



City of Richmond

Report to Committee

To: Finance Committee

Date: May 15, 2019

From: Jerry Chong
Director, Finance

File: 03-0970-09-01/2019-
Vol 01

Re: Financial Information – 1st Quarter March 31, 2019

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2019”, dated May 15, 2019 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	<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"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

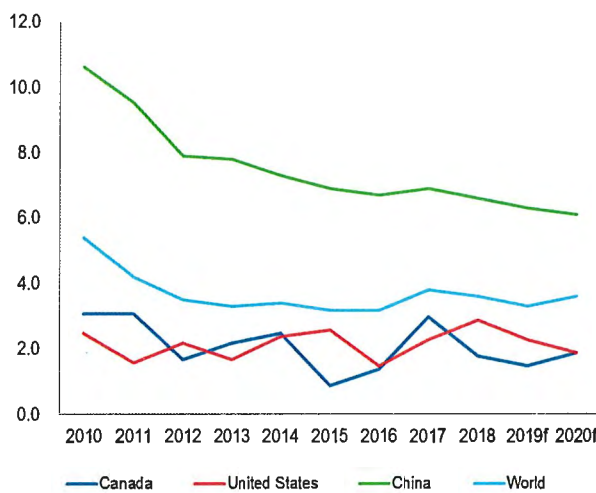
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2019 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’s financial results throughout the year and before the annual audited financial statements are presented.

Analysis

Macroeconomic Indicators & Forecast

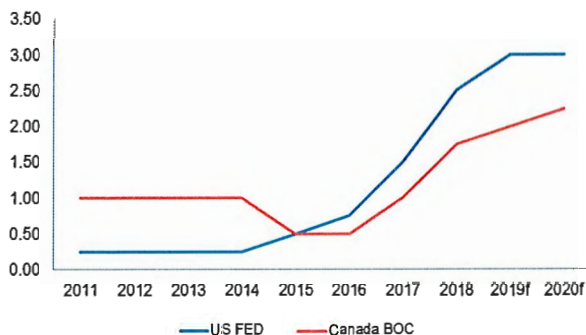
1) Global Growth – Real Gross Domestic Product (GDP) % Change¹



- In 2018, Canada’s GDP grew by 1.8%.
- The International Monetary Fund (IMF) projects a slowdown in growth for 70 per cent of the world’s economy in 2019, largely due to global tensions in trade policies.
- Forecasted Canadian GDP growth is 1.5% and 1.9% for 2019 and 2020, respectively. Global GDP growth is expected to be 3.3% and 3.6% over the same periods.
- GDP growth in the U.S. is forecasted at 2.3% and 1.9% for 2019 and 2020, respectively. The GDP growth for China is forecast at 6.3% and 6.1% for the same years.

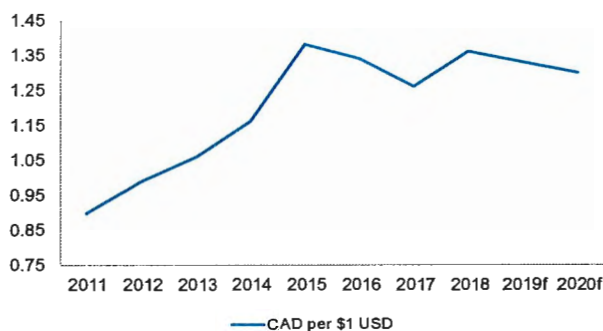
¹ International Monetary Fund, World Economic Outlook (April 2019)

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



- After experiencing three upward adjustments totaling 0.75 percentage points in 2018, the Bank of Canada’s (BoC) overnight rate remained at 1.75% in Q1 2019 amidst slowing global growth.
- Canada’s overnight rate is forecasted at 2.0% in 2019 and 2.25% in 2020.
- The slow global growth also caused the U.S. Federal Reserve (US FED) to hold its short-term rate steady at 2.5% in the first quarter of 2019. The US FED is expected to increase to 3.0% by the end of 2019 and hold steady at 3.0% in 2020.

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



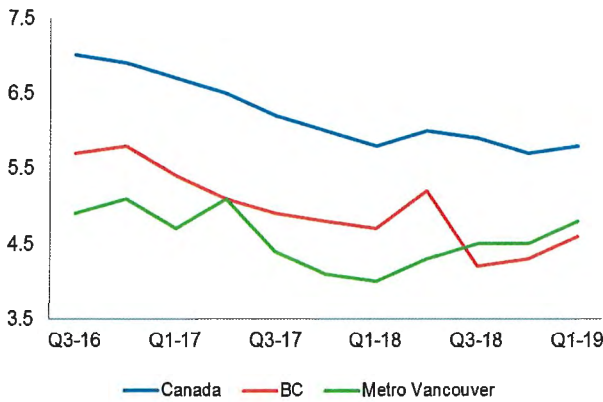
- The Canadian dollar ended Q1 2019 at \$1.34 CAD per \$1 USD.
- Forecasted USD/CAD exchange rates for 2019 and 2020 are \$1.33 CAD per \$1 USD and \$1.30 CAD per \$1 USD, respectively.

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2019)

³ Royal Bank Economic Research Forecast (March 2019)

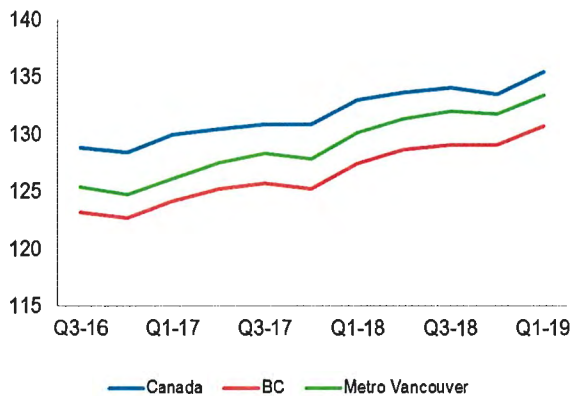
Regional & Local Economic Activity Indicators

4) Unemployment⁴



- Although Metro Vancouver, British Columbia and Canada continue to experience tight labour markets with near full employment, unemployment rates slightly increased in the first quarter of 2019 compared to prior quarter.
- At the end of Q1 2019, the unemployment rate was 5.8% in Canada, 4.6% in B.C. and 4.8% in Metro Vancouver.
- British Columbia continues to have the lowest unemployment rate of all Canadian provinces. In Q1 2019, the rate declined by 2.1% over the same quarter in 2018.

