



To: Finance Committee

Date: November 10, 2016

From: Jerry Chong  
Director, Finance

File: 03-0905-01/2016-Vol  
01

Re: Financial Information – 3<sup>rd</sup> Quarter September 30, 2016

**Staff Recommendation**

That the staff report titled, “Financial Information – 3<sup>rd</sup> Quarter September 30, 2016”, dated November 10, 2016 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"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	INITIALS: 	<b>APPROVED BY CAO</b> 

## Staff Report

### Origin

Pre-audited financial information for the 3<sup>rd</sup> quarter ended September 30, 2016 is being provided to the Finance Committee for review. This report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with a gauge of the City's financial results throughout the year and before the annual audited financial statements are presented.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

*Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.*

7.2. *Well-informed and sustainable financial decision making.*

7.3. *Transparent financial decisions that are appropriately communicated to the public.*

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

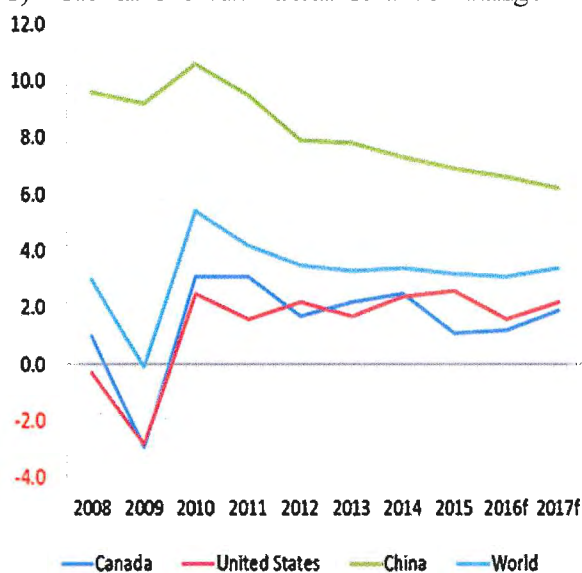
*Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.*

9.1. *Understandable, timely, easily accessible public communication.*

### Analysis

#### Macroeconomic Indicators and Forecast

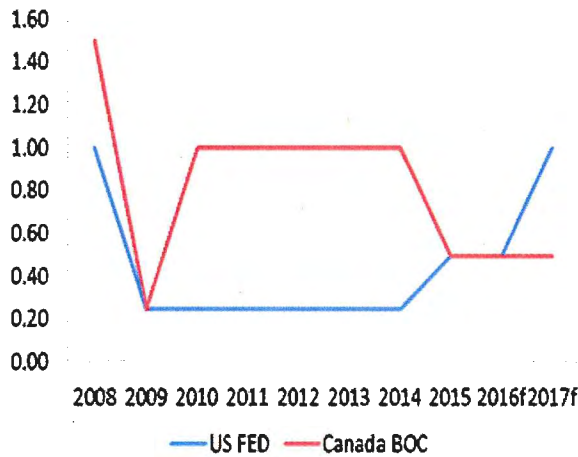
##### 1) Global Growth – Real GDP % Change <sup>1</sup>



- Canada's economic growth is projected at 1.2% for 2016 and 1.9% for 2017. Low business investment, especially in the energy sector, caused a downgraded forecast over last period. Weak export growth is also behind the figures.
- U.S. Gross Domestic Product (GDP) growth projections were also downgraded, by 0.6 and 0.3 of a percentage point for 2016 and 2017, due to lower than predicted growth in the first half of 2016.
- The U.S. economy is expected to grow by 1.6% and 2.2% in 2016 and 2017, aided by rising consumer spending and post-recession labour market recovery.
- No changes were made to China and world growth forecasts.

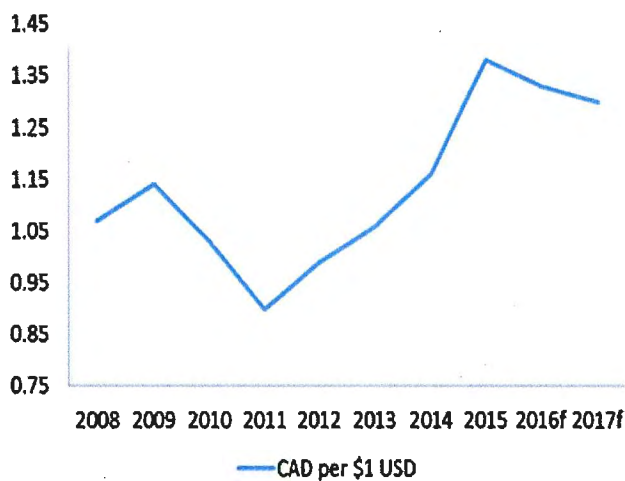
<sup>1</sup> International Monetary Fund, World Economic Outlook 5206270

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End<sup>2</sup>



- Continued below target performance in the Canadian and U.S. economies have resulted in the Bank of Canada and U.S. Federal Reserve (FED) holding overnight lending rates steady, each at 0.5%, waiting on more evidence of continued economic recovery before any upward adjustments are made.
- The Bank of Canada has opted not to further reduce its lending rate to avoid undoing some of the desired cooling in housing market activity.
- There have been no changes in the forecasted overnight lending rates through 2017. The Bank of Canada is expected to maintain a rate of 0.5% in both 2016 and 2017 while the FED rate is anticipated to remain at 0.5% in 2016 with a gradual increase to 1% in 2017.

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



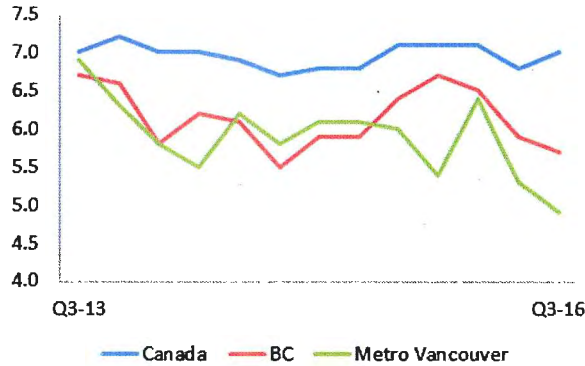
- Reflecting both the Bank of Canada and FED’s current ‘lower for longer’ monetary policies, there have been no changes to the forecasted exchange rate.
- The exchange rate is expected to remain stable over the coming quarters and to close at 1.33 Canadian (CAD) per \$1 US Dollar (USD) in 2016 and 1.30 CAD per \$1 USD in 2017.
- A relatively weaker Canadian dollar will continue to benefit domestic exporters of goods and services, as well as sectors closely associated with exchange rate fluctuations, such as film and tourism.

<sup>2</sup> US Federal Reserve, Bank of Canada and Royal Bank Research

<sup>3</sup> Bank of Canada

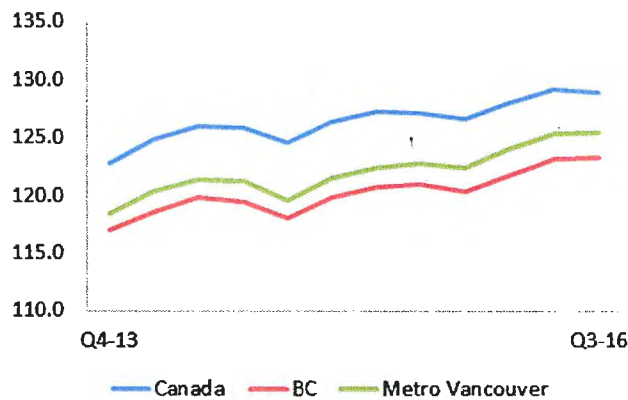
Regional and Local Economic Activity Indicators

4) Unemployment <sup>4</sup>



- Employment gains were realized throughout Metro Vancouver and BC in Q3. The unemployment rate was 4.9% and 5.7%, respectively, at quarter’s end.
- Metro Vancouver saw a larger drop in unemployment than provincial and national averages; the rate was 7.5% lower than at the end of Q2 2016 and 18.3% lower than the same period last year.
- BC continues to have the strongest job creation among Canadian provinces, and at 5.7% is currently considered to be at full employment.
- Although Canada’s unemployment rate, at 7%, increased by 2.9% over Q2 2016, it remained 1.4% lower than at the same time last year.

