



City of Richmond

Report to Committee

To: Finance Committee

Date: May 11, 2017

From: Jerry Chong
Director, Finance

File:

Re: Financial Information – 1st Quarter March 31, 2017

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2017”, dated May 11, 2017 from the Director, Finance be received for information.

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

Att: 6

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"/>	
Parks Services	<input checked="" type="checkbox"/>	
Project Development	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
Recreation Services	<input checked="" type="checkbox"/>	
Library Services	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

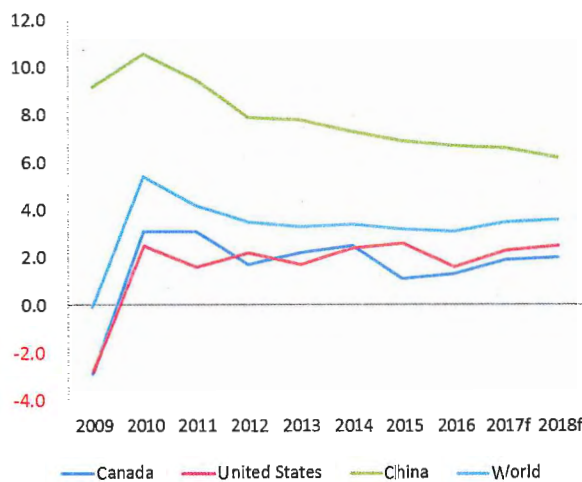
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2017 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 a general sense of the City’s financial results throughout the year and before the annual audited financial statements are presented.

Analysis

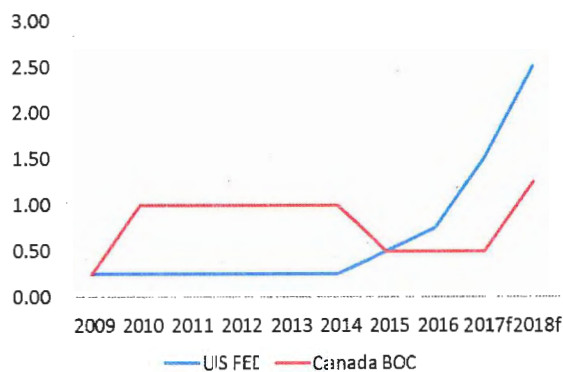
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change ¹



- British Columbia led GDP growth in Canada last year, which saw overall growth of 1.4% in 2016, compared to 1.6% in the U.S. and 3.1% worldwide.
- The outlook for Canada remained unchanged over the last forecast, with real GDP expected to grow by 1.9% in 2017 and 2.0% in 2018.
- World output is forecasted to grow by 3.5% and 3.6% in the same periods; U.S. GDP is expected to grow by 2.3% and 2.5%; while predictions peg China’s economic expansion at 6.6% and 6.2%.

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



- The Bank of Canada (BOC) held the overnight rate at 0.5% in Q1 2017, citing “significant uncertainties” driving Canada’s economic outlook.
- The U.S. Federal Reserve (US FED) continued normalization of monetary policy by raising short-term rates again in Q1 2017 to 1%.
- Both the BOC and US FED rates are expected to rise in the long term, to 1.25% and 2.5% by the end of 2018, respectively.

¹ International Monetary Fund, World Economic Outlook (April 2017)

² US Federal Reserve, Bank of Canada and Royal Bank Research

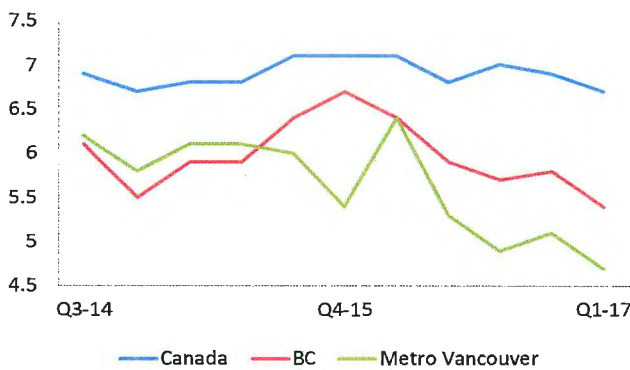
3) Exchange Rates – CAD/USD at Year-End ³



- The Canadian dollar (CAD) held relatively steady throughout Q1 2017 despite fluctuations in energy prices, ending the quarter at \$1.33 CAD per \$1 U.S. dollar (USD).
- The USD is expected to further strengthen throughout 2017, with forecasted USD/CAD exchange rates for 2017 and 2018 at \$1.38 CAD and \$1.33 CAD per \$1 USD, respectively.

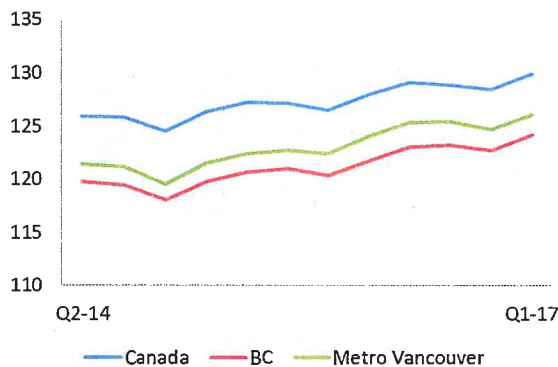
Regional & Local Economic Activity Indicators

4) Unemployment ⁴



- The unemployment rate for Metro Vancouver, B.C. and Canada dropped again in the first quarter of 2017, ending at 4.7%, 5.4% and 6.7% respectively.
- British Columbia continues to have the lowest unemployment of all Canadian provinces.

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

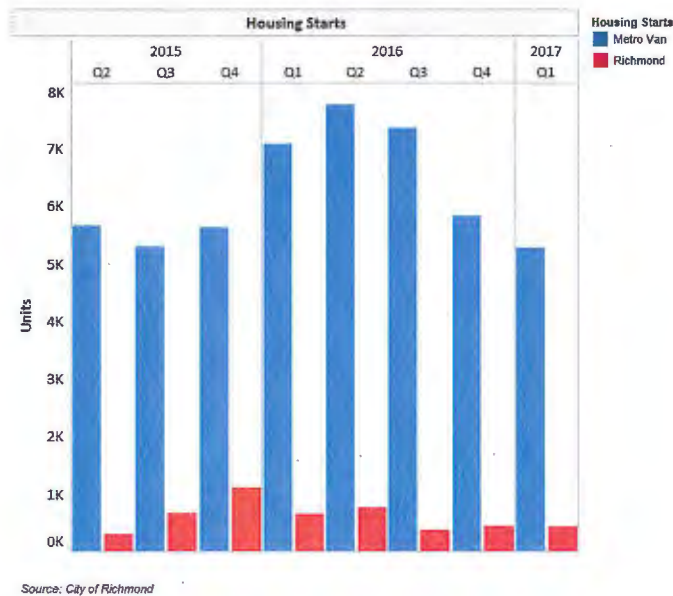


- With rising oil prices worldwide, Canada-wide gas prices rose on a year-over-year basis by 15.2% in March.
- Increases in the Consumer Price Index were balanced by lower costs of groceries and other goods.
- Overall, the annual inflation rate for Q1 2017 rose over Q1 2016 by 1.6% in Canada, 2.0% in B.C. and 1.7% in Metro Vancouver.

