been adopted by Council, a copy of the bylaw will be filed with the Ministry.

Implementation Guidelines

Sections 511 and 568 of the *Local Government Act* provide in-stream protection to subdivision applications and precursor applications (e.g. rezoning application, development permit application, building permit application) for one year from the effective date of the adopted DCC bylaw.

To qualify for in-stream protection (i.e. to be grandfathered to the current DCC rates instead of the new DCC rates in the amended DCC Bylaw), prior to the effective date of the DCC bylaw, the subdivision applications or the precursor applications must have been submitted in satisfactory form to and accepted by the City, and that all application fees have been paid. For in-stream applications to be grandfathered, the subdivision must be completed within 12 months after the bylaw is adopted. For in-stream precursor applications, the building permit related to these applications must be issued within 12 months of the effective date of the bylaw in order for the grandfathering provision to be applicable.

Financial Impact

The proposed bylaw will increase DCC rates by 4.30% across all development types. The amount of DCC collection will depend on the volume and types of new development activities.

Conclusion

The proposed annual DCC rate adjustment allows the City to increase the DCC rates by general inflationary increase for the current year. Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558 is included in this staff report for Council's consideration.



Venus Ngan, CPA, CA
Manager, Treasury and Financial Services
(604-276-4217)

Att. 1: Proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558



**DEVELOPMENT COST CHARGES IMPOSITION BYLAW NO. 9499,
AMENDMENT BYLAW NO. 10558**

The Council of the City of Richmond enacts as follows:

1. Schedule B of the **Development Cost Charges Imposition Bylaw No. 9499** be deleted and be replaced with Schedule A attached to and forming part of this amendment bylaw.
2. This Bylaw is cited as “**Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558**” and is effective July 24, 2024.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept. VN
APPROVED for legality by Solicitor BRB

MAYOR

CORPORATE OFFICER

SCHEDULE B City-Wide Development Cost Charge

Description	Richmond Zoning Bylaw 8500			Road Works	Drainage Works	Water Works	Sanitary Sewer	Parks Acquisition	Parks Development	Total DCC	Units for each column
	Standard Zones	Site Specific Zones	Site Specific Mixed Use Zones (1)								
Agricultural	AG, CR, GC	ZA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Marina (2)	MA										
Single Family	RS, RC, RCH, RD, RI, RE, RCC	ZS, ZD		\$ 20,226.12	\$ 24,857.00	\$ 1,135.83	\$ 2,370.85	\$ 9,637.14	\$ 5,540.20	\$ 63,767.14	per lot
Townhouse	RTL, RTM, RTH, RTP	ZT		\$ 10.06	\$ 11.09	\$ 0.77	\$ 1.61	\$ 6.52	\$ 3.74	\$ 33.79	per sq. ft. of DU
Apartment	RAL, RAM, RAH	ZLR, ZHR	ZR, RCL, ZMU, CS, ZC	\$ 13.31	\$ 8.48	\$ 0.86	\$ 1.77	\$ 7.22	\$ 4.15	\$ 35.79	per sq. ft. of DU
Commercial (3)	CL, CC, CA, CDT, CEA, CG, CN, CP, CV IB, IL, IR, IS	ZC ZI	ZR, RCL, ZMU, CS, ZC	\$ 14.45	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 23.10	per sq. ft. of BA
Light Industrial (4)	IB, IL, IR, IS	ZI		\$ 10.32	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 18.97	per sq. ft. of BA
Major Industrial	I			\$ 53,928.06	\$ 147,122.07	\$ 4,074.34	\$ 8,504.54	\$ 945.49	\$ 543.55	\$ 215,118.05	per acre of gross site area
Institutional	AIR, SI, ASY, HC	ZIS		\$ 14.45	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 23.10	per sq. ft. of BA

(1) For site specific mixed-use residential and commercial zones, the development cost charge (DCC) payable shall be calculated separately for each portion of the development. DCC for residential uses are charged at the appropriate multi-family residential rate, and any commercial space is charged at the appropriate commercial rate.