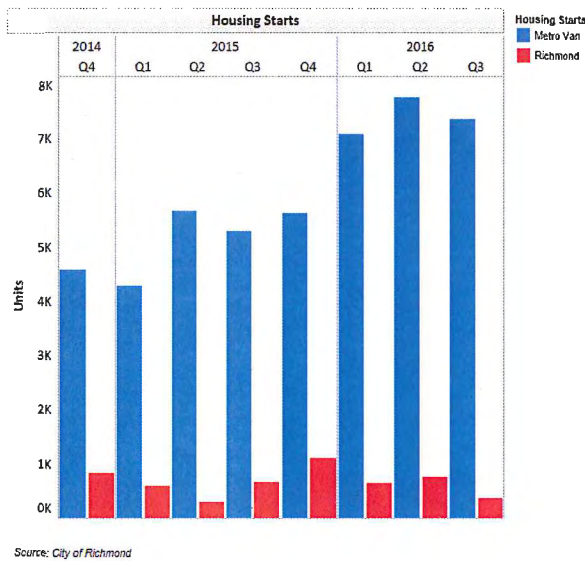
5) Consumer Price Index (CPI – 2002=100) <sup>4</sup>



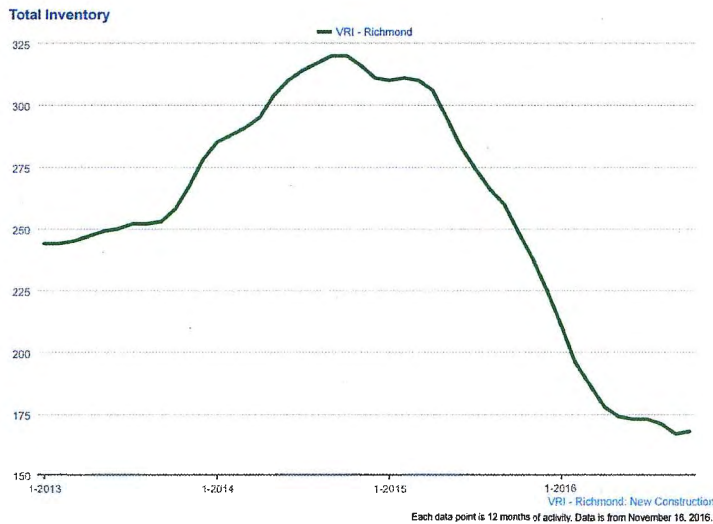
- Bank of Canada monetary policy over the next 5 year period will aim to keep inflation low, stable and predictable at 2%, the midpoint of the control range of 1% to 3%, until the end of 2021.
- At the end of Q3 2016 the consumer price index had increased by 1.3% in Canada over the same period last year. It increased by 1.8% in BC and 2.2% in Metro Vancouver.
- Metro Vancouver continues to see a rate of inflation above that of BC and Canada.

<sup>4</sup> Statistics Canada

6) Housing Starts and New Construction  
 a) Housing Starts<sup>5</sup>



b) New Construction Inventory<sup>6</sup>

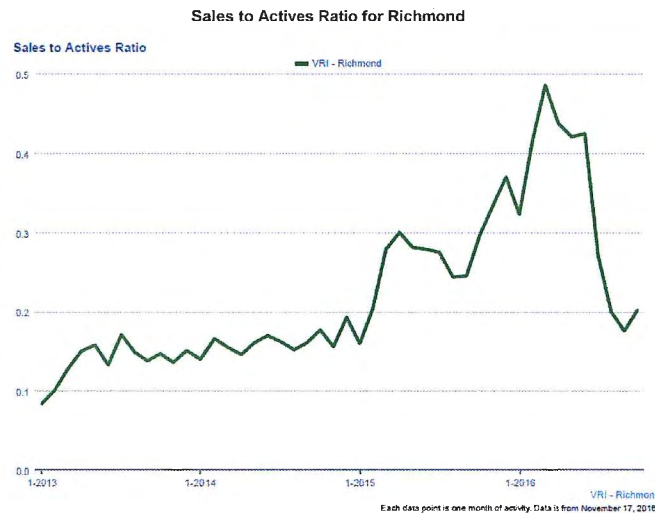
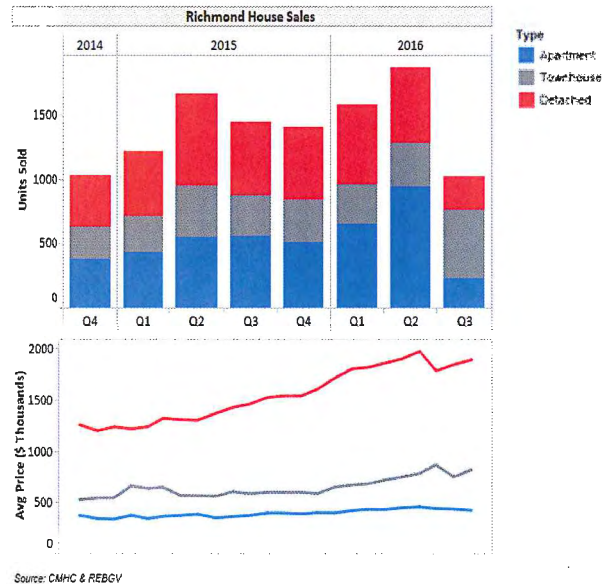


- Metro Vancouver housing starts decreased in Q3 2016 by 5.2% over Q2 2016 but increased 38.9% over the same period last year, despite an easing in real estate sales.
- Richmond housing starts slowed down in Q3 after a historically high surge of new home construction during the spring. There were 364 housing starts recorded, representing a 44.7% decrease over the same period last year and a 51.7% decrease over the previous quarter.
- Year to date figures, however, remain 13.8% higher than over the same period last year. This signals what could be a temporary dip as new building permits are on the uptick.
- The inventory of new construction units is quite low at 167 units at Q3 2016 compared to 260 units at Q3 2015. This signals that the market is not over saturated with available units.

<sup>5</sup> Canadian Mortgage and Housing Corporation

<sup>6</sup> Real Estate Board of Greater Vancouver

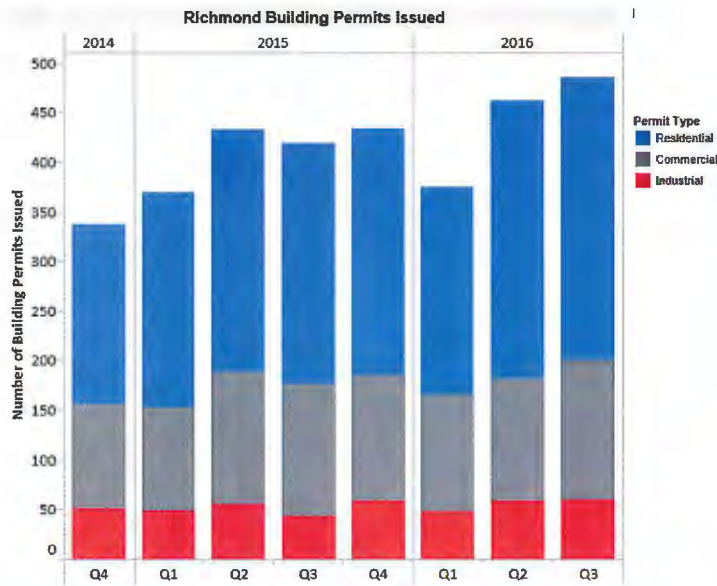
7) House Sales and Prices – Richmond <sup>7</sup>



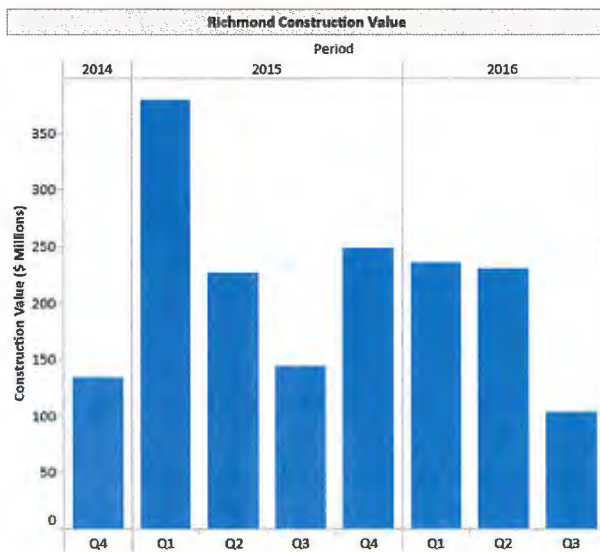
- A 15% foreign home buyer tax introduced in BC at the beginning of August is one of several factors that have contributed to a steep decline in home sales in Richmond and throughout the region. Richmond house sales decreased by 29.1% in Q3 2016 over Q3 2015 and by 45.3% over Q2 2016.
- Other government regulatory interventions, such as stress tests for all insured mortgages, have been introduced to further mitigate potential long-term housing market vulnerabilities.
- Year over year, the sales of detached homes fell by 54.3% while townhouse sales decreased by 26.1%.
- Apartment sales were minimally affected over the mid-term, seeing only a 5% drop in sales over the same period last year. In the short term, however, the decline in sales – at 44% over Q2 2016 - was on par with the other housing categories.
- Though sales figures have decreased significantly over 2015, the current sales to actives ratio has returned to a standard range and represents a balanced market.
- After seeing several consecutive quarters of record growth, the average price of detached homes and apartments in Richmond have tapered over Q2 2016 by 4% and 7%, respectively, to \$1.89 million (M) and \$428,000.
- Townhomes deviate from the trend, increasing in average price over Q2 2016 by 4.6% to \$821,000, as demand for this type of housing stock outpaces supply.
- Despite the recent price stabilization, average prices over the mid- and longer-term have continued to increase year over year. The average price of a Richmond detached home remains 24% above Q3 2015 while apartments are up by 6.7% and townhomes by 36.2%