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

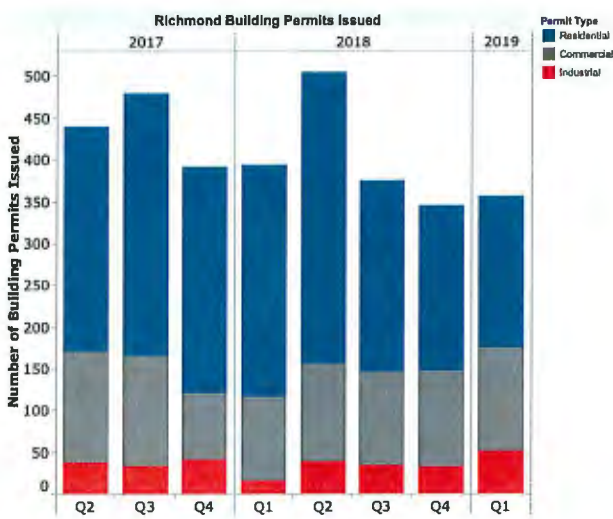


- The country’s annual pace of inflation, as measured by Consumer Price Index (CPI) climbed in March as consumers experienced increases in the price of household items including mortgage borrowing costs and produce.
- At the end of Q1 2019, the CPI climbed by 1.9% in Canada, 2.6% in British Columbia and 2.5% in Metro Vancouver compared to the same period last year.
- The BoC continues to monitor inflation closely, and increases to its policy interest rate are intended to maintain the CPI rate of increase at the midpoint between 1 and 3 percent.

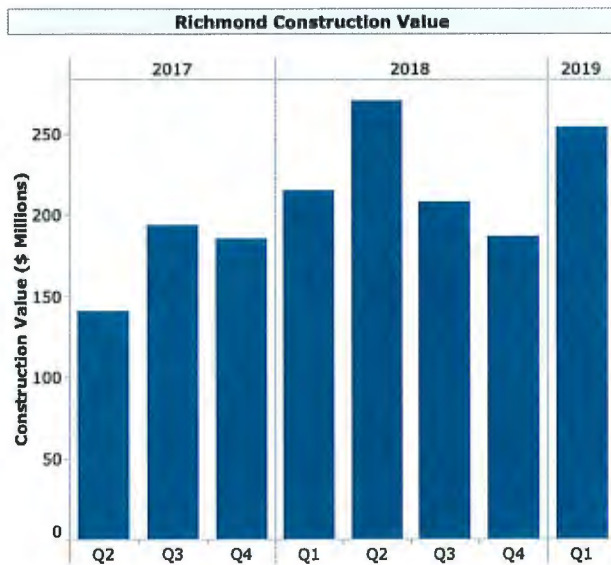
⁴ Statistics Canada

⁵ Statistics Canada

6) Building Permits – Richmond⁶



- In Q1 2019, there were 191 residential, 123 commercial, and 51 industrial building permits issued in Richmond.
- The 191 residential building permits consist of 73 permits for new residential construction and 118 permits for residential alterations.
- Residential building permits for new construction activity saw a decline of 43%. Although the number of building permits issued has decreased, the total number of units permitted for new construction has increased by 58% from 377 units in Q1 2018 to 597 units in Q1 2019 due to large multi-family developments.
- The residential alteration building permits decreased by 22% compared to Q1 2018.
- The commercial building permits increased by 22% and industrial permits increased by 240% over the same period last year.



- The total value of new construction in the first quarter of 2019 was approximately \$263 million, a 23% increase over the same period last year.
- The increased number of units due to large multi-family developments and the increased labour and construction costs contributed to the increased construction value experienced in Q1 2019 over Q1 2018.

⁶ City of Richmond Building Permits

7) Housing Starts⁷



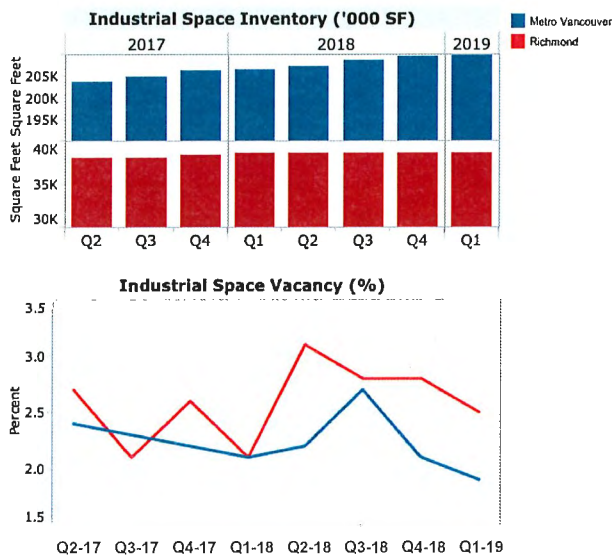
- In Q1 2019, there were 142 housing starts in Richmond and 5,772 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on a verification that construction work has commenced⁸.
- Housing starts in Richmond and Metro Vancouver declined by 79% and 16% respectively, when compared to the same period in 2018.
- Throughout 2018 and into 2019, the number of new homes being constructed in Metro Vancouver has slowed and returned to historical norms after multiple government policy interventions introduced since mid-2016.
- The decline in CHMC’s housing start data for Richmond in Q1 2019 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