(2) Waterborne residential development permitted under MA zone is exempt from DCC. Any upland buildings in this zone are required to pay the Commercial DCC Rate.

(3) Commercial rate is applicable to all uses permitted in these zones, except for the following, which will be charged the industrial rate: (i) general industrial, (ii) custom indoor manufacturing, (iii) minor utility, (iv) transportation depot, and (v) truck or railroad terminal.

(4) For industrial developments with a mix of commercial and industrial permitted uses (including site-specific industrial zones), the DCC payable shall be calculated separately for each portion of development contained in the building permit or subdivision application in accordance with actual uses. The total payable will be the sum of the DCC for each portion of the development at the applicable DCC rates.



City of Richmond

Report to Committee

To: Finance Committee **Date:** May 16, 2024
From: Jerry Chong **File:** 03-1200-09/2024-Vol
General Manager, Finance & Corporate Services 01
Re: **Richmond Olympic Oval Corporation – 1st Quarter 2024 Financial Information**

Staff Recommendation

That the report on the first Quarter 2024 Financial Information for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

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

REPORT CONCURRENCE
APPROVED BY CAO 

DATE: May 16, 2024

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

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

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

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2024 Financial information**

Origin

This staff report addresses the first quarter financial results for the 3 months ended March 31, 2024 (“Q1”) which was endorsed by the Corporation’s Board of Directors. Below are some of the highlights of the activities undertaken during Q1.

Q1 Highlights

Community Use

The Oval’s overall visitation and community uptake continues to grow compared to the same period last year. Contributing to this positive trend is the increase in delivery of facility access to community groups and programs for participants ranging from tots to seniors. Some of these programs and services include: badminton, baseball, basketball, climbing, figure skating, floor hockey, ice hockey, field hockey, rhythmic gymnastics, table tennis, volleyball, track and field, soccer, futsal and speed skating. Further contributing to the increased visitation is membership activation exceeding 30,000 visits per month during the quarter.

Oval Spring Break camps were a popular offering in Q1, with 511 registrations over the two weeks of camps. In addition, ice programming continued to progress and saw an overall increase of 32% compared to Q1 2023 due to increased demand for private learn-to-skate and hockey lessons.

Also of note is the planning of new community engagement initiatives in collaboration with the City of Richmond’s Library and Community Services Department, which will aim to provide further engagement opportunities for youth and seniors through a variety of programs and offerings that will launch in Q3.

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

Q1 marked a successful quarter of competition for various groups and athletes who train with the Oval's High Performance department. Richmond Resident Wesley Chiu competed in his first International Skating Union Figure Skating Championships, and David Li competed in figure skating at the 2024 Youth Olympic Games in Gangwon, South Korea. Oval climbers swept the Youth B male and Youth C female podiums at the Provincial championships. Richmond resident Bruce Kong placed first at the climbing National Championships in the Youth B male category, which marks the first podium finish for an Oval athlete at a national event.

Events that took place this quarter included: BC Sports Rep Association Winter Trade Show, BC Hockey U18 Women's Showcase, Muaythai BC Provincial Championships, BC Wrestling Western Canadian Championship, Short Track Speed Skating Western Elite Circuit, Harry Jerome Indoor Track Meet, Aaron Johnson Memorial Cup (Trampoline Gymnastics), Climbing Escalade Canada High Performance Climbing Competition, Pinnacle Cheer Mardi Parti Cheer Extravaganza, Short Track Speed Skating Canada Cup Junior Final, Rhythmic Gymnastics Aura Cup, BC Soccer Futsal Provincials, Wheelchair Rugby Vancouver Invitational, Independent Schools Athletics Associations Basketball Tournament, Neil Squire Rehab Expo, Catholic Independent Schools of Vancouver Archdiocese Basketball Tournament, Vancouver Gay Volleyball Association Queen Vicki Volleyball Tournament and Sport Climbing BC Provincial Championships.

