



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** December 8, 2017

**From:** Jerry Chong  
Director, Finance

**File:** 03-1200-05/2017-Vol  
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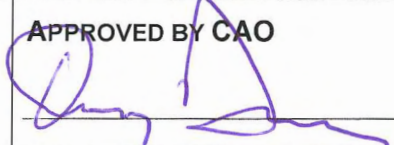
**Re:** Financial Information – 3<sup>rd</sup> Quarter September 30, 2017

### Staff Recommendation

That the staff report titled, "Financial Information – 3<sup>rd</sup> Quarter September 30, 2017", dated December 8, 2017 from the Director, Finance be received for information.

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

Att: 6

REPORT CONCURRENCE		
<b>ROUTED TO:</b> Arts, Culture & Heritage Building Approvals Community Bylaws Community Social Development Development Applications Economic Development Engineering Fire Rescue Parks Services Public Works RCMP Recreation Services Library Services	<b>CONCURRENCE</b> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<b>CONCURRENCE OF GENERAL MANAGER</b> 
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

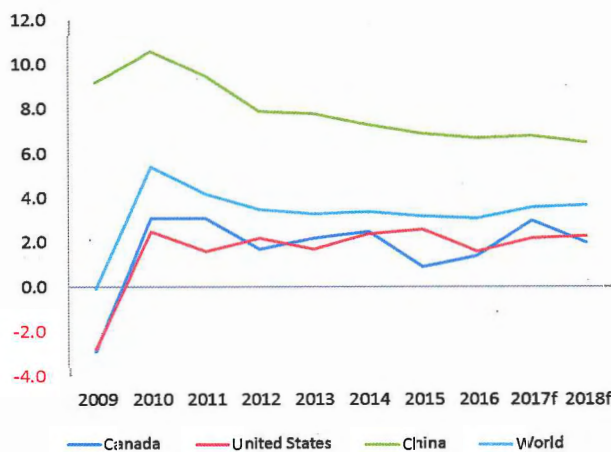
## Origin

Pre-audited financial information for the 3<sup>rd</sup> quarter ended September 30, 2017 is being provided to the Finance Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City's financial results throughout the year and before the annual audited financial statements are presented.

## Analysis

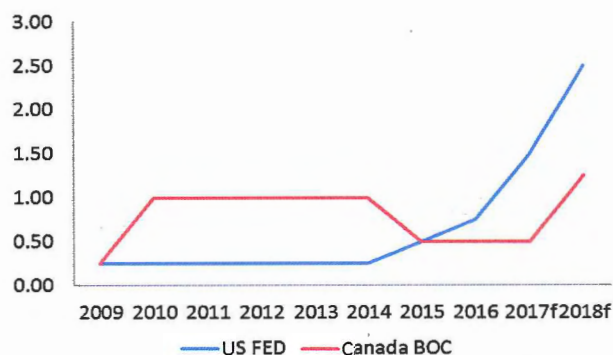
### Macroeconomic Indicators & Forecast

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

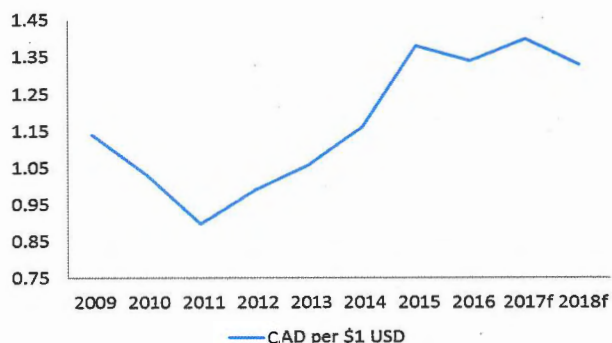


- In Q3 2017, the International Monetary Fund upgraded its growth forecast for Canada. The economy as measured by gross domestic product (GDP) is now projected to grow by 3.0% in 2017, leading growth among G7 countries, and by 2.1% in 2018.
- The biggest downside risk to the outlook is the renegotiation of the North American Free Trade Agreement (NAFTA).
- U.S. growth forecasts improved slightly, to 2.2% and 2.3% for 2017 and 2018.
- Pickups in investment, trade, industrial production as well as strengthening business and consumer confidence are supporting continued economic recovery globally.
- World Real GDP is expected to grow by 3.6% and 3.7% in 2017 and 2018, while GDP growth in China is forecasted to be 6.8% in 2017 and 6.5% in 2018.

<sup>1</sup> International Monetary Fund, World Economic Outlook (October 2017)

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

- The Bank of Canada (BOC) raised the overnight lending rate twice in Q3 2017, the first upward movement in 7 years, to 1%.
- The BOC rate is forecasted to increase to 1.25% by the end of 2017 and to 2.0% by the end of 2018, spurred by continued strong consumer spending, job growth and business investment.
- The U.S. Federal Reserve (US FED) maintained the short-term rate at 1.25% in Q3 2017, as it began a gradual reduction of its balance sheet. At the December 2017 meeting the US FED raised the rate to 1.5%.
- The US FED rate is expected to rise to 2.5% by the end of 2018.

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

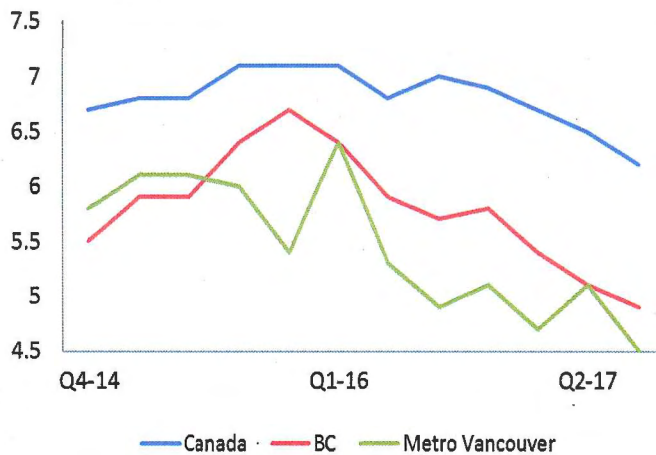
- The Canadian dollar (CAD) appreciated in Q3 2017, ending the quarter valued at \$1.25 CAD per \$1 U.S. dollar (USD).
- An underperforming U.S. dollar and the BOC's rate hikes were both contributing factors to a stronger Canadian dollar.
- Forecasted USD/CAD exchange rates for 2017 and 2018 are \$1.24 CAD per \$1 USD and \$1.26 CAD per \$1 USD, respectively.

