



City of Richmond

Report to Committee

To: Finance Committee

Date: May 11, 2018

From: Jerry Chong
Director, Finance

File: 03-0970-09-01/2018-
Vol 01

Re: Financial Information – 1st Quarter March 31, 2018

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2018”, dated May 11, 2018 from the Director, Finance be received for information.

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

Att: 5

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	
Building Approvals	<input checked="" type="checkbox"/>	
Community Bylaws	<input checked="" type="checkbox"/>	
Community Social Development	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Economic Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Fire Rescue	<input checked="" type="checkbox"/>	
Parks Services	<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

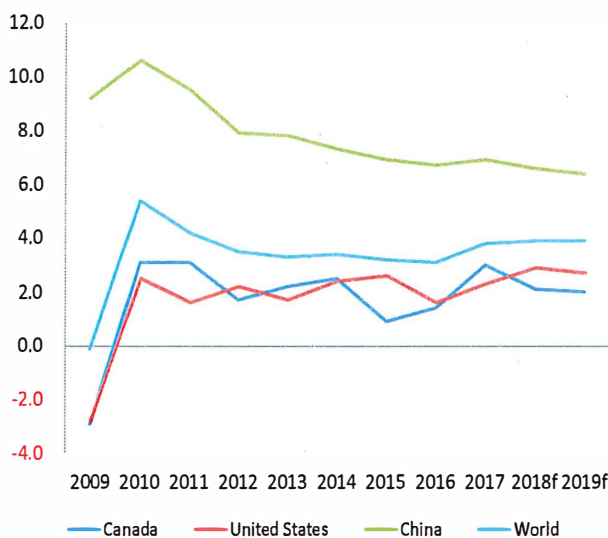
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2018 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City's financial results throughout the year and before the annual audited financial statements are presented.

Analysis

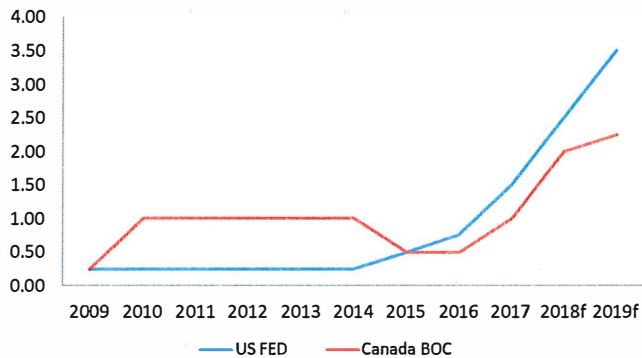
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change ¹



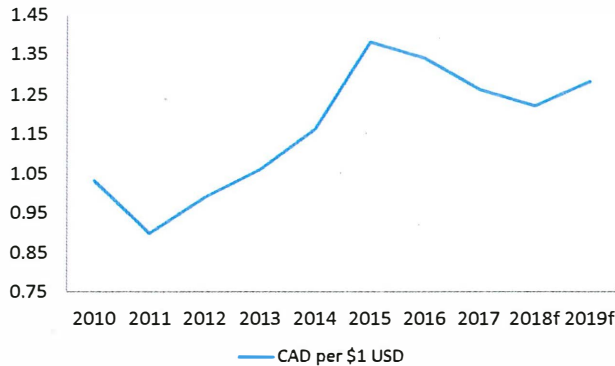
- In 2017, the world gross domestic product (GDP) grew by 3.8%, the highest rate since 2011. It is forecasted to further strengthen to a growth rate of 3.9% for both 2018 and 2019. Downside risks to the forecast include tightening financial conditions as well as nationalistic policies and geopolitical tensions emerging in some major global economies.
- U.S. GDP grew by 2.3% in 2017, above expectations, and is forecasted to grow by 2.9% and 2.7% in 2018 and 2019, respectively. The upward revision of 0.2 percentage points since the last forecast was spurred by federal tax cuts and infrastructure spending announcements.
- Driven by increases in consumer spending, commodity prices, and business investment, Canada's registered GDP growth of 3.0% in 2017, is significantly higher than the 1.4% growth seen in 2016. Canada's economy is forecasted to grow by a more subdued 2.1% in 2018 and 2.0% in 2019.
- GDP growth for China continues to decelerate and is forecasted at 6.6% and 6.4% in 2018 and 2019, respectively.

¹ International Monetary Fund, World Economic Outlook (April 2018)

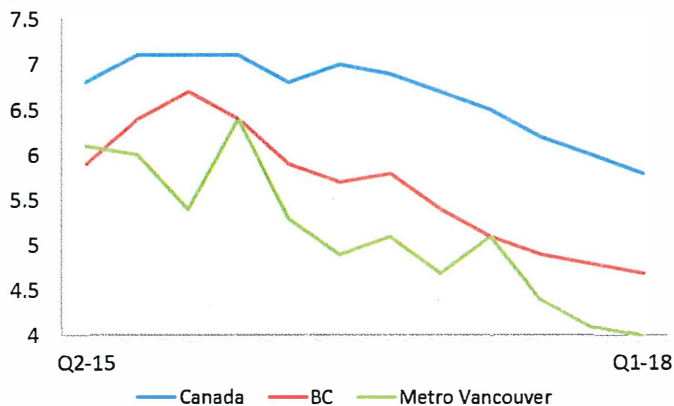
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End²

- As the U.S. and Canadian economies continue to perform well, both central banks have been lessening aggressive monetary policy support previously in place to spur the economic recovery.
- As the economic outlook increased throughout the first quarter of 2018, the U.S. Federal Reserve increased the overnight rate from 1.50% to 1.75%. The rate is expected to increase further to 3.50% by the end of 2019.
- The Bank of Canada (BoC) raised the policy interest rate by 25 basis points, to 1.25% in January 2018, and kept it steady for the rest of the quarter.
- Additional increases to the BoC rate are expected to be gradual, in anticipation of potential impacts from new mortgage rules and the North American Free Trade Agreement (NAFTA) renegotiation.
- The BoC overnight lending rate is expected to increase to 2.25% by the end of 2019.