New events secured in Q1 by Events and Sport Hosting included: 2024 Weightlifting Western Canadian Championships, 2024 Powerlifting Union Nationals, Fencing World Cup, Karate Canada North American Cup, Henckel Trade Show Sale, Fits Production Car Show, Far East Broadcasting Associates of Canada Amplify Concert, and Cars and Kicks Car Show.

Athletes representing a variety of provincial and national sports organizations utilized the Oval for training and competition in Q1. These groups included but were not limited to the following: Athletics Canada, Bobsleigh Canada Skeleton, Climbing Canada, Field Hockey Canada, Rugby Canada, Table Tennis Canada, Ultimate Canada, Volleyball Canada, Weightlifting Canada, Wheelchair Basketball Canada, and Wheelchair Rugby Canada.

Governance

Meetings of the Board of Directors took place during Q1.

Financial

The results for the 3 months ended March 31, 2024 show income of \$463,000 after amortization compared to a budgeted surplus of \$150,000, indicating a favorable variance of \$313,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2024 and page 5 for the statement of operations). In Q1, \$678,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2024 Games Operating Trust Fund ("GOT") distribution of \$800,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,919,000 in Q1 and other revenue of \$660,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$197,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2024 were \$2,023,000, facility operations costs were \$1,281,000, marketing expenses were \$143,000, and administration and finance expenses were \$1,016,000. Overall, expenditures were \$115,000 favorable to budget.



Rick Dusanj, CPA, CA

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

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at Mar 31, 2024

Unaudited, prepared by management

		Mar 31 2024
ASSETS		
Financial Assets		
Cash	\$	1,470,877
Investments		16,600,001
Inventory		224,198
Accounts receivable		1,229,537
		20,324,613
Financial Liabilities		
Accounts payable and accrued liabilities		1,401,726
Post-employment benefits		1,183,650
Deferred revenue		10,970,100
Rental deposits		11,781
		13,567,257
Net financial assets		6,757,356
Non-Financial Assets		
Tangible capital assets		14,219,286
Prepaid expenses and other deposits		958,084
		15,177,371
Accumulated Surplus (Note 1)	\$	21,934,726

Note 1 - Breakdown of accumulated surplus account is as follows:	
Investment in capital assets	8,218,015
Reserves/Provisions	12,870,524
Common Shares	1
Surplus	846,186
21,934,726	

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.07M 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 March 31, 2024

Unaudited, prepared by management

	QTR 1 2024				QTR 1 2023				2024 BUDGET
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
REVENUES									
2010 Games Operating Trust Fund	800,000	800,000	-	0%	931,250	931,250	-	0%	3,200,000
Contribution from City of Richmond	1,000,325	1,000,325	-	0%	975,926	975,926	-	0%	4,001,306
Memberships, admissions and programs	2,813,907	2,919,375	105,468	4%	2,124,996	2,360,499	235,503	11%	10,515,858
Other	568,482	660,476	91,994	16%	374,898	509,554	134,656	36%	2,041,919
	5,182,714	5,380,176	197,462	4%	4,407,070	4,777,229	370,159	8%	19,759,083
EXPENSES									
Memberships, admissions and program services	1,967,233	2,023,363	(56,130)	-3%	1,603,782	1,660,838	(57,056)	-4%	7,738,885
Facility Operations	1,316,061	1,281,188	34,873	3%	1,227,579	1,189,061	38,518	3%	5,433,275
Marketing	148,440	142,775	5,665	4%	144,489	138,752	5,737	4%	602,864
Admin/Finance	1,035,644	1,016,089	19,555	2%	932,259	947,772	(15,513)	-2%	3,986,153
Amortization	564,864	453,623	111,241	20%	538,308	418,926	119,382	22%	2,600,000
	5,032,242	4,917,037	115,205	2%	4,446,417	4,355,350	91,067	2%	20,361,176
Net Income/(Loss) (Note 1)	150,472	463,139	312,667	208%	(39,347)	421,879	461,226	1172%	(602,093)

Note 1 - In Q1, \$0.68M was transferred into reserves/equity mainly for future minor capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.07M annually over the past 5 years.