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

<sup>3</sup> Bank of Canada, Monetary Policy Report (October 2017)

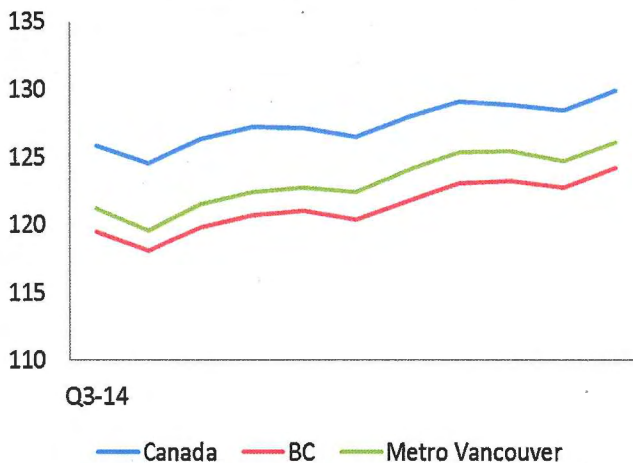
### Regional & Local Economic Activity Indicators

#### 4) Unemployment<sup>4</sup>



- Canada, British Columbia and Metro Vancouver all continued to experience steady employment gains in Q3 2017, ending the quarter with unemployment rates of 6.2%, 4.9% and 4.5% respectively.
- British Columbia continues to have the lowest unemployment of all Canadian provinces; in Q3 2017 the rate declined by 4% over the previous quarter and 14% over the same period last year.

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

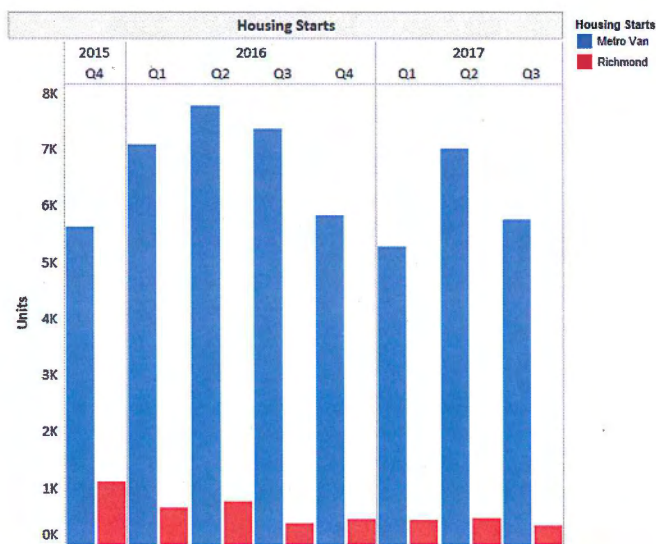


- British Columbia's consumer price index (CPI) climbed by 2.0% in September over the same month last year.
- Metro Vancouver experienced a slightly higher year-over-year CPI increase, at 2.3%.
- The overall pace of inflation in Canada accelerated in Q3 2017, largely driven by higher gasoline prices. The year-over-year CPI increase was 1.6% in Q3 2017. This remains below the BOC's inflation-control target of 2.0%.

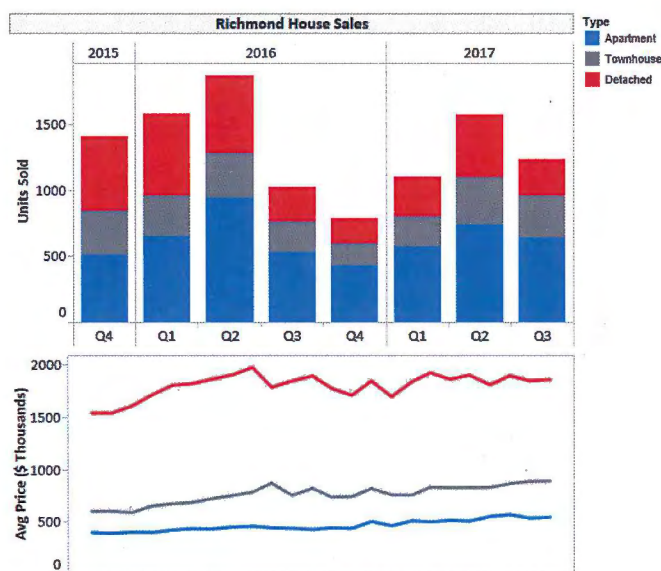
<sup>4</sup> Statistics Canada

<sup>5</sup> Statistics Canada



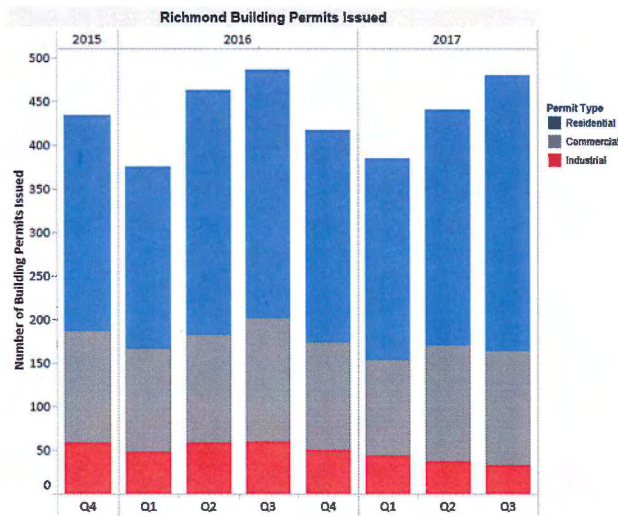
6) Housing Starts<sup>6</sup>

- Year-to-date housing starts declined by 31% in Richmond and 19% in Metro Vancouver compared to the first three quarters of 2016.
- The building industry is facing capacity constraints from a tight labour market and existing multi-family projects underway.
- Other constraints to new construction include higher real estate prices, interest rates and government policy interventions introduced in mid-2016.
- Throughout Q3 2017 there were 336 new housing starts in Richmond and 5,752 in Metro Vancouver.