<sup>7</sup> Real Estate Board of Greater Vancouver

8) Building Permits – Richmond <sup>8</sup>



Source: City of Richmond



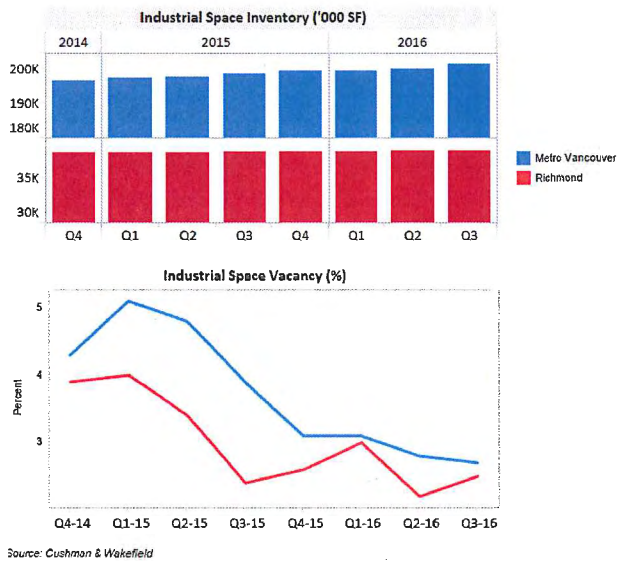
Source: City of Richmond

- The number of building permits issued in Richmond during Q3 2016 increased by 16% over the same period last year, and the year to date figures were also up by 8.3%.
- Commercial building permits increased by 6% over Q3 2015. Year to date figures are also up by 3.2%. This shows an increase over last quarter when year over year figures showed a 7.5% decline.
- The most significant change in building permit activity occurred in the industrial category, where permits issued in Q3 2016 increased by 36.4% over the same period last year.
- Despite declining housing starts in Richmond, an increase in residential building permit activity of 17.8% in Q3 2016 over Q3 2015 signals that builders believe the weakened demand to be temporary.
- The year to date construction value of building permits issued remains down by 24.1% from a record breaking 2015 as the ratio of non-residential projects increases, however, the construction value of building permits at Q3 2016 of \$569.1M is in line with 2013 figures and surpasses the total value for 2014.

<sup>8</sup> City of Richmond Building Permits

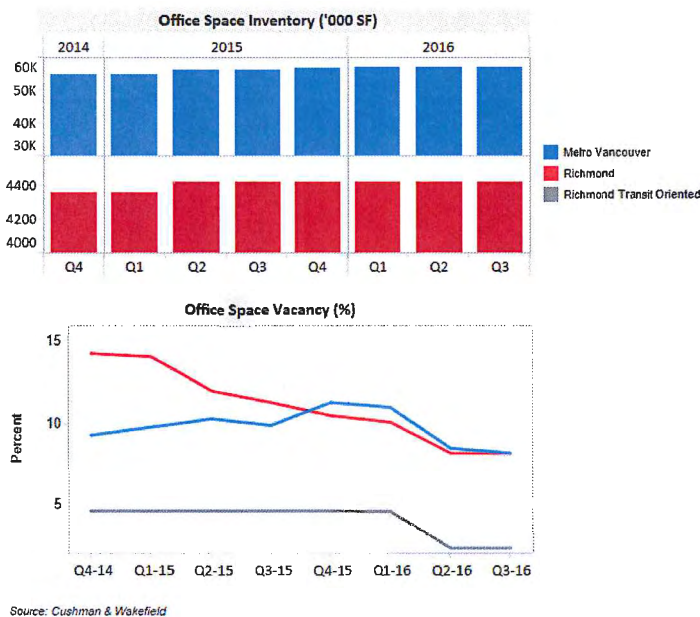
Commercial Space<sup>9</sup>

a) Industrial Space



- 113,000 square feet of new industrial space was added to Richmond’s inventory since Q2 2016, driving the vacancy rate up from 2.2% to what is still extremely low at 2.5%.
- With a region-wide vacancy rate of just 2.7%, Metro Vancouver faces an acute shortage of industrial space and a difficulty in accommodating large users.
- Film productions benefiting from a low Canadian dollar and government incentives, as well as other non-industrial uses (such as recreation) are absorbing a fair amount of space throughout Metro Vancouver.
- Location decisions for other industrial users include flexible zoning to allow non-traditional activities such as e-commerce and multi-storey warehousing, as well as efficient access to major transportation routes.
- Even with new office space being added throughout Metro Vancouver, the overall vacancy rate has dropped a further 0.3 percentage points to 8.2%.
- Richmond’s office vacancy rate is holding steady at its multi-year low of 8.2%, with no new inventory added in the last quarter.
- Demand around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts. At 2.3%, Richmond’s transit-oriented vacancy rate is well below the overall Metro Vancouver rate of 13.6%.

b) Office Space

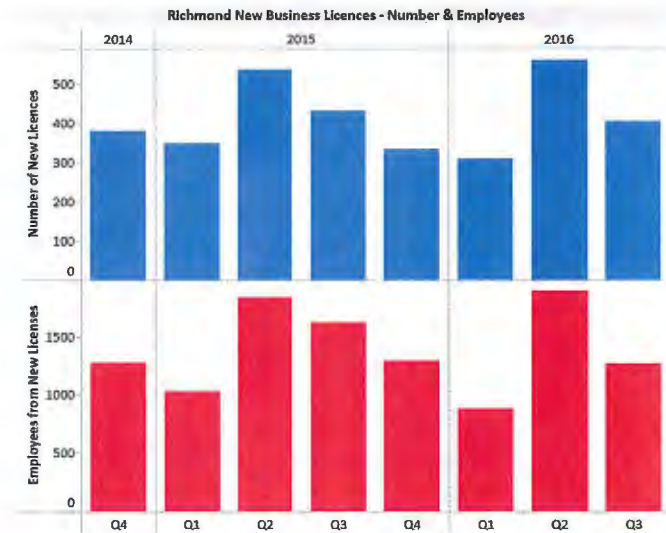


<sup>9</sup> Cushman & Wakefield Office and Industrial Market Beat Reports

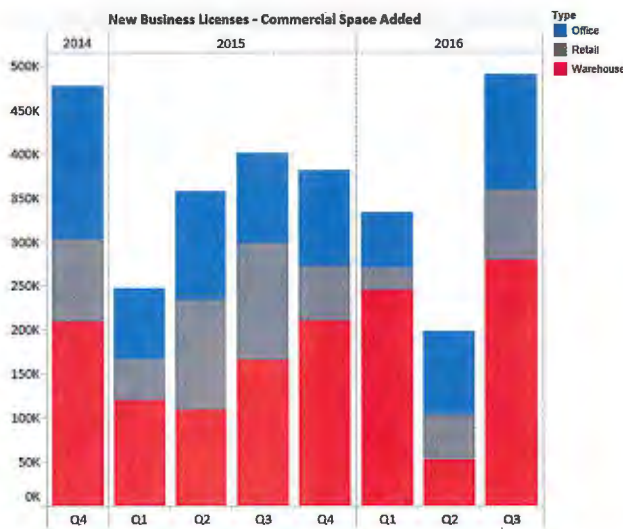


9) Business Growth – Richmond<sup>10</sup>

Total Valid Business Licences and New Business Licences Issued



Source: City of Richmond



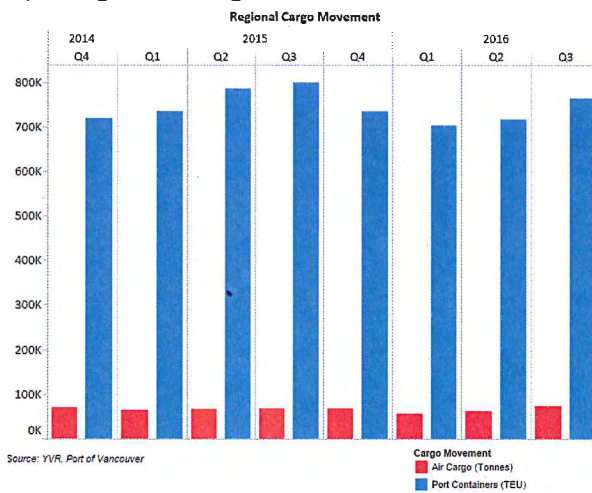
Source: City of Richmond

- The total number of valid business licences to date at the end of the third quarter of 2016 was 13,402.
- Because of continuous business start-ups and closures throughout the year, total annual figures are re-calculated in December of each year. The total number of valid business licences recorded at the end of 2015 was 14,235.
- 403 new City of Richmond business licences were issued in the Q3 2016, down by 6.3% over the same period last year.
- These new businesses attributed the addition of 1,265 local jobs and over 490,554 square feet of commercial space absorption.
- 131,300 square feet of office space was tied to new business licence activity in the Q3 2016 while 80,841 square feet of retail and 278,413 square feet of industrial space were absorbed.
- Year to date commercial space absorption saw a moderate 1.7% increase over the same period in 2015.
- Large warehouse and distribution space continues to be in high demand as Richmond expands its role as a logistics center for regional and export markets.