³ Bank of Canada, Monetary policy Report (April 2017)

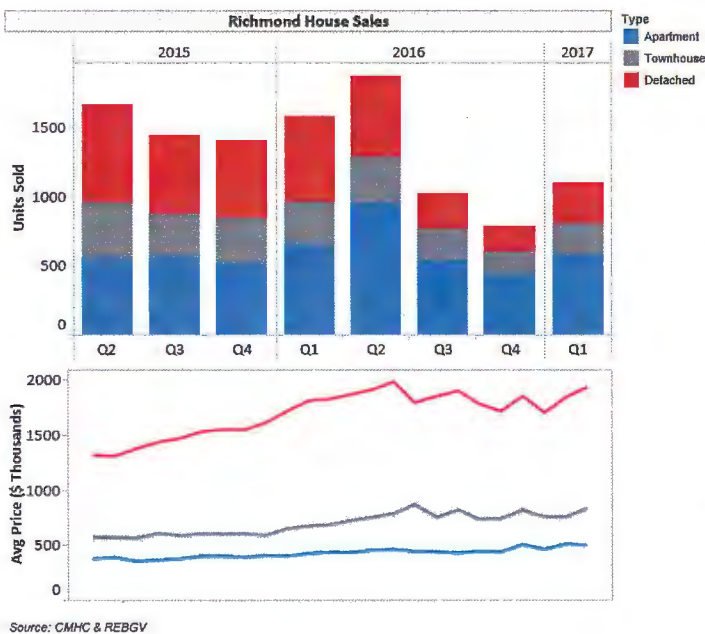
⁴ Statistics Canada

6) Housing Starts⁵



- New housing starts in Richmond and Metro Vancouver eased in the first quarter of 2017 after a very strong 2016 that saw a 34% increase over the previous year.
- New home construction is cooling in part due to housing market interventions introduced in the second half of 2016, including a 15% tax on foreign buyers. This has slowed market activity in Metro Vancouver and shifted demand to other parts of the province and elsewhere in Canada.
- Throughout Q1 2017 there were 422 housing starts in Richmond and 5,269 throughout Metro Vancouver.

7) Richmond House Sales and Prices⁶

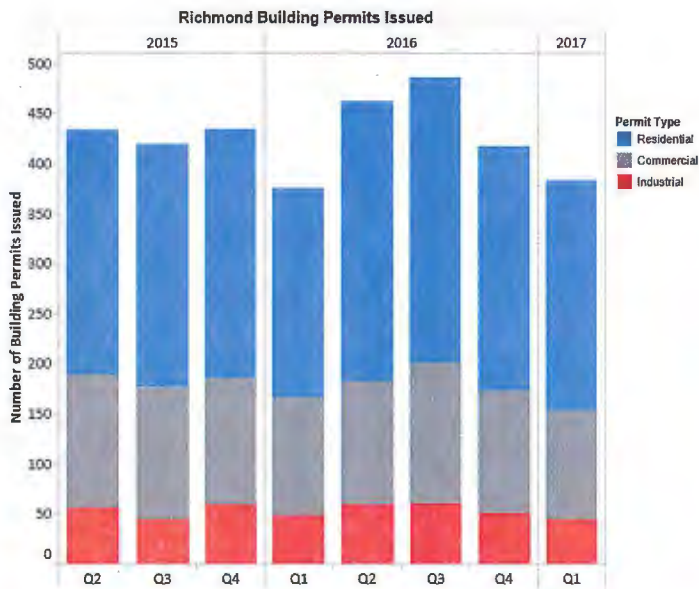


- A slowdown in real estate sales activity continued throughout Richmond and Metro Vancouver in Q1 2017 following the implementation of a 15% foreign home buyer tax introduced in B.C. last August.
- 1,098 homes were sold in Richmond throughout the first quarter of 2017, which is a 31% decline over the same period last year. This is a 39.7% increase, however, from the 786 homes sold in Q4 2016.
- Despite dropping initially following the foreign home buyer tax implementation, the average price of real estate continued to bounce back in the first quarter of 2017. Year over year real estate prices increased for detached homes, townhouses and apartments by 6%, 22% and 15%, respectively

⁵ BC Statistics

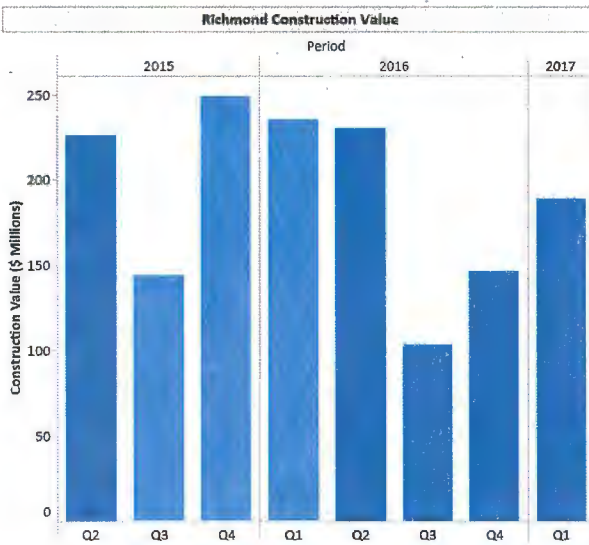
⁶ Real Estate Board of Greater Vancouver

8) Building Permits – Richmond ⁷



Source: City of Richmond

- The number of building permits issued in Richmond throughout Q1 2017 rose by 3% over Q1 2016.
- Commercial and industrial building permits issued each decreased by approximately 8% in the same period.
- Residential construction continues to drive permit activity as new multi-family projects in the City Centre continue to move along the development cycle.



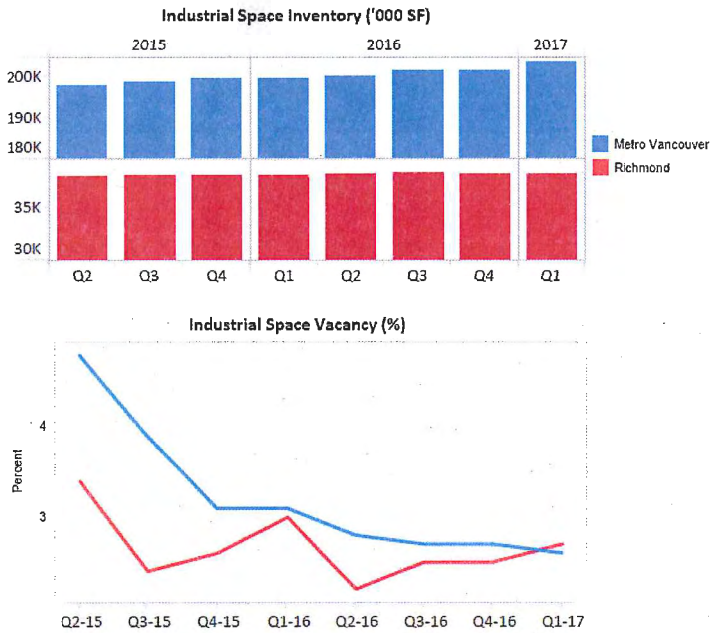
Source: City of Richmond

- The total value of new construction in the first quarter of 2017 was approximately \$189 million, down almost 20% over the same quarter last year.

⁷ City of Richmond Building Permits

9) Commercial Space⁸

a) Industrial Space

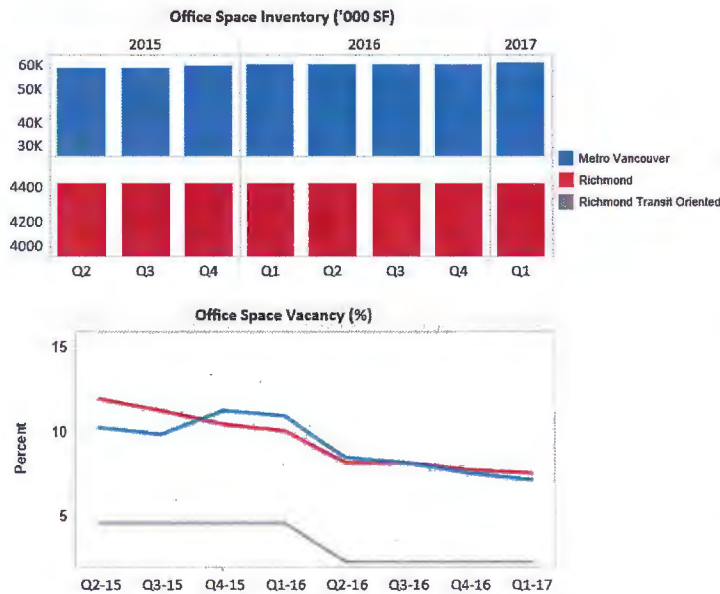


Source: Cushman & Wakefield

- Despite a net addition of 81,000 square feet of industrial space in Richmond in Q1 2016, rapid absorption has kept the vacancy rate at a low 2.7% in a supply constrained market.
- Nearly 2 million square feet of industrial space has been added in Metro Vancouver over the past year. Recent trends include development of owner-occupier strata product and building in more affordable suburban markets.
- Even with new inventory added, Metro Vancouver continues to face an acute shortage of industrial land, with a region-wide vacancy rate of just 2.6%.
- Film productions benefiting from a low Canadian dollar and government incentives, as well as other non-industrial uses such as indoor recreation are absorbing a fair amount of space throughout Metro Vancouver.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