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

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

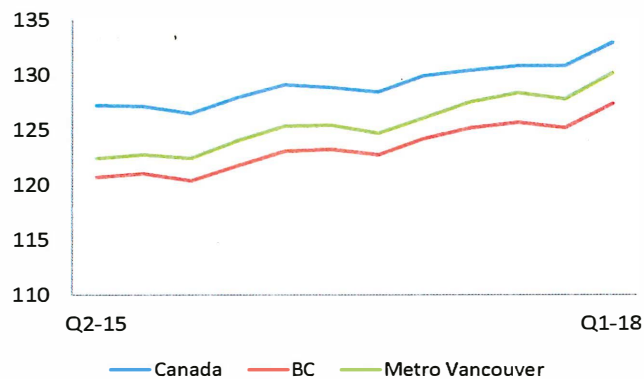
- The Canadian dollar (CAD) appreciated throughout 2017 alongside increases to central bank rates and a well performing national economy; uncertainty over the future of NAFTA has created recent downward pressure on the loonie.
- Buoyed by a stronger than expected rise in Canadian inflation, the exchange rate ended Q1 2018 at \$1.29 CAD per \$1 U.S. dollar (USD).
- Over the projection horizon, the Canadian dollar is assumed to remain close to its recent average, ending 2019 at \$1.28 CAD per \$1 USD.
- A relatively weak Canadian dollar could continue to benefit domestic exporters of goods and services, as well as sectors such as film, technology and tourism.

Regional & Local Economic Activity Indicators4) Unemployment ⁴

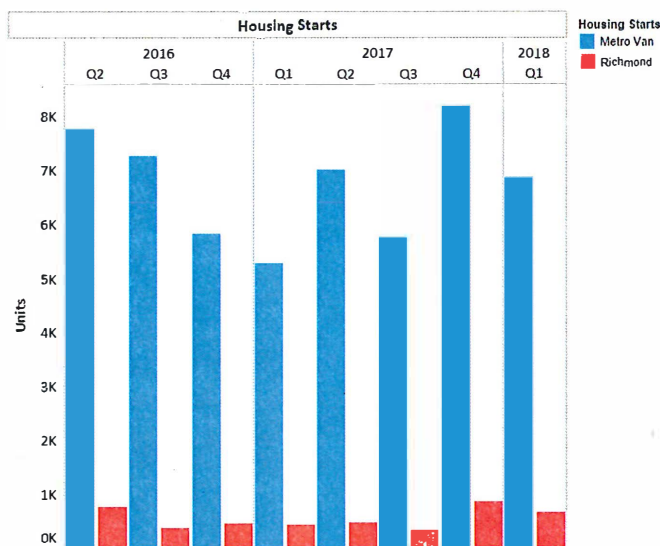
- National and regional economies continue to operate at close to full employment levels and unemployment rates continued their decline throughout Q1 2018.
- Canada had the lowest unemployment rate on record at the end of Q1 2018, with BC performing best among the provinces.
- Unemployment rates ended the quarter at a low 5.8%, 4.7%, and 4.0% for Canada, BC and Metro Vancouver respectively. This represents a decrease in unemployment rates by 13%, 13% and 15%, respectively, over the same quarter in 2017.
- This prolonged period of strong employment growth is expected to put upward pressure on wages as companies compete for skilled employees.

³ Bank of Canada, Monetary Policy Report (April 2018)

⁴ Statistics Canada

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

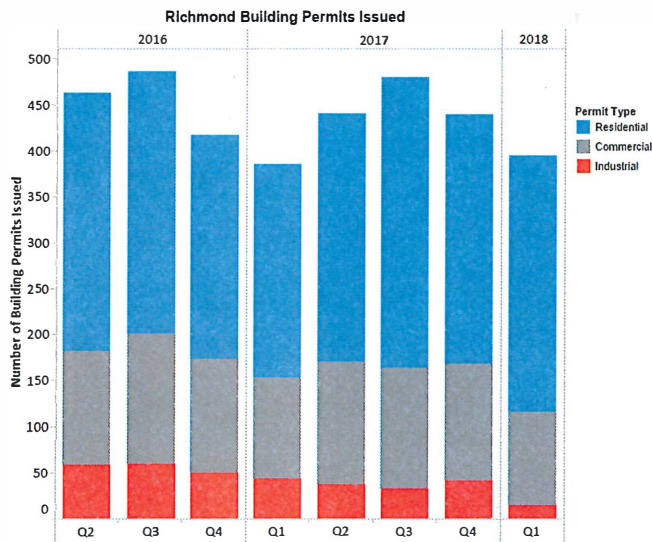
- Inflation, as measured by Consumer Price Index (CPI), climbed again in Metro Vancouver, BC and Canada in the first quarter of 2018, with rising gas prices, interest rates and minimum wages contributing to the increase.
- At the end of Q1 2018, the CPI climbed by 2.3% in Canada, 2.6% in British Columbia and 3.2% in Metro Vancouver compared to the same period last year.
- The BoC continues to monitor inflation closely, and increases to its policy interest rate are intended to maintain the CPI rate at the midpoint between 1 and 3 percent.

6) Housing Starts ⁶

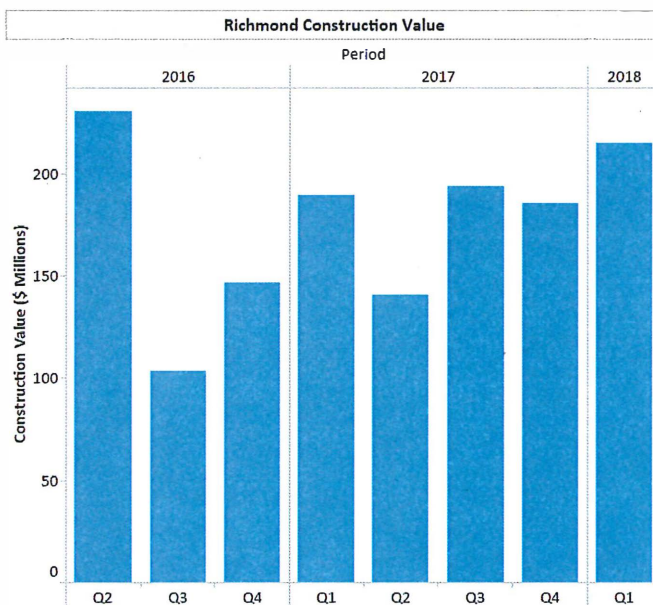
- Construction of new homes, particularly condos and townhouses, surged in the first quarter of 2018.
- So far in 2018, housing starts in Metro Vancouver and Richmond have increased dramatically over Q1 2017, by 30% and 56% respectively.
- There were 6,864 housing starts in Metro Vancouver throughout the first three months of 2018, and 660 in Richmond during the same period.