Numbers may be off due to rounding.



City of Richmond

Report to Committee

To: Finance Committee

Date: May 17, 2024

From: John Irving, P.Eng., MPA
Deputy CAO
Chief Executive Officer, Lulu Island Energy
Company

File: 01-0060-20-LIEC1/2024-
Vol 01

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

Re: Lulu Island Energy Company – 2024 1st Quarter Financial Information

Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2024 1st Quarter Financial Information”, dated May 17, 2024, from the Chief Executive Officer and Chief Financial Officer, be received for information.

John Irving, P.Eng., MPA
Deputy CAO
Chief Executive Officer,
Lulu Island Energy Company
(604-276-4140)

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

Att. 4

REPORT CONCURRENCE	
CONCURRENCE OF DEPUTY CAO 	
REVIEWED BY SMT	INITIALS:
APPROVED BY CAO 	



6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: April 23, 2024
TO: Board of Directors
FROM: Jerry Chong, CPA, CA, Chief Financial Officer
Re: **Lulu Island Energy Company – 2024 1st Quarter Financial Information**

Staff Recommendation

That the 1st Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2024 1st Quarter Financial Information”, dated April 23, 2024, be approved.

Background

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

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

Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s pre-audited Q1 financial information consists of the interim statement of financial position as of March 31, 2024 (Attachment 2) and the interim income statement for the period ended March 31, 2024 (Attachment 3). Year-to-date budget vs actual comparison are shown in Attachment 4.

Financial Position

The interim statement of financial position provides a summary of assets, liabilities and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) of \$23,694,239 and non-current assets (plant and equipment) of \$54,079,783. Current assets increased by \$4,374,418 due to advance payments from developers for developer contributed infrastructure and increase in revenue as a result of new building connections. The

collection of the advance payments from developers is dependent on the project's construction schedules and the payments will be collected before the building permits issuance.

The total liabilities of \$39,956,612 include outstanding invoices, deferred contributions and City Center District Energy Utility (CCDEU) Project Agreement liabilities. Developer contributions and CCDEU Project Agreement liabilities make up the majority of the liabilities as they are the primary source of funding for new infrastructure.

As of March 31, 2024, LIEC's shareholder equity is \$37,817,410, increase of \$719,510 over the first quarter.

Interim Income Statement and Budget Variance

Revenues

The metered billings reflect the first quarter energy sales of the Alexandria District Energy Utility (ADEU) and City Center District Energy Utility (CCDEU) service areas¹. The year to date metered billing revenue is \$697,491 from ADEU, and \$1,668,077 from CCDEU. Overall, Q1 2024 metered billing revenue grew by 20% to \$2,365,568 (Q1 2023 - \$1,971,217). This increase is due to new building connections, additional energy use by buildings that were not fully occupied in prior years, and the approved 2024 customer rates. The revenue is above budget by 3%.

Cost of Sales

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. Contract expenses increased by \$134,941 to \$ 446,645 (Q1 2023 – 311,704) due to additional operations and maintenance requirements as a result of more buildings being serviced, including one additional on-site low carbon energy plant (LCEP). Contract expenses are 18% below budget due to less unplanned maintenance than anticipated.

Compared to Q1 2023, utility costs increased by \$177,765 to \$631,070 (Q1 2023 – \$453,305) due to the additional building connections, the addition of one LCEP, and natural gas and carbon tax rate increases. The variance also includes the commodity rider of \$56,751, which was adjusted in the 2023 fiscal year-end. Despite this, utility costs remain 11% below budget. The amortization expense increased from Q1 2023 due to the addition of new capital assets.

The gross margin as a percentage of revenue is 42% compared to 49% in Q1 2023 mainly due to the higher maintenance and utility costs for the LCEP's. Low carbon energy production technologies in LCEP's are more complex than natural gas boilers and are using low carbon electricity which is more expensive than natural gas. The gross margin exceeded the budgeted amount by 11% due to the lower than forecasted utility and contract costs.

¹ Note that OVDEU is now combined under the CCDEU service area.