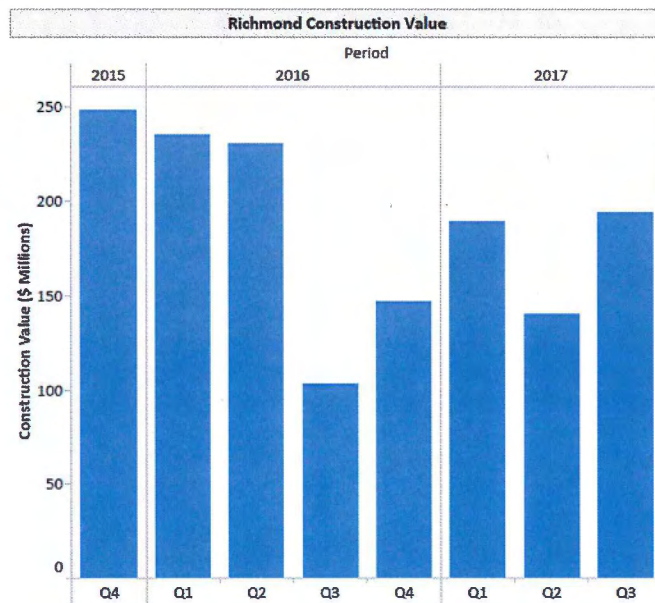
7) Richmond House Sales and Prices<sup>7</sup>

- Despite a strong quarter for home sales in Richmond (+ 21% over Q3 2016), year-to-date figures remained lower than last year. 3,907 homes were sold in Richmond in the first three quarters of 2017, a 13% decrease over the same period last year.
- Higher mortgage rates, new lending rules and a foreign buyer tax contributed to the decline.
- Notwithstanding short term fluctuations, year over year real estate prices increased for townhouses and apartments by 8.5% and 27%, respectively.
- The average price of a detached home in Richmond decreased slightly by 2%, over the same period last year. It currently sits at \$1.86 million. The average price of a townhouse is \$891,000 and the average price of an apartment is \$544,000.

<sup>6</sup> CMHC<sup>7</sup> Real Estate Board of Greater Vancouver

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

- In Q3 2017 there were 316 residential, 131 commercial, and 33 industrial building permits issued in Richmond. This represents a 1.2% decrease over the same quarter last year.
- Year to date building permit activity also declined, by 1.4%. Although the number of residential building permits issued year-to-date increased by 5.7%, commercial permits declined by 2.4% and industrial permits declined by 32% over the first three quarters of 2016.
- Lack of greenfield sites for new industrial projects, as well as soaring land prices, are contributing factors to the decline in activity.

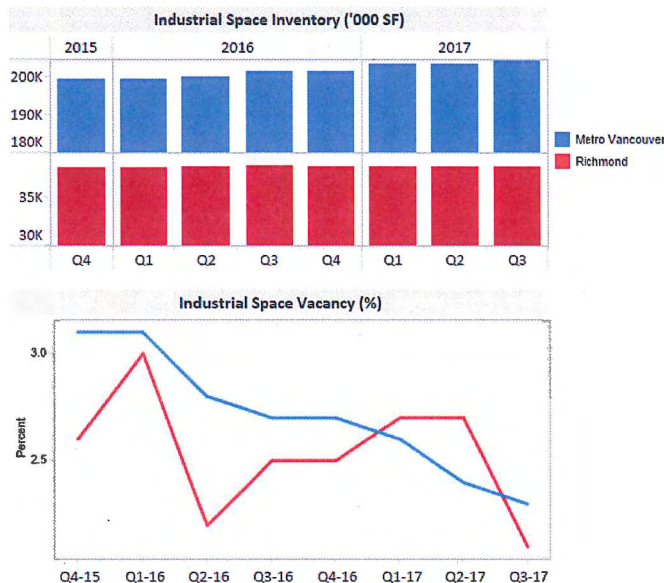


- The total value of new construction from January to September 2017 was approximately \$524 million, down 8% over the same period last year.
- This coincides with the drops in housing starts and sales activity over the same period and is likely due to similar factors such as building industry capacity constraints, housing market interventions and rising land costs.

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

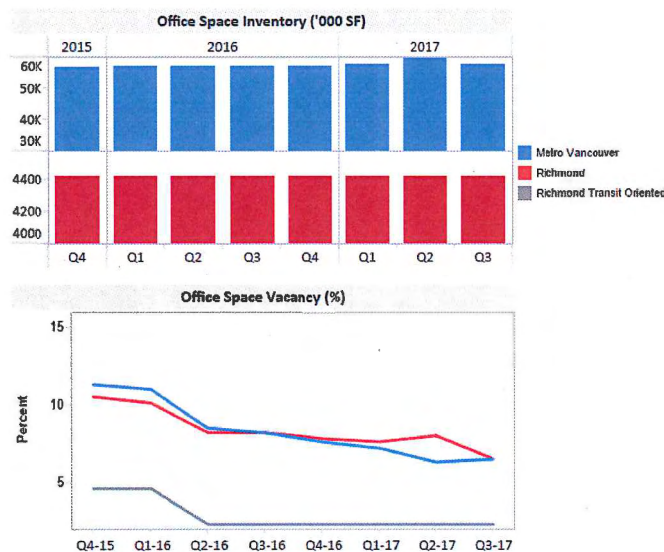


9) Commercial Space<sup>9</sup>  
a) Industrial Space



- Notwithstanding projects in the planning and construction stages, no significant new space has been added to Richmond's industrial inventory over the last year.
- As a result, the vacancy rate has continued to decrease. The industrial vacancy rate for Richmond is currently 2.1%, a decline of 16% over Q3 2016.
- Even with 1.3 million square feet of new industrial inventory added throughout Metro Vancouver in Q3 2017, the region continues to face an acute shortage of industrial land.
- The industrial space vacancy rate for all of Metro Vancouver is at a very constrained 2.3%.