<sup>10</sup> City of Richmond Business Licence, 2016 represents year-to-date and all other figures represent year-end figures

10) Goods and People Movement

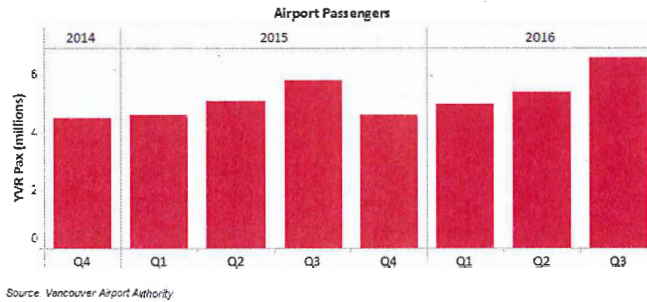
a) Regional Cargo Movement <sup>11</sup>



- Air cargo handled at the Vancouver International Airport increased by 8.6% in Q3 2016 over the same period last year, helping close the gap in year-to-date figures, which are now down 3% compared to the 9% drop recorded at the end of the last quarter.
- Container movement at the Port of Vancouver dropped by 4.3% over the same period last year. This is the third consecutive period that saw a decline in port activity.
- A softened global economy, and a shifting back of some containerized cargo to U.S. ports following an extended labour disruption are contributing factors.
- Local cargo activity reflects a slowing down of global trade overall that is due to increasing political uncertainty and a tightening of trade liberalization policy.

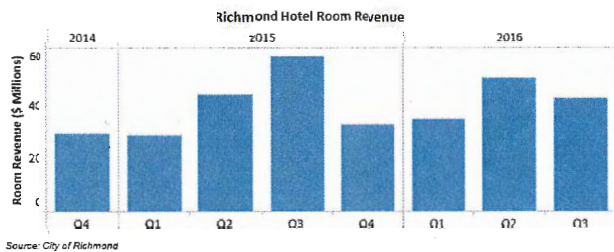
<sup>11</sup> YVR & PMV Monthly Cargo Statistics

b) Airport Passengers <sup>12</sup>



- Vancouver International Airport (YVR) experienced a record breaking year in 2015, surpassing 20 million annual passengers for the first time, with an overall volume growth of 3.6% year over year.
- This growth trajectory continues in 2016, as Q3 registered a 13.8% growth in passengers over Q3 2015. Year to date passenger numbers are up by nearly 10%.
- New international airlines and routes are leading this growth. Recent service has been added to Brisbane (Australia), Dublin (Ireland), Xiamen (China) and New Delhi (India).

c) Richmond Hotel Room Revenue <sup>13</sup>



- The tourism industry continues to benefit from a weaker Canadian dollar and has so far climbed by 11.3% year-to-date over 2015, as measured by total room revenue for Richmond hotels.
- \$43.1 million dollars of hotel room revenue was earned in Richmond during the first two months of Q3 2016.
- At 82%, hotel occupancy rates in Richmond are the highest in B.C. and continue to be among the highest in Canada. The YTD occupancy rate for Richmond accommodation providers grew by 2.2% over the same period last year

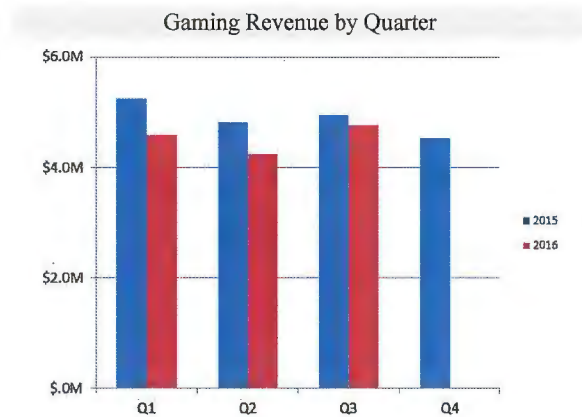
*\*September 2016 hotel room revenue figures are not yet available; Q3 data for 2016 includes July and August only.*

<sup>12</sup> YVR Monthly Statistics

<sup>13</sup> City of Richmond Additional Hotel Room Tax Ledger; revenue reverse calculated based on AHRT receipts representing 2% of total hotel room revenue; AHRT remittances and payments to Richmond presented up to a 2 month lag, Q3 2016 includes amounts up to August only.

## 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 fees payable by BC Lottery Corporation (BCLC) to the service provider and BCLC's administrative and operating costs.



- The City's gaming revenue for Q3 2016 was down 3.6% at \$4.77M compared to \$4.95M in Q3 2015.
- However, the City's gaming revenue for Q3 2016 increased by 12.5% compared to the previous quarter Q2 2016 from \$4.24M to \$4.77M.

River Rock's gaming revenues decreased by 5% in Q3 2016 compared to Q3 2015 mainly due to a decrease in high limit play volume.<sup>14</sup>

In the third quarter 2015, BCLC introduced conditions for certain VIP players that include a requirement to demonstrate the source of funds used to purchase gaming chips. It is believed that this has led to a reduction in size of buy-ins by some high value players.

At the March 23, 2015 Council meeting, a revised gaming allocation model was approved effective January 1, 2016. The distribution of these funds is detailed in Table 1, with any surplus revenue transferred towards the major capital community facility program (Capital Building and Infrastructure Reserve).

Table 1: Distribution of the 2016 gaming revenue allocation

	Distribution	2016 Budget
General capital reserves	30%	\$5.4M
Financing costs (Minoru complex)	Fixed	5.0M
Major capital community facility replacement	Remainder	3.9M
Allocation for all grants	15%	2.7M
RCMP four officers	Four Officers	0.7M
Council Community Initiatives account	2%	0.4M
<b>Total</b>		<b>\$18.1M</b>

At the end of September 30, 2016, the City is on target and has received \$13.6M or 75% of the annual budget. At the end of the year, any surplus or shortfall compared to budget will be added or reduced from the \$3.9M allocation to the major capital community facility replacement program.

<sup>14</sup> Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month and Six Month Periods Ended September 30, 2016

Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2016 and projected results for December 31, 2016. 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, 2016 to September 30, 2016 (in \$000's)*

NET Operational activity*	For the period January 1 – September 30, 2016			Projected 2016 results			
	Q3 YTD Net Budget	Q3 YTD Actuals	Q3 YTD Variance (\$)	Q4 Projected Net Results	Equity Transactions	2016 Appropriations	2016 Project Surplus (Deficit)
Community services	\$31,588	\$28,308	\$3,280	3,437	(\$1,842)	(\$721)	\$874
Corporate administration	7,072	6,623	449	722	(21)	-	701
Engineering, public works and project development	14,961	9,927	5,034	5,796	(1,910)	(3,506)	380
Finance and corporate services	13,883	11,205	2,678	3,286	(1,039)	(1,761)	486
Fire-rescue	24,865	24,693	172	332	93	-	425
Law and community safety	3,072	1,976	1,096	1,231	(312)	-	919
Library	5,451	5,280	171	194	(194)	-	-
Planning and development	4,161	623	3,538	2,528	(249)	-	2,279
Policing	33,947	30,525	3,422	2,153	(1,402)	-	751
Fiscal	(102,194)	(112,302)	10,108	3,528	(3,243)	-	285
<b>Total Operating</b>	<b>\$36,806</b>	<b>\$6,858</b>	<b>\$29,948</b>	<b>\$23,207</b>	<b>(10,119)</b>	<b>(\$5,988)</b>	<b>\$7,100</b>
Water utility	(6,342)	(6,107)	(235)	777	(777)	-	-
Sanitary utility	(3,614)	(3,691)	77	182	(182)	-	-
Sanitation and recycling utility	(233)	(719)	486	659	(659)	-	-
<b>Total Utilities</b>	<b>(\$10,189)</b>	<b>(\$10,517)</b>	<b>\$328</b>	<b>\$1,618</b>	<b>(\$1,618)</b>	<b>\$ -</b>	<b>\$ -</b>

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

The Q4 projected net results represent the net revenue and expense by Division/Department before any capital related transactions, equity transactions or 2016 appropriations.

Equity transactions include items transferred to or from equity as part of the approved budget, one-time expenditures or previous year carry forward amounts. These amounts are not classified as expenses under accounting standards as they represent changes to accumulated surplus, however, this presentation is consistent with the balanced budget presentation of the operating budget and is used to calculate overall operating surplus or deficit.

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2016 Budget:

- Community Services' favourable variance is due to higher than expected facility revenues, vacancy gapping and unspent one-time project funding which will be carried forward into 2017. The favourable revenue and operational savings in recreation will be used towards the funding of the major facilities Operational Budget Impact phase-in.
- Corporate Administration's favourable variance is due to unfilled vacant positions.
- The Engineering and Public Works Q3 variance can be attributed to the timing of preventative maintenance and programs that were initiated in the earlier part of the year and will continue into Q4 and 2017.

Anticipated appropriations at year end include: \$1.13M for project development for ongoing projects expected to be completed in 2017. \$420,000 is appropriated relating to Major Roads Network and \$227,000 for snow and ice control. \$705,000 of Fleet surplus will be transferred to the Equipment Reserve consistent with Council policy. \$109,000 is appropriated for Alexandra District Energy Utility. \$915,000 is appropriated from Engineering and Public Works for service fees relating to Lulu Island Energy Company.