⁵ Statistics Canada

⁶ Canada Mortgage and Housing Corporation

7) Building Permits – Richmond ⁷

- The total number of building permits issued in Richmond throughout the first quarter of 2018 increased by 2.3% over the same period last year.
- Residential building permit activity saw the greatest increase, with 20% more permits issued in Q1 2018 over Q1 2017.
- The biggest decline occurred in the industrial category, where the number of building permits issued decreased by 66% over Q1 2017.
- Commercial building permit activity also decreased, by 7.3%, over the same period last year.
- In total there were 278 residential building permits, 101 commercial building permits, and 15 industrial building permits issued in the first three months of 2018.

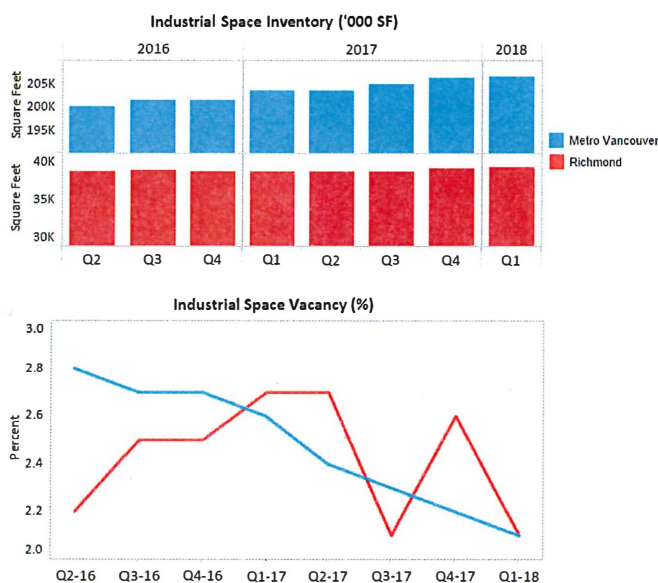


- The total value of construction activity throughout Richmond in 2017 was \$709 million, on par with the \$716 million realized in 2016.
- Construction activity throughout the first quarter of 2018 in Richmond was valued at \$215 million, an increase of 14% over the same period in 2017.

⁷ City of Richmond Building Permits

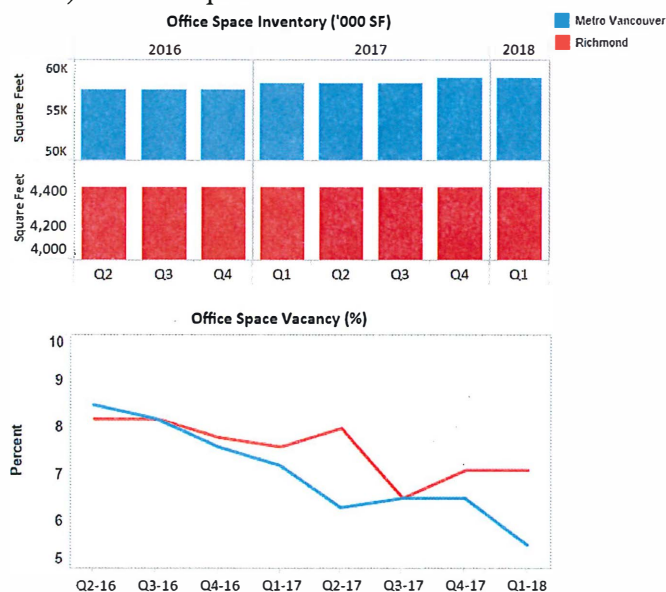
8) Commercial Space⁸

a) Industrial Space



- Despite a net addition of 545,000 square feet of industrial space in Richmond over the same period last year, high demand and absorption has driven the industrial vacancy rate to a low of 2.1% at the end of Q1 2018.
- Meanwhile the vacancy rate in Metro Vancouver decreased again year over year, by almost 20%, and also sits at 2.1%.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- At 38.5 million square feet, Richmond has the largest inventory of industrial space in the region followed by Surrey (35 million), Burnaby (30 million), Delta (24 million), and Vancouver (24 million).

b) Office Space

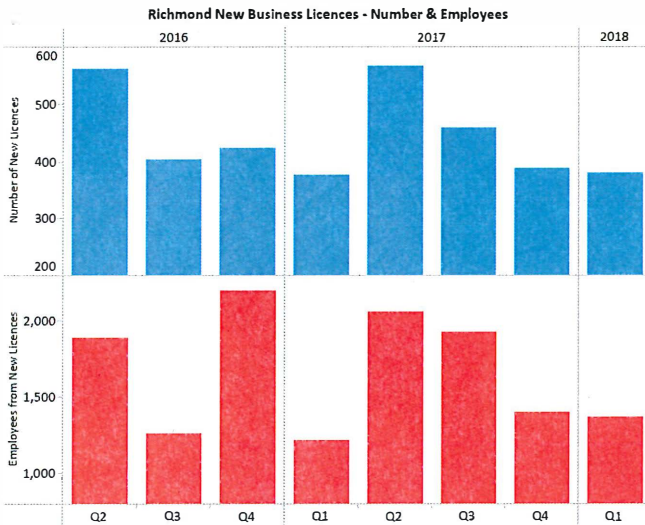


- The overall office vacancy rate in Richmond declined again in Q1 2018, and now sits at 7.1%. This is a decrease of 6.6% over the same period last year.
- Throughout Metro Vancouver, the office vacancy rate also declined in Q1 2018 over Q1 2017, by nearly 24%.
- Demand for office space around rapid transit stations is increased as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.
- At 2.3%, Richmond's transit-oriented office vacancy rate is the lowest of Metro Vancouver communities and well below the overall Metro Vancouver rate of 14%.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

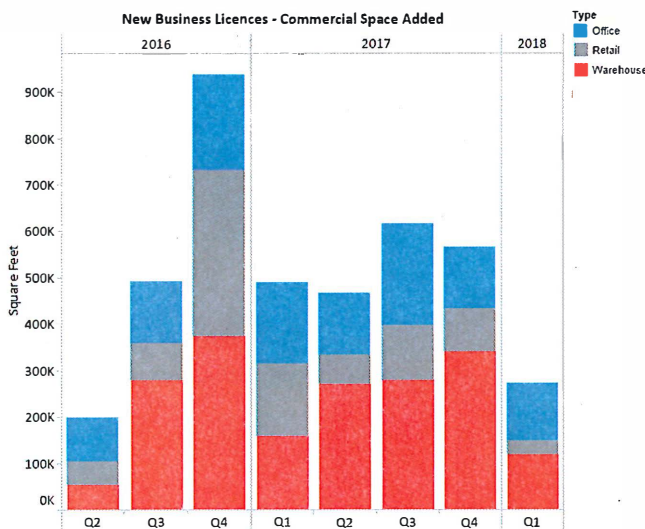
9) Business Growth – Richmond⁹

a) Total Valid Business Licences



- There were 379 new business licences issued in Richmond during the first three months of 2018, an increase of 1.1% over the same period in 2017.
- The addition of 1,369 jobs were attributed to these new businesses.