General and Administration Expenses

General and administration (G&A) expenses are expenditures that LIEC incurs with respect to supporting operations which includes salaries and benefits, administration expenses, insurance and professional fees. Comparing to Q1 2023, the general and administration expenses increased by 7% to \$537,345 (2023 Q1 - \$500,781) and 4% below budget.

- Salaries and benefits are in line with the budget, and 5% lower than the prior year.
- Administration expenses remain consistent with Q1 2023 and in line with the budget. The administration expenses include overhead costs to administer Corix's special purpose entity, LIEC reporting, Canada Infrastructure Bank (CIB) reporting and financial administration requirements. The overhead allocation paid to the City of Richmond for the day-to-day support that LIEC receives from City staff is also included.
- Insurance expenses increased by \$17,319 from Q1 2023 due to general insurance rate increases and additional assets being insured under the CCDEU Project Agreement; however, it is 16% below the budget.
- Professional fees are in line with the budget. The increase of \$34,933 to \$84,153 (2023 Q1 - \$49,220) is due to expenses related to the CCDEU Project Agreement and increase in audit fees in line with the growth of the infrastructure assets.

Overall, the G&A expenses as a percentage of revenues are 21% in Q1 2024 compared to 23% in 2023. Compared with budget, the G&A expenses as a percentage of revenues are 2% lower than budget. As more customers are connected to the utility, the general and administration expenses in relation to the revenue is expected to further decrease.

Contributions and Financing Expenses

The contributions and financing expense section represents other sources of income and costs for the business. The recognized developer contributions revenue is higher than 2023 due to additional onsite assets being placed into service. The net finance cost is the net balance of year-to-date finance costs on CCDEU Project Agreement liabilities, offset by interest income. The net finance cost is higher than Q1 2023 due to additional capital expenditures. LIEC has taken advantage of the higher interest rates by investing in short-term term deposits which have yielded higher returns compared to budgeted rate. This has resulted in a positive variance in the budget comparison.

LIEC's earnings before interest, tax, and amortization (EBITA), used as a proxy to measure the company's financial performance, as a percentage of revenue decreased to 45% from 48% in Q1 2023. This is mainly due to the initial operation and administration setup costs necessary for the CCDEU project infrastructure expansion. This is as expected and has been encountered in the past with the existing Oval Village District Energy Utility (OVDEU) and ADEU projects. As more customers are connected to the system, the EBITA is expected to increase. Notwithstanding, the EBITA percentage has exceeded budget by 10%.

The net income for Q1 2024 is \$719,511. LIEC's overall financial performance exceeded budget by \$303,112. 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. This report will be presented to Council for information.



Helen Zhao
Controller
(604-204-8699)



Cody Lan
Assistant Controller
(604-247-4698)

- Att. 1: District Energy in Richmond
- 2: Interim Statement of Financial Position as of March 31, 2024 (unaudited)
- 3: Interim Income Statement for the period ending March 31, 2024 (unaudited)
- 4: Year-To-Date Budget vs. Actual Comparison (unaudited)

District Energy in Richmond

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

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

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

Table 1 – DEU Service Areas - Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra DEU	13	2,200	2.4M ft ²	4.4M ft ²
Oval Village DEU	14	3,174	3.7M ft ²	6.4M ft ²
City Centre DEU	3	1,082	1.2M ft ²	48.0M ft ²
Total	30	6,456	7.3M ft²	58.8M ft²

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

The OVDEU services 14 buildings, containing 3,174 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. This project is in the preliminary design stage and is expected to be completed in 2028. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The CCDEU currently services three buildings, comprised of 1,082 residential units and approximately 1.2M ft² of floor area. While offsite energy centres progress through development, CCDEU utilizes on-site low carbon energy plants as a source of energy production. At full build-out, 176 developments, 28,000 residential units and approximately 48M ft² of floor space will be serviced by five permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built out system is estimated to reduce over one million tonnes of GHG emissions compared to conventional service.