b) Office Space

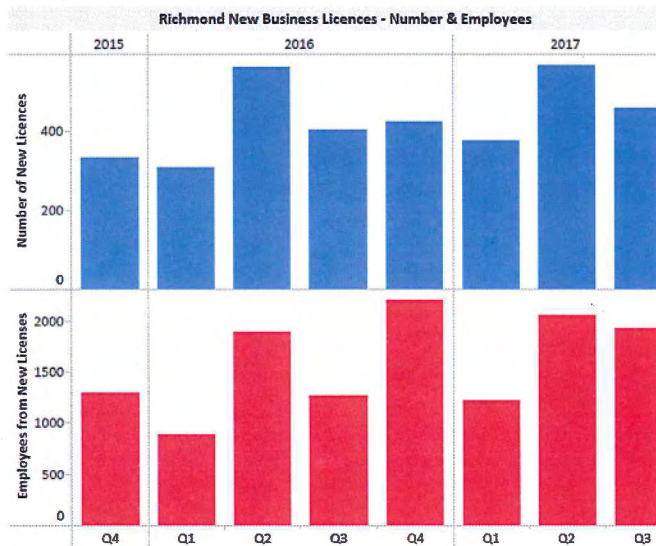


- Despite multiple projects currently in the proposal stage, there has been no significant new non-stratified office space added in Richmond since 2008.
- Continued absorption of existing inventory has caused the office vacancy rate in Richmond to trend downward since a high of 20% in 2012.
- The overall office vacancy rate in Richmond is now at 6.5%. It is even lower, at 2.3%, where demand is high, near rapid transit stations and City Center amenities.
- Minimal office space was added to the Metro Vancouver inventory in Q3 2017, driving the regional vacancy rate down to 6.5%.

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

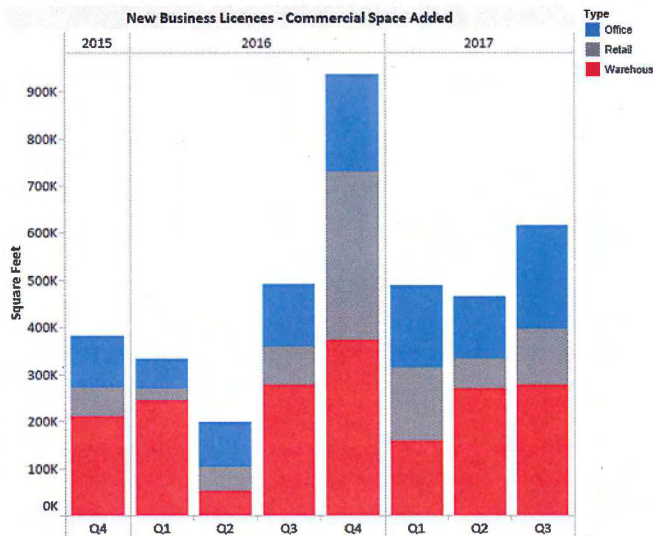
10) Business Growth – Richmond<sup>10</sup>

## a) Total Valid Business Licences



- 1,400 new business licences were issued by the City of Richmond throughout the first three quarters of 2017, an increase of 10% over the same period last year.
- The creation of 5,203 local jobs and absorption of 1.6 million square feet of commercial space were attributed to these new businesses.

## b) New Business Licences Issued

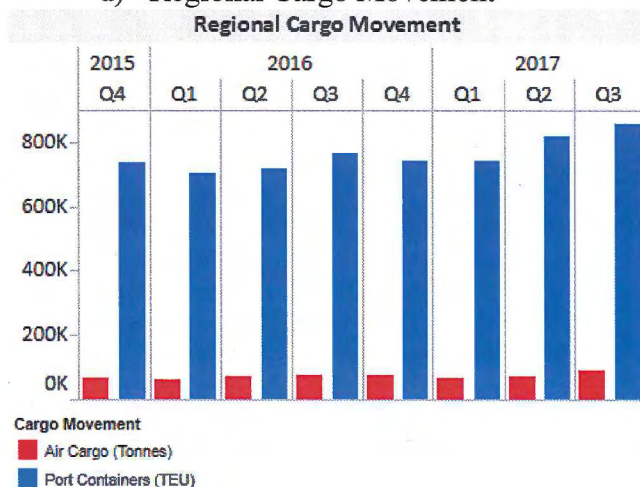


- In Q3 2017 commercial space absorption from new business licences was mostly from industrial uses (45%), followed by office (36%) and retail (19%) uses.
- The total number of valid business licences in Richmond increased by 4.9% over the same period in 2016.
- At the end of Q3 2017, there were 14,062 valid business licences issued in the City of Richmond.

<sup>10</sup> City of Richmond Business Licences



## 11) Goods and People Movement

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

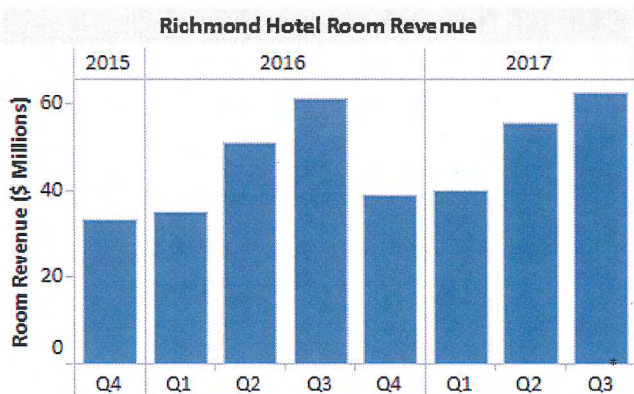
- Though exports fell nationally in Q3 2017, in part due to a strengthening Canadian dollar, the Vancouver International Airport (YVR) and Port of Vancouver posted strong trade figures in the period.
- Year to date YVR air cargo volumes increased by 19.5% over the same period last year, while Port of Vancouver container movements increased by 11%.
- New private investments in additional grain terminal capacity helped drive Port figures.

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

- YVR is on track for another record breaking year. Year over year airplane passenger volumes increased by 7.6%.
- In the first nine months of 2017, 18.4 million passengers flew through YVR compared to 17 million passengers in the same period last year.