b) Office Space

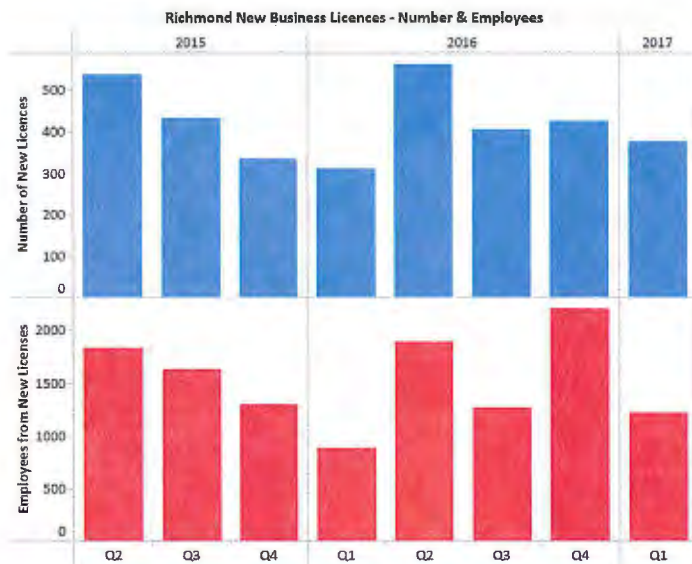


Source: Cushman & Wakefield

- Richmond’s office vacancy rate continued its steady decline, ending Q1 2017 at 7.6%, a decrease of 25% over the same period last year.
- Despite multiple projects currently in the proposal stage, there has been no significant new non-stratified office space added in Richmond since 2008.
- Metro Vancouver saw office inventory increase only slightly, by 1.1%, in Q1 2017 over Q1 2016. The regional office vacancy rate dropped to 7.2% from 11% over this same period.
- Demand for office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts. Large contiguous spaces are difficult to find in these locations.

10) Business Growth – Richmond⁹

a) Total Valid Business Licences

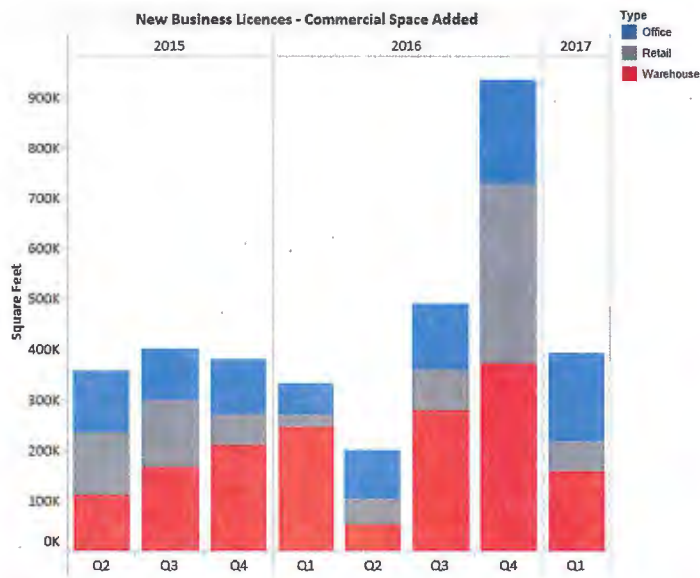


Source: City of Richmond

- 375 new City of Richmond business licences were issued throughout the first quarter of 2017, an increase of 22% over the same period last year.
- The addition of 1,219 local jobs and almost half a million square feet of commercial space absorption were attributed to these new businesses.

⁹ City of Richmond Business Licences

b) New Business Licences Issued

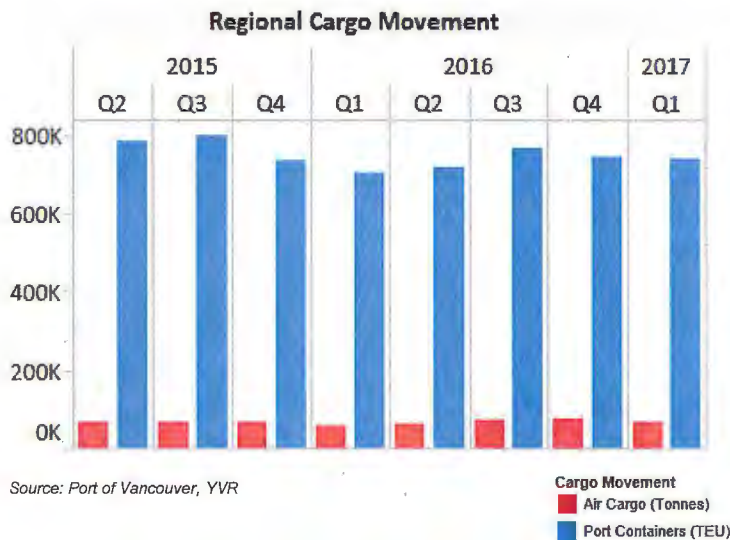


Source: City of Richmond

- Commercial space absorption was evenly divided between office, retail and industrial uses in Q1 2017.
- At the end of Q1 2017, there were 13,242 valid business licences issued in the city of Richmond. This is a 2% increase over the same period last year.

11) Goods and People Movement

a) Regional Cargo Movement¹⁰



Source: Port of Vancouver, YVR

- After a tumultuous 2016 for major shipping lines and port activity, the first quarter of 2017 has seen a 5% increase in container movements at the Port of Vancouver over Q1 2016.
- Private-sector investment in port infrastructure is creating new capacity in the port.
- Air cargo data was also strong in Q1 2017, with YVR reporting an increase of 8%, measured in tonnes, over Q1 2016 figures.

¹⁰ Port of Vancouver Monthly Cargo Statistics

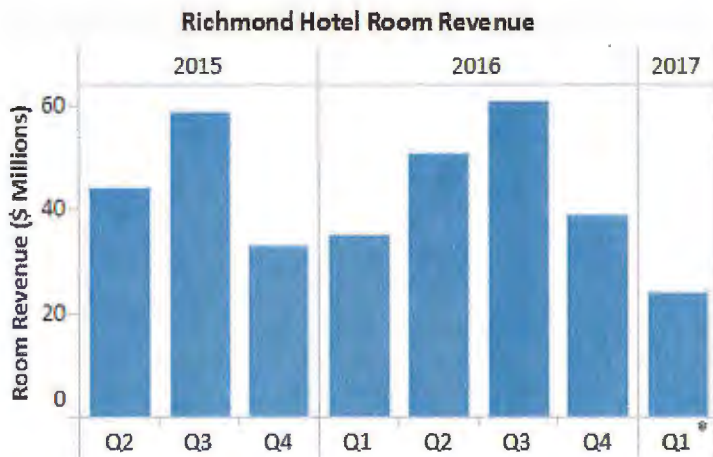
b) Airport Passengers¹¹



Source: Vancouver Airport Authority

- 2016 was another record breaking year for YVR as 22.3 million passengers flew through the airport.
- This year is off to a strong start, with Q1 2017 registering a 6% increase in passengers over the same period last year.
- Leading this growth are expanded international route offerings from domestic carriers.
- The airport also continues to lure new international airlines and has more flights by China-based carriers than any other airport in Europe and the Americas.

c) Richmond Hotel Room Revenue¹²



* Q1 data for 2017 includes January and February only. March figures not yet available.

