



City of Richmond

Report to Committee

To: Finance Committee

Date: May 20, 2020

From: Jerry Chong
Director, Finance

File: 03-0970-09-01/2020-
Vol 01

Re: Financial Information – 1st Quarter March 31, 2020

Staff Recommendation

That the staff report titled, "Financial Information – 1st Quarter March 31, 2020", dated May 20, 2020 from the Director, Finance be received for information.

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

Att: 5

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

Origin

Pre-audited financial information for the 1st quarter ended on March 31, 2020 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City) financial results throughout the year and before the annual audited financial statements are presented.

The COVID-19 pandemic began to impact the City's financial results mid-March. The City has closed many of its public facilities, including libraries, community and recreation centres, and cultural facilities. These closures and other reductions in revenue such as gaming revenues and investment income will have a significant impact on future quarterly results. The length of the economic disruption and recovery is uncertain at this time

This report supports Council's Strategic Plan 2018-2022 Strategic Focus Area #5 Sound Financial Management and #8 An Engaged and Informed Community:

5.1 Maintain a strong and robust financial position.

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

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

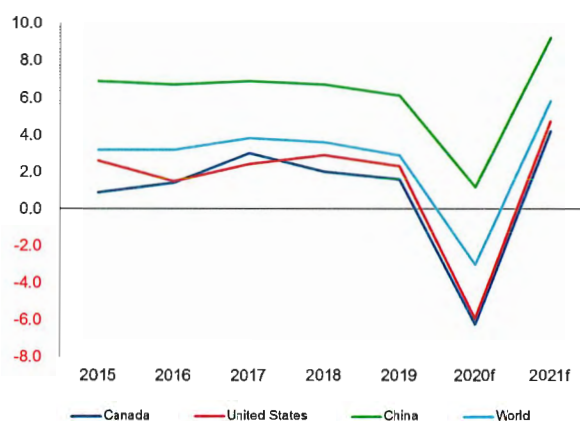
Analysis

Macroeconomic Indicators & Forecast

The COVID-19 pandemic continues to have a significant impact on regional, national and global economies as necessary public health protection measures are drastically impacting daily life and economic activity.

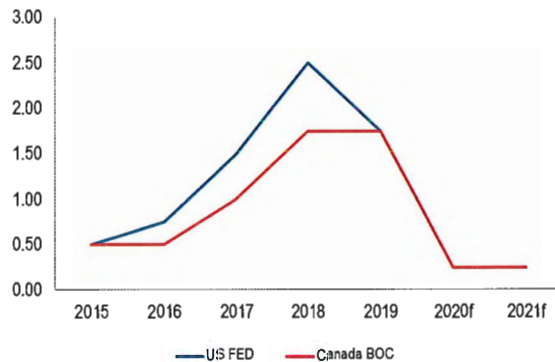
As the situation is evolving rapidly, it is difficult for economists to provide accurate forecasts of economic indicators such as Gross Domestic Product (GDP), interest rates and exchange rates. The statistics below are provided based on a point in time analysis and will be subject to change over the weeks and months to follow as the full impacts of the pandemic are measured and assessed.

1) Global Growth – Real GDP % Change¹

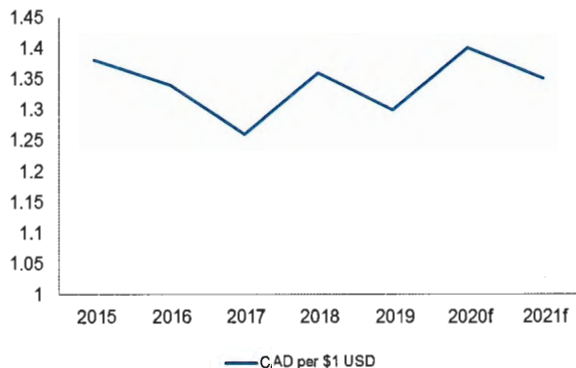


- The International Monetary Fund (IMF) projects the global economy will contract by 3.0% in 2020, a sharper decline than during the 2008 financial crisis.
- In Canada, the GDP is forecast to decline by 6.2% in 2020. The U.S. economy is forecast to decline by 5.9% in 2020.
- Assuming containment efforts will gradually lift beginning in the second half of 2020, the global economy is projected to grow by 5.8% in 2021 while Canadian and the U.S. GDP growth are forecast to be 4.2% and 4.7%, respectively.
- These forecast figures are uncertain and are heavily dependent on the timing and extent of global and domestic economic recovery. It will also depend on the effectiveness of public health measures and the impact of targeted policy support.

¹ International Monetary Fund, *World Economic Outlook* (April 2020)

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

- At the end of Q1 2020, the Bank of Canada (BoC) cut the overnight lending rate to 0.25%, its effective lower bound. This was part of the Canadian government's monetary and fiscal policy measures to combat the economic conditions resulting from COVID-19.
- The BoC rate is forecast to remain at its lower bound at the end of 2020 and throughout 2021 as gradual economic recovery occurs.
- The U.S. Federal Reserve (US FED) rate was also reduced to 0.25% where it is expected to remain at the end of 2020 and throughout 2021.

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

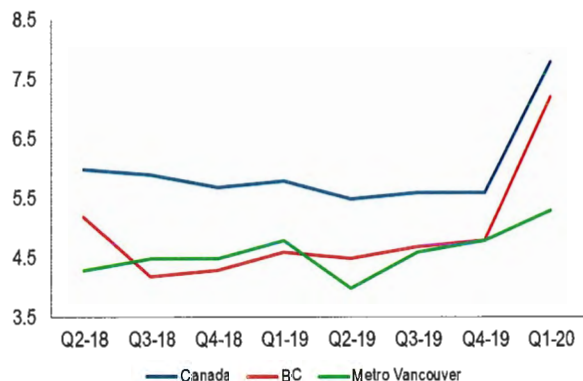
- Prior to the global pandemic, declining oil prices had negatively impacted the Canadian currency.
- The Canadian dollar is expected to further depreciate against the US dollar, ending 2020 at \$1.40 CAD per \$1 USD and rebounding slightly in 2021 to \$1.35 CAD per \$1 USD.
- The weaker Canadian dollar may benefit non-commodity exports as the economy recovers.