<sup>11</sup> Port of Vancouver Monthly Cargo Statistics

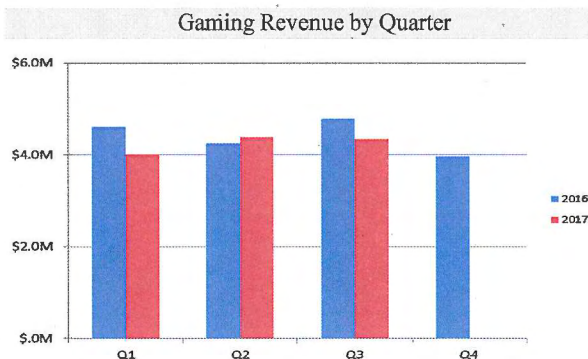
<sup>12</sup> YVR Monthly Statistics

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

- The tourism industry in Richmond, as measured by hotel room revenue, saw another quarter of strong growth.
- \$157.9 million dollars of hotel room revenue was earned in Richmond in the first nine months of 2017, a 7.4% increase over the same period last year.
- In July the MRDT (hotel tax) rate in Richmond increased from 2% to 3%.
- So far in 2017, Richmond hotels experienced an overall occupancy rate of 85% - the highest in B.C. and among the highest in Canada.

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 for Q3 2017 decreased by 9.0% to \$4.34M compared to \$4.77M in Q3 2016.
- Q3 2017 decreased by 0.9% compared to the previous quarter from \$4.38M to \$4.34M.

The decrease in gaming revenue received by the City in Q3 2017 over Q2 2017 is mainly due to decreased table revenues. Despite an increased Table Drop<sup>14</sup> of 1.7% and 9.8% for the three and nine months ended September 30, 2017, respectively, the decrease in Table Hold percentage<sup>15</sup> of 4.6 percentage and 3.2 percentage points for the same periods resulted in an overall decrease in

<sup>13</sup> City of Richmond Additional Hotel Room Tax Ledger; Destination BC

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

<sup>15</sup> Table hold percentage is the fraction of Table Drop remaining for the casino in lost bets from the customers.

table revenues. The decline was offset by increased slot revenues and reduction in payment to BCLC on service provider free play started in the second quarter of 2017.<sup>16</sup>

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

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

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

At end of Q3 2017, the City received \$12.73M or 70.3% of the annual budgeted amount.

### Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2017. The net figure represents combined revenue and expense amounts. Actuals includes estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

<sup>16</sup> Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month and Nine Month Periods Ended Sept 30, 2017.



Table 2: *Net Operational Activity for the period January 1, 2017 to September 30, 2017 (in \$000's)*

Net Operational activity <sup>1</sup>	For the period January 1 – September 30, 2017			Projected 2017 results		
Division/Department <sup>2</sup>	Q3 YTD Net Budget	Q3 YTD Actuals	Q3 YTD Variance (\$)	Q4 Projected Net Results <sup>3</sup>	2017 Appropriations	2017 Projected Surplus
Community Safety	(\$794)	(\$1,860)	\$1,066	\$1,109	\$ -	\$1,109
Community Services	35,165	31,876	3,289	1,145	(773)	372
Corporate Administration	7,653	7,620	33	810	(800)	10
Engineering and Public Works	18,642	13,882	4,760	3,343	(2,838)	505
Finance and Corporate Services	18,389	15,761	2,628	1,657	(1,102)	555
Fire Rescue	25,648	25,352	296	481	-	481
Library	5,721	5,652	69	66	(66)	-
Planning and Development	4,098	(368)	4,466	2,736	(516)	2,220
Policing	35,709	30,903	4,806	1,940	-	1,940
Fiscal	(173,067)	(170,962)	(2,105)	274	-	274
<b>Total Operating</b>	<b>(\$22,836)</b>	<b>(\$42,144)</b>	<b>\$19,308</b>	<b>\$13,561</b>	<b>(\$6,095)</b>	<b>\$7,466</b>
Water Utility	(3,973)	(6,695)	2,722	3,787	(3,787)	-
Sanitary Utility	(3,529)	(4,795)	1,266	1,775	(1,775)	-
Sanitation and Recycling Utility	(476)	(1,104)	628	985	(985)	-
<b>Total Utilities</b>	<b>(\$7,978)</b>	<b>(\$12,594)</b>	<b>\$4,616</b>	<b>\$6,547</b>	<b>(\$6,547)</b>	<b>\$ -</b>

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

<sup>2</sup>Based on organizational structure in place as of September 30, 2017

<sup>3</sup>Includes 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 2017 Financial Plan:

- Community Safety's expected surplus is due to vacancies and higher than budgeted revenues from Business Licences. Business licences revenue continues to exceed annual forecasts as businesses in core economic sectors have performed well. Revenues relating to Animal Control licences and false alarms have also exceeded the budget as of Q3.
- Community Services has a favorable variance mainly due to the unutilized Minoru Centre for Active Living (MCAL) Operating Budget Impact (OBI) phase-in which started in 2014. MCAL is anticipated to open in Q3 2018 and therefore, savings will be used to fund the facility's OBI.

Appropriations at year-end include \$773K for delayed projects to be implemented in 2018.

- Corporate Administration's favourable variance is mainly due to the timing of the reassignment of corporate program personnel and the filling of vacant positions. The

amount of \$800K will be appropriated for these revised corporate management programs that will be continued in the following year.

- Engineering and Public Works has a favourable variance which is primarily due to the timing of expenditures from Project Development. The Roads section had an unfavourable variance from the Snow and Ice Control due to the unexpected weather conditions in the first quarter but the deficit will be offset by the favorable variances from other departments.

Appropriations at year end include: Fleet Surplus of \$304K will be transferred to the Equipment Reserve in accordance with Policy 2020, \$1.6M from Project Development for ongoing projects relating to the Fire Hall, Minoru Centre for Active Living and City Hall Reorganization, and \$934K is appropriated from Engineering and Public Works for service fees relating to Lulu Island Energy Company.

- Finance and Corporate Services' favourable Q3 variance is mainly due to vacancies in various departments, grant revenue received from Municipal Insurance Association of British Columbia (MIABC) and lower than budgeted costs in IT maintenance contracts.

Appropriations at year end include: \$560K for ongoing programs including financial planning, business systems review and enhanced internal controls, \$327K for continuation of administration and compliance programs, \$100K for legal services, \$75K for IT innovation and development contract maintenance and \$40K for GIS and database services contract maintenance.