⁷ Canada Mortgage and Housing Corporation

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

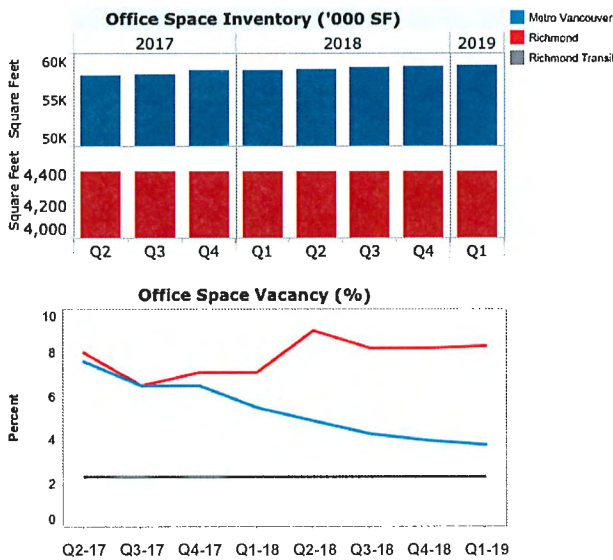
8) Commercial Space⁹

a) Industrial Space



- High demand for industrial space in Richmond and Metro Vancouver has resulted in continued low vacancy rates in Q1 2019 – 2.5% and 1.9%, respectively.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- 30,000 square feet of space was added to Richmond’s inventory over the last year, which resulted in a total of 38.6 million square feet.
- The Richmond Industrial Center is the largest industrial project in development, and is expected to deliver over 2.8 million square feet of leasable space upon full build out.

b) Office Space

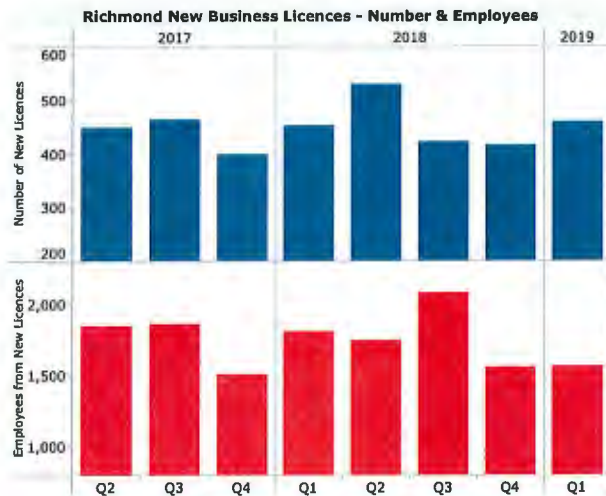


- At the end of Q1 2019, the office vacancy rate in Metro Vancouver decreased to 3.8%.
- In Richmond, the vacancy rate increased slightly to 8.3% from 8.2% at the end of 2018, which is up 16.9% from Q1 2018.
- The inventory of office space in Richmond remains unchanged at 4.4 million square feet.
- Demand for high quality office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

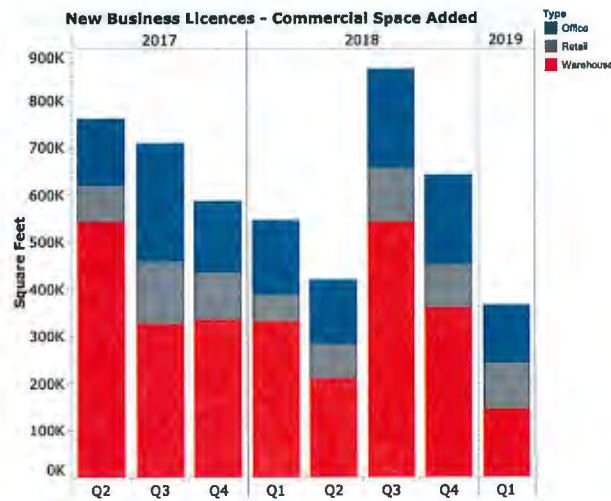
9) Business Growth – Richmond

a) New Business Licences



- 458 new business licences were issued in the first quarter of 2019, an increase of 1.1% over Q1 2018.
- 1,565 people were employed by these newly licenced businesses.

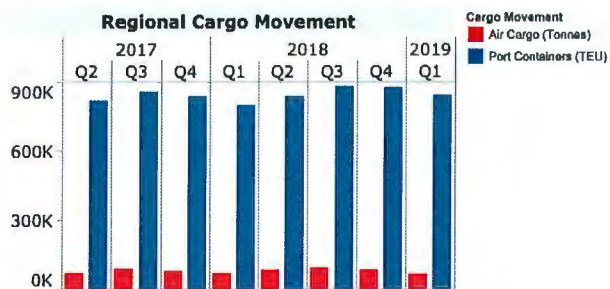
b) New Business Licences – Commercial Space



- Throughout the first quarter of 2019, the absorption of 364,000 square feet of commercial space was attributed to new business licences issued.
- Industrial space represented the largest share of absorption, at 144,000 square feet, followed by office space (122,000 square feet) and retail space (98,000 square feet).

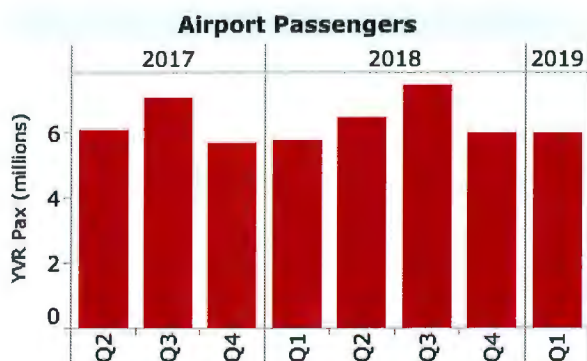
10) Goods and People Movement

a) Regional Cargo Movement¹⁰



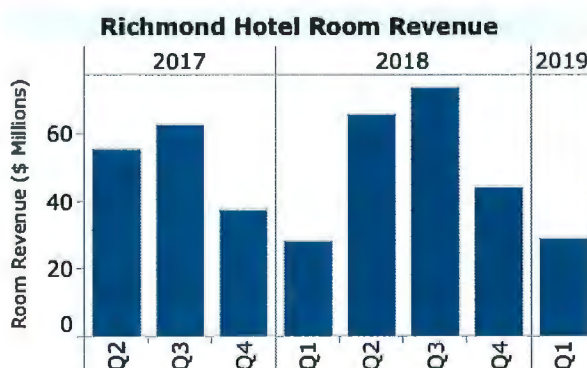
- The volume of air cargo that moved through Vancouver International Airport (YVR) in the first quarter of 2019 was 68,598 tonnes, a decrease of 4.8% over the same period last year.
- Port cargo movements increased by 5.2% over the same period last year, to 843,000 Twenty Food Equivalent Units (TEUs) throughout Q1 2019.

b) Airport Passengers¹¹



- 6.0 million passengers flew through YVR in the first three months of 2019, an increase in 3.4% over the same period last year.
- This follows another year of record-breaking growth; YVR welcomed 25.9 million passengers throughout 2018.

c) Richmond Hotel Room Revenue¹²



- \$28.9 million in hotel room revenue was collected in Richmond in the first two months of 2019. This is a 2.1% growth over the same period in 2018.