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (April 2020)

³ Royal Bank Economic Research Forecast (April 2020)

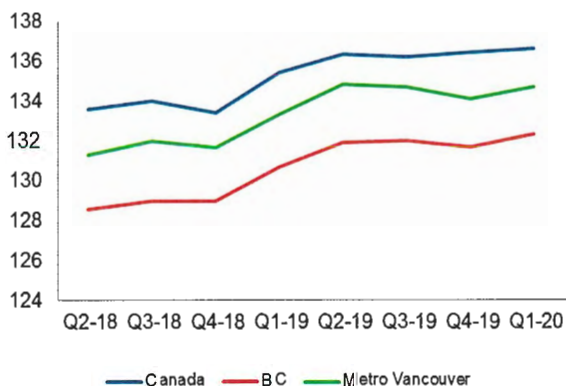
Regional & Local Economic Activity Indicators

4) Unemployment⁴



- The national unemployment rate increased by 2.2 basis points in March 2020, the largest monthly change since comparable data became available in 1976. This is largely due to necessary widespread business closures and resulting temporary layoffs.
- Jobs in aviation, accommodation, hospitality, entertainment and cultural industries have been most impacted.
- At the end of Q1 2020, Canada, BC and Metro Vancouver unemployment rates increased to 7.8%, 7.2% and 5.3%, respectively.
- The extent of the temporary and permanent job losses that will occur as a result of the economic downturn is not determinable at this time.

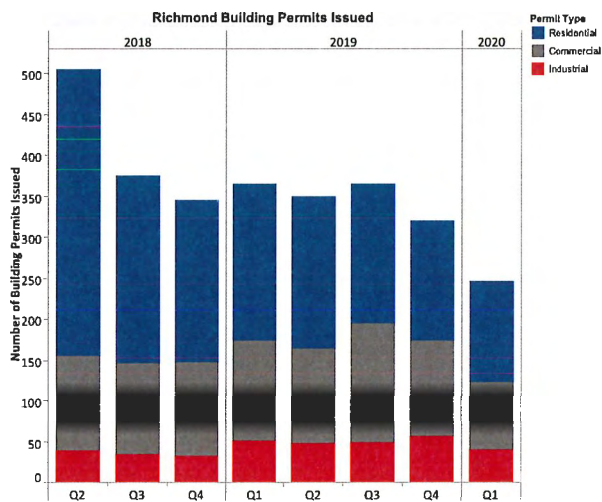
5) Consumer Price Index (CPI – 2002=100)⁵



- At the end of Q1 2020, the CPI climbed by 0.9% in Canada, 1.2% in British Columbia and 1.1% in Metro Vancouver, compared to the same period last year.
- The direct and indirect effects of COVID-19 are expected to drag CPI inflation below BoC's targeted range between 1 and 3 percent.
- In the near term, Canadians will see increases in prices of some items due to supply constraints. However, the decline in gasoline prices and the effects of lower demand are expected to weigh on the downside.

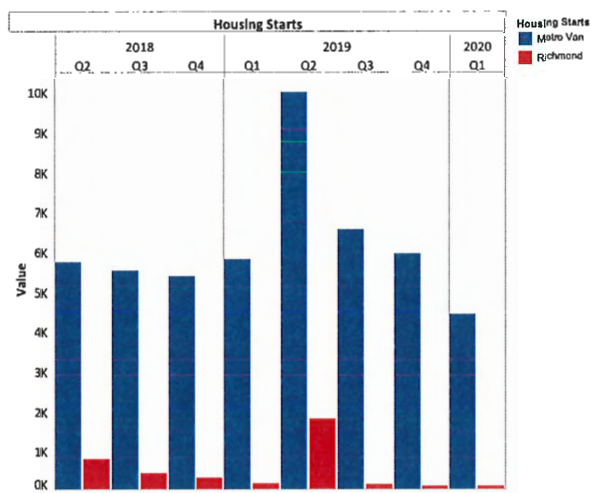
⁴ Statistics Canada

⁵ Statistics Canada

6) Building Permits – Richmond⁶

- In Q1 2020, there were 123 residential, 83 commercial, and 40 industrial building permits issued in Richmond.
- This represents a 33% decrease in the number of building permits issued over the same period last year, however, this is not indicative of the number of permits that are in-stream and under review as the number of applications received has increased over the same period in 2019.
- This data is also indicative of a trend for fewer, but larger and more complex multi-family project applications that take significantly longer to process. These applications may result in lower permit issuances in certain periods, but will ultimately result in more housing units and higher construction value.
- \$95 million in construction value was approved by permit issuance in Q1 2020. This is down from a record-breaking year in 2019 but is expected to increase throughout the year as in-stream projects are issued with full building permits, and constructed.

⁶ City of Richmond Building Permits

7) Housing Starts⁷

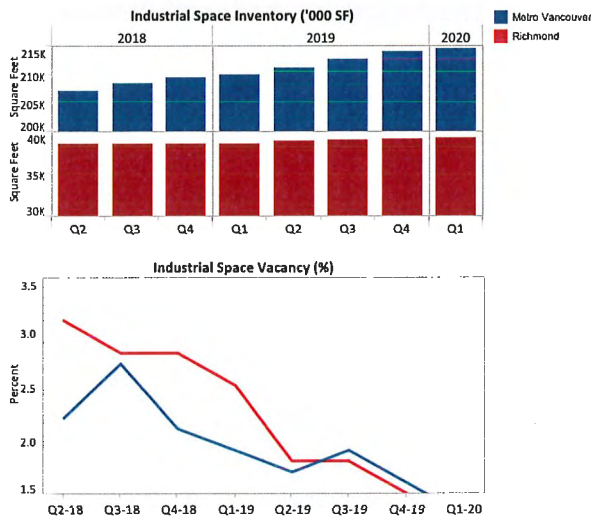
- In Q1 2020, there were 72 housing starts in Richmond and 4,380 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on their verification that construction work has commenced⁸.
- Housing starts in Richmond and Metro Vancouver declined by 49% and 24%, respectively, over the same period in 2019.
- Prior to the pandemic, the construction industry in Metro Vancouver was facing capacity constraints, such as a tight labour market, that were impacting some development activity.
- The change in CHMC's housing start data for Richmond in Q1 2020 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.
- The impact of COVID-19 on residential construction activity is not yet determinable.