- Richmond Fire Rescue has a favorable variance which is primarily due to vacancies in Fire Suppression which were filled in September 2017. The salary cost variance is in line with the vacancy rate in the budgeted positions.
- The Library's surplus is mainly due to salary savings in 4 unfilled positions which is partially offset by eBook subscription expenses which were previously classified as assets. The forecast surplus at year end is to be utilized by the Library and is not included in the City's surplus.
- Planning and Development's favourable variance is primarily due to building permit revenues exceeding budget due to construction activities in Richmond exceeding forecasts. Salary expense is lower than budgeted due to vacancies in various departments. The Transportation Department has a positive variance which is mainly due to inventory returns that had been expensed in prior year.

Appropriations at year end include: \$375K for Amanda software upgrade and \$141K for ePlans for Building Approvals.

- Policing is projected to be lower than budget due to municipal staff vacancies and contract savings. Projected contract savings are due to vacancies in the compliment during the year and salary adjustments for RCMP that have not been applied.

- Fiscal is expected to have a moderate surplus in the year due to savings in insurance expense and other operational expenses.
- The Water Utility's projected favourable variance of \$1.9M is mainly due to unbudgeted revenues received from developers for water consumption charges during construction of new residential developments. Water purchases have been lower than expected as of Q3. Any surplus at year end will be transferred to the Water Levy Stabilization Provision.
- 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. Any surplus at year end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling's projected surplus is mainly due to higher than budgeted Multi Material BC revenues. There are also salary savings due to vacancies. Any surplus at year end 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, 2017, with comparative figures for 2016 is included in Attachment 3.



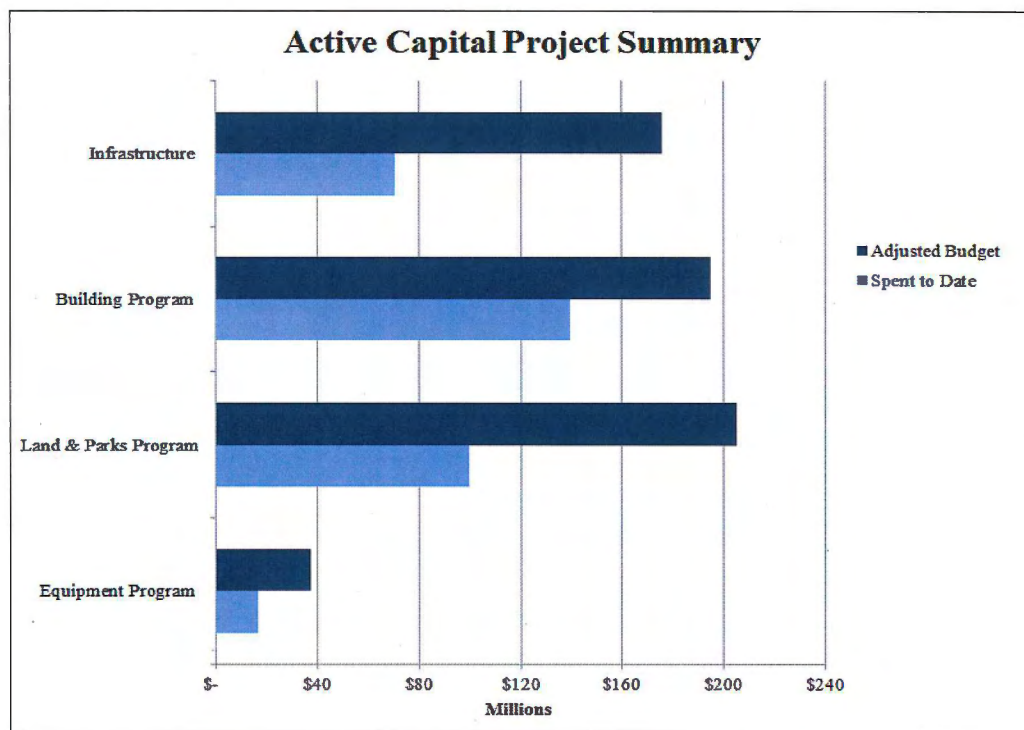
### Active Capital Project Summary

Active capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2017 Capital Budget of \$107.9M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$286.7M as at September 30, 2017.

Table 3: *Statement of Active Capital Project Expenditures - as at September 30, 2017 (in \$000's)*

Program	Adjusted Budget	Spent to date	Committed
Infrastructure	\$175,677	\$70,374	\$105,303
Building Program	194,594	139,724	54,870
Land & Parks Program	205,219	99,319	105,900
Equipment Program	37,526	16,864	20,662
<b>Grand Total</b>	<b>\$613,016</b>	<b>\$326,281</b>	<b>\$286,735</b>

The active capital projects figures include all projects that were active as of September 30, 2017. Figure 1 summarizes all active capital project expenditures by program as of September 30, 2017.



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

Active Capital Projects by Sub-Type

The following table summarizes the active capital projects by project sub-type.

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

Project Sub-Type	Adjusted budget	Actuals as at September 30, 2017	Committed	% Spent
Affordable housing	\$46,356	\$38,451	\$7,905	83%
Art	7,326	4,606	2,720	63%
Building	194,594	139,724	54,870	72%
Childcare	789	576	213	73%
Drainage	59,851	14,346	45,505	24%
Equipment	8,628	5,515	3,113	65%
Information technology	14,503	5,905	8,598	41%
Land	87,770	24,774	62,996	28%
Parks	53,519	30,912	22,607	58%
Public works minor capital	9,905	4,942	4,963	50%
Roads	52,565	28,477	24,088	54%
Sanitary sewer	23,515	6,729	16,786	29%
Transportation	5,657	2,616	3,041	46%
Vehicles	14,396	5,443	8,953	38%
Water	24,183	13,265	10,918	55%
Contingency (grants, etc.)	9,459	-	9,459	0%
<b>Grand Total</b>	<b>\$613,016</b>	<b>\$326,281</b>	<b>\$286,735</b>	<b>53%</b>

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



Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee. The following changes in Table 3 were recorded in the third quarter, September 30, 2017.