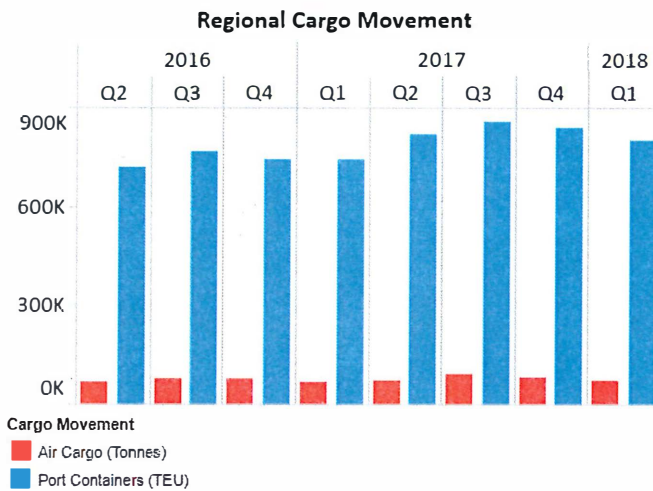
b) New Business Licences Issued



- 271,000 square feet of commercial space absorption was tied to the new business licences issued in Q1 2018, a decrease of 45% over the same period last year.
- Q1 2018 saw a shift to a higher proportion of office type businesses: 46% of the total commercial space absorption came from office users compared to a 31% share overall in 2017.
- The remaining commercial space absorption in Q1 2018 came from industrial businesses (43% of the total) and retail businesses (11% of the total).
- Retail space absorption declined by 81% over Q1 2017, while office space absorption dropped by 29% and industrial space absorption dropped by 25%.

⁹ City of Richmond Business Licences

10) Goods and People Movement

a) Regional Cargo Movement¹⁰

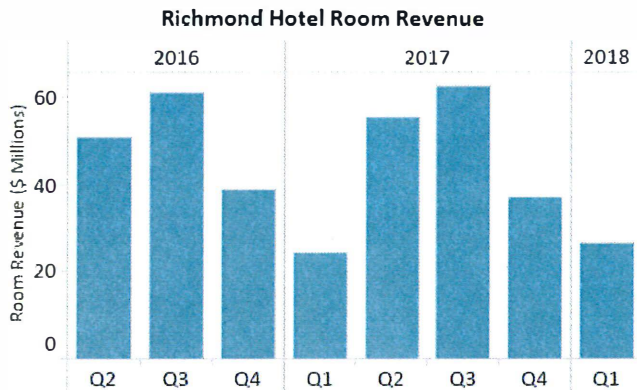
- After posting a year of strong growth in 2017, regional cargo data indicators of regional trade activity continues to demonstrate year over year growth.
- Shipping container movements at the Port of Vancouver increased year-over-year in Q1 2018 by 8.2%, slightly down from the strong overall growth rate of 11% seen throughout 2017. 801,217 Twenty-Foot Equivalent Units (TEUs) passed through the Port during this period.
- 74,059 tonnes of air cargo moved through the Vancouver International Airport (YVR) in Q1 2018, an 8.8% increase over the same period last year.

b) Airport Passengers¹¹

- 2017 was another record-breaking year of growth for YVR. The airport saw 24.2 million passengers throughout the year, an 8.4% increase over 2016.
- 2018 is on track to be another record breaking year; passenger traffic in Q1 increased by 9.4%, to 5.8 million passengers, over Q1 2017.

¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

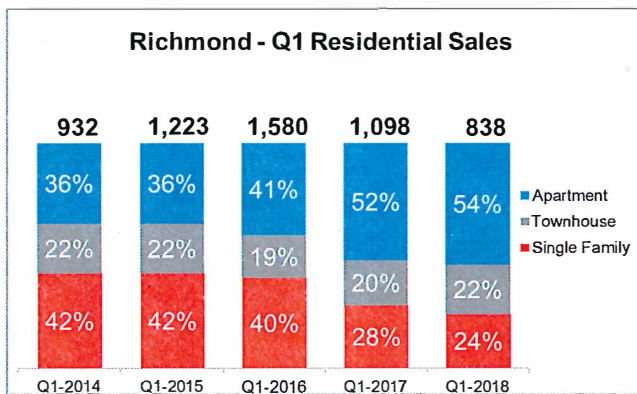
c) Richmond Hotel Room Revenue¹²

- \$26.4 million was collected in hotel room revenue throughout the first two months of 2018 in Richmond – an increase of 9.1% over the same period last year.

* Q1 data for 2018 includes figures from January and February 2018. March figures not yet available.

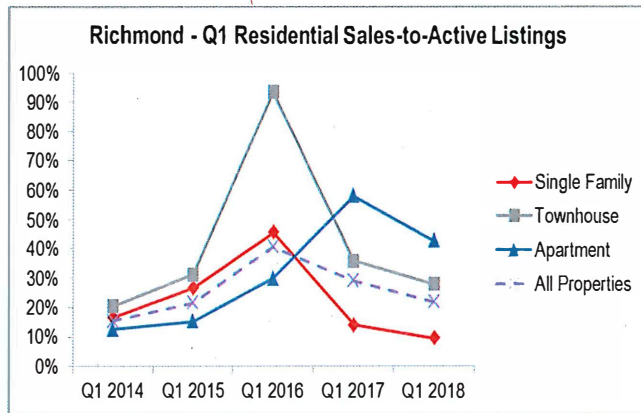
Residential Real Estate

With the tightening of mortgage rules and increased borrowing costs in effect, the Real Estate Board of Greater Vancouver reports approximately 838 residential home sales in Richmond during Q1-2018, a 24% decrease compared to the same quarter in the prior year.