- Finance and Corporate Services' variance in Q3 is mainly due to salary savings due to vacancies, favourable business licence revenue and IT contract savings. \$300,000 is appropriated for workforce management planning, \$194,000 for temporary full-time hiring in Administration and Compliance, \$120,000 for the Tempest Upgrade and Web Services Integration, \$500,000 for rental building repair and maintenance, \$80,000 for financial system contract works, \$217,000 for PeopleSoft payroll HCM and licence fees and \$350,000 for future post employment liabilities.
- Richmond Fire-Rescue projects a favourable variance of \$425,000 at year end mainly due to higher than anticipated revenues.
- Law and Community Safety's expected surplus is mainly due higher revenues in Bylaws and unfilled vacant positions.
- The Library's favourable variance at Q3 is due to savings from salaries as in anticipation of a revenue shortfall and to provide for unforeseen Launchpad project expenses. A surplus of \$194,000 is anticipated at year end, however, this amount is not included in the City's surplus.
- Planning and Development's favourable variance is from building permit revenue. Although there is a decrease in the construction value of building activity compared to 2015 which was an exceptionally high year, 2016 building activity has remained strong. Building permit revenue is recognized as earned and therefore the projected surplus includes an estimate of the amount that is earned in 2016 from amounts collected from previous years, offset by an estimate for the building permits received in 2016 that will be earned in future years.

The Development Applications Department has realized slightly higher than budgeted development application revenue as of Q3 of 2016. The total number of development applications submitted to the City year to date is in keeping with anticipated application volumes. It is anticipated the development activity and revenues will continue to be stable through the 4th quarter. Based on prior year trends and current conditions in processing development applications, it is projected that the department will end the year with a modest revenue surplus.

- Policing is projected to have an annual surplus due to the time required to recruit and staff the 12 additional officers. These officers have been approved by the federal and provincial governments and the detachment has received a portion of the officers.
- Fiscal is projected to have a surplus of \$285,000 at the end of the year.
- Water utility's Q3 deficit is due to water purchases being slightly higher than the allocated budget, however as historic trends show, this will stabilize by year end and any surplus will be transferred to the Water Levy Stabilization Provision.
- Sanitary sewer utility's variance is mainly due to reduced maintenance costs, any surplus at year end will be transferred to the sewer levy stabilization provision.
- Sanitation and recycling utility's surplus is mainly due to Multi Material BC revenues and lower waste management and processing fees. The surplus will be transferred to the general solid waste and recycling provision.

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 nine month period ended September 30, 2016, with comparative figures for 2015 is included in Attachment 3.

Active Capital Project Summary

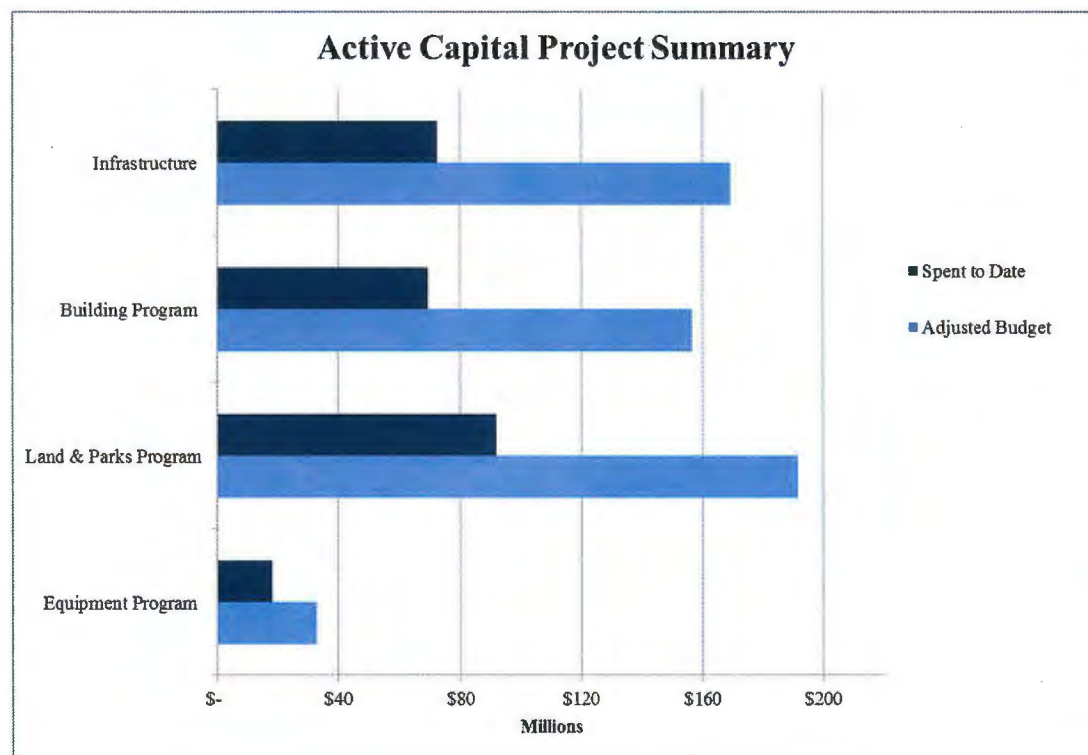
Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2016 Capital Budget of \$102.8M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$298.4M as at September 30, 2016.

Table 3: *Statement of Active Capital Project Expenditures - to September 30, 2016 (in \$000's)*

Program	Budget	Spent to date	Committed
Infrastructure	\$169,392	\$72,336	\$97,056
Land & Parks Program	191,614	92,051	99,563
Building Program	156,426	69,312	87,114
Equipment Program	32,915	18,206	14,709
<b>Grand Total</b>	<b>\$550,347</b>	<b>\$251,905</b>	<b>\$298,442</b>

The active capital projects figures include all projects that were active as of September 30, 2016.

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4.



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	Amended/ adjusted budget	Actuals as at: 2016- 09-30	Committed	% Spent
Affordable housing	\$35,436	\$14,110	\$21,326	40%
Art	6,775	4,246	2,529	63%
Building	156,426	69,312	87,114	44%
Childcare	3,767	2,322	1,445	62%
District Energy	20,400	17,529	2,871	86%
Drainage	31,207	9,571	21,636	31%
Equipment	7,944	4,956	2,988	62%
Information technology	9,866	4,286	5,580	43%
Land	99,587	45,305	54,282	45%
Parks	46,049	26,068	19,981	57%
Public works minor capital	7,249	3,028	4,221	42%
Roads	51,331	23,252	28,079	45%
Sanitary sewer	19,242	2,738	16,504	14%
Transportation	4,522	2,886	1,636	64%
Vehicles	15,105	8,964	6,141	59%
Water	25,603	13,332	12,271	52%
Contingency (grants, etc.)	9,838	-	9,838	0%
<b>Grand Total</b>	<b>\$550,347</b>	<b>\$251,905</b>	<b>\$298,442</b>	<b>46%</b>

Included in the 2016-2020 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. Refer to Table 5 for transfer details of the contingency estimate change.

The above information represents several projects in each sub-type, details for which can be provided as requested.

Capital Budget Reallocations

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

All of the reallocations were within the limits set out in Policy 3001. The following reallocations from within existing approved projects occurred during the third quarter:

- \$6,000 transfer from the operating budget for the Anderson Room Improvements project.
- \$1.0M transfer from the Horseshoe Slough Pump Station Rebuild project to the Dike Upgrades project.

- \$850,000 from the No. 7 Road South Pump Station project to the No. 2 Road South Pump Station Upgrade project in the amount of \$437,000 and \$413,000 towards the Shell Road North Pump Station Upgrade project.
- \$100,000 from the Contingent Capital Grants project to the Project Development Advanced Design to recognize external contributions.

### Contributed Assets

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$55M 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 transferred assets were recorded to the end of the quarter September 30, 2016:

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

Contributed assets	2016 YTD
Land Under Roads	\$6,167
Roads	4,187
Storm Sewer	2,240
Street Lighting	1,022
Traffic Signals	758
Sanitary Sewer	752
Watermain	645
<b>Total</b>	<b>\$15,771</b>

### Investment Portfolio

The City's investment portfolio at September 30, 2016 was \$989.8M, with an average yield on investment of 2.01%. 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).

The balance of the City's investment portfolio is comprised of funds from uncommitted reserves, unspent capital funds relating to the timing of project implementation, deposits, development cost charges and other sources.

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

	September 30, 2016
2 Year Government of Canada Bonds	0.51%
5 Year Government of Canada Bonds	0.59%
10 Year Government of Canada Bonds	0.98%

Source: Bank of Canada

The latest GDP data suggests that Canadian growth resumed to normal in Q3 2016 after the pullback in the economic activity due to the Fort McMurray wildfire in May 2016.

Exports are improving but have not recovered the ground lost during the first half of 2016 despite the effects of the depreciated Canadian dollar. Growth in exports over the next two years are projected to be slower than previously forecast due to lower estimates of global demand, a composition of US growth that appears less favourable to Canadian exports and ongoing challenges for Canadian companies.