* Q1 data for both 2018 and 2019 include figures from January and February. March figures not yet available.

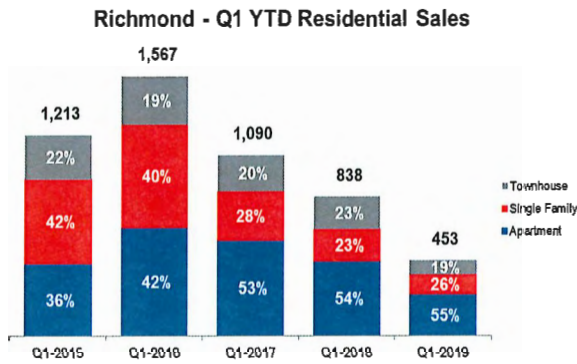
¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC

Residential Real Estate

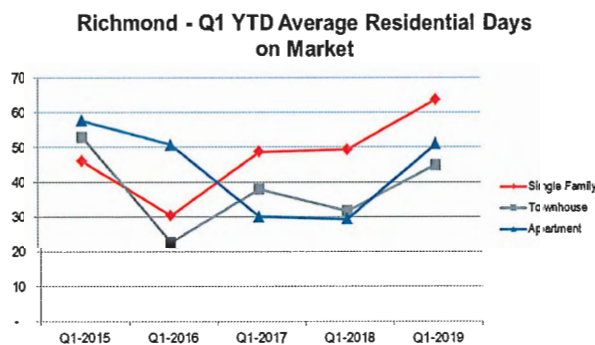
In the first three months of 2019, home buyer activity continued to decrease due to more restrictive mortgage requirements, increase in property transfer tax, foreign buyer’s tax and the speculation tax.



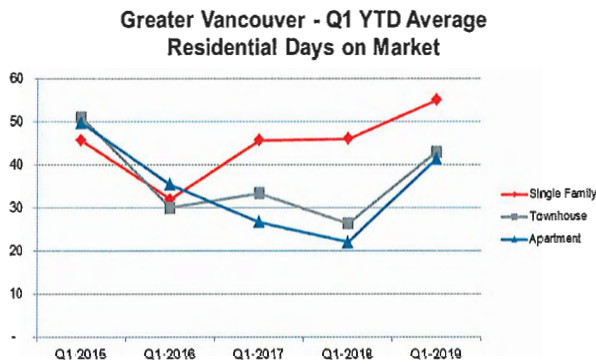
- Single family detached (SFD) home sales have continued to decline with a 39% decrease year-over-year.
- Apartment and townhome sales have declined 45% and 57% respectively compared to the same period last year.
- Apartment sales make up more than half of the residential home sales in Richmond. Townhome sales remain relatively constant at 19% of Richmond’s home sales.
- There were 453 residential home sales in Richmond at the end of Q1 2019, a 46% decrease compared to the same period last year.



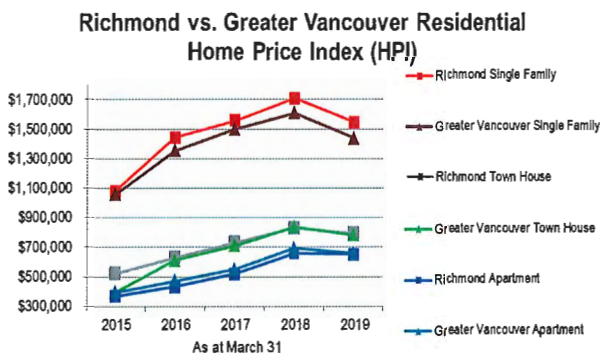
- Richmond’s residential properties had sales-to-active listings of 8% as at March 31, 2019. The 8% represents the proportion of listed properties that are sold in the first three months of 2019. The sales-to-active listing rate has decreased by 63% compared to the first quarter of 2018.



- At Q1 2019, SFD properties in Richmond had an average of 64 days on the market and the Greater Vancouver Regional District (GVRD) had an average of 55 days on the market. The market has slowed down compared to the Q1 2018, where the average days on the market was 49 days and 46 days for Richmond and GVRD, respectively.



- In Q1 2019, the average number of days a residential listing staying in the market was 45 and 51 days for townhomes and apartments, respectively. GVRD had a lower average of 43 days for townhomes and 41 days for apartments.

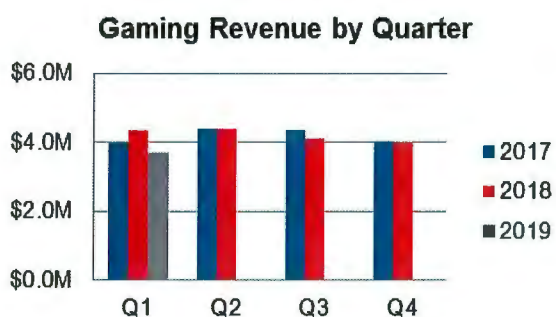


- The Home Price Index (HPI)¹³ for SFD properties in Richmond is \$1,546,500 as at March 31, 2019. This represents a 9% decrease compared to the same period last year. The GVRD housing market has also slowed down with SFD properties prices at \$1,437,100, which is an 11% decrease compared to Q1 2018.
- The HPI for townhouse properties in Richmond is \$791,500, a decrease of 5% compared to the same time last year. The HPI for townhome properties in GVRD is \$783,600, which represents a 6% decrease compared to Q1 2018.
- The HPI for apartments is consistent with prior year at \$653,400. GVRD’s apartment prices decreased to \$656,900, which is a 6% decrease from the same period last year.

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 2019 decreased by 14.8% to \$3.70M compared to \$4.34M in Q1 2018.
- Q1 2019 decreased by 7.8% compared to the previous quarter from \$3.70M to \$4.01M.
- Q1 2019 revenue received is 22.4% of the 2019 annual budgeted of \$16.5M for gaming revenue.