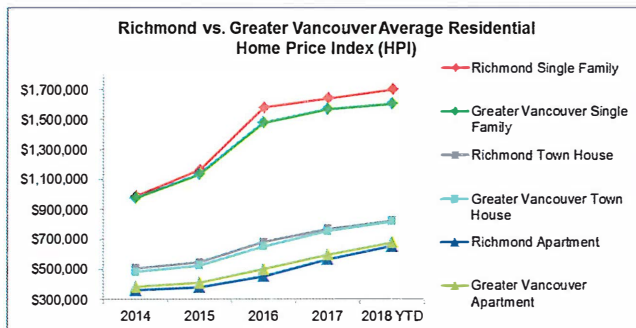


- Apartment sales continue to grow year-over-year and currently make up to 54% of residential home sales in the City.

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



- In general, Richmond residential properties had a sales-to-active listings ratio of 22% during Q1-2018 which indicates that 22% of the homes listed sold in the first three months of 2018.
- Based on the average days on market figures, the Single Family Detached (“SFD”) market in both Richmond and Greater Vancouver (“GVRD”) is stabilizing. Apartment average days on market for GVRD and Richmond decreased by 19% and 3% respectively, indicating higher apartment demand.



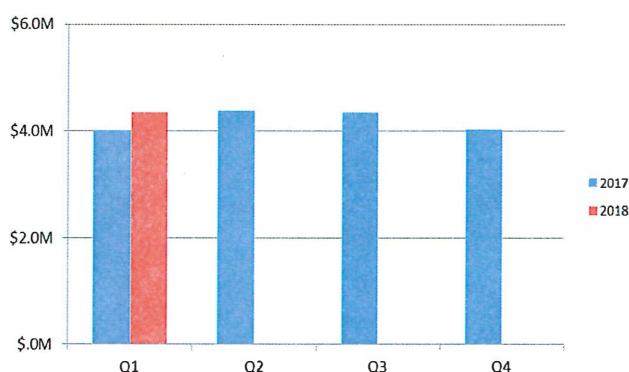
- The Home Price Index (HPI)¹³ for SFD properties in Richmond at Q1 2018 is \$1,708,400 and increased 4% from Q1-2017. The HPI for townhouse properties in Richmond is \$830,700 and increased 7% from Q1-2017. The HPI for apartments is \$659,700 and increased 16% from Q1-2017. Based on the recent HPI increases, Richmond apartment prices are approaching average GVRD prices of \$693,500.

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

Gaming Revenue

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

Gaming Revenue by Quarter



- Gaming revenue for Q1 2018 increased by 8.3% to \$4.34M compared to \$4.01M in Q1 2017.
- Q1 2018 increased by 7.8% compared to the previous quarter from \$4.03M to \$4.34M.

On January 10, 2018, BCLC enacted new procedures for all BC casinos regarding buy-ins of \$10,000 or more at all BC casinos and for all players. All cash, bank drafts, and certified cheques of \$10,000 or more, in one or more transactions over a 24-hour period, require a bank receipt. The original receipt must be from the same day of the transaction and display specific information. This information is required prior to a customer's buy-in and is subject to daily BCLC review. Although the source of funds procedures were instituted quickly, the casino's management's analysis has indicated that the players at the casinos are adjusting their playing habits and behaviour accordingly.

On Feb 1, 2018, River Rock Casino launched a "Grand Reveal Celebration" to unveil its refreshed casino floor with updated gaming and non-gaming amenities. The additional slot machine capacity led to higher Slot Coin-In¹⁴ and overall increase in gaming revenue received by the City in Q1 2018 over Q4 2017. The increase was offset by a decline in the Table Drop¹⁵ as a result of the new procedures enacted earlier in the year.

At the December 11, 2017 Council meeting, the 2018 Budget was approved which included the gaming revenue allocation for 2018. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building Infrastructure Reserve). The distribution is consistent with the 2017 gaming revenue allocation.

¹⁴ Coin in/ coin out refer to the number of credits or units both played and paid out. Coin in are the number of units played and coin out are the number of units won.

¹⁵ Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

Table 1: *Distribution of the 2018 gaming revenue allocation*

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

At end of Q1 2018, the City received \$4.34M or 26.1% of the annual budgeted amount.

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2018. 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, 2018 to March 31, 2018 (in \$000's)*

Net operational activity ¹	Unaudited 2018 results			
Division/Department ²	2018 YTD Net Budget	2018 YTD Actuals and Commitments ³	Variance YTD (\$)	Variance YTD(%)
Community Safety	(\$893)	(\$1,285)	\$392	44%
Community Services	10,641	10,206	435	4%
Corporate Administration	3,209	2,720	489	15%
Engineering and Public Works	11,210	10,839	371	3%
Finance and Corporate Services	7,201	6,469	732	10%
Fire Rescue	10,130	10,108	22	0%
Library	2,996	3,014	(18)	1%
Planning and Development	1,435	628	807	56%
Policing	13,244	11,767	1,477	11%
Fiscal	(57,678)	(58,484)	806	1%
Total Operating	\$1,495	(\$4,018)	\$5,513	
Water utility	(130)	(566)	436	335%
Sanitary sewer utility	559	77	482	86%
Sanitation and recycling utility	(25)	(29)	4	16%
Total Utilities	\$404	(\$518)	\$922	

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

²Based on the organizational structure in place as of March 31, 2018

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

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2018 Financial Plan:

- Community Safety's variance is primarily due to higher than expected revenues from Business Licences and savings in salaries due to vacancies.
- Community Service's favourable variance is mainly due to unutilized salaries and operating expenses for the Minoru Centre for Active Living facility which is anticipated to open in Q4 2018.
- Corporate Administration's favourable variance is due to vacant positions in Corporate Programs which are in the recruitment process.
- Engineering and Public Works incurred more costs within snow and ice control during the winter months, 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 mainly due to vacant positions which are in the recruitment process. IT contracts, licence renewals and maintenance expense are lower than budgeted.
- Fire Rescue is on budget.
- The Library's unfavourable variance is mainly due to annual subscriptions and contract maintenance that were paid and committed in Q1. The Library is projected to be on budget for the year.
- Planning and Development's favourable variance is primarily due to building permit revenues exceeding budget as a result of the level of construction activities in Richmond. Salary expense is lower than budgeted due to vacancies.
- Policing has a favourable variance, primarily due to a lower actual RCMP staffing complement, which was generated with the addition of 16 new RCMP positions for the 2018 budget. In April of this year, the Provincial government approved the RCMP member increase. The OIC Richmond detachment expects these officers to be deployed during the second quarter of 2018.
- The Fiscal variance is mainly due to the timing of revenue collection.
- The Water Utility's variance is mainly due to unbudgeted revenues received from developers for water consumption charges during construction of new residential developments.
- Sanitary Sewer Utility continues to experience favourable variance due to the unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments.