A speech delivered by Bank of Canada Governor Stephen Poloz highlighted that the lower pace economic growth in Canada is the key driver in the current low interest rate environment. The slow productivity growth indicates that the Canadian economy will continue on at a moderate space in the coming years. The Bank of Canada is not expected to change its monetary policy on interest rates until early 2019. The Bank of Canada maintained the overnight rate at 0.50% during its recent interest rate announcement on October 19, 2016.

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

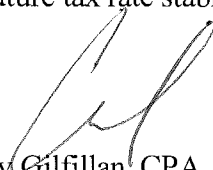
This report provides information on the formal contracts awarded by the City during Q3 2016. In accordance with Policy 3104, contracts greater than \$75,000 are being reported to the Finance Committee. During the period of July 1, 2016 to September 30, 2016, 23 contracts greater than \$75,000 were awarded totalling over \$39.1M (Attachment 6).

#### **Financial Impact**

None.

## Conclusion

The City of Richmond has maintained its strong financial position through the third quarter of 2016. Building construction and development activity is exceeding budget and revenue collection and business activity remains steady. It is expected that these positive trends will continue through the last three months of the year. The forecast surplus at the end of the third quarter is \$7.1M and following the year-end audit, the finalized surplus will be placed in the Rate Stabilization Account for future tax rate stabilization or one time expenditures as authorised by Council.



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

**Economic Indicators**

September 30, 2016

**Macroeconomic Indicators & Forecast**

	2014	2015	2016f	2015/2016f Change	2017f
<b>1) Real GDP - % Change</b>					
Canada	2.5	1.1	1.2	8.3%	1.9
United States	2.4	2.6	1.6	(62.5%)	2.2
China	7.3	6.9	6.6	(4.5%)	6.2
World	3.4	3.2	3.1	(3.2%)	3.4
<b>2) Interest Rates</b>					
Bank of Canada	1.00	0.50	0.50	-	0.50
US FED	0.25	0.50	0.50	-	1.00
<b>3) Exchange Rate</b>					
CAD per \$1 USD	1.16	1.38	1.33	(4.3%)	1.30
f-forecast					

**Regional and Local Market Indicators**

<b>4) Unemployment (%)</b>	<b>Q3-2016</b>	<b>Q2-2016</b>	<b>Change</b>	<b>Q3-2015</b>	<b>Change</b>	
Canada	7.0	6.8	2.9%	7.1	(1.4%)	
BC	5.7	5.9	(3.4%)	6.4	(10.9%)	
Metro Vancouver	4.9	5.3	(7.5%)	6.0	(18.3%)	
<b>5) CPI (2002=100)</b>	<b>Q3-2016</b>	<b>Q2-2016</b>	<b>Change</b>	<b>Q3-2015</b>	<b>Change</b>	
Canada	128.8	129.9	(0.2%)	127.1	1.3%	
BC	123.2	123.1	0.1%	121.0	1.8%	
Metro Vancouver	125.4	125.3	0.1%	122.7	2.2%	
<b>6) Housing Starts (Units)</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Starts - Metro Vancouver	7,358	5,298	38.9%	22,198	15,236	45.7%
Starts - Richmond	364	658	(44.7%)	1,765	1,551	13.8%
<b>7) Richmond Residential Activity</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Sales - Detached	263	575	(54.3%)	1,475	1,804	(18.2%)
Sales - Townhouse	229	310	(26.1%)	873	984	(11.3%)
Sales - Apartment	532	560	(5.0%)	2,129	1,546	37.7%
<b>Sales Total/Average Change</b>	<b>1,024</b>	<b>1,445</b>	<b>(29.1%)</b>	<b>4,477</b>	<b>4,334</b>	<b>3.3%</b>
	<b>Q3-2016</b>	<b>Q2-2016</b>	<b>Change</b>	<b>Q3-2015</b>	<b>Change</b>	
Average Price - Detached (\$ at QE)	1,894,000	1,977,000	(4.2%)	1,527,000	24.0%	
Average Price - Townhouse (\$ at QE)	821,000	785,000	4.6%	603,000	36.2%	
Average Price - Apartment (\$ at QE)	428,000	460,000	(7.0%)	401,000	6.7%	

**Economic Indicators****September 30, 2016****Regional and Local Market Indicators (continued)**

<b>8)</b>	<b>Richmond Building Permits</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
	Building Permits - Residential	285	242	17.8%	774	703	10.1%
	Building Permits - Commercial	141	133	6.0%	382	370	3.2%
	Building Permits - Industrial	60	44	36.4%	167	167	12.1%
	<b>Building Permits Total</b>	<b>486</b>	<b>419</b>	<b>16.0%</b>	<b>1,323</b>	<b>1,222</b>	<b>8.3%</b>
	<b>Construction Value (\$ million)</b>	<b>103.5</b>	<b>143.8</b>	<b>(28.0%)</b>	<b>569.1</b>	<b>749.5</b>	<b>(24.1%)</b>
<b>9)</b>	<b>Commercial Space (at QE)</b>		<b>Richmond</b>		<b>Metro Vancouver</b>		
		<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>
	Office Vacancy (%)	8.2	11.3	(27.4%)	8.2	9.9	(17.2%)
	Transit Oriented Office Vacancy (%)	2.3	4.6	(50.0%)	13.6	11.2	21.4%
	Office Inventory (000 sf)	4,419	4,418	0.0%	57,003	56,104	1.6%
	Industrial Vacancy (%)	2.5	2.4	4.2%	2.7	3.9	(30.8%)
	Industrial Inventory (000 sf)	38,107	37,913	0.5%	201,413	198,608	1.4%
<b>10)</b>	<b>Richmond Business Growth</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
	Total Valid Business Licences (YTD)	n/a	n/a	n/a	13,402	13,509	(0.8%)
	New Licences - Number Issued	403	430	(6.3%)	1,272	1,313	(3.1%)
	New Licences - Employees	1,265	1,625	(22.2%)	4,038	4,484	(9.9%)
	New Licences - Office Added (sf)	131,300	102,411	(28.2%)	290,187	306,615	(5.4%)
	New Licences - Retail Added (sf)	80,841	132,862	(39.2%)	156,779	303,840	(48.4%)
	New Licences - Industrial Added (sf)	278,413	165,631	68.1%	575,367	394,998	45.7%
	<b>Total Space Added (sf)/Avg. Change</b>	<b>490,554</b>	<b>400,904</b>	<b>(22.4%)</b>	<b>1,022,333</b>	<b>1,005,453</b>	<b>1.7%</b>
<b>11)</b>	<b>Goods &amp; People Movement</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
	YVR Air Cargo (tonnes)	74,367	68,504	8.6%	193,484	199,453	(3.0%)
	PMV Container Movement (TEUs)	764,113	798,473	(4.3%)	2,185,957	2,318,767	(5.7%)
	YVR Passengers (million)	6.6	5.8	13.8%	17.0	15.5	9.7%
	Richmond Hotel Revenue (\$ million)*	n/a	n/a	n/a	129.0	115.9	11.3%

\* - Hotel Revenue available to August 2016

Notes: *QE indicates quarter end, YTD indicated year to date***List of Sources:**

- 1) International Monetary Fund, World Economic Outlook
- 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  
City of Richmond Additional Hotel Room Tax Ledger

**Financial Indicators****September 30, 2016**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges Contributions</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Roads, Water, Sewer DCC's Received	\$2,866	\$4,039	(29.0%)	\$9,716	\$16,326	(40.5%)
Parks DCC's Received	\$1,489	\$4,338	(65.7%)	\$6,043	\$20,105	(69.9%)
<b>Total DCC Fees Received</b>	<b>\$4,355</b>	<b>\$8,377</b>	<b>(48.0%)</b>	<b>\$15,759</b>	<b>\$36,431</b>	<b>(56.7%)</b>
DCC Reserves to date – Uncommitted	\$72,533	\$70,630	2.7%	\$72,533	\$70,630	2.7%
<b>2) Uncommitted Reserves</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>			
Capital Funding Reserves	\$111,610	\$99,069	12.7%			
Utility Reserves	\$92,041	\$81,509	12.9%			
Affordable Housing Reserves	\$4,652	\$1,947	138.9%			
Other Reserves	\$53,563	\$61,353	(12.7%)			
<b>Total Uncommitted Reserves</b>	<b>\$261,867</b>	<b>\$243,877</b>	<b>7.4%</b>			
<b>3) Taxes to date</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Taxes Collected	\$142,026	\$156,819	(9.4%)	\$382,388	\$378,552	1.0%
City Portion of Taxes Collected	\$69,593	\$76,841	(9.4%)	\$187,370	\$185,476	1.0%
Unpaid Taxes - Delinquent & Arrears	\$2,060	\$2,297	(10.3%)	\$2,060	\$2,297	(10.3%)
No. of Participants on Pre-authorized withdrawal	6,384	6,505	(1.9%)	6,384	6,505	(1.9%)
Pre-authorized withdrawals payments	\$5,518	\$5,549	(0.6%)	\$19,151	\$18,818	1.8%
Interest rate % paid	0.70%	0.85%	(0.18)	0.70%	0.85%	(0.18)
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Investments</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>			
Total Investments	\$989,822	\$929,214	6.5%			
Average City Rate of Return on Investments %	2.01%	1.99%	1.0%			
<b>5) Planning and Development</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Building Permit Fees Collected	\$1,531	\$1,888	(11.1%)	\$6,775	\$8,391	(17.5%)
Development Applications Received	68	67	1.5%	191	196	(2.6%)
Development Applications Fees	\$390	\$309	29.3%	\$1,033	\$894	16.5%
<b>6) Business Licences</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Revenue Received for Current Year Licences	\$714	\$693	3.0%	\$3,359	\$3,318	1.2%
Revenue Received for Next Year (Deferred)	\$395	\$369	7.1%	\$691	\$645	7.2%
<b>Total Licence Revenue</b>	<b>\$1,110</b>	<b>\$1,062</b>	<b>4.4%</b>	<b>\$4,050</b>	<b>\$3,962</b>	<b>2.2%</b>
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
<b>7) Other Revenues</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD-2016</b>	<b>YTD-2015</b>	<b>Change</b>
Parking Program Revenue	\$559	\$580	(3.5%)	\$1,672	\$1,583	5.6%
Gaming Revenue	\$4,770	\$4,951	(3.6%)	\$13,608	\$15,023	(9.4%)
Traffic Fine Revenue to date	\$0	\$0	0%	\$2,182	\$2,227	(2.0%)