River Rock continues to see a decrease in Table Drop¹⁴ revenue as a result of the BCLC source of funds procedures¹⁵ enacted in early 2018.

On June 27, 2018, the BC provincial government released a report on the review of anti-money laundering (AML) policies and practices in Lower Mainland casinos. GCGC has stated that they are continuing to work in collaboration with regulators and Crown corporations to enhance the AML system and that the report’s recommendations are not expected to have a material impact on GCLC’s business.

At the February 11, 2019 Council meeting, the 2019 Budget was approved which included the gaming revenue allocation for 2019. 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 2018 gaming revenue allocation.

Table 1: *Distribution of the 2019 gaming revenue allocation*

	Distribution	2019 Budget	2018 Actual
Capital Reserves	30%	\$5.0M	\$5.0M
Grants	15%	2.5M	2.5M
Council Community Initiatives Account	2%	0.3M	0.3M
Debt Servicing	Fixed	5.0M	5.0M
Operating (RCMP)	Four Officers	0.7M	0.7M
Capital Building and Infrastructure Reserve	Remainder	3.0M	3.3M
Total		\$16.5M	\$16.8M

At the end of Q4 2018, the City received \$16.8M or 102.0% of the 2018 annual budgeted amount of \$16.5M. The additional \$0.3M received was allocated to the CBI reserve for a total of \$3.3M contributed from 2018 gaming revenue.

¹⁴ Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

¹⁵ Source of funds procedures requires all BC casinos to obtain a bank receipt for any buy-ins of \$10,000 or more over a 24-hour period. The original receipt must be from the same day of the transaction and it must display the financial institution, branch, and account number.

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2019. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: *Net Operational Activity for the period January 1, 2019 to March 31, 2019 (in \$000's)*

Net operational activity ¹	Unaudited 2019 results			
	2019 YTD Net Budget	2019 YTD Actuals and Commitments ³	Variance YTD (\$)	Variance YTD(%)
Community Safety	(\$967)	(\$1,540)	\$573	59%
Community Services	10,773	10,590	183	2%
Corporate Administration	2,928	2,740	188	6%
Engineering and Public Works	9,620	9,388	232	2%
Finance and Corporate Services	7,135	6,908	227	3%
Fire Rescue	10,681	9,884	797	7%
Library	2,775	2,712	63	2%
Planning and Development	1,105	226	879	80%
Policing	13,965	13,914	51	0%
Fiscal	(25,582)	(26,198)	616	2%
Total Operating	\$32,433	\$28,624	\$3,809	
Water utility	(99)	(356)	257	260%
Sanitary sewer utility	(3)	(219)	216	7200%
Sanitation and recycling utility	(310)	(327)	17	5%
Total Utilities	(\$412)	(\$902)	\$490	

¹Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc.

²Based on organizational structure in place as of March 31, 2019

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

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2019 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by business licence revenue, community bylaw revenue, and vacant positions.
- Community Services' favourable variance is due to the timing of program expenditures and lower than budgeted public works expenditures due to seasonal impacts in Parks.
- Corporate Administration's favourable variance is due to vacant positions in the process of being filled.
- Engineering and Public Works' favourable net operating variance is mainly due to underpinning and permit fees, offset by higher costs for snow and ice removal, and dike brushing and repair.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is mainly due to timing required to fill the additional 12 firefighters approved in the 2019 Operating Budget and other vacant positions. Revenues are also higher for false alarm and inspection than budgeted in Q1 2019.
- The Library is on budget.
- Planning and Development's favourable variance is primarily due to building permit revenue related to multi residential buildings and vacant positions.
- Policing's favourable variance is due to timing required to fill the additional 19 officers approved in the 2019 Operating Budget resulting in lower than budgeted RCMP contract costs, offset by unutilized funding from provision.
- Fiscal's favourable variance is due to higher than budgeted investment income and timing of expenditures.
- Water Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year end will be transferred to the Water Levy Stabilization Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments. Any surplus at year end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling is on budget.

The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2019, with comparative figures for 2018 is included in Attachment 3.

Cash and Investment Portfolio

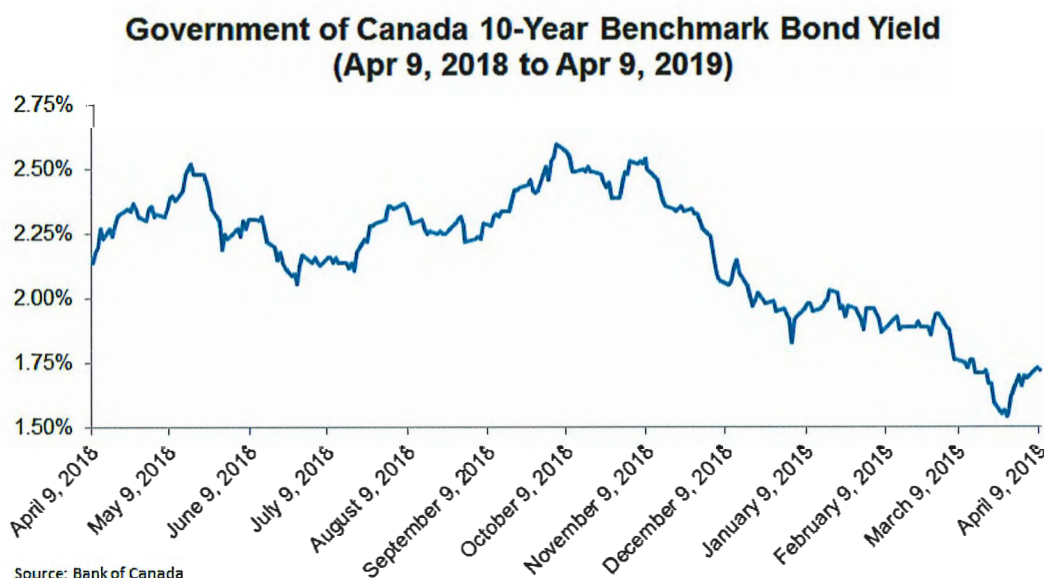
As of March 31, 2019, the City’s total cash and investment balance was \$1.13 billion. The balance is comprised of \$906.3 million in investments and \$218.7 million in cash. The weighted average yield for the quarter was 2.47%. The interest rate environment and the City’s cash flow projections have influenced the terms and types of investments that the City holds (Attachment 4).