Table 5: *Capital Budget Reallocations (in \$000's)*

Project Name	Budget	Q3 2017 Budget Transfers	Adjusted Budget
<b>Transfers Between Capital Projects</b>			
<b>Transfer 1:</b>			
Advanced Design PRCS Building 2010	\$500	(\$81)	\$419
Projects Advanced Design 2015	400	(20)	380
Projects Advanced Design 2016	300	101	401
<b>Transfer 2:</b>			
Fire Vehicle Replacement 2015	972	(874)	98
Fire Vehicle Replacement 2017	1,618	874	2,492
<b>Transfer 3:</b>			
Strategic Land Acquisition 2013	5,000	(20)	4,980
Strategic Land Acquisition 2017	16,000	20	16,020
<b>Transfer 4:</b>			
Contingent Capital Grants 2017	10,000	(541)	9,459
Minoru Park - Track Resurfacing 2014	450	67	517
PW Minor Capital - Traffic 2016	250	53	303
Special Crosswalk Program 2015	350	29	379
West Cambie Greenway 2012	300	392	692
<b>Grand Total</b>	<b>\$36,140</b>	<b>\$ -</b>	<b>\$36,140</b>

Contributed Assets

Included in the 2017-2021 Financial Plan Bylaw is an estimate of \$31.2M for assets that are transferred to the City by developers estimated based on prior year trends. These are recorded as revenue at the fair market value at the time of contribution. The following donated assets were recorded to the end of the third quarter. The following amount is \$33.8M as of third quarter.

Table 6: *Contributed Assets (in \$000's)*

Contributed Assets	Actuals as at September 30, 2017
Land Under Roads	\$22,469
Roads	5,829
Storm Sewer	1,478
Street Lighting	1,727
Watermain	571
Traffic Signals	484
Sanitary Sewer	1,210
<b>Total</b>	<b>\$33,768</b>



### Investment Portfolio

The City's investment portfolio at September 30, 2017 was \$989.6 million, with an average yield on investment of 1.99%. 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)*

	September 30, 2017
2 Year Government of Canada Bonds	1.58%
5 Year Government of Canada Bonds	1.80%
10 Year Government of Canada Bonds	2.13%

Source: Bank of Canada

With Canada's robust and stronger than expected economic growth during the first half of this year, the Bank of Canada raised interest rates by 0.25% twice this quarter during its July and September interest rate announcements. More recent economic data however suggested that the economic growth has slowed down, prompting the Bank of Canada to be more cautious with further interest rate increases. As a result of this, the Bank of Canada held its target overnight interest rate at 1.0% at the latest December 6, 2017 interest rate announcement.

Moderate growth is expected to take place in the second half of 2017. Exports and business investment are both expected to continue to make a solid contribution to GDP growth. Housing and consumption of goods are forecasted to slow in light of policy changes affecting housing markets and higher interest rates. Because of high debt levels, household spending is likely more sensitive to interest rates than in the past.

The market does not anticipate another interest rate increase for the remainder of the year and it will be until early 2018 before further tightening may take place.

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

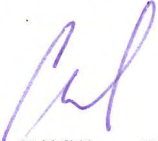
This report provides information on the formal contracts awarded by the City during the 3<sup>rd</sup> quarter. In accordance with Policy 3104, 33 contracts greater than \$75,000 were awarded totalling over \$10.7M (Attachment 6).

### **Financial Impact**

None.

**Conclusion**

The City of Richmond has maintained its strong financial position through the third quarter of 2017. 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 \$8.3M 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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- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Statement of Operations
- Att. 4: Capital Project Highlights
- Att. 5: Investment Portfolio
- Att. 6: Contract Awards greater than \$75,000

**Economic Indicators****September 30, 2017****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2015	2016	Change	2017f*	2018f*
Canada	0.9	1.4	55.6%	3.0	2.1
United States	2.6	1.6	(38.5%)	2.2	2.3
China	6.9	6.7	(2.9%)	6.8	6.5
World	3.4	3.1	(8.8%)	3.6	3.7
2) Interest Rates (at YE)	2015	2016	Change	2017f*	2018f*
Bank of Canada	0.50	0.50	0.0%	1.25	2.00
US FED	0.50	0.75	50.0%	1.50	2.50
3) Exchange Rate	2015	2016	Change	2017f*	2018f*
CAD per \$1 USD	1.38	1.34	(2.9%)	1.24	1.26

\*f-forecast

**Regional and Local Market Indicators**

4)	Unemployment (%)	Q3-2017	Q2-2017	Change	Q3-2016	Change	
	Canada	6.2	6.5	(4.6%)	7.0	(11.4%)	
	BC	4.9	5.1	(3.9%)	5.7	(14.0%)	
	Metro Vancouver	4.5	5.1	(11.8%)	4.9	(8.2%)	
5)	CPI (2002=100)	Q3-2017	Q2-2017	Change	Q3-2016	Change	
	Canada	130.8	130.4	0.3%	128.8	1.6%	
	BC	125.7	125.2	0.4%	123.2	2.0%	
	Metro Vancouver	128.3	127.5	0.6%	125.4	2.3%	
6)	Housing Starts (Units)	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
	Starts - Metro Vancouver	5,752	7,358	(21.8%)	18,025	22,198	(18.8%)
	Starts - Richmond	336	364	(7.7%)	1,220	1,765	(30.9%)

**Richmond Residential Sales**

7) Activity	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Sales - Detached	280	263	6.5%	1,048	1,475	(28.9%)
Sales - Townhouse	316	229	38.0%	903	873	3.4%
Sales - Apartment	641	532	20.5%	1,956	2,129	(8.1%)
<b>Sales Total/Average Change</b>	<b>1,237</b>	<b>1,024</b>	<b>20.8%</b>	<b>3,907</b>	<b>4,477</b>	<b>(12.7%)</b>

	Q3-2017	Q3-2016	Change
Average Price - Detached (\$ at QE)	1,860,000	1,894,000	(1.8%)
Average Price - Townhouse (\$ at QE)	891,000	821,000	8.5%
Average Price - Apartment (\$ at QE)	544,000	428,000	27.1%