- Sanitation and recycling is on budget.

The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2018, with comparative figures for 2017 is included in Attachment 3.

Investment Portfolio

The City's investment portfolio at March 31, 2018 was \$951.9 million, with an average yield on investment of 2.15%. The interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 4).

Table 7: *Market Interest Rates (for analytical purposes only)*

	March 31, 2018
2 Year Government of Canada Bonds	1.80%
5 Year Government of Canada Bonds	2.00%
10 Year Government of Canada Bonds	2.11%

Source: Bank of Canada

Following three interest rate hikes since the middle of 2017, the Bank of Canada put further interest rate increases on hold as a result of trade uncertainty, the impact of recent housing regulations and the economy's sensitivity to earlier rate hikes. The Bank of Canada has kept the overnight target interest rate unchanged at 1.25% during the March and April interest rate announcements.

With the ongoing NAFTA negotiations along with the other global trade developments, it is expected that the Bank of Canada will wait for more concrete signs and more stable financial markets before any further interest rate hikes. The market has not priced in an interest rate hike until the second half of 2018.

The improved interest rate condition has allowed the City to reinvest funds at more attractive market rates, boosting the City's average yield to 2.15%. This increasing trend is expected to continue as maturities take place throughout the year. This will allow the City to reinvest its funds in higher yielding products.

The current yield enhancement strategies continue to play a key role in the City's investment portfolio. The duration of the City's holding continues to remain in the short to mid-term range for liquidity (for capital requirements) and to allow flexibility for reinvestment due to a rising interest rate environment.

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, 19 contracts greater than \$75,000 were awarded totalling over \$3.3M (Attachment 5).

Financial Impact

None.

Conclusion

The City of Richmond has begun 2018 on similar notes to that of 2017 with stable economic indicators. The City is maintaining its strong financial position through continued building construction and development activity and revenue collection. It is expected that these trends will continue throughout 2018.



Cindy Gilfillan, CPA, CMA
Manager, Financial Reporting
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- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Unaudited Statement of Operations
- Att. 4: Investment Portfolio
- Att. 5: Contract Awards greater than \$75,000

Economic Indicators**March 31, 2018****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2016	2017	Change	2018f*	2019f*
Canada	1.4	3.0	114.3%	2.1	2.0
United States	1.5	2.3	53.3%	2.9	2.7
China	6.7	6.9	3.0%	6.6	6.4
World	3.2	3.8	15.6%	3.9	3.9
2) Interest Rates (at YE)	2016	2017	Change	2018f*	2019f*
Bank of Canada	0.50	1.00	100.0%	2.00	2.25
US FED	0.75	1.50	100.0%	2.50	3.50
3) Exchange Rate	2016	2017	Change	2018f*	2019f*
CAD per \$1 USD	1.34	1.26	(6.0%)	1.22	1.28
<i>*f-forecast</i>					

Regional and Local Market Indicators

4) Unemployment (%)	Q1-2018	Q4-2017	Change	Q1-2017	Change
Canada	5.8	6.0	(3.3%)	6.7	(13.4%)
BC	4.7	4.8	(2.1%)	5.4	(13.0%)
Metro Vancouver	4.0	4.1	(2.4%)	4.7	(14.9%)
5) CPI (2002=100)	Q1-2018	Q4-2017	Change	Q1-2017	Change
Canada	132.9	130.8	1.6%	129.9	2.3%
BC	127.4	125.2	1.8%	124.2	2.6%
Metro Vancouver	130.1	127.8	1.8%	126.1	3.2%
6) Housing Starts (Units)	Q1-2018	Q1-2017	Change		
Starts - Metro Vancouver	6,864	5,269	30.3%		
Starts - Richmond	660	422	56.4%		

Richmond Residential Sales

7) Activity	Q1-2018	Q1-2017	Change
Sales - Detached	195	298	(34.6%)
Sales - Townhouse	194	225	(13.8%)
Sales - Apartment	449	575	(21.9%)
Sales Total/Average Change	838	1,098	(23.7%)

8) Average Days on Market

Property Type	Richmond			Greater Vancouver		
	Q1-2018	Q1-2017	Change	Q1-2018	Q1-2017	Change
Single Family Detached	49	49	0%	46	46	0%
Townhouse	32	38	(16%)	26	33	(21%)
Apartment	29	30	(3%)	22	27	(19%)

Economic Indicators**March 31, 2018****Regional and Local Market Indicators (continued)**

9) Richmond Building Permits	Q1-2018	Q1-2017	Change
Building Permits - Residential	278	232	19.8%
Building Permits - Commercial	101	109	(7.3%)
Building Permits - Industrial	15	44	(65.9%)
Building Permits Total	394	385	2.3%

Construction Value (\$ million)	214.9	189.3	13.5%
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10) Commercial Space (at QE)	Richmond			Metro Vancouver		
	Q1-2018	Q1-2017	Change	Q1-2018	Q1-2017	Change
Office Vacancy (%)	7.1	7.6	(6.6%)	5.5	7.2	(23.6%)
Transit Oriented Office Vacancy (%)	2.3	2.3	0.0%	13.6	13.6	0.0%
Office Inventory (000 sf)	4,419	4,419	0.0%	58,119	57,596	0.9%
Industrial Vacancy (%)	2.1	2.7	(22.2%)	2.1	2.6	(19.2%)
Industrial Inventory (000 sf)	38,539	37,994	1.4%	206,568	203,399	1.6%

11) Richmond Business Growth	Q1-2018	Q1-2017	Change
Total Valid Business Licences (at QE)	13,940	13,242	5.3%
New Licences - Number Issued	379	375	1.1%
New Licences - Employees	1,369	1,219	12.3%
New Licences - Office Added (sf)	123,900	175,200	(29.3%)
New Licences - Retail Added (sf)	29,822	155,789	(80.9%)
New Licences - Industrial Added (sf)	117,331	157,346	(25.4%)
Total Space Added (sf)/Avg. Change	271,053	488,335	(44.5%)

Economic Indicators**March 31, 2018****Regional and Local Market Indicators (continued)**

12) Goods & People Movement	Q1-2018	Q1-2017	Change
YVR Air Cargo (tonnes)	74,059	68,063	8.8%
PMV Container Movement (TEUs)	801,217	740,240	8.2%
YVR Passengers (million)	5.8	5.3	9.4%
Richmond Hotel Revenue (\$million)*	26.4	24.2	9.1%

* Hotel room revenue data for Q1 excludes March figures.