Interim Statement of Financial Position (Unaudited)

	As of March 31 2024	As of December 31 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,006,286	\$ 2,511,976
Accounts receivable	9,491,069	4,792,892
Other investments	12,196,884	12,014,953
	23,694,239	19,319,821
Non-current assets:		
Plant and equipment	54,079,783	53,740,785
	\$ 77,774,022	\$ 73,060,606
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,528,051	\$ 1,848,902
Deferred developer contributions	23,172,186	19,235,460
Government grants	403,026	403,026
Project Agreement liability	14,853,349	14,475,318
	39,956,612	35,962,706
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	10,420,295	9,700,785
	37,817,410	37,097,900
	\$ 77,774,022	\$ 73,060,606

Interim Income Statement (Unaudited)

	March 31	March 31		
	2024	2023	\$ Changes	% Change
Revenues				
Metered billings (Quarterly)	\$ 2,365,568	\$ 1,971,217	\$ 394,351	20%
Service fee	245,372	245,372	-	0%
	2,610,940	2,216,589	394,351	18%
Cost of Sales				
Contracts	446,645	311,704	134,941	43%
Utilities	631,070	453,305	177,765	39%
Amortization	440,495	362,760	77,735	21%
	1,518,210	1,127,769	390,441	35%
Gross margin	1,092,730	1,088,820	3,910	0%
General and administration expenses				
Salaries and benefits	274,430	289,357	(14,927)	(5%)
Administration expenses	91,224	92,045	(851)	(1%)
Insurance	87,538	70,159	17,379	25%
Professional fees	84,153	49,220	34,933	71%
	537,345	500,781	36,534	7%
Net income before other items	555,385	588,039	(32,654)	(6%)
Contributions and financing expense				
Developer contributions	167,033	111,092	55,941	50%
Other income	5,864	394	5,470	-
Net financing cost	(8,771)	(386)	(8,385)	-
	164,126	111,100	53,026	48%
Net Income	\$ 719,511	\$ 699,139	\$ 20,372	3%
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 719,511	\$ 699,139	\$ 20,372	3%
Net financing cost	8,771	386	8,385	-
Amortization expense	440,495	362,760	77,735	21%
EBITA	\$ 1,168,777	\$ 1,062,285	\$ 106,492	10%

Notes:

	Ending March 31 2024	Ending March 31 2023
Percentage of Revenue		
Gross margin percentage	42%	49%
General and administration percentage	21%	23%
Net income percentage	28%	32%
EBITA percentage	45%	48%

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

	2024 Q1 Budget	2024 Q1 Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$ 2,286,531	\$ 2,365,568	\$ 79,037	3%
Service fee	245,372	245,372	-	0%
	2,531,903	2,610,940	79,037	3%
Cost of Sales				
Contracts	546,495	446,645	(99,850)	(18%)
Utilities	708,126	631,070	(77,056)	(11%)
Amortization	480,995	440,495	(40,500)	(8%)
	1,735,616	1,518,210	(217,406)	(12%)
Gross margin	796,287	1,092,730	296,443	37%
General and Administration Expenses				
Salaries and benefits	277,952	274,430	(3,522)	(1%)
Administration expenses	93,435	91,224	(2,211)	(2%)
Insurance	104,540	87,538	(17,002)	(16%)
Professional Fees	84,050	84,153	103	0%
	559,977	537,345	(22,632)	(4%)
Net income before other items	236,310	555,385	319,075	135%
Contributions and Financing expense				
Developer contributions	139,360	167,033	27,673	20%
Other income	6,000	5,864	(136)	(2%)
Net financing cost	(171,154)	(8,771)	162,383	(95%)
	(25,794)	164,126	189,920	
Net Income	\$ 210,516	\$ 719,511	\$ 508,995	
Earnings before interest, taxes and amortization (EBITA)				
Net income per above	\$ 210,516	\$ 719,511	\$ 508,995	
Net Financing cost	171,154	8,771	(162,383)	(95%)
Amortization expense	480,995	440,495	(40,500)	(8%)
EBITA	\$ 862,665	\$ 1,168,777	\$ 303,112	35%