⁷ Canada Mortgage and Housing Corporation

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

8) Commercial Space⁹

a) Industrial Space



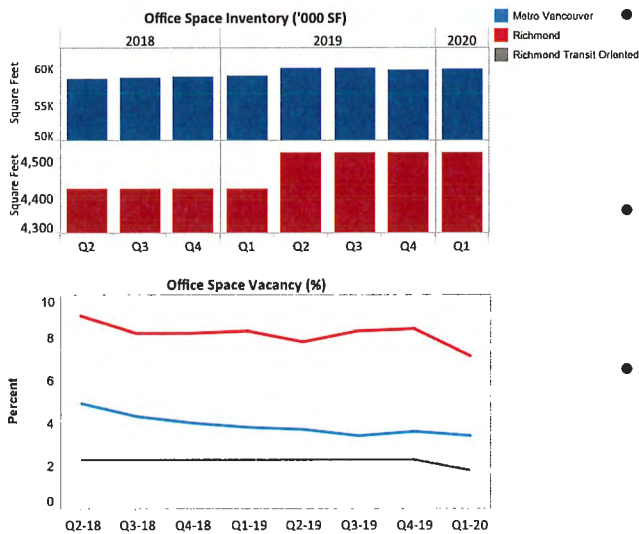
- 620,000 square feet of industrial space has been added to Richmond's inventory over the last year with projects in progress such as the Richmond Industrial Center phased development.

- Notwithstanding the addition of this new industrial product, the vacancy rate has declined to 1.2% in Q1 2020.

- Despite 4.6 million square feet of new industrial inventory added throughout Metro Vancouver over the past year, the region continues to face an acute shortage of industrial land.

- The industrial space vacancy rate for Metro Vancouver in Q1 2020 was at 1.3%.

b) Office Space



- No new office product was added to Richmond's inventory during Q1 2020, but it was increased by 98,000 square feet since Q1 2019. Multiple projects are currently in the proposal or development stage.

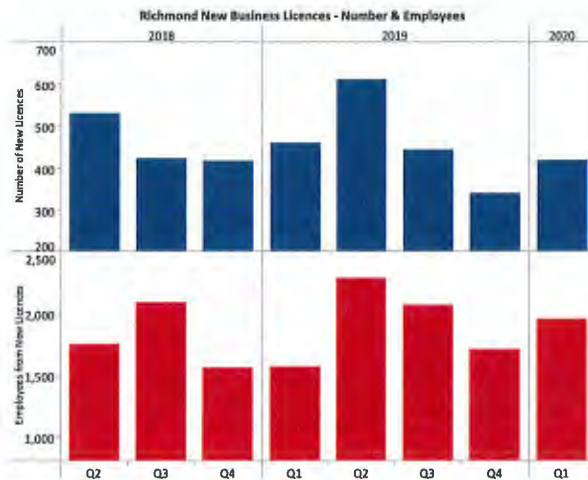
- At the end of Q1 2020, Richmond's office vacancy rate was 7.2%. In areas located near rapid transit stations or City Center amenities, office vacancy is lower at 1.8%.

- 925,000 square feet of office space has been added to Metro Vancouver's inventory since Q1 2019. The regional vacancy rate for office space continues its downward trend and ended the first quarter of 2020 at 3.4%.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

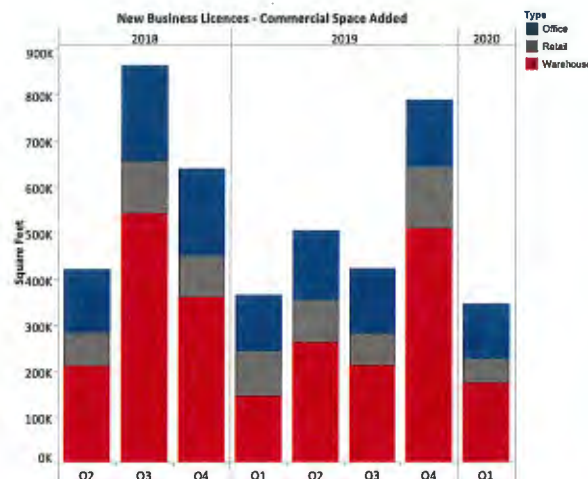
9) Business Growth – Richmond

a) New Business Licences



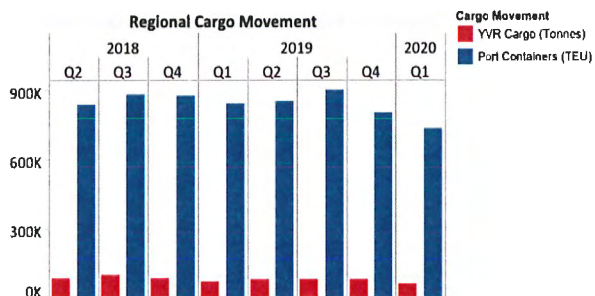
- 417 new business licences were issued by the City of Richmond in the first quarter of 2020, a decrease of 9.0% compared to the same period last year.
- The addition of 1,952 jobs was attributed to these new businesses.
- The number of total valid business licenses has dropped since Q4 2019 from 14,487 to 14,039. This is due to a larger share of businesses that have not yet applied to have their licences renewed, likely due to disruptions caused by COVID-19.
- The number of businesses that closed temporarily or permanently as a result of COVID-19 is not yet known.
- City staff are monitoring this situation and connecting local businesses with available support and resources, in an attempt to mitigate permanent business closures in the community.

b) New Business Licences – Commercial Space

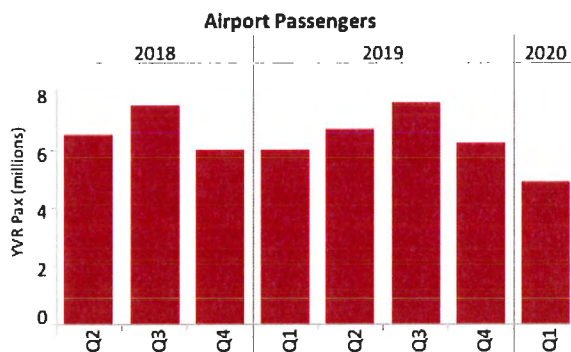


- Throughout the first quarter of 2020, the absorption of 345,200 square feet of commercial space was attributed to the 417 new business licences issued.
- As industrial users typically require more space, half of total commercial space absorption was warehouse-type industrial space.
- 35% of commercial absorption in the first quarter of 2020 was related to office-based businesses, while 15% of commercial space absorption throughout this period was from retail businesses.