Source: City of Richmond

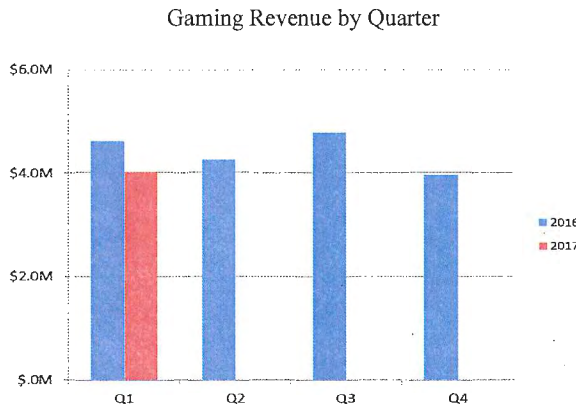
- The tourism industry continues to benefit from a weaker Canadian dollar, and climbed by 11.6% in 2016, as measured by annual increase in hotel room revenue.
- \$24.2 million dollars of hotel room revenue was earned in Richmond in the first two months of 2017, a 3% increase over the same period in 2016.
- Richmond hotels experienced an overall occupancy rate of 81% in 2016 - this is the highest in B.C. and continues to be among the highest in Canada.

¹¹ YVR Monthly Statistics

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

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. 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.



- Gaming revenue for Q1 2017 was down 12.8% at \$4.01M compared to \$4.60M in Q1 2016.
- Q1 2017 increased by 1.5% compared to the previous quarter Q4 2016 from \$3.95M to \$4.01M.

River Rock’s total revenues increased by 15.9% to \$88.9M compared to Q4 2016, but decreased by 2.4% when compared to the same quarter in 2016. The decline compared to the same quarter last year was mainly due to a decrease in table hold percentage¹³ and was offset by an increase in slot revenues.¹⁴

BCLC’s facility operating expenses increased substantially from \$1.8M in Q4 2016 to \$7.0M in Q1 2017. This represents a 276.3% increase from Q4 2016 and a 169.5% increase from Q1 2016. BCLC’s corporate overhead and support expense also increased to \$7.6M, a 30.1% increase from Q4 2016.

At the February 14, 2017 Council meeting, the 2017 Budget was approved which included the gaming revenue allocation for 2017. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building and Infrastructure Reserve). This is aligned with the 2016 gaming revenue allocation.

Table 1: *Distribution of the 2017 gaming revenue allocation*

	Distribution	2017 Budget
Capital Reserves	30%	\$5.4M
Grants	15%	2.7M
Council Community Initiatives Account	2%	0.4M
Debt Servicing	Fixed	5.0M
Operating (RCMP)	Four Officers	0.7M
Capital Building Infrastructure Reserve	Remainder	3.9M
Total		\$18.1M

At end of Q1 2017, the City received \$4.01M or 22.2% of the annual budgeted amount.

¹³ Hold percentage refers to the percentage of buy-in money (or chip money) that a table game keeps.

¹⁴ Great Canadian Gaming Corporation: Management’s Discussion and Analysis for the Three Month Period Ended March 31, 2017

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2017. 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, 2017 to March 31, 2017 (in \$000's)*

Net operational activity Division/Department ¹	Unaudited 2017 results			
	2017 YTD budget	Actuals and commitments	Variance YTD (\$)	Variance YTD(%)
Community services	\$11,308	\$10,461	\$847	7%
Corporate administration	2,755	2,712	43	2%
Engineering and public works	5,211	5,164	47	1%
Finance and corporate services	5,671	4,826	845	15%
Fire rescue	8,859	8,840	19	0%
Law and community safety	908	672	236	26%
Library	2,313	2,239	74	3%
Planning and development	1,453	(128)	1,581	109%
Policing	12,124	10,100	2,024	17%
Fiscal	(57,572)	(57,856)	284	0%
Capital transfers and one-time funding	58,470	62,568	(4,098)	7%
Total Operating	\$51,500	\$49,598	\$1,902	4%
Water utility	(3,072)	(3,219)	147	5%
Sanitary sewer utility	(834)	(968)	134	16%
Sanitation and recycling utility	125	(75)	200	161%
Total Utilities	(\$3,781)	(\$4,262)	\$481	13%

¹Based on organizational structure in place as of March 31, 2017.

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2017 Financial Plan:

- Community Services variance in the first quarter is primarily a result of a focus on capital-related work by the Parks Department. Operational expenditures will increase in the upcoming months as weather improves and regular seasonal duties increase.
- Corporate administration is on budget.
- Engineering and public works incurred more costs within snow and ice control due to the winter snow storms, these costs were offset by the favourable variance in Project Development, due to the timing of projects.

- Finance and corporate services' year to date variance is due to the favourability in salaries due to vacant positions within Finance and IT and higher than expected business licence revenue.
- Richmond fire rescue is on budget.
- Law & community safety's favourable variance is due to higher revenues in Bylaws for licences and false alarms and expenses which are expected to be incurred later in the year.
- The Library is projected to be on budget for the year.
- Planning and Development's favourable variance is primarily from higher than expected building permit revenue, lower than expected expenses in traffic maintenance operations and salary savings from vacant positions which are in the process of recruitment.

Although there is a decrease in the construction value of building activity compared to 2016 which was a high year, 2017 building activity has remained stable. Building permit revenue is recognized as earned.

The Development Applications Department has realized slightly lower than anticipated application revenue for Q1 2017. It is anticipated the development revenues will increase through the year as a number of Servicing Agreement applications for large development projects advance to the approval stage

- Policing has a favourable variance mainly due to a lower actual RCMP staffing complement than budgeted.
- Fiscal is on budget.
- Transfer's year to date variance is mainly due to transfers from surplus to fund one-time expenditures and projects carried forward from prior years. The funding will be transferred when the corresponding expenses are incurred.
- Water utility's year to date variance is due to lower water purchase costs.
- Sanitary sewer utility's year to date variance is due to savings due to the timing of maintenance programs which will occur later in the year.
- Sanitation and recycling utility's year to date variance is mainly due to higher than expected garbage utility revenue.

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, 2017, with comparative figures for 2016 is included in Appendix 3.

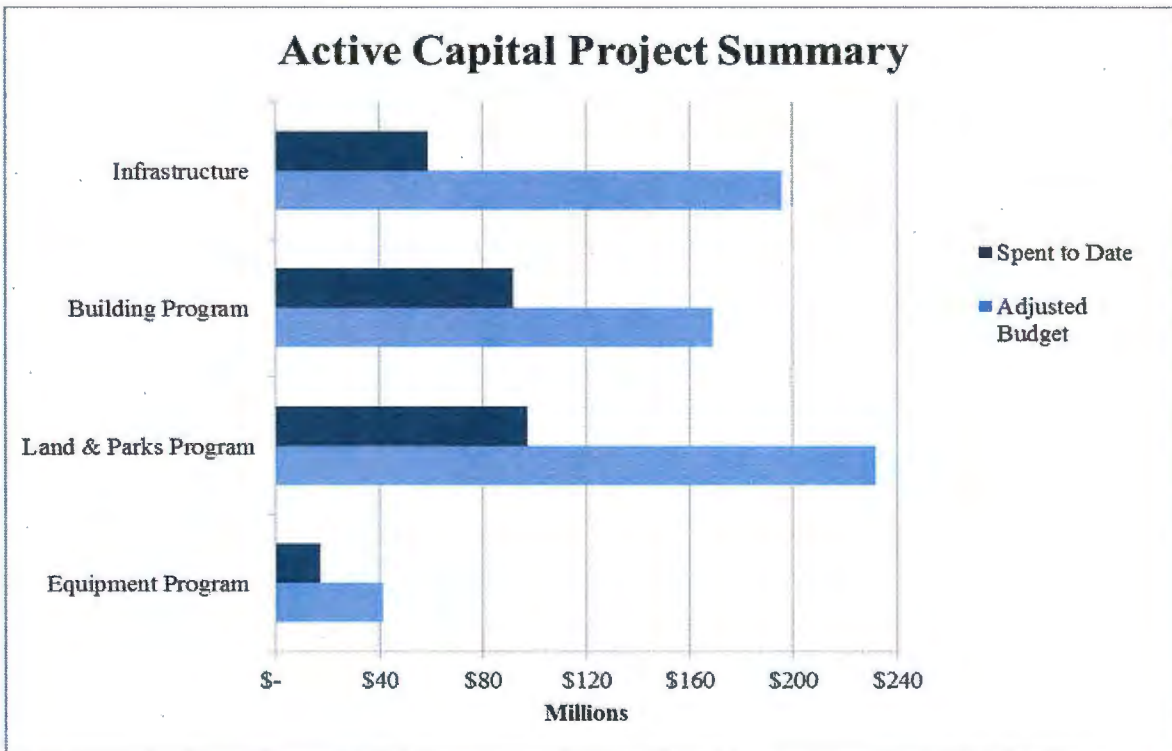
Active Capital Project Summary

Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2017 Capital Budget of \$107.9M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$373.5M.