Notes:

a) Q indicates quarter end

List of Sources:

- 1) International Monetary Fund, *World Economic Outlook (April 2018)*
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada, *Monetary Policy Report (April 2018)*
- 4) & 5) Statistics Canada
- 6) Canada Mortgage and Housing Corporation
- 7) & 8) Real Estate Board of Greater Vancouver
- 9) City of Richmond Building Permits
- 10) Cushman & Wakefield Office and Industrial Market Beat Reports
- 11) City of Richmond Business Licences
- 12) Port of Vancouver Monthly Cargo Statistics
YVR monthly statistics
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators**March 31, 2018**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2018	Q1-2017	Change
Roads, Water, Sewer DCC's Received	\$2,468	\$3,525	(30.0%)
Parks DCC's Received	\$3,395	\$1,679	102.2%
Total DCC Fees Received	\$5,863	\$5,204	12.7%
DCC Reserves – Uncommitted balance at QE	72,832	66,253	9.9%
 2) Uncommitted Reserves (at QE)	 Q1-2018	 Q1-2017	 Change
Capital Funding Reserves	\$118,200	\$120,425	(1.8%)
Utility Reserves	\$93,447	\$99,080	(5.7%)
Affordable Housing Reserves	\$1,899	\$1,585	19.7%
Other Reserves	\$60,976	\$57,847	5.4%
Total Uncommitted Reserves	\$274,522	\$278,937	(1.6%)
 3) Taxes to date	 Q1-2018	 Q1-2017	 Change
Taxes Collected	\$10,322	\$9,694	6.5%
City Portion of Taxes Collected	\$5,058	\$4,750	6.5%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$7,269	\$7,812	(6.9%)
No. of Participants on Pre-authorized withdrawal (at QE)	6,284	6,332	(0.8%)
Pre-authorized withdrawals payments	\$8,704	\$8,312	4.7%
Interest rate % paid	1.20%	0.70%	71.4%
<i>Sources: All data is from City of Richmond records</i>			
 4) Investments	 Q1-2018	 Q1-2017	 Change
Total Investments	\$951,858	\$957,422	(0.6%)
Average City Rate of Return on Investments %	2.15%	1.97%	9.1%

Financial and Key Indicators**March 31, 2018**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2018	Q1-2017	Change
Building Permit Fees Collected	\$2,601	\$2,404	8.2%
Development Applications Received	49	40	22.5%
Development Applications Fees	\$233	\$167	39.6%

6) Business Licences	Q1-2018	Q1-2017	Change
Revenue Received for Current Year Licences	\$1,850	\$1,631	13.4%
Revenue Received for Next Year (Deferred)	\$91	\$90	0.4%
Total Licence Revenue	\$2,157	\$1,721	25.3%

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

7) Other Revenues	Q1-2018	Q1-2017	Change
Parking Program Revenue	\$450	\$432	4.1%
Gaming Revenue	\$4,341	\$4,008	8.3%
Traffic Fine Revenue	\$0	\$0	0%

8) Employees	Q1-2018	Q1-2017	Change
Full Time Equivalent (FTE) Employees (at QE)	1,568	1,488	5.4%

(City and Library)

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

9) Operating Indicators	Q1-2018	Q1-2017	Change
Fire Rescue Responses	2,660	2,818	(5.6%)
RCMP - Calls for Service Handled	15,281	15,998	(4.5%)
Public Works calls for Service	3,207	4,003	(19.9%)

Financial and Key Indicators**March 31, 2018**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Affordable Housing (at QE)	Q1-2018	Q1-2017	Change
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR*)			
(units)	457	423	8.0%
Market Rental (units)	411	411	0.0%
Entry Level Home ownership			
(units)	19	19	0.0%
Secondary Suite / Coach House			
(units)	262	223	17.5%
Total Affordable Housing	1,626	1,553	4.7%
	Q1-2018	Q1-2017	Change
Floor Space secured, unit mix & other (sq feet) at QE **	172,345	119,069	44.7%

* LEMR units refer to Low End Market Rental units.

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

11) Richmond Population Estimate	2018f	2017
Year End *		
	222,945	218,307

* population figures provided by City of Richmond – Policy Planning

Notes:

a) All figures presented above are unaudited

Unaudited Statement of Operations¹

For the Three Month Period Ended March 31, 2018, with comparative figures for 2017.
(Expressed in thousands of dollars)

	Budget March 31 2018	Actuals March 31 2018	Actuals⁴ March 31 2017
Revenues:			
Taxes and levies	\$54,176	\$51,854	\$49,699
User fees	22,796	24,301	22,743
Sales of services	8,079	7,447	7,017
Payments-in-lieu of taxes	3,561	3,662	3,693
Provincial and federal grants	898	748	818
Development cost charges	7,909	6,401	6,659
Other capital funding sources	26,388	7,416	3,033
Other revenues:			
Investment income	3,674	4,884	4,677
Gaming revenue	4,125	4,341	4,008
Licences and permits	2,596	4,214	4,208
Other	4,540	4,032	2,919
	138,742	119,300	109,474
Expenses:			
Community safety	25,446	23,612	21,607
Engineering, public works and project development	19,019	15,264	14,658
General government	19,004	11,961	12,411
Parks, recreation and community services	16,040	13,270	12,402
Utilities:			
Water supply and distribution	10,540	9,314	8,338
Sewerage collection and disposal	7,983	7,649	7,136
Sanitation and recycling services	4,192	3,644	3,251
Planning and development	4,030	3,444	3,036
Library services	2,689	2,382	2,469
	108,943	90,540	85,308
YTD Surplus (Annual Surplus) ²	29,799	28,760	24,166
Accumulated surplus, beginning of year	2,838,711	2,838,711	2,741,540
Accumulated surplus, end of March 31 ³	\$2,868,510	\$2,867,471	\$2,765,706

¹ Statement of Operations for City and Library after intercompany eliminations, and excludes Oval and LIEC results.