**Notes:***All figures presented above are unaudited*

**Key Indicators****September 30, 2016**

<b>8) Employees</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>			
Full Time Equivalent (FTE) Employees (City and Library)	1,468	1,499	(2.0%)			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.</i>						
<b>9) Operating Indicators</b>	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>	<b>YTD 2016</b>	<b>YTD 2015</b>	<b>Change</b>
Fire Rescue Responses	2,763	2,742	0.8%	8,049	7,680	4.8%
RCMP - Calls for Service Handled	18,820	17,922	5.0%	53,242	50,972	4.5%
Public Works calls for Service	3,924	3,806	3.1%	11,260	10,361	8.7%
<b>10) Affordable Housing</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>			
Subsidized Rental (units)	477	477	0.0%			
Affordable Rental (LEMR) (units)	350	311	12.5%			
Market Rental (units)	411	411	0.0%			
Entry Level Home ownership (units)	19	19	0.0%			
Secondary Suite / Coach House (units)	186	159	17.0%			
<b>Total Affordable Housing</b>	<b>1,443</b>	<b>1,377</b>	<b>4.6%</b>			
	<b>Q3-2016</b>	<b>Q3-2015</b>	<b>Change</b>			
Floor Space secured, unit mix & other (sq feet)	119,069	119,069	0.0%			
<b>11) Richmond Population Estimate Year End *</b>	<b>2016F</b>	<b>2015</b>				
	218,307	213,891				

*\*Estimated population figures provided by City of Richmond – Policy Planning*



**Statement of Operations<sup>1</sup>**

For the Nine Month Period Ended September 30, 2016, with comparative figures for 2015  
(Expressed in thousands of dollars)

	<b>Budget Sept 30 2016</b>	<b>Actuals Sept 30 2016</b>	<b>Actuals Sept 30 2015</b>
<b>Revenues:</b>			
Taxes and levies	\$148,474	\$149,171	\$142,209
User fees	80,276	72,316	70,420
Sales of services	19,073	21,630	29,297
Payments-in-lieu of taxes	10,105	10,089	11,445
Provincial and federal grants	5,532	4,749	7,919
Development cost charges	20,156	14,770	7,320
Other capital funding sources	51,836	15,167	11,814
Other revenues:			
Investment income	11,021	13,968	12,423
Gaming revenue	13,566	13,608	15,023
Licences and permits	6,888	10,038	11,922
Other	7,173	16,605	33,648
	<b>374,100</b>	<b>342,111</b>	<b>353,440</b>
<b>Expenses:</b>			
Law and community safety	70,019	65,537	60,781
Engineering, public works and project development	49,223	41,249	40,156
General government	40,249	33,302	25,910
Parks, recreation and community services	44,264	39,148	43,615
Utilities:			
Water supply and distribution	30,352	30,774	30,449
Sewerage collection and disposal	22,310	20,788	21,331
Sanitation and recycling services	11,208	10,788	9,767
Planning and development	10,743	9,771	9,688
Library services	7,316	7,027	9,465
	<b>285,684</b>	<b>258,384</b>	<b>251,162</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	88,416	83,727	102,278
Accumulated surplus, beginning of year	2,716,613	2,716,613	2,565,899
Accumulated surplus, end of Sept 30 <sup>3</sup>	<b>\$2,805,029</b>	<b>\$2,800,340</b>	<b>\$2,668,177</b>

<sup>1</sup> Statement of Operations for City and Library only, does not include Oval and LIEC figures

<sup>2</sup> 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.

<sup>3</sup> 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: \$4.4 million (M) (2014) 25% Complete

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

*No 2 Road Widening – Steveston Highway to Dyke Road*

Approved Budget: \$7.3M (2016) 5% 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 under way and construction works are anticipated to be completed for fall 2017.

*Alexandra District Energy Utility Expansion - Phase 4:*

Approved Budget: \$7.6M (2015) 90% Complete

- This project consists of the design and construction of a satellite energy plant to service the heating and cooling demands of the new SmartREIT (previously Smart Centres) commercial development, as well as provide additional energy capabilities for the Alexandra District Energy Utility (ADEU). Also included in this expansion is the connection of the Townline Oxford Lane residential development and the City's new Fire Hall No. 3 to the ADEU. The project scheduled for completion by the end of 2016.

*Watermain Replacement - Lulu Island West Area:*

Approved Budget: \$4.04M (2016) 70% Complete

- This project consists of replacing ageing watermains that are at the end of their service life in the Richmond Gardens area. Construction by City forces is ongoing.

*Lockhart, Beecham and Marrington Roads Watermain, Drainage and Neighbourhood Improvement Project:*

Approved Budget: \$3.13M (2014/2015) 95% Complete

- This project includes watermain replacement, drainage upgrades and road widening of Lockhart, Beecham and Marrington Roads. The watermain addresses upsizing of ageing asbestos cement watermains. Construction is nearing completion.

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

Approved Budget: \$79.6M (2014)	45% Complete
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- 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. Preload and ground densification of the site is now complete. The second level floor slabs are complete, with main floor slab, pool deck slab and interior wall construction underway. Project completion is anticipated at the end of 2017. The public engagement process is continuing through to project completion.

*Fire Hall No. 1:*

Approved Budget: \$22.3M (2014)	30% Complete
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- 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. Design and development is completed and construction is underway on the apparatus bay walls. Project completion is anticipated by the end of summer 2017.

*Fire Hall No. 3:*

Approved Budget: \$20.7M (2005-2009)	75% Complete
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- 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 design and development of Fire Hall No. 3 is completed and construction is underway. Project completion is anticipated by end of 2016 or early 2017.

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

Approved Budget: \$2.9M (2013) 97% Complete

- Greenway path construction is complete
- Installation of benches and receptacles is complete
- Additional trees will be planted in November of 2016 as to avoid the dry summer months, reduce the need to hand watering, and to increase the chance for healthy tree establishment
- 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 completed in 2017
- Additional wayfinding signage will be installed in 2017

*Garden City Lands Phase 1 and 2:*

Approved Budget: \$5.2M (2015 and 2016) 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.

*Lang Park Development:*

Approved Budget: \$800,000 (2015) 60% 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 January 2017 pending weather conditions. Work will involve the installation of a new concrete plaza, seatwalls, waterfeature/fountains, playarea, and artwork. Site furniture, receptacles, lighting, and seatwalls will also be upgraded. To date, the contractor has mobilized, installed the majority of the seatwall foundations, prepared the base, and commenced on the play area.

*Middle Arm/ Hollybridge Pier:*

Approved Budget: \$1.5M (2015) 30% Complete

*Included in Middle Arm Waterfront Park System Projects*

- The design process is underway. Amec Foster Wheeler Engineering and PFS has been hired to refine the design of the pier and prepare construction drawings. Design set is 50% completed to date. Tender expected to be issued in January 2017. Construction is expected to commence in the summer of 2017, in association with ASPAC's Lot 9 construction.

**Capital Highlights****Community Services/Parks***The Gardens Agricultural Park:*

Approved Budget: \$316,000 (2012) &amp; \$1.95M (2014/15) 50% Complete

- City construction for Phase 1 has been partially completed along with Servicing Agreement works completed by Townline Homes in fall 2014. Staff are reviewing any impacts to the park as a result of the Massey Tunnel project.
- Project currently on hold due to the impacts of the George Massey Tunnel project

*Parks Ageing Infrastructure*

Approved Budget: \$140,000 (2016) 80% Complete

*Included in Minoru Major Facility Integrated Project*

- Thompson's lacrosse and tennis courts resurfacing is complete.
- Resurfacing of 6 tennis courts at Southarm Park completed; remaining 2 courts to be resurfaced next summer under the 2017 capital program.
- Annual chainlink fencing program currently underway and anticipated to be completed by year end. Hugh Boyd, King George, and Richmond High sports fields all require repairs and replacement to its perimeter fencing.