Table 3: *Statement of Active Capital Project Expenditures- as at March 31, 2017 (in \$000's)*

Program	Adjusted Budget	Spent to date	Committed
Infrastructure	\$196,002	\$58,614	\$137,388
Building Program	168,835	91,608	77,227
Land & Parks Program	231,693	97,113	134,580
Equipment Program	40,974	16,633	24,341
Grand Total	\$637,504	\$263,968	\$373,536

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4. This includes percentage of project completion, which includes administrative staff time.

Active Capital Projects by Sub-Type

The following table summarizes the value of projects by project type.

Table 4: *Active Capital Projects by Sub-Type (in \$000's)*

Project Sub-Type	Adjusted budget	Actuals as at: March 31, 2017	Committed	% Spent
Affordable housing	\$46,356	\$14,614	\$31,742	32%
Art	7,386	4,403	2,983	60%
Building	168,835	91,608	77,227	54%
Childcare	3,887	2,386	1,501	61%
Drainage	61,631	13,164	48,467	21%
Equipment	9,421	5,385	4,036	57%
Information technology	15,998	5,850	10,148	37%
Land	120,574	48,550	72,024	40%
Parks	53,490	27,160	26,330	51%
Public works minor capital	9,778	3,442	6,336	35%
Roads	58,829	26,270	32,559	45%
Sanitary sewer	24,415	3,808	20,607	16%
Transportation	6,296	2,678	3,618	43%
Vehicles	15,555	5,398	10,157	35%
Water	25,053	9,252	15,801	37%
Contingency (grants, etc.)	10,000	-	10,000	0%
Grand Total	\$637,504	\$263,968	\$373,536	41%

Included in the 2017-2021 Financial Plan Bylaw is an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to approved projects.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee.

There were no capital budget reallocations made in the first quarter.

Contributed Assets

Included in the 2017-2021 Financial Plan Bylaw is an estimate of \$31.2M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following donated assets were recorded to the end of the first quarter.

Table 5: *Contributed Assets (in \$000's)*

Contributed Assets	Actuals as at: 2017-03-31
Land Under Roads	\$728
Roads	700
Storm Sewer	278
Street Lighting	113
Watermain	92
Sanitary Sewer	1,122
Total	\$3,033

The \$31.2M budget estimate was based on prior year trends. The contributed assets in 2016, excluding other entities amounted to \$22.8M and in 2015 to \$61.8M.

Investment Portfolio

The City's investment portfolio at March 31, 2017 was \$957.4 million, with an average yield on investment of 1.97%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

Table 6: *Market Interest Rates (for analytical purposes only)*

	March 31, 2017
2 Year Government of Canada Bonds	0.72%
5 Year Government of Canada Bonds	1.07%
10 Year Government of Canada Bonds	1.59%

Source: Bank of Canada

Global economic growth has strengthened for the first quarter of 2017, yet with still considerable uncertainty about the outlook. In the United States, some temporary factors weighed on economic activity in the first quarter but the drivers of growth remain solid. The US is close to full employment, unlike many other advanced economies, including Canada, where material slack remains.

The Bank of Canada once again held its key policy interest rate unchanged at 0.50% during the quarter. At its latest interest rate announcement on April 12, 2017, the Bank of Canada stated that recent gains in inflation are likely to be temporary and that core inflation continues to point to economic slack. Economic growth is anticipated to be moderate, partly reflecting a return to a more sustainable pace of housing activity and credit growth. Population aging and modest productivity growth restrict Canada's longer-term growth potential.

Slower trends in economic growth will also restrain the level of interest rates. Excess capacity is expected to be absorbed slowly, permitting the Bank of Canada to leave rates at their current 0.50% level until late 2018. Even as rates move higher, the overnight rate is anticipated to rise at a modest level of 0.50% a year beginning in year 2019.

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

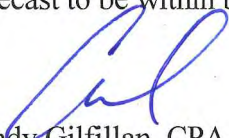
This report provides information on the formal contracts awarded by the City during the 1st quarter. In accordance with Policy 3104, 30 contracts greater than \$75,000 were awarded totalling over \$9.8M (Attachment 6).

Financial Impact

None.

Conclusion

The City of Richmond has begun 2017 on similar notes to that of 2016 with stable economic indicators. The City is maintaining its strong financial position through continued building construction and development activity and revenue collection. Capital projects are on-going and forecast to be within budget. It is expected that these trends will continue throughout 2017.



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

- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Statement of Operations
- Att. 4: Capital Project Highlights
- Att. 5: Investment Portfolio
- Att. 6: Contract Awards > \$75,000

Economic Indicators**March 31, 2017****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2015	2016	Change	2017f*	2018f*
Canada	0.9	1.4	55.6%	1.9	2.0
United States	2.6	1.6	(38.5%)	2.3	2.5
China	6.9	6.7	(2.9%)	6.6	6.2
World	3.4	3.1	(8.8%)	3.5	3.6
2) Interest Rates (at YE)	2015	2016	Change	2017f*	2018f*
Bank of Canada	0.50	0.50	0.0%	0.50	1.25
US FED	0.50	0.75	50.0%	1.50	2.50
3) Exchange Rate	2015	2016	Change	2017f*	2018f*
CAD per \$1 USD	1.38	1.34	(2.9%)	1.38	1.33
<i>*f-forecast</i>					

Regional and Local Market Indicators

4) Unemployment (%)	Q1-2017	Q4-2016	Change	Q1-2016	Change
Canada	6.7	6.9	(2.9%)	7.1	(5.6%)
BC	5.4	5.8	(6.9%)	6.5	(16.9%)
Metro Vancouver	4.7	5.1	(7.8%)	6.4	(26.6%)
5) CPI (2002=100)	Q1-2017	Q4-2016	Change	Q1-2016	Change
Canada	129.9	128.4	1.2%	127.9	1.6%
BC	124.2	122.7	1.2%	121.8	2.0%
Metro Vancouver	126.1	124.7	1.1%	124.0	1.7%
6) Housing Starts (Units)	Q1-2017	Q1-2016	Change		
Starts - Metro Vancouver	5,269	7,081	(25.6%)		
Starts - Richmond	422	648	(34.9%)		
Richmond Residential Sales					
7) Activity	Q1-2017	Q1-2016	Change		
Sales - Detached	298	620	(51.9%)		
Sales - Townhouse	225	309	(27.2%)		
Sales - Apartment	575	651	(11.7%)		
Sales Total/Average Change	1,098	1,580	(30.5%)		
	Q1-2017	Q1-2016	Change		
Average Price - Detached (\$ at QE)	1,925,000	1,820,000	5.8%		
Average Price - Townhouse (\$ at QE)	832,000	685,000	21.5%		
Average Price - Apartment (\$ at QE)	500,000	436,000	14.7%		

Economic Indicators**March 31, 2017****Regional and Local Market Indicators (continued)**