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

	March 31, 2019
2 Year Government of Canada Bonds	1.46%
5 Year Government of Canada Bonds	1.43%
10 Year Government of Canada Bonds	1.54%

Source: Bank of Canada

The momentum of global and domestic growth in 2018 was short-lived. Global political uncertainties and the slowdown in economic activities began to resurface and intensify in the latter part of 2018. The pressure is also felt at home with the Canadian yield curve shifting dramatically lower over the last few months. As shown in the graph below, after the Canada 10-year government bond yield hit a near four-year peak of 2.60% in early October 2018, it dropped to only 1.54% at the end of the first quarter in 2019.



In light of the current economic environment, it is unlikely that the Bank of Canada will pursue additional rate hikes until more steady and positive incoming economic data are available. Deposit rates and bond yields have been suppressed as a result of the uncertainty to market sentiment and global growth prospects. The lower market yield, if it persists, will impact the City’s overall investment yield because matured investments will be reinvested at the lower prevailing market rates. Staff will continue to position the City’s cash and investment portfolio to optimize yields in safe and prudent manners.

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

Contract Awards

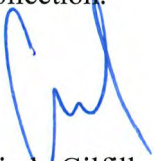
This report provides information on the formal contracts awarded by the City during the first quarter. In accordance with Policy 3104, 24 contracts greater than \$75,000 were awarded totalling over \$16.5 million (Attachment 5).

Financial Impact

None.

Conclusion

The economic indicators are beginning to moderate, however, the City is maintaining its strong financial position through continued building construction and development activity and revenue collection.



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, 2019****Macroeconomic Indicators & Forecast**

	2017	2018	Change	2019f	2020f
1) Real GDP - % Change					
Canada	3.0	1.8	(40.0%)	1.5	1.9
United States	2.2*	2.9	31.8%	2.3	1.9
China	6.8*	6.6	(2.9%)	6.3	6.1
World	3.8	3.6	(5.3%)	3.3	3.6
2) Interest Rates (at YE)					
Bank of Canada	1.00	1.75	75.0%	2.00	2.25
US FED	1.50	2.50	66.7%	3.00	3.00
3) Exchange Rate					
CAD per \$1 USD	1.26	1.36	7.9%	1.33	1.30

Regional and Local Market Indicators

	Q1-2019	Q4-2018	Change	Q1-2018	Change
4) Unemployment (%)					
Canada	5.8	5.7	1.8%	5.8	0.0%
BC	4.6	4.3	7.0%	4.7	(2.1%)
Metro Vancouver	4.8	4.5	6.7%	4.0	20.0%
5) CPI (2002=100)					
Canada	135.4	133.4	1.5%	132.9	1.9%
BC	130.7	129.0	1.3%	127.4	2.6%
Metro Vancouver	133.3	131.7	1.2%	130.1	2.5%
6) Richmond Building Permits	Q1-2019	Q1-2018	Change		
Residential – New Construction [^]	73	127	(42.5%)		
Residential – Alterations	118	151	(21.9%)		
Residential Total	191	278	(31.3%)		
[^] Number of units from new residential construction	597	377	58.4%		
Residential	191	278	(31.3%)		
Commercial	123	101	21.8%		
Industrial	51	15	240.0%		
Building Permits Total	365	394	(7.4%)		
Construction Value (\$ million)	263.4	214.9	22.6%		
7) Housing Starts (Units)	Q1-2019	Q1-2018	Change		
Starts - Metro Vancouver	5,772	6,864	(15.9%)		
Starts - Richmond	142	660	(78.5%)		
8) Richmond Residential Sales Activity	Q1-2019	Q1-2018	Change		
Sales - Detached	120	195	(38.5%)		
Sales - Townhouse	84	194	(56.7%)		
Sales - Apartment	249	449	(44.5%)		
Sales Total/Average Change	453	838	(45.9%)		

Economic Indicators**March 31, 2019****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (%)**

	Q1-2019	Q1-2018	Change
Single Family Detached	4.9	9.3	(47.3%)
Townhouse	7.7	27.1	(71.6%)
Apartment	12.1	42.6	(71.6%)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Single Family Detached	64	49	30.6%	55	46	19.6%
Townhouse	45	32	40.6%	43	26	65.4%
Apartment	51	29	75.9%	41	22	86.4%

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

Property Type	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Single Family Detached	1,547	1,708	(9.4%)	1,437	1,609	(10.7%)
Townhouse	792	831	(4.7%)	784	835	(6.1%)
Apartment	653	660	(1.1%)	657	694	(5.3%)

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Office Vacancy (%)	8.3	7.1	16.9%	3.8	5.5	(30.9%)
Transit Oriented Office Vacancy (%)	2.3	2.3	0.0%	13.6	13.6	0.0%
Office Inventory (000 sf)	4,419	4,419	0.0%	58,669	58,119	0.9%
Industrial Vacancy (%)	2.5	2.1	19.0%	1.9	2.1	(9.5%)
Industrial Inventory (000 sf)	38,569	38,539	0.1%	209,930	206,568	1.6%

13) Richmond Business Growth

	Q1-2019	Q1-2018	Change
Total Valid Business Licences (at QE)	14,276	13,940	2.4%
New Licences - Number Issued	458	453*	1.1%
New Licences - Employees	1,565	1,369	14.3%
New Licences - Office Added (sf)	122,384	123,900	(1.2%)
New Licences - Retail Added (sf)	97,704	29,822	227.6%
New Licences - Industrial Added (sf)	143,593	117,331	22.4%
Total Space Added (sf)/Avg. Change	363,681	271,053	34.2%

Economic Indicators**March 31, 2019****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2019	Q1-2018	Change
YVR Air Cargo (tonnes)	68,598	72,058*	(4.8%)
PMV Container Movement (TEUs)	843,039	801,217	5.2%
YVR Passengers (million)	6.0	5.8	3.4%
Richmond Hotel Revenue (\$ million)**	28.9	28.3*	2.1%

Notes:

- a) QE indicates quarter end
b) f - forecast to year-end
c) * - Figures have been updated to reflect changes in source data.
d) ** - Hotel revenue for Q1 excludes March figures.