10) Goods and People Movement

a) Regional Cargo Movement¹⁰

- The Port of Vancouver experienced a decline in cargo volumes of 13% in Q1 2020 over the same period in 2019, as measured by Twenty Foot Equivalents (TEUs).
- At the Vancouver International Airport (YVR), 62,384 tonnes of air cargo was handled throughout the first three months of 2020, a decrease of 11% over the same period last year.
- Supply chain disruptions caused by the global pandemic will likely continue to affect cargo volumes in the short and medium terms.

b) Airport Passengers¹¹

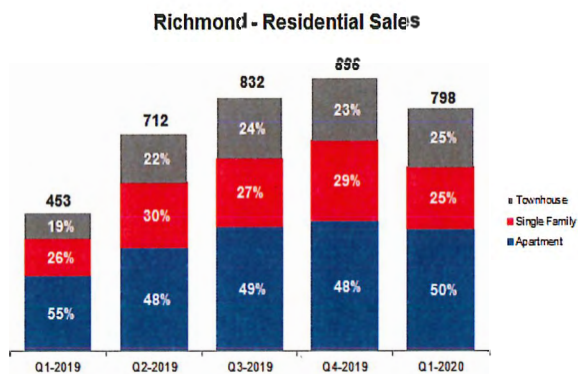
- After a record year of passenger volumes at YVR in 2019, 2020 took a turn as the global pandemic severely impacted air travel.
- Passenger volumes in the first three months of 2020 were 4.9 million, down by 18% over the same period last year.
- As of late May, YVR forecast that the airport will serve between 8 and 15 million passengers annually for the next three years, down from a record of 26.4 million passengers in 2019.

¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

Residential Real Estate¹²

The first three months of 2020 saw steady home buyer demand across Richmond. Many of the sales recorded in March were already in process prior to the provincial government declaring a state of emergency due to COVID-19. Residential sales in the second quarter may be reduced due to tightened rules and restrictions on public movement.

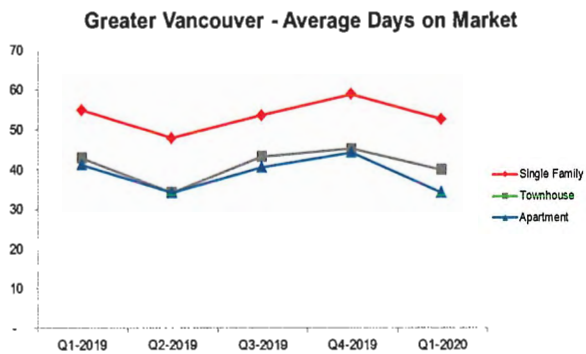


- Single family detached (SFD) home sales increased by 68% year-over-year.
- Apartment and townhouse sales increased by 61% and 132%, respectively, compared to Q1 2019.
- Apartment sales comprised half of the residential home sales in Richmond. Each of SFD and townhouse sales account for 25% of home sales in Richmond.
- There were 798 residential home sales in Richmond by the end of Q1 2020, a 76% increase compared to the same period last year.

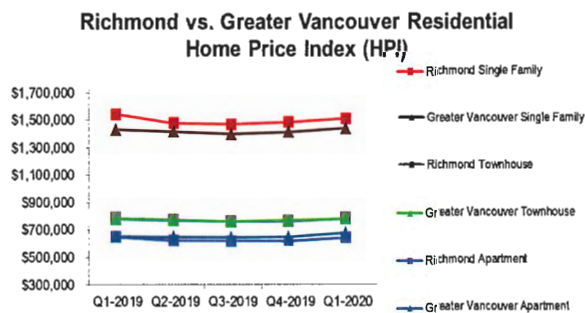


- Richmond residential properties had a sales-to-active listing ratio of 23% as at March 31, 2020 representing a steady market. SFD, however, are still in a buyer's market with sales-to-active listing ratio of 18%. The market is normalizing for both townhouses and apartments.

¹² Real Estate Board of Greater Vancouver



- At Q1 2020, SFD properties in GVRD had an average of 53 days on the market, which decreased by 3.6% compared to Q1 2019.
- Townhouses and apartments had an average of 40 and 34 days on the market, respectively, which represents a decrease of 7.0% and 17%, respectively, over the same period in 2019.

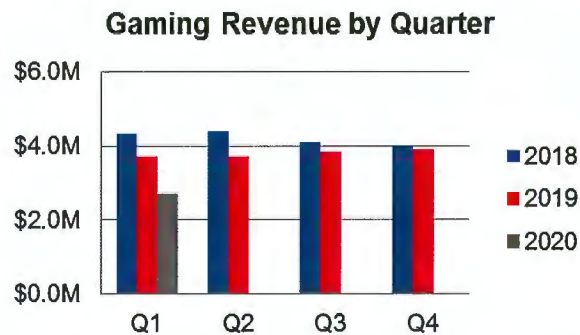


- The Home Price Index (HPI)¹³ for SFD properties in Richmond at Q1 2020 was \$1,522,800, a decrease of 1.6% compared to Q1 2019. The GVRD housing market has slightly increased with SFD properties priced at \$1,450,700, a 1.0% increase compared to the same quarter last year.
- At Q1 2020, the HPI for townhouse properties in Richmond was \$795,000, an increase of 0.4% compared to Q1 2019. The HPI for townhome properties in GVRD was \$791,800, which represented a 1.0% increase compared to the same quarter last year.
- The HPI for apartments was \$655,200, an increase of 0.3% compared to Q1 2019. GVRD's apartment prices increased to \$687,000, which was a 4.6% increase from Q1 2019.

Gaming Revenue

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

¹³ Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.



- Gaming revenue for Q1 2020 decreased by 26.9% to \$2.7M compared to \$3.7M in Q1 2019.
- Q1 2020 decreased by 30.7% compared to the previous quarter.
- At the end of Q1 2020, the City received 18.7% of the 2020 annual budgeted of \$14.5M for gaming revenue.

As of midnight on March 15, 2020, the River Rock Casino suspended all operations due to concerns over the spread of COVID-19. The decision to close was made by the gaming corporation in conjunction with the British Columbia Lottery Corporation.

As of April 29, 2020, River Rock Casino continues to suspend its operations. It is not known when operations may resume.

Prior to the pandemic, Council adopted the Consolidated 5 Year Financial Plan (2020-2024) on January 27, 2020, which included the budgeted gaming revenue allocation for 2020. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the Capital Building and Infrastructure Reserve. The distribution is consistent with the 2019 budgeted gaming revenue allocation.

Since it is likely that the City will receive significantly less gaming revenue than the \$14.5M included in the 2020 gaming revenue allocation, the allocations have been grouped by priority order where the highest priority items will receive the gaming allocation up to the prescribed distribution % allocation first, then the lower priority items will receive any remaining funds received in the year. The high priority items, ranked as 1 in Table 1 below are considered as such due to it being mandatory or already executed.