8) Richmond Building Permits	Q1-	Q1-	Change	YTD-	YTD-	Change
	2017	2016		2017	2016	
Building Permits - Residential	232	209	11.0%	232	209	11.0%
Building Permits - Commercial	109	118	(7.6%)	109	118	(7.6%)
Building Permits - Industrial	44	48	(8.3%)	44	48	(8.3%)
Building Permits Total	385	375	2.7%	385	375	2.7%
Construction Value (\$ million)	189.3	235.2	(19.5%)	189.3	235.2	(19.5%)
9) Commercial Space (at QE)	Richmond			Metro Vancouver		
	Q1-	Q1-	Change	Q1-	Q1-	Change
2017	2016	2017		2016		
Office Vacancy (%)	7.6	10.1	(24.8%)	7.2	11.0	(34.5%)
Transit Oriented Office Vacancy (%)	2.3	4.6	(50.0%)	11.2	11.2	0.0%
Office Inventory (000 sf)	4,419	4,470	(1.1%)	57,596	56,955	1.1%
Industrial Vacancy (%)	2.7	3.0	(10.0%)	2.6	3.1	(16.1%)
Industrial Inventory (000 sf)	37,994	37,913	0.2%	203,399	199,559	1.9%
10) Richmond Business Growth	Q1-	Q1-	Change	YTD-	YTD-	Change
	2017	2016		2017	2016	
Total Valid Business Licences	13,242	12,981	2.0%	13,242	12,981	2.0%
New Licences - Number Issued	375	308	21.8%	375	308	21.8%
New Licences - Employees	1,219	884	37.9%	1,219	884	37.9%
New Licences - Office Added (sf)	175,200	63,732	174.9%	175,200	63,732	174.9%
New Licences - Retail Added (sf)	155,789	24,495	536.0%	155,789	24,495	536.0%
New Licences - Industrial Added (sf)	157,346	245,058	(35.8%)	157,346	245,058	(35.8%)
Total Space Added (sf)/Avg. Change	488,335	333,285	46.5%	488,335	333,285	46.5%

Economic Indicators**March 31, 2017****Regional and Local Market Indicators (continued)**

	Q1- 2017	Q1- 2016	Change	YTD- 2017	YTD- 2016	Change
11) Goods & People Movement						
YVR Air Cargo (tonnes)	65,764	60,718	8.3%	65,764	60,718	8.3%
PMV Container Movement (TEUs)	740,240	704,388	5.1%	740,240	704,388	5.1%
YVR Passengers (million)	5.3	5.0	6.0%	5.3	5.0	6.0%
Richmond Hotel Revenue (\$ million)**	24.2	23.5	3.0%	24.2	23.5	3.0%

**Hotel Room Revenue data for Q1 excludes March figures.

Notes:

- a) QE indicates quarter end
- b) YTD indicates year to date

List of Sources:

- 1) International Monetary Fund, *World Economic Outlook, April 2017*
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada
- 4)&5) Statistics Canada
- 6) CMHC
- 7) Real Estate Board of Greater Vancouver
- 8) City of Richmond Building Permits
- 9) Cushman & Wakefield Office and Industrial Market Beat Reports
- 10) City of Richmond Business Licences
- 11) YVR & PMV Monthly Cargo Statistics; YVR monthly statistics; City of Richmond Additional Hotel Room Tax Ledger

Financial and Key Indicators**March 31, 2017**

(All dollar amounts in \$000's)

	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
1) Development Cost Charges						
Contributions						
Roads, Water, Sewer DCC's Received	\$3,525	\$4,821	(26.9%)	\$3,525	\$4,821	(26.9%)
Parks DCC's Received	\$1,679	\$2,333	(28.0%)	\$1,679	\$2,333	(28.0%)
Total DCC Fees Received	\$5,204	\$7,154	(27.3%)	\$5,204	\$7,154	(27.3%)
DCC Reserves to date – Uncommitted	66,253	63,212	4.8%	66,253	63,212	4.8%
2) Uncommitted Reserves						
Capital Funding Reserves	\$120,425	\$109,523	10.0%	\$120,425	\$109,523	10.0%
Utility Reserves	99,080	84,343	17.5%	99,080	84,343	17.5%
Affordable Housing Reserves	\$1,585	\$4,152	(61.8%)	\$1,585	\$4,152	(61.8%)
Other Reserves	\$57,847	\$49,301	17.3%	\$57,847	\$49,301	17.3%
Total Uncommitted Reserves	\$278,937	\$247,319	12.8%	\$278,937	\$247,319	12.8%
3) Taxes to date						
Taxes Collected	\$9,694	\$10,777	(5.7%)	\$9,694	\$10,777	(5.7%)
City Portion of Taxes Collected	\$4,750	\$5,036	(5.7%)	\$4,750	\$5,036	(5.7%)
Unpaid Taxes - Delinquent & Arrears	\$7,812	\$6,853	14.0%	\$7,812	\$6,853	14.0%
No. of Participants on Pre-authorized withdrawal	6,332	6,371	(0.6%)	6,332	6,371	(0.6%)
Pre-authorized withdrawals payments	\$8,312	\$8,145	2.1%	\$8,312	\$8,145	2.1%
Interest rate % paid	0.70%	0.70%	-	0.70%	0.70%	-

Sources: All data is from City of Richmond records

	Q1-2017	Q1-2016	Change
4) Investments			
Total Investments	\$957,422	\$884,478	8.2%
Average City Rate of Return on Investments %	1.97%	1.97%	0%

Financial and Key Indicators**March 31, 2017****Financial and Key Indicators (continued)**

5) Planning and Development				YTD-	YTD-	
	Q1-2017	Q1-2016	Change	2017	2016	Change
Building Permit Fees Collected	\$2,404	\$2,650	(9.3 %)	\$2,404	\$2,650	(9.3 %)
Development Applications Received	40	58	(31.0 %)	40	58	(31.0 %)
Development Applications Fees	\$167	\$375	(55.4%)	\$167	\$375	(55.4%)
6) Business Licences				YTD-	YTD-	
	Q1-2017	Q1-2016	Change	2017	2016	Change
Revenue Received for Current Year Licences	\$1,631	\$1,604	1.7%	\$1,631	\$1,604	1.7%
Revenue Received for Next Year (Deferred)	\$90	\$78	16.0%	\$90	\$78	16.0%
Total Licence Revenue	\$1,721	\$1,682	2.3%	\$1,721	\$1,682	2.3%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues				YTD-	YTD-	
	Q1-2017	Q1-2016	Change	2017	2016	Change
Parking Program Revenue	\$432	\$545	(20.7%)	\$432	\$545	(20.7%)
Gaming Revenue	\$4,008	\$4,596	(12.8%)	\$4,008	\$4,596	(12.8%)
Traffic Fine Revenue to date	n/a	n/a	n/a	n/a	n/a	n/a
8) Employees				Q1-2017	Q1-2016	Change
Full Time Equivalent (FTE) Employees	1,488	1,455	2.3%			
<i>(City and Library)</i>						
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
9) Operating Indicators				YTD-	YTD-	Change
	Q1-2017	Q1-2016	Change	2017	2016	
Fire Rescue Responses	2,818	2,546	10.7%	2,818	2,546	10.7%
RCMP - Calls for Service Handled	15,998	15,999	0.0%	15,998	15,999	0.0%
Public Works calls for Service	4,003	3,353	19.4 %	4,003	3,353	19.4 %

Financial and Key Indicators	March 31, 2017
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Financial and Key Indicators (continued)

10) Affordable Housing	Q1-2017	Q1-2016	Change	YTD-2017	YTD-2016	Change
Subsidized Rental (units)	477	477	0.0%	477	477	0.0%
Affordable Rental (LEMR) (units)	423	320	32.2%	423	320	32.2%
Market Rental (units)	411	411	0.0%	411	411	0.0%
Entry Level Home ownership (units)	19	19	0.0%	19	19	0.0%
Secondary Suite / Coach House (units)	223	165	35.2%	223	165	35.2%
Total Affordable Housing	1,553	1,392	10.4%	1,553	1,392	10.4%
	Q1-2017	Q1-2016	Change			
Floor Space secured, unit mix & other (sq feet) *	119,069	119,069	0.0%			

** 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 * **2016**
218,307
** population figures provided by City of Richmond – Policy Planning*

Notes:

a) All figures presented above are unaudited

Statement of Operations¹

For the Three Month Period Ended March 31, 2017, with comparative figures for 2016
(Expressed in thousands of dollars)

	Budget March 31 2017	Actuals March 31 2017	Actuals March 31 2016
Revenues:			
Taxes and levies	\$51,623	\$49,699	\$47,364
User fees	24,818	23,356	22,611
Sales of services	9,320	10,082	6,896
Payments-in-lieu of taxes	3,465	3,693	2,115
Provincial and federal grants	1,887	1,592	508
Development cost charges	4,733	6,659	6,317
Other capital funding sources	11,007	3,033	2,613
Other revenues:			
Investment income	3,674	4,677	4,607
Gaming revenue	4,522	4,008	4,596
Licences and permits	2,387	4,218	4,426
Other	2,516	7,159	5,940
	119,952	118,176	107,993
Expenses:			
Law and community safety	24,159	21,607	22,151
Engineering, public works and project development	17,043	14,658	12,687
General government	17,993	12,411	12,410
Parks, recreation and community services	15,840	12,402	11,391
Utilities:			
Water supply and distribution	10,315	8,338	8,117
Sewerage collection and disposal	7,693	7,136	7,727
Sanitation and recycling services	3,767	3,251	3,339
Planning and development	3,763	3,036	3,340
Library services	2,438	2,469	2,455
	103,011	85,309	83,617
YTD Surplus (Annual Surplus) ²	16,941	32,867	24,376
Accumulated surplus, beginning of year	2,741,540	2,741,540	2,717,164
Accumulated surplus, end of March 31³	\$2,758,481	\$2,774,407	\$2,741,540

¹ Statement of Operations for City and Library only, does not include Oval or LIEC figures

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.