*Britannia Shipyards Slipways:*

Approved Budget: \$513,000 (2014) 90% Complete

- Condition assessment complete.
- Demolition of the old slipways complete.
- Detail design completed July 2015.
- Tender of materials secured, construction in progress.
- Replacement of 12" x 12" timber runners and cross head beams in progress.
- Remaining construction operations requires and limited to low tide conditions with regular daytime working hours.
- All timber and rail construction is now completed.
- Staff to review options for restoring & repairing the winch mechanical system.
- Staff to discuss next steps required for an operating boat slipways and the carriages required to accommodate vessels

*Cambie City Centre Park (Cambie Mueller):*

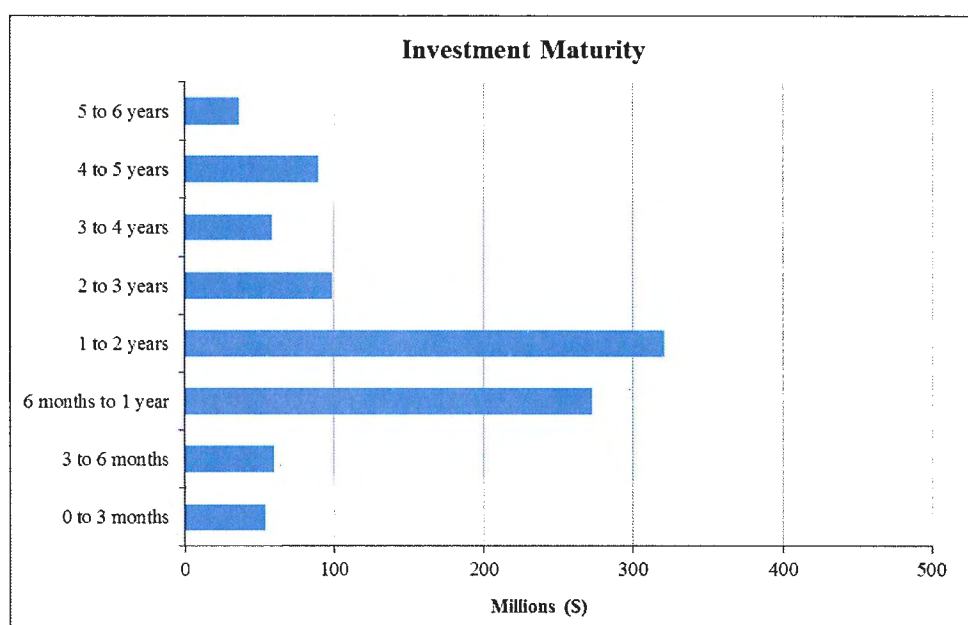
Approved Budget: \$1.2 M (2016) 30% Complete

- Installation of the infrastructure utilities and services started (storm, water, electrical, and sanitary) Application for water service permits submitted.
- Awaiting design construction drawings from consultants to prepare for tender process
- Anticipated construction for park development to start during Spring 2017

## Investment Portfolio

September 30, 2016 (in 000's)

Asset Class	DBRS		Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
	Long Term	Rating					
<b>Provincial (Fixed Income)</b>							
	AA (high)		British Columbia	2019	\$ 65,424	6.61%	
	AA (low)		Ontario	2017	62,049	6.27%	
	AA (high)		Alberta	2019	40,062	4.05%	
	A (high)		Quebec	2017	35,612	3.60%	
	A (high)		Manitoba	2018	12,000	1.21%	
				Total	\$ 215,147	21.74%	50%
<b>Chartered Banks (Fixed Income and Deposits)</b>							
	AA		Bank of Nova Scotia	2017-2021	\$ 148,278	14.98%	
	AA		Bank of Montreal	2016-2017	48,501	4.90%	
	AA (low)		National Bank of Canada	2018-2021	55,704	5.63%	
	AA		TD Bank	2016-2021	41,852	4.23%	
	AA		CIBC	2018	43,476	4.39%	
	AA		Royal Bank	2018	28,282	2.86%	
	AA		Wells Fargo Canada	2017	24,294	2.45%	
	A (low)		HSBC Bank of Canada	2017	22,577	2.28%	
	A (high)		Canadian Western Bank	2018	24,000	2.42%	
	A (low)		B2B/Laurentian Bank	2017-2018	20,000	2.02%	
				Total	\$ 456,964	46.17%	50%
<b>BC Credit Unions (Deposits)</b>							
			Coast Capital Savings	2016-2018	\$ 88,845	8.98%	
			Vancity	2017	72,348	7.31%	
			Gulf and Fraser	2017-2018	49,657	5.02%	
			Blue Shore Financial	2017	35,000	3.54%	
			Westminster Savings	2017	28,000	2.83%	
				Total	\$ 273,849	27.67%	30%
<b>Pooled Investments (MFA Bond Fund)</b>							
			MFA Pooled Investment Fund		\$ 43,862	4.43%	20%
<b>Total Investment Portfolio Balance</b>					<b>\$ 989,822</b>	<b>100.00%</b>	



**Contract Awards greater than \$75,000**July 1<sup>st</sup> to September 30<sup>th</sup> 2016

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5851J	Gateway Theatre - Carpet Replacement	Ventana Construction Corporation	\$77,030	Engineering & Public Works
2	5850F	Materials for emergency repair to drainage box culvert in the 6000 block No. 2 Road	Langley Concrete Limited Partnership	\$181,500	Engineering & Public Works
3	5830CM	Construction Services for Beckwith and Gage Road Watermain Upgrades	Stuart Olson Construction subcontracted to Hexcel Construction Ltd	\$466,026	Engineering & Public Works
4	5819J	Minoru East Arena Re-Roofing Phase 1	ICE Development Ltd	\$89,033	Engineering & Public Works
5	5809CM	MAC/OAC - Tender Package No. 2B - Envelope Works, Mechanical, Electrical and On-site Services	Stuart Olson Construction subcontracted to Matakana, Sun Valley Masonry, Libra, Flynn (Cladding, roofing, curtain wall & glazing) Schindler, PML, Canem and Hexcel	\$25,421,848	Engineering & Public Works
6	5804F	Business Process Management and Enhancements Project	Infor Canada Ltd	\$123,840	Finance & Corporate Services
7	5799CM	No. 2 Road North Drainage Pump Station Upgrade	Stuart Olson Construction (subcontracted to Structural Wesbridge Steelworks Ltd., Stuart Olson-redesign, Flynn Canada Ltd., Rutland Glass, Spectrum Painting Ltd., Division 15, Canem, Fraser River Pile and Dredge, North by Northwest, Performance/Westform)	\$ 4,242,913	Engineering & Public Works
8	5796CM	Cambie Road Utility Services	Stuart Olson Construction subcontracted to Hexcel Construction	\$361,884	Engineering & Public Works
9	5787S	Restoration services for Interurban Tram Car Trucks	Carr's Machining Ltd.	\$95,000	Community Services
10	T.5786	4 Road and Tuttle Avenue Storm Culvert Replacement	King Hoe Excavating Ltd.	\$403,293	Engineering & Public Works

Item	#	Description	Awarded Vendor	Awarded Amount	Department
11	5784Q	Supply and Delivery of Access Points and Licences	X10 Networks	\$121,715	Finance & Corporate Services
12	5783J	Jones Road Multi-Family Water Meter	Ashton Service Group	\$159,743	Engineering & Public Works
13	T.5766	Donald Road Local Area Service Program	Eurovia British Columbia Inc.	\$769,913	Engineering & Public Works
14	5722Q	Supply and Delivery of Desktop Computers	Island Key Computers	\$367,199	Finance & Corporate Services
15	T.5704	Lansdowne Road Extension – Alderbridge Way to Minoru Boulevard	Lafarge Canada Inc.	\$1,048,444	Engineering & Public Works
16	5699P	Consulting Design Services for Hollybridge Pier	AMEC Foster Wheeler Environment & Infrastructure	\$184,373	Community Services
17	5659EOI	Supply and Installation of Conduits & Water Service Pipes Using Trenchless Technology and Other Related Civil Works	Ulmer Contracting Ltd.	\$1,900,000	Planning & Development
18	5658P	Traffic Signal System Maintenance	Crown Contracting Ltd.	\$1,601,249	Planning & Development
19	5610P	Provision of Aggregate Crushing Services	Regehr Contracting Ltd.	\$148,000	Engineering & Public Works
20	5443P	Firewall and Network Security Upgrade	Long View Systems Corporation	\$275,882	Finance and Corporate Services
21	5570Q	On Call Roofing Contractor	Cambie Roofing	\$250,000	Engineering and Public Works
22	5540P	Garden City Lands - Design Consulting Services	PWL Partnership Landscape Architects	\$520,000	Parks Services
23	5539Q	Supply and Delivery of 1 (One) Tandem Axle Cab and Chassis C/W Dump Box and Front Plough	Peterbilt Pacific Inc	\$271,594	Engineering and Public Works