Table 1: *Distribution of the 2020 gaming revenue allocation*

	Distribution	Priority	2020 Budget
Capital Reserves	30%	3	\$4.3M
Grants	15%	1	2.2M
Council Community Initiatives Account	2%	3	0.3M
Debt Servicing	Fixed	1	5.0M
Operating (RCMP)	Four Officers	2	0.7M
Capital Building and Infrastructure Reserve	Remainder	4	2.0M
Total			\$14.5M

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

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2020. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received. The impact of COVID-19 to the first quarter results does not represent the full impact of the pandemic event as many of the areas were starting to be impacted mid to late March.

Table 2: *Net Operational Activity for the period January 1, 2020 to March 31, 2020 (in \$000's)*

Net operational activity ¹		Unaudited 2020 results		
Division/Department ²	2020 YTD Net Budget ³	2020 YTD Actuals and Commitments ⁴	Variance YTD (\$)	Variance YTD(%)
Community Safety ⁵	(\$1,129)	(\$1,183)	\$54	5%
Community Services	12,267	12,254	13	0%
Corporate Administration	3,412	3,252	160	5%
Engineering and Public Works	9,746	9,103	643	7%
Finance and Corporate Services	6,260	5,870	390	6%
Fire Rescue	10,148	9,288	860	8%
Library	3,011	3,024	(13)	0%
Planning and Development	1,634	1,254	380	23%
Policing	14,974	14,656	318	2%
Fiscal	(59,136)	(59,266)	130	0%
Total Operating	\$1,187	(\$1,748)	\$2,935	
Water utility	(927)	(1,529)	602	65%
Sanitary sewer utility	(1,323)	(1,456)	133	10%
Sanitation and recycling utility	301	(255)	556	185%
Total Utilities	(\$1,949)	(\$3,240)	\$1,291	

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.

²Based on organizational structure in place as of March 31, 2020

³The Net Budget is based on the operating budget approved by Council on December 9, 2019.

⁴Includes budgeted equity transactions such as transfer to reserves, transfer to provision etc. This does not reflect budget changes approved by Council on April 14, 2020.

⁵Includes 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 2020 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by timing required to fill vacant positions and timing operating expenses, offset by lower parking and business licence revenues due to COVID-19 impacts.
- Community Services is on budget for the first quarter. There were marginal impacts due to the short duration of the COVID-19 impact within the Q1 timeframe with a decrease in Recreation revenue offset by vacant positions.

- Corporate Administration's favourable variance is mainly driven by vacant positions offset by legal fees incurred.
- Engineering and Public Works' favourable net operating variance is mainly due to less spending to date on contract expenses and higher than budgeted Servicing Agreement administration revenues.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is mainly due to timing required to hire the additional 12 firefighter positions, which were filled in early March 2020.
- The Library is on budget.
- Planning and Development's favourable variance is due to various vacant positions.
- Policing's favourable variance is due to a combination of timing required to fill the 12 officer positions, various municipal positions to support the RCMP detachment and slight increase in grow-op cost recoveries. The budget was subsequently revised and the 12 positions are deferred until a future year, therefore future projections will be adjusted accordingly.
- Fiscal is on budget.
- Water Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments.
- Sanitary Sewer Utility's favourable variance is mainly due to less spending on operating projects.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted revenue from Recycle BC, and lower garbage and recycling processing fees.

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, 2020, with comparative figures for 2019 is included in Attachment 3.

Cash and Investment Portfolio

As of March 31, 2020, the City's total cash and investment balance totalled \$1.19 billion with a weighted average yield of 2.05%. The overall cash and investment balance is comprised of \$841.3 million in investments and \$344.6 million in interest bearing cash account (Attachment 4).

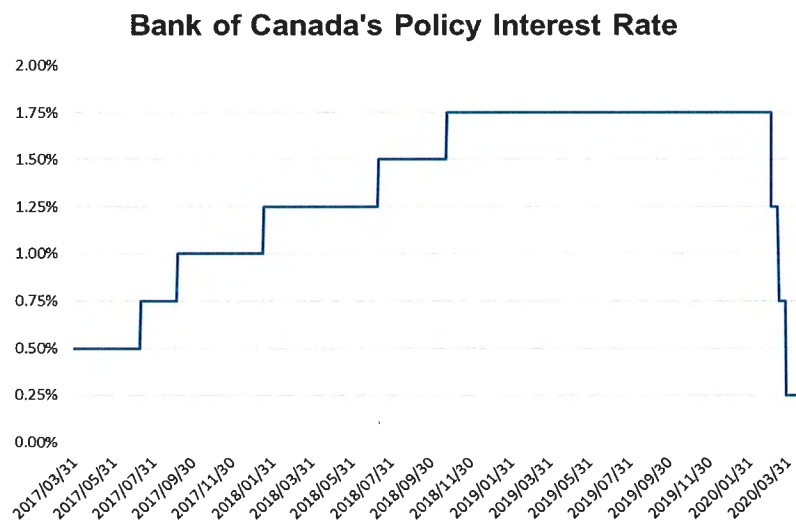
Table 3: *Market Interest Rates (for analytical purposes only)*

	March 31, 2020	December 31, 2019
2 Year Government of Canada Bonds	0.62%	1.67%
5 Year Government of Canada Bonds	0.78%	1.64%
10 Year Government of Canada Bonds	0.88%	1.61%

Source: Bank of Canada

The necessary efforts to contain the COVID-19 pandemic have caused a sudden and deep contraction in economic activity and employment worldwide. The Canadian economy was in a solid position ahead of the COVID-19 outbreak, but has since been hit by widespread shutdowns and lower oil prices.

The pandemic-driven contraction has prompted decisive policy actions from the Bank of Canada to support individuals and businesses and to lay the foundation for economic recovery. During its scheduled interest rate announcement on March 4 and in two subsequent unscheduled announcements on March 13 and March 27, the Bank of Canada lowered its target for the overnight rate by a total of 1.50%, to its effective lower bound of 0.25% (see chart below). This policy decision was one of the measures that the Bank of Canada has taken to improve market function by ensuring that households and businesses continue to have access to the credit they need to bridge this difficult time.



This sudden stop to economic activity is unprecedented. The recent decline in interest rate to the historical low level is projected to reduce the City's investment income by around 20% to 25% in

2020 as compared to prior year's level. The current interest rate has been recorded only once before, during the 2008-2009 recession.

The COVID-19 pandemic has impacted the world's economies and the changes in credit markets and government intervention have impacted interest rates and issuers' credit quality. The City has responded accordingly by reviewing its investment holdings and strategically repositioning its cash and investments to ensure that, amongst its investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions. In conjunction with advice from our investment managers, the City executed a series of investment transactions to ensure that the investment portfolio is adjusted to reduce potential risk exposure and to enhance flexibility and liquidity in order to support the City's ongoing operations during this unprecedented time of uncertainty.