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2019)
2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2019)
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
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators

March 31, 2019

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2019	Q1-2018	Change
Roads, Water, Sewer DCC's Received	\$10,904	\$2,468	341.8%
Parks DCC's Received	\$5,631	\$3,395	65.9%
Total DCC Fees Received	\$16,535	\$5,863	182.0%
DCC Reserves – Uncommitted balance at QE	105,856	72,832	45.3%
2) Uncommitted Reserves (at QE)	Q1-2019	Q1-2018	Change
Capital Funding Reserves	\$140,554	\$118,200	18.9%
Utility Reserves	\$101,912	\$93,447	9.1%
Affordable Housing Reserves	\$3,315	\$1,899	74.6%
Other Reserves	\$84,137	\$60,976	38.0%
Total Uncommitted Reserves	\$329,918	\$274,522	20.2%
3) Taxes to date	Q1-2019	Q1-2018	Change
Taxes Collected	\$11,167	\$10,322	8.2%
City Portion of Taxes Collected	\$5,472	\$5,058	8.2%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,763	\$7,269	20.5%
No. of Participants on Pre-authorized withdrawal (at QE)	6,321	6,284	0.6%
Pre-authorized withdrawals payments	\$8,859	\$8,704	1.8%
Interest rate % paid	1.95%	1.20%	62.5%
<i>Sources: All data is from City of Richmond records</i>			
4) Investments	Q1-2019	Q1-2018	Change
Total Investments	\$906,266	\$951,858	(4.8%)
Average City Rate of Return on Investments %	2.47%	2.15%	14.9%

Financial and Key Indicators**March 31, 2019**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2019	Q1-2018	Change
Building Permit Fees Collected	\$2,875	\$2,601	10.5%
Development Applications Received	38	49	(22.4%)
Development Applications Fees	\$193	\$233	(17.2%)

6) Business Licences	Q1-2019	Q1-2018	Change
Revenue Received for Current Year Licences	\$1,937	\$1,850	4.7%
Revenue Received for Next Year (Deferred)	\$60	\$91	(34.1%)

Total Licence Revenue \$1,997 \$1,941 2.9%

Year to date valid licences and revenue include current year licences issued in the prior year.

7) Other Revenues	Q1-2019	Q1-2018	Change
Parking Program Revenue	\$532	\$450	18.2%
Gaming Revenue	\$3,699	\$4,341	(14.8%)
Traffic Fine Revenue	\$0	\$0	0.0%

8) Employees	Q1-2019	Q1-2018	Change
Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i>	1,577	1,568	0.6%

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

9) Operating Indicators	Q1-2019	Q1-2018	Change
Fire Rescue Responses	2,286	2,660	(14.1%)
RCMP - Calls for Service Handled	18,333	15,281	20.0%
Public Works calls for Service	3,128	3,207	(2.5%)

Financial and Key Indicators	March 31, 2019
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(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Affordable Housing (at QE)	Q1-2019	Q1-2018	Change
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR**) (units)	799	469*	70.4%
Market Rental (units)	726	411	76.6%
Entry Level Home ownership (units)	25	25*	0.0%
Secondary Suite / Coach House (units)	282	272*	3.7%
Total Affordable Housing	2,309	1,654*	39.6%
	Q1-2019	Q1-2018	Change
Floor Space secured, unit mix & other (sq feet) at QE ***	184,902	172,345	7.3%

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

** 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	2019f	2018
	227,407	222,945

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, 2019, with comparative figures for 2018.

(Expressed in thousands of dollars)

	Budget March 31 2019	Actuals March 31 2019	Actuals⁴ March 31 2018
Revenue:			
Taxes and levies	\$54,027	\$54,027	\$51,854
Utility fees	27,675	25,501	24,301
Sales of services	8,589	7,936	7,447
Payments-in-lieu of taxes	3,550	3,872	3,662
Provincial and federal grants	1,129	1,448	748
Development cost charges	7,302	6,414	6,401
Other capital funding sources	15,799	6,653	7,416
Other revenue:			
Investment income	5,654	5,807	4,884
Gaming revenue	4,125	3,699	4,341
Licences and permits	3,717	4,906	4,214
Other	2,126	13,927	8,962
Equity income	-	392	265
	133,693	134,582	124,495
Expenses:			
Community safety	28,106	26,112	23,612
Utilities: water, sewer and sanitation	22,141	21,388	20,607
Engineering, public works and project development	18,510	15,551	15,264
Community services	17,534	13,903	13,270
General government	15,126	13,400	11,961
Planning and development	4,187	3,680	3,444
Library services	3,151	2,662	2,382
	108,755	96,696	90,540
YTD Surplus (Annual Surplus) ²	24,938	37,886	33,955
Accumulated surplus, beginning of year	3,119,119	3,119,119	2,935,988
Accumulated surplus, end of March 31 ³	\$3,144,057	\$3,157,005	\$2,969,943

¹ Statement of Operations for City and Library after intercompany eliminations, includes investment in Lulu Island Energy Company effective January 1, 2017, 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.

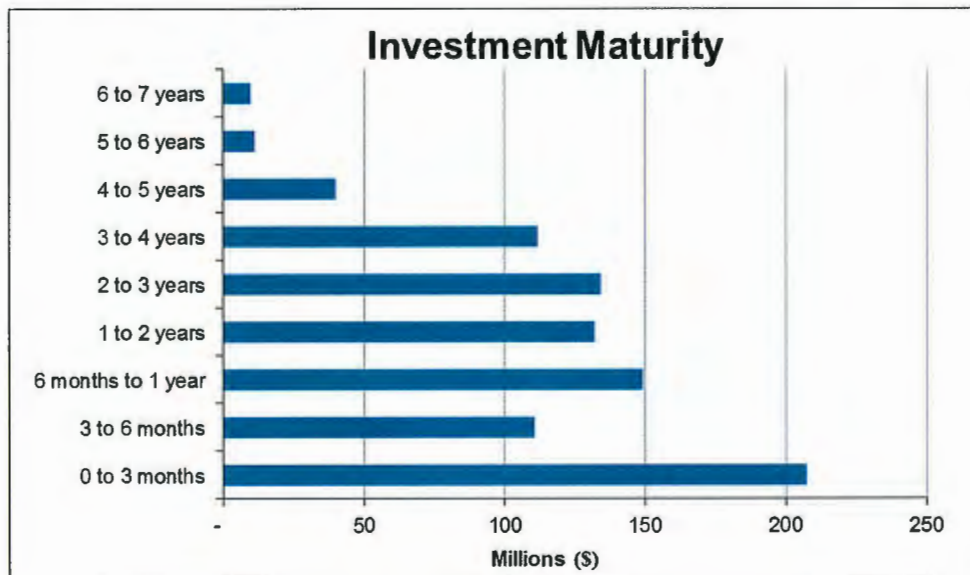
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴ Statement of Operation figures for 2018 were adjusted for comparative purposes.