Capital Highlights**Infrastructure***No 2. Road North Drainage Pump Station Upgrade:*

Approved Budget: \$4.4M (2014) 85% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. Construction is ongoing and completion is scheduled for Q2 2017.

No 2 Road Widening – Steveston Highway to Dyke Road

Approved Budget: \$7.3M (2016) 10% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5M from the Federal Government. The design of the required works is ongoing and construction works are anticipated to be completed for Q4 2018.

Watermain Replacement - Lulu Island North Area:

Approved Budget: \$2.87M (2017) 10% Complete

- This project consists of replacing ageing watermains that are at the end of their service life in the Leslie Road & Brown Road area. Construction by City forces has commenced.

Lansdowne Road Extension – Alderbridge Way to Minoru Boulevard

Approved Budget: \$3.0M (2012) 90% Complete

- This project involves the construction of a new interim vehicle, pedestrian and cycling connection along the Lansdowne corridor from Alderbridge Way to Minoru Boulevard. Construction is ongoing and completion is scheduled for Q2 2017.

Capital Highlights**Buildings***Minoru Major Facility (Integrated Minoru Aquatic Centre/Older Adults Centre):*

Approved Budget: \$79.6M (2014) + \$3.4M Contingency 45% Complete

- On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. The concrete superstructure is complete. Structural steel and glulam has progressed across the majority of the fitness and OAC. Interior steel stud, concrete block wall, electrical and plumbing rough-in are currently underway. Project completion is anticipated in early 2018. The public engagement process is continuing through to project completion.

Fire Hall No. 1:

Approved Budget: \$22.3M (2014) + \$2.1M Contingency 40% Complete

- On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. Majority of the concrete has been completed with only the hose tower remaining. Electrical and plumbing rough-in are underway and structural steel is to begin shortly for level three. Project completion is anticipated by the fall 2017.

Fire Hall No. 3:

Approved Budget: \$20.7M (2005-2009) + \$3.5M Contingency 99% Complete

- On July 23, 2012, Council approved construction of a new Fire Hall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Fire Hall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Fire Hall No. 3 through the 2005 - 2009 Capital Programs. The construction of Fire Hall No. 3 is complete and final deficiency items are underway.

Capital Highlights**Community Services/Parks***Railway Greenway:*

Approved Budget: \$2.9M (2013) 99% Complete

- Greenway path construction is complete between Granville Avenue and Garry Street.
- Installation of benches and receptacles is complete.
- Additional wayfinding signage has been installed and is complete.
- An additional 628 trees and over 15,800 shrubs have been planted adding significantly to Richmond's ecological network.
- A picnic area with tables, benches, and a public art piece is being planned. It will be located south of the Branscombe House and is expected to be in place in May of 2017.
- The City recently got awarded a Canada 150 grant to upgrade the trail on the east side of McCallan Road between Westminster Highway and River Road. Path construction is complete and trees will be planted in the median in Fall 2017.

Garden City Lands Phase 1 and 2:

Approved Budget: \$6.4M (2015, 2016, & 2017) 20% Complete

- The Garden City Lands - Legacy Landscape Plan was completed and endorsed by Council in June 2014. The Legacy Plan provides a vision statement, guiding principles, a land use framework, a concept plan and outlines objectives and actions to guide the development of the Lands. The in-depth study of the site's hydrological and ecological conditions has been completed, which has provided guidance for the refinement of the Legacy Landscape Plan. Further detailed design of water management infrastructure and perimeter trails has been completed and construction of these initial elements began in October of 2016 and will continue through 2017.
- Q1 2017: Perimeter trail construction proceeding along No.4 road and Alderbridge. Work to continue throughout 2017 with the anticipated completion of the perimeter trails, the clay seepage barrier and tree planting commencing this season.

Lang Park Development:

Approved Budget: \$876,000 (2015) 90% Complete

- UCC Contractors were appointed in August 2016 following a successful competitive tender bid in February 2016. ISL is the lead consultant appointed to administer the work.
- Construction commenced in September 2016 and is due to be completed by summer 2017. Works have been delayed by the inclement weather conditions that occurred December through March. The ongoing work involves the installation of a new concrete plaza, seat walls, water feature/fountains, play area, and artwork. Site furniture, receptacles, and lighting will also be upgraded. To date, the contractor has mobilized, installed the majority of the seat wall foundations, prepared the base, and commenced on the play area.

Capital Highlights	Community Services/Parks
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Middle Arm Gateway / Oval West / Hollybridge Pier:

Approved Budget: \$3.6M (2010, 2012, 2015)

70% Complete

Middle Arm Waterfront Park

- Middle Arm Gateway and Oval West Waterfront Park development was completed in 2015.
- Hollybridge Pier Development currently underway and the scope of work includes: RFP for the construction services closed on March 30th, 2017. Evaluations of the bids underway. Applications for the tenure lease of the Crown Province's water lot where the pier will be situated on and the management plans associated with the development have been submitted to FLNRO, DFO, EC, and Diking Authority and approvals anticipated to be received by August 2017. Construction is expected to commence in September 2017, in association with ASPAC's Lot 9 construction.
- Construction work to the dyke and trail is anticipated to be completed by summer 2017. Work to the waterfront park will be undertaken in August 2017.

Cambie City Centre Park (Cambie Mueller):

Approved Budget: \$3.7M (2014, 2016 & 2017)

35% Complete

- Installation of the utilities and services started (storm, water, electrical, and sanitary).
- Application for water service permits submitted.
- The project obtained Tender pre-qualification in December 2016, with 6 Tenderers shortlisted.
- The project has been Tendered in March and 6 bids were returned within the tender timeline.
- Anticipated construction for park development to start during Summer 2017.

Parks Ageing Infrastructure

Approved Budget: \$140,000 (2016)

95% Complete

Included in Minoru Major Facility Integrated Project

- Thompson's lacrosse and tennis courts resurfacing is complete.
- Resurfacing of 6 tennis courts at South Arm Park completed.
- Hugh Boyd, King George, and Richmond High sports fields perimeter fencing repairs and replacement completed.
- Miscellaneous drainage repairs planned for late Spring 2017 (wet weather conditions has delayed start of construction).

Capital Highlights

Community Services/Parks

Minoru Latrace Field High Mast Netting System:

Approved Budget: \$300,000 (2017) 10% Complete

- Design Build RFP process underway for an 80'-0 high x 320'-0 long high mast netting system
- Staff to review options for controlling errant/foul balls from crossing over to other sports fields and to protect spectators and pedestrians.

Playground Improvement:

Approved Budget: \$300,000 (2017) 0% Complete

- Engagement with staff and students at Garden City Elementary School for the new playground will start in Fall 2017. Input received will inform the scope of work to be included in a request for proposals for design-build services for the playground.
- City Park staff will commence design for expansion of the Richmond Nature Park playground late Spring 2017. An RFP for design-build services is expected to be issued early summer 2017. Construction is expected to commence Summer 2017.