To increase the City's liquidity while maintaining an optimal level of interest yield, the repositioning activities have resulted in the City holding approximately 51.71% of investments in Canadian banks as at March 31, 2020, which was over the permitted limit of 50% under the City's Investment Policy 3703. This slight deviation from the prescribed issuer's limit is temporary and is expected to be adjusted over the next few months as staff work to reposition the City's investment portfolio in response to the rapidly changing market conditions and policy decisions, which have direct impacts to the City's projected cash-flow requirements.

The City's overall credit risk exposure remains low because the City continues to maintain a diversified portfolio of strong credit quality investments. The City's primary investment objectives of capital preservation, liquidity, risk diversification and yield enhancement will continue to be the guiding principles as staff reposition the City's investment portfolio.

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, 32 contracts greater than \$75,000 were awarded totalling over \$9.1 million (Attachment 5).

Financial Impact

None.

Conclusion

At the end of the first quarter, the City maintained a sound financial position with minor impacts from COVID-19. Staff are closely monitoring the situation and making adjustments where applicable to mitigate the impacts. Building approvals are still underway and construction activities are expected to resume when public movement restrictions are lifted.



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: Cash and Investment Portfolio
- Att. 5: Contract Awards greater than \$75,000

Economic Indicators**March 31, 2020****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2018	2019	Change	2020f	2021f
Canada	2.0*	1.6	(20.0%)	(6.2)	4.2
United States	2.9	2.3	(20.7%)	(5.9)	4.7
China	6.7*	6.1	(9.0%)	1.2	9.2
World	3.6	2.9	(19.4%)	(3.0)	5.8
2) Interest Rates (at YE)	2018	2019	Change	2020f	2021f
Bank of Canada	1.75	1.75	0.0%	0.25	0.25
US FED	2.50	1.75	(30.0%)	0.25	0.25
3) Exchange Rate (at YE)	2018	2019	Change	2020f	2021f
CAD per \$1 USD	1.36	1.30	(4.4%)	1.40	1.35

Regional and Local Market Indicators

4) Unemployment (% at QE)	Q1-2020	Q4-2019	Change	Q1-2019	Change
Canada	7.8	5.6	39.3%	5.8	34.5%
BC	7.2	4.8	50.0%	4.6	56.5%
Metro Vancouver	5.3	4.8	10.4%	4.8	10.4%
5) CPI (2002=100) (at QE)	Q1-2020	Q4-2019	Change	Q1-2019	Change
Canada	136.6	136.4	0.1%	135.4	0.9%
BC	132.3	131.7	0.5%	130.7	1.2%
Metro Vancouver	134.7	134.1	0.4%	133.3	1.1%
6) Richmond Building Permits	Q1-2020	Q1-2019	Change		
Residential – New Construction^	31	73	(57.5%)		
Residential – Alterations	92	118	(22.0%)		
Residential Total	123	191	(35.6%)		
^ Number of units from new residential construction	31	597	(94.8%)		
Residential	123	191	(35.6%)		
Commercial	83	123	(32.5%)		
Industrial	40	51	(21.6%)		
Building Permits Total	246	365	(32.6%)		
Construction Value (\$ million)	95.2	263.4	(63.9%)		
7) Housing Starts (Units)	Q1-2020	Q1-2019	Change		
Starts - Metro Vancouver	4,380	5,772	(24.1%)		
Starts - Richmond	72	142	(49.3%)		
8) Richmond Residential Sales Activity	Q1-2020	Q1-2019	Change		
Sales - Detached	201	120	67.5%		
Sales - Townhouse	195	84	132.1%		
Sales - Apartment	402	249	61.4%		
Sales - Total	798	453	76.2%		

Economic Indicators**March 31, 2020****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q1-2020	Q1-2019**	Change
Single Family Detached	18.4	6.3	192.1%
Townhouse	23.0	7.1	223.9%
Apartment	28.0	12.5	124.0%
Total	23.4	8.8	165.9%

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Single Family Detached	61	64	(4.7%)	53	55	(3.6%)
Townhouse	55	45	22.2%	40	43	(7.0%)
Apartment	43	51	(15.7%)	34	41	(17.1%)

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

Property Type	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Single Family Detached	1,523	1,547	(1.6%)	1,451	1,437	1.0%
Townhouse	795	792	0.4%	792	784	1.0%
Apartment	655	653	0.3%	687	657	4.6%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2020	Q1-2019	Change	Q1-2020	Q1-2019	Change
Office Vacancy (%)	7.2	8.3	(13.3%)	3.4	3.8	(10.5%)
Transit Oriented Office Vacancy (%)	1.8	2.3	(21.7%)	4.3	13.6	(68.4%)
Office Inventory (000 sf)	4,517	4,419	2.2%	59,594	58,669	1.6%
Industrial Vacancy (%)	1.2	2.5	(52.0%)	1.3	1.9	(31.6%)
Industrial Inventory (000 sf)	39,189	38,569	1.6%	214,565	209,930	2.2%

13) Richmond Business Growth

	Q1-2020	Q1-2019	Change
Total Valid Business Licences (at QE)	14,039	14,276	(1.7%)
New Licences - Number Issued	417	458	(9.0%)
New Licences - Employees	1,952	1,565	24.7%
New Licences - Office Added (sf)	120,642	122,384	(1.4%)
New Licences - Retail Added (sf)	51,896	97,704	(46.9%)
New Licences - Industrial Added (sf)	172,664	143,593	20.2%
Total Space Added (sf)/Avg. Change	345,202	363,681	(5.1%)

Economic Indicators**March 31, 2020****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2020	Q1-2019	Change
YVR Air Cargo (tonnes)	62,384	70,283*	(11.2%)
PMV Container Movement (TEUs)	734,855	843,039	(12.8%)
YVR Passengers (million)	4.9	6.0	(18.3%)

Notes:

- a) QE indicates quarter end; YE indicates year end
 b) f - forecast to year-end
 c) * - Figures have been updated to reflect changes in source data.
 d) ** - Figures have been updated for comparability.