Cash and Investment Portfolio

March 31, 2019 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (high)	Alberta	2019-2022	\$ 68,244	7.53%	
	A (high)	Quebec	2022-2023	22,169	2.45%	
	A (high)	Manitoba	2021	15,820	1.75%	
	AA (high)	British Columbia	2021	15,097	1.67%	
	AA (low)	Ontario	2024	11,199	1.24%	
	A (high)	Nova Scotia	2021	5,340	0.59%	
	A (high)	New Brunswick	2021	5,206	0.57%	
		Total		\$ 143,075	15.80%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2019-2022	\$ 134,881	14.88%	
	AA	TD Bank	2019-2023	86,501	9.54%	
	AA	Royal Bank	2019-2023	69,852	7.71%	
	AA (low)	National Bank of Canada	2019-2021	43,505	4.80%	
	A (high)	HSBC Bank of Canada	2021-2023	32,152	3.55%	
	AA	Bank of Montreal	2022-2025	29,952	3.30%	
	AA	CIBC	2019-2022	24,860	2.74%	
	A (low)	Canadian Western Bank	2019	24,324	2.68%	
		Total		\$ 446,026	49.20%	50%
BC Credit Unions						
		Coast Capital Savings	2019	\$ 82,520	9.11%	
		Vancity	2019	77,204	8.52%	
		Westminster Savings	2019	45,823	5.06%	
		Gulf and Fraser	2019	44,568	4.92%	
		Blue Shore Financial	2019	20,644	2.28%	
		Total		\$ 270,760	29.88%	30%
Pooled Investments						
		MFA Pooled Investment Fund		\$ 46,405	5.12%	20%
Total Investment Portfolio Balance				\$ 906,266	100.00%	
Cash Balance				\$ 218,693		
Total Cash and Investment Balance				\$ 1,124,959		



Contract Awards greater than \$75,000January 1st to March 31st, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Annual Subscription Licence Renewal for Identity Management and Single Sign-on Software	ForgeRock Inc.	\$80,305	Finance & Corporate Services
2	Supply of four (4) KSB Submersible Axial Flow Propeller Pumps for No.2 Road South Drainage Pump Station Upgrade	KSB Pumps Inc.	426,028	Engineering & Public Works
3	Supply of three (3) KSB Submersible Axial Flow Propeller Pumps for No.7 Road South Drainage Pump Station Upgrade	KSB Pumps Inc.	318,075	Engineering & Public Works
4	Cisco IP Phones and Associated Licences	Telus Communications Inc.	93,178	Finance & Corporate Services
5	Emergency Sanitary Sewer Repair Work - Richmond General Hospital	Hexcel Construction Ltd.	147,119	Engineering & Public Works
6	Supply of three (3) KSB Submersible Axial Flow Propeller Pumps for Shell Road North Drainage Pump Station Upgrade	KSB Pumps Inc.	318,075	Engineering & Public Works
7	Emergency Restoration to King George Park Caretaker Building	Platinum Pro-Claim	146,091	Engineering & Public Works
8	PerfectMind Annual Subscription 2019	PerfectMind Inc.	175,036	Finance & Corporate Services
9	Direct Digital Control Upgrades - Community Safety Building	ESC Automation	120,937	Engineering & Public Works
10	Interior Demolition Services for City Hall West	Edifice Construction Inc.	147,000	Engineering & Public Works
11	Provision of Civil Engineering Consulting Services for Transportation Improvement Programs	McElhanney Consulting Services Ltd.	1,006,067	Engineering & Public Works
12	Supply and Installation of new Low Ammonia System	CIMCO Refrigeration	1,273,250	Engineering & Public Works
13	Supply and Installation of new Synthetic Running Track Surface at Minoru Park	Marathon Surfaces Inc.	399,936	Community Services
14	2019 Asphaltic Concrete Paving Program	LaFarge Canada Inc.	3,275,540	Engineering & Public Works
15	South Dike Upgrades from Gilbert Rd to No. 3 Rd	Tybo Contracting Ltd.	4,879,000	Engineering & Public Works
16	Palmer Garden City Playground Design-Build Services	Habitat Systems Inc.	119,706	Community Services

Contract Awards greater than \$75,000 (continued)January 1st to March 31th, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
17	Provision of Civil Engineering Consulting Services for Drainage and Irrigation Upgrades	McElhanney Consulting Services Ltd.	452,257	Engineering & Public Works
18	High Potential Leadership Certificate Program	Royal Roads University	85,000	Corporate Administration
19	Civil Engineering Consulting Services for Steveston Hwy and No. 3 Rd & Steveston Hwy and Gilbert Rd Drainage Pump Station Upgrades	Aplin & Martin Consultants Ltd.	510,010	Engineering & Public Works
20	Design and Construction Services for Domestic Hot Water Upgrade at Richmond Ice Centre	Ram Mechanical Ltd.	227,000	Engineering & Public Works
21	Delivery of Advanced Lifeguarding, Lifesaving & First-aid Instructional and Recertification Courses	LIT Aquatics Ltd.	229,000	Community Services
22	Civil Engineering Consulting Services for Burkeville Drainage Improvements	McElhanney Consulting Services Ltd.	585,197	Engineering & Public Works
23	City Hall Security Guard	GardaWorld Cash Services Canada Corp	1,175,000	Engineering & Public Works
24	2019 Oracle (PeopleSoft) Software License & Support	Oracle Canada ULC	320,040	Finance & Corporate Services
Total contractors awarded greater than \$75,000			\$16,508,847	