Rideau Playground:

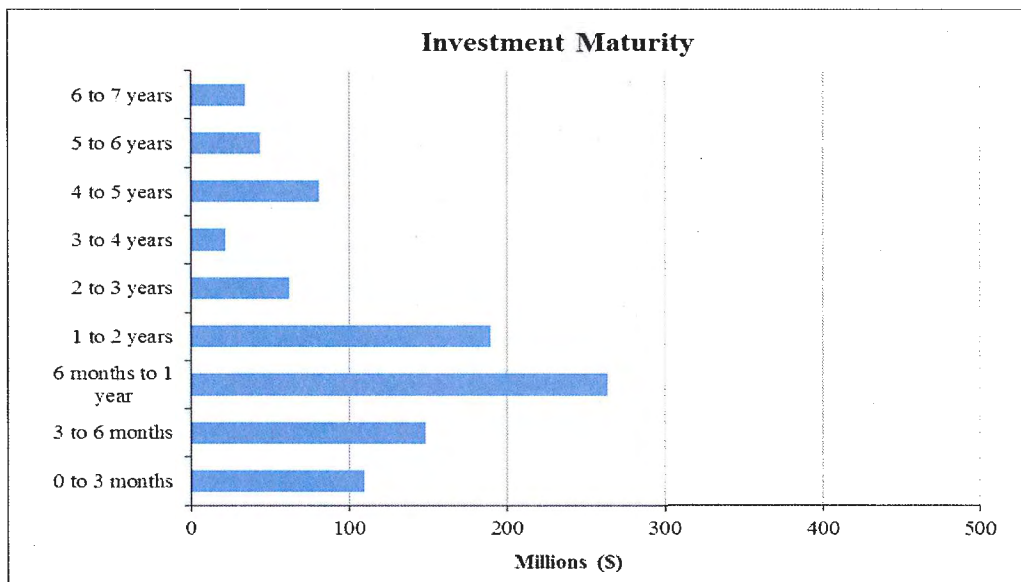
Approved Budget: \$200,000 (2017) 0% Complete

- City Park staff are currently working with the School District to get an agreement in place for the playground.
- A request for proposals for design-build services for the playground is expected to be issued in July 2017, with construction taking place in Fall 2017.

Investment Portfolio

March 31, 2017 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial (Fixed Income)						
	AA (high)	British Columbia	2019	\$ 65,339	6.82%	
	AA (low)	Ontario	2017	62,025	6.48%	
	AA (high)	Alberta	2019	39,745	4.15%	
	A (high)	Quebec	2017	35,367	3.69%	
	A (high)	Manitoba	2018	12,000	1.25%	
		Total		\$ 214,476	22.40%	50%
Chartered Banks (Fixed Income and Deposits)						
	AA	Bank of Nova Scotia	2017-2021	\$ 138,783	14.50%	
	AA	Bank of Montreal	2017	53,461	5.58%	
	AA (low)	National Bank of Canada	2018-2021	55,653	5.81%	
	AA	TD Bank	2016-2021	31,240	3.26%	
	AA	CIBC	2018	43,451	4.54%	
	AA	Royal Bank	2018	53,292	5.57%	
	A (high)	HSBC Bank of Canada	2017	22,331	2.33%	
	A (low)	Canadian Western Bank	2018	24,000	2.51%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	2.09%	
		Total		\$ 442,212	46.19%	50%
BC Credit Unions (Deposits)						
		Blue Shore Financial	2017-2018	\$ 45,000	4.70%	
		Coast Capital Savings	2016-2018	89,346	9.33%	
		Vancity	2017	52,335	5.47%	
		Westminster Savings	2017	20,000	2.09%	
		Gulf and Fraser	2017-2018	49,657	5.19%	
		Total		\$ 256,337	26.77%	30%
Pooled Investments (MFA Bond Fund)						
		MFA Pooled Investment Fund		\$ 44,397	4.64%	5%
Total Investment Portfolio Balance				\$ 957,422	100.00%	



Contract Awards greater than \$75,000

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5996S	Engineering, design, supply and installation of a prefabricated concrete washroom building at the Terra Nova Play Environment	Rectec Industries Inc	\$177,268	Community Services
2	5992F	Supply and Delivery of 2 (two) Automatic Irrigation Slide/Flap Gates	Smith Cameron Process Solutions	\$115,140	Engineering & Public Works
3	5991F	Fire Fighter Candidate Assessment	B. Leiren Associates Inc.	\$102,175	Law & Community Safety
4	5985F	Network Architecture - Consulting Services	Nettraffic Technologies Consulting Inc	\$75,000	Finance & Corporate Services
5	5979S	Annual Software Licence and Support Services for Tempest System	Tempest Development Group Inc	\$108,962	Finance & Corporate Services
6	5977S	TELUS User Collaboration/VoIP POC	Telus Communications Company Ltd	\$121,956	Finance & Corporate Services
7	5971J	South Arm Community Centre - Phase 1 - Roof & HVAC Upgrades	Ventana Construction Corporation	\$829,709	Engineering & Public Works
8	5970Q	Board Replacement at Richmond Ice Centre Gardens Arena	Cascadia Sport Systems	\$81,600	Engineering & Public Works
9	5967J	Watermania - Heating Plant Upgrade and Optimization Phase 2	ICE Development Ltd	\$138,163	Engineering & Public Works
10	5957F	Enhanced Community Participation in Organics Recycling & Related Initiatives	Dillon Consulting Inc	\$94,074	Engineering & Public Works
11	5954J	6100 Woodwards Rd Multi-Family Water Meter Installation	Ashton Service Group	\$135,732	Engineering & Public Works
12	5950S	Cleaning, stabilizing, repair and/or restoration of historical artefacts due to flood at the River Road Artefact Storage Warehouse	Fraser Spafford Ricci Art & Archival Conservation Inc	\$142,840	Community Services
13	5946F	Webs Ax Security System Upgrade	Safe & Sound Security Systems Ltd	\$79,521	Engineering & Public Works

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

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
14	5944S	Project Management Services for Job Order Contracting (JOC) Projects	The Gordian Group	\$225,000	Engineering & Public Works
15	5940F	PeopleSoft 9.2 Upgrade Developer Support	Blackstone Consulting Group Inc	\$82,800	Finance & Corporate Services
16	5932S	Port Agent for Ships to Shore 2017 - Kaiwo Maru - Richmond Canada 150 Celebration	ACGI Shipping Inc.	\$146,066	Community Services
17	5931CM	Buswell Street Gravity Sewer Installation	Stuart Olson Construction Ltd	\$2,830,048	Engineering & Public Works
18	5925S	2017 Software Maintenance Contract Renewal	Open Text Corporation	\$184,810	Finance & Corporate Services
19	5922S	Exhibition Cases for use in Richmond Museum and City Hall Lobby	D Jensen & Associates Ltd	\$180,400	Community Services
20	5919F	Supply and Installation of Key Card Access	Safe & Sound Security Systems Ltd	\$187,240	Engineering & Public Works
21	5910F	Consulting Services for Fitness Renovation at South Arm Community Centre	SHAPE Architecture Inc	\$110,250	Engineering & Public Works
22	5876S	PeopleSoft Licence and Support services	Oracle Canada ULC	\$299,102	Finance & Corporate Services
23	5874P	Consulting Services - West Cambie Neighborhood Park Concept Plan	PWL Partnership Landscape Architects	\$135,042	Community Services
24	5871P	Pavement Data Collection	Englobe	\$110,871	Engineering & Public Works
25	5865EOI	Event Production Services - Ships to Shore Kaiwo Maru Festival	John Donnelly & Associates Event	\$80,000	Community Services

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

January 1st to March 31st 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Department
26	5840P	Provision of Civil Engineering Consulting Services for 2017 Traffic Calming, Multi-Use Pathway, Arterial Roadway and Transit Related Roadway Improvements	Opus International Consultants Ltd.	\$207,031	Engineering & Public Works
27	5839P	Provision of Civil Engineering Consulting Services for 2017 South Dike Upgrades	Opus International Consultants Ltd.	\$244,274	Engineering & Public Works
28	5807Q	Supply and Delivery of 2 (Two) Tandem Axle Cab and Chassis C/W Dump Box and Front Ploughs	Peterbilt Pacific Inc.	\$583,680	Engineering & Public Works
29	5765Q	Janitorial Services - Watermania	GDI Services (Canada) LP	\$90,668	Community Services
30	5732P	Supply and Delivery of 2 Fire Apparatus for RFR	WFR Wholesale Fire & Rescue Ltd.	\$1,945,332	Law & Community Safety