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2020)
 2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (April 2020)
 4) & 5) Statistics Canada
 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

Financial and Key Indicators**March 31, 2020**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2020	Q1-2019	Change
Roads, Water, Sewer DCC's Received	\$10,809	\$10,904	(0.9%)
Parks DCC's Received	\$5,707	\$5,631	1.3%
Total DCC Fees Received	\$16,516	\$16,535	(0.1%)
DCC Reserves – Uncommitted balance at QE	\$131,803	\$105,856	24.5%
2) Uncommitted Reserves (at QE)	Q1-2020	Q1-2019	Change
Capital Funding Reserves	\$147,478	\$140,554	4.9%
Utility Reserves	\$74,000	\$101,912	(27.4%)
Affordable Housing Reserves	\$4,233	\$3,315	27.7%
Other Reserves	\$61,867	\$84,137	(26.5%)
Total Uncommitted Reserves	\$287,578	\$329,918	(12.8%)
3) Taxes to date	Q1-2020	Q1-2019	Change
Taxes Collected	\$12,009	\$11,167	7.5%
City Portion of Taxes Collected	\$5,884	\$5,472	7.5%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,555	\$8,763	(2.4%)
No. of Participants on Pre-authorized withdrawal (at QE)	6,477	6,321	2.5%
Pre-authorized withdrawals payments	\$10,128	\$8,859	14.3%
Interest rate % paid	1.95%	1.95%	0.0%
<i>Sources: All data is from City of Richmond records</i>			
4) Cash and Investments	Q1-2020	Q1-2019	Change
Investments	\$841,271	\$906,266	(7.2%)
Cash (includes high interest savings accounts)	\$344,576	\$218,693	57.6%
Total Cash and Investments	\$1,185,847	\$1,124,959	5.4%
Average City Rate of Return on Investments %	2.05%	2.47%	(17.0%)

Financial and Key Indicators**March 31, 2020**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2020	Q1-2019	Change
Building Permit Fees Collected	\$2,229	\$2,875	(22.5%)
Development Applications Received	50	38	31.6%
Development Applications Fees	\$183	\$193	(5.2%)

6) Business Licences	Q1-2020	Q1-2019	Change
Revenue Received for Current Year Licences	\$1,834	\$1,937	(5.3%)
Revenue Received for Next Year (Deferred)	\$89	\$60	48.3%

Total Licence Revenue \$1,923 \$1,997 (3.7%)
Year to date valid licences and revenue include current year licences issued in the prior year.

7) Other Revenues	Q1-2020	Q1-2019	Change
Parking Program Revenue	\$442	\$532	(16.9%)
Gaming Revenue	\$2,705	\$3,699	(26.9%)
Traffic Fine Revenue	\$1,779	\$0	100.0%

8) Employees	Q1-2020	Q1-2019	Change
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,609	1,577	2.0%

FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.

9) Operating Indicators	Q1-2020	Q1-2019	Change
Fire Rescue Responses	2,202	2,286	(3.7%)
RCMP - Calls for Service Handled	15,806	18,333	(13.8%)
Public Works calls for Service	3,197	3,128	2.2%

Financial and Key Indicators**March 31, 2020**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q1-2020	Q1-2019	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	529	449*	17.8%
Affordable Rental (LEMR**) (units)	798	798*	0.0%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	776	726	6.9%
Secondary Suite / Coach House (units)	292	274*	6.6%
Total Housing Units	2,457	2,309	6.4%

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

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

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

11) Richmond Population Estimate Year End	2020f	2019
	231,690	212,276

Population figures provided by City of Richmond – Policy Planning

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, 2020, with comparative figures for 2019.

(Expressed in thousands of dollars)

	Budget March 31 2020	Actuals March 31 2020	Actuals⁴ March 31 2019
Revenue:			
Taxes and levies	\$60,998	\$57,350	\$54,027
Utility fees	27,041	27,628	25,501
Sales of services	8,669	7,318	7,936
Payments-in-lieu of taxes	0	0	3,872
Provincial and federal grants	2,692	2,783	1,448
Development cost charges	10,219	6,369	6,414
Other capital funding sources	16,568	1,192	6,653
Other revenue:			
Investment income	4,778	4,882	5,807
Gaming revenue	3,625	2,705	3,699
Licences and permits	4,166	4,324	4,906
Other	2,052	5,939	13,145
Equity income	-	400	392
	140,808	120,890	133,800
Expenses:			
Community safety	29,937	27,655	26,122
Utilities: water, sewer and sanitation	24,386	23,535	21,388
Engineering, public works and project development	20,390	15,922	15,551
Community services	16,914	13,564	13,136
General government	16,529	16,215	13,400
Planning and development	6,200	4,568	4,447
Library services	2,877	2,751	2,662
	117,233	104,210	96,696
YTD Surplus (Annual Surplus) ²	23,575	16,680	37,104
Accumulated surplus, beginning of year	3,215,461	3,215,461	3,119,119
Accumulated surplus, end of March 31 ³	\$3,239,036	\$3,232,141	\$3,156,223

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

² Annual Surplus is the difference between revenues and expenses and reflects the change in the accumulated surplus on the Statement of Financial Position. Annual Surplus is prior to transfer to reserves and surplus appropriations. The revenues include capital contributions, development cost charges and other items that impact the investment in tangible capital assets within the accumulated surplus. The expenses include amortization which impacts the investment in tangible capital assets in accumulated surplus.

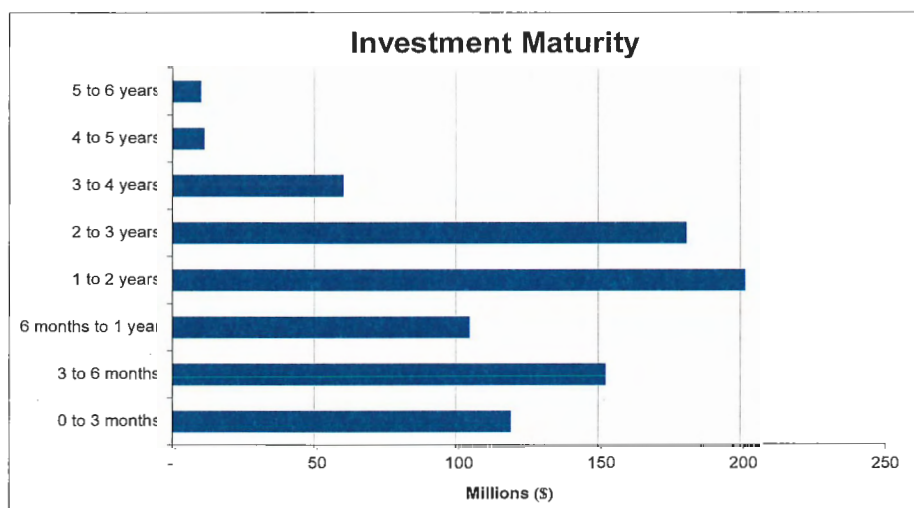
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴ Statement of Operation figures for 2019 were adjusted for comparative purposes.