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

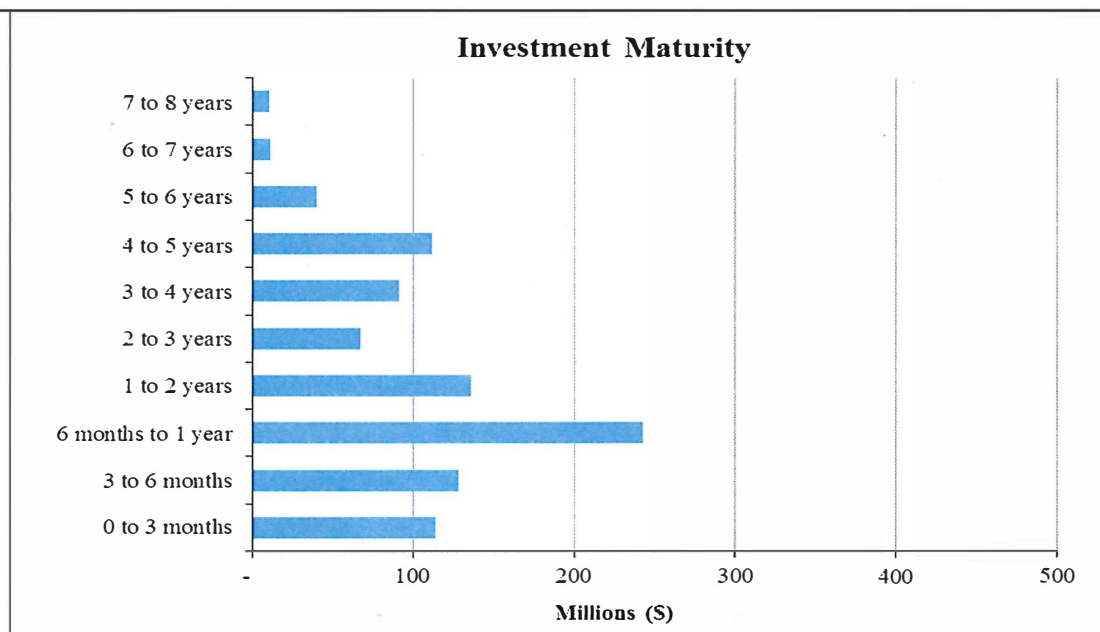
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴ Statement of Operation figures for 2017 were adjusted for comparative purposes.

Investment Portfolio

March 31, 2018 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (high)	British Columbia	2019	\$ 65,170	6.85%	
	AA (low)	Ontario	2024	11,199	1.18%	
	AA (high)	Alberta	2019-2022	68,684	7.22%	
	A (high)	Quebec	2022-2023	22,227	2.34%	
	A (high)	Manitoba	2018	12,000	1.26%	
		Total		\$ 179,281	18.83%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2018-2022	\$ 140,242	14.73%	
	AA (low)	National Bank of Canada	2018-2021	55,553	5.84%	
	AA	Bank of Montreal	2018-2025	29,937	3.15%	
	AA	Royal Bank	2018-2023	68,100	7.15%	
	AA	CIBC	2018-2022	10,011	1.05%	
	AA	TD Bank	2018-2023	71,350	7.50%	
	A (low)	Canadian Western Bank	2018	24,482	2.57%	
	A (high)	HSBC Bank of Canada	2021-2023	32,236	3.39%	
	A (low)	B2B/Laurentian Bank	2018	10,000	1.05%	
		Total		\$ 441,910	46.43%	50%
BC Credit Unions						
		Coast Capital Savings	2018-2019	90,122	9.47%	
		Vancity	2018-2019	\$ 62,000	6.51%	
		Gulf and Fraser	2018-2019	49,913	5.24%	
		Blue Shore Financial	2018-2019	47,906	5.03%	
		Westminster Savings	2018	35,431	3.72%	
		Total		\$ 285,372	29.98%	30%
Pooled Investments						
		MFA Pooled Investment Fund		\$ 45,295	4.76%	20%
Total Investment Portfolio Balance				<u>\$ 951,858</u>	<u>100.00%</u>	



Contract Awards greater than \$75,000

January 1st to March 31st, 2018

Item	#	Description	Awarded Vendor	Awarded Amount	Division
1	6292F	Condition Assessment Services - Maintenance and Planning Software	VFA Canada Corporation	\$123,000	Engineering & Public Works
2	6246Q	King George Spray Park - Surfacing Repairs with a Poured-in-Place Rubber Surfacing System	Marathon Surfaces Inc.	108,860	Community Services
3	6245S	Microbial Soil Stabilization - Phase 2	Groundwater Technology	105,000	Engineering & Public Works
4	6241Q	Recruitment Services - Director, Parks & Director, Recreation Services	Davies Park Executive Search Consultants	77,500	Community Services
5	6224F	Emergency construction repair/stabilization work for the canal bank along the 2400 block of No. 8 Road	Merletti Construction (1999) Ltd.	125,000	Engineering & Public Works
6	6222Q	Janitorial Services - Libraries (Brighthouse, Cambie and Ironwood)	Master Care Janitorial & Facility Services	104,120	Community Services
7	6216F	Professional audio, lights, staging and truss for Richmond World Festival and Richmond Canada Day	Briere Production Group Inc.	94,150	Community Services
8	6204S	PerfectMind software annual subscription, maintenance and support renewal	PerfectMind Inc.	175,036	Finance & Corporate Services
9	6192S	Maintenance and support services for REDMS	Open Text Corporation	187,767	Finance & Corporate Services
10	6189S	Annual Software License - Tempest	Tempest Development Group Inc.	103,962	Finance & Corporate Services
11	6179Q	Supply and Installation of Readerboard at Fire Hall No. 1 and No. 4	Landmark Sign Ltd.	79,610	Engineering & Public Works
12	6162P	Producer for the Richmond World Festival	John Donnelly & Associates Event	97,500	Community Services

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

January 1st to March 31st, 2018

Item	#	Description	Awarded Vendor	Awarded Amount	Division
13	T.6159	Minoru Chapel Phase 3 Renovation	Scott Special Projects	229,536	Engineering & Public Works
14	6154P	Drainage Pump Station Condition Assessment	AECOM Canada Ltd.	124,791	Engineering & Public Works
15	6127Q	Lease - Automated Vote Counting System	Election Systems & Software	77,920	Finance & Corporate Services
16	6021Q	Supply & Delivery of 1 (One) Tier 4 (Four) Compliant Backhoe	Finning Canada	169,897	Engineering & Public Works
17	6020Q	Supply and Delivery of Sewer Vacuum Truck Combo Unit on a City Provided Cab and Chassis	Vimar Equipment Ltd.	406,990	Engineering & Public Works
18	5961Q	Supply and Delivery of 1 (One) 21 Passenger Bus	Dynamic Specialty Vehicles Ltd.	109,664	Engineering & Public Works
19	5857P	Supply and Delivery of Janitorial Cleaning Supplies	Planet Clean	820,800	Engineering & Public Works