Cash and Investment Portfolio

March 31, 2020 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (low)	Alberta	2022-2023	\$ 50,194	5.97%	
	A (high)	Manitoba	2020-2023	32,362	3.85%	
	AA (low)	Ontario	2022-2024	22,851	2.72%	
	AA (low)	Quebec	2022-2023	22,110	2.63%	
	A (high)	Nova Scotia	2021	20,734	2.46%	
	A (high)	New Brunswick	2021	15,405	1.83%	
	AA (high)	British Columbia	2021	14,880	1.77%	
	AA	Saskatchewan	2020	10,059	1.19%	
		Total		\$ 188,595	22.42%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2020-2022	\$ 147,472	17.53%	
	AA	Bank of Montreal	2020-2025	99,966	11.88%	
	AA (high)	Royal Bank	2020-2023	54,973	6.54%	
	AA (high)	TD Bank	2021-2023	41,141	4.89%	
	A (high)	HSBC Bank of Canada	2021-2023	32,067	3.81%	
	A (low)	Canadian Western Bank	2020	24,448	2.91%	
	AA	CIBC	2020-2022	19,969	2.37%	
	AA (low)	National Bank of Canada	2021	15,003	1.78%	
		Total		\$ 435,039	51.71%	50%
BC Credit Unions						
	BC	Vancity	2020-2021	\$ 73,848	8.75%	
	BC	Gulf and Fraser	2020-2021	42,612	5.06%	
	Federal	Coast Capital Savings	2020-2021	24,546	2.92%	
	BC	Westminster Savings	2020-2021	18,396	2.19%	
	BC	Blue Shore Financial	2020	10,898	1.30%	
		Total		\$ 170,068	20.22%	30%
Pooled Investments						
		MFA Pooled Investment Fund		\$ 47,569	5.65%	20%
Total Investment Portfolio Balance				\$ 841,271	100.00%	
Cash Balance (includes high interest saving products with terms less than 90 days)				\$ 344,576		
Total Cash and Investment Balance				\$ 1,185,847		



Contract Awards greater than \$75,000January 1st to March 31st, 2020

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Annual Subscription Licence Renewal for Identity Management and Single Sign-on Software	ForgeRock US Inc.	133,119	Finance & Corporate Services
2	No. 7 Road South Drainage Pump Station Bypass Pumping	Xylem Canada Company	196,789	Engineering & Public Works
3	Sanding, Salting, Snow and Ice Removal	Mainroad Maintenance Products	200,000	Engineering & Public Works
4	Supply and Delivery of Three (3) New Flygt Submersible Pumps	Xylem Canada Company	280,568	Engineering & Public Works
5	Supply and Installation of Structural Stainless Steel Frame Assembly for Lang Park Canopy	O.T. Fabricating Ltd.	168,500	Community Services
6	Video Conferencing Briefing Room - RCMP City Centre Community Policing Office	Telus Communications Inc.	75,000	Community Safety
7	2020 PerfectMind Annual Subscription	PerfectMind Inc.	175,036	Finance & Corporate Services
8	Richmond Ice Centre Mechanical Upgrades	Ashton Service Group Ltd.	128,428	Engineering & Public Works
9	Amanda 7 Upgrade Project	Calytera Software, Inc.	463,095	Finance & Corporate Services
10	2020 OpenText Contract Renewal	Open Text Corporation	195,735	Finance & Corporate Services
11	Media Monitoring Service	Meltwater News Canada Inc.	79,560	Corporate Administration
12	Supply and Delivery of One (1) Solar Arc Unit Charging Station	Envision Solar International Inc.	114,720	Engineering & Public Works
13	Land Clearing and Scrubbing for Dike Maintenance	Fireball Excavating and Transport	255,150	Engineering & Public Works
14	Minoru Centre for Active Living Lap Pool 1 Reconstruction	HCMA Architecture + Design	153,400	Engineering & Public Works
15	Desktop Hardware	Island Key Computer Ltd.	78,030	Finance & Corporate Services
16	6300 Birch St. Multi-Family Water Meter Installation	Ashton Services Group Ltd.	162,600	Engineering & Public Works
17	No. 2 Road Pier Repairs	El Burro Equipment Ltd.	181,200	Community Services

Contract Awards greater than \$75,000 (continued)January 1st to March 31st, 2020

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Consulting Services - Works Yard Relocation Feasibility Study	Omicron Canada Inc.	190,420	Engineering & Public Works
19	Road Safety Study	ISL Engineering and Land Services Ltd.	95,800	Planning & Development
20	Supply and Delivery of Automated CPR Devices and Accessories	Stryker Canada ULC	100,000	Community Safety
21	Fire Hall No. 1 Photo Voltaic Panel Installation	Hakai Energy Solutions	174,994	Engineering & Public Works
22	Supply and Delivery of Adobe Licences	Bleumore Consulting Ltd.	79,692	Finance & Corporate Services
23	Fabrication and Supply of Pump Tubes for No. 7 Road South and Shell Road North Drainage Pump Station Upgrades	Marcon Metalfab Inc.	220,705	Engineering & Public Works
24	Supply and Delivery of Two (2) Hook Lifts on City provided Chassis	Commercial Emergency Equipment Co.	79,960	Community Safety
25	Traffic Control Services	Ansan Traffic Group Lane Safe Traffic Control Traffic Pro Services	1,291,100	Engineering & Public Works
26	Consulting Services to Update Cycling Network Plans	Steer Group	206,706	Planning & Development
27	Provision of Engineering Quality Assurance Program	Golder Associates Ltd.	181,760	Engineering & Public Works
28	Willet Sanitary Pump Station Construction	JJM Construction Ltd.	1,969,125	Engineering & Public Works
29	Contract Life Cycle Management System	Esolutions Group Ltd.	114,211	Finance & Corporate Services
30	Supply and Delivery of Three (3) One Ton Crew Cab Dump Trucks	Mainland Ford Ltd.	342,698	Engineering & Public Works
31	Supply and Delivery of Accessible Pedestrian Signals (APS)	Astrographics Industries Ltd.	720,480	Planning & Development
32	Supply and Delivery of Vehicle and Equipment Tires and Certified Tire Services	Kal Tire Fountain Tire	263,456	Engineering & Public Works
Total contracts awarded greater than \$75,000			\$9,072,037	