**Economic Indicators****September 30, 2017****Regional and Local Market Indicators (continued)**

8) Richmond Building Permits	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Building Permits - Residential	316	285	10.9%	818	774	5.7%
Building Permits - Commercial	131	141	(7.1%)	373	382	(2.4%)
Building Permits - Industrial	33	60	(45.0%)	114	167	(31.7%)
<b>Building Permits Total</b>	<b>480</b>	<b>486</b>	<b>(1.2%)</b>	<b>1,305</b>	<b>1,323</b>	<b>(1.4%)</b>
 <b>Construction Value (\$ million)</b>	 193.9	 103.5	 87.3%	 523.6	 569.1	 (8.0%)
9) Commercial Space (at QE)	Richmond			Metro Vancouver		
	Q3-2017	Q3-2016	Change	Q3-2017	Q3-2016	Change
Office Vacancy (%)	6.5	8.2	(20.7%)	6.5	8.2	(20.7%)
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%	57,678	57,003	1.2%
Industrial Vacancy (%)	2.1	2.5	(16.0%)	2.3	2.7	(14.8%)
Industrial Inventory (000 sf)	37,994	37,994	0.0%	204,807	201,413	1.7%
10) Richmond Business Growth	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Total Valid Business Licences (at QE)	14,062	13,402	4.9%	n/a	n/a	n/a
New Licences - Number Issued	459	403	13.9%	1,400	1,272	10.1%
New Licences - Employees	1,926	1,265	52.3%	5,203	4,038	28.9%
New Licences - Office Added (sf)	219,427	131,300	67.1%	526,899	290,187	81.6%
New Licences - Retail Added (sf)	117,093	80,841	44.8%	336,479	156,779	114.6%
New Licences - Industrial Added (sf)	278,999	278,413	0.2%	706,287	575,367	22.8%
<b>Total Space Added (sf)/Avg. Change</b>	<b>615,519</b>	<b>490,554</b>	<b>25.5%</b>	<b>1,569,665</b>	<b>1,022,333</b>	<b>53.5%</b>

**Economic Indicators****September 30, 2017****Regional and Local Market Indicators (continued)**

11) Goods & People Movement	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
YVR Air Cargo (tonnes)	89,529	74,367	20.4%	231,245	193,484	19.5%
PMV Container Movement (TEUs)	856,370	764,113	12.1%	2,414,904	2,185,957	10.5%
YVR Passengers (million)	7.1	6.6	6.1%	18.3	17.0	7.6%
Richmond Hotel Revenue (\$million)	62.5	61.2	2.1%	157.9	147.1	7.4%

**Notes:**

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

**List of Sources:**

- 1) International Monetary Fund, World Economic Outlook, October 2017
- 2) US Federal Reserve, Bank of Canada and Royal Bank Research
- 3) Bank of Canada, Monetary Policy Report (October 2017)
- 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) Port of Vancouver Monthly Cargo Statistics
- 12) YVR monthly statistics
- 13) City of Richmond Additional Hotel Room Tax Ledger, Destination BC

**Financial and Key Indicators****September 30, 2017**

(All dollar amounts in \$000's)

<b>1) Development Cost Charges Contributions</b>	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Roads, Water, Sewer DCC's Received	\$1,844	\$2,866	(35.7%)	\$9,187	\$9,716	(5.4%)
Parks DCC's Received	\$2,666	\$1,489	79.0%	\$4,721	\$6,043	(21.9%)
<b>Total DCC Fees Received</b>	<b>\$4,510</b>	<b>\$4,355</b>	<b>3.6%</b>	<b>\$13,908</b>	<b>\$15,759</b>	<b>(11.7%)</b>
DCC Reserves – Uncommitted balance at QE	76,546	72,533	5.5%	n/a	n/a	n/a
<b>2) Uncommitted Reserves (at QE)</b>	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>			
Capital Funding Reserves	\$113,934	\$111,610	2.1%			
Utility Reserves	\$102,728	\$92,041	11.6%			
Affordable Housing Reserves	\$1,632	\$4,652	(64.9%)			
Other Reserves	\$62,013	\$53,563	15.8%			
<b>Total Uncommitted Reserves</b>	<b>\$280,307</b>	<b>\$261,867</b>	<b>7.0%</b>			
<b>3) Taxes to date</b>	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>	<b>YTD-2017</b>	<b>YTD-2016</b>	<b>Change</b>
Taxes Collected	\$152,461	\$142,026	7.3%	\$410,850	\$382,388	7.4%
City Portion of Taxes Collected	\$74,706	\$69,593	7.3%	\$201,317	\$187,370	7.4%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$2,116	\$2,060	2.7%	n/a	n/a	n/a
No. of Participants on Pre-authorized withdrawal (at QE)	6,358	6,384	(0.4%)	n/a	n/a	n/a
Pre-authorized withdrawals payments	\$5,797	\$5,518	5.1%	\$19,728	\$19,151	3.0%
Interest rate % paid	0.70%	0.70%	-	0.70%	0.70%	-
<i>Sources: All data is from City of Richmond records</i>						
<b>4) Investments</b>	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>			
Total Investments	\$989,621	\$989,822	0.0%			
Average City Rate of Return on Investments %	1.99%	2.0%	(1.0%)			



**Financial and Key Indicators****September 30, 2017**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

5) Planning and Development	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Building Permit Fees Collected	\$2,587	\$1,531	69.0%	\$7,051	\$6,775	4.1%
Development Applications Received	52	68	(23.5%)	152	191	(20.4%)
Development Applications Fees	\$363	\$390	(6.7%)	\$842	\$1,033	(18.5%)
6) Business Licences	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Revenue Received for Current Year Licences	\$841	\$714	17.8%	\$3,729	\$3,359	11.0%
Revenue Received for Next Year (Deferred)	\$405	\$395	2.5%	\$727	\$691	5.2%
Total Licence Revenue	\$1,246	\$1,110	12.3%	\$4,457	\$4,050	10.0%
Year to date valid licences and revenue include current year licences issued in the prior year.						
7) Other Revenues	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Parking Program Revenue	\$471	\$559	(15.7%)	\$1,389	\$1,672	(16.9%)
Gaming Revenue	\$4,341	\$4,770	(9.0%)	\$12,727	\$13,608	(6.5%)
Traffic Fine Revenue	\$0	\$0	0%	\$1,948	\$2,182	(10.7%)
8) Employees	Q3-2017	Q3-2016	Change			
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,495	1,468	1.8%			
FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results excluding overtime.						
9) Operating Indicators	Q3-2017	Q3-2016	Change	YTD-2017	YTD-2016	Change
Fire Rescue Responses	2,902	2,763	5.0%	8,396	8,049	4.3%
RCMP - Calls for Service Handled	18,319	18,820	(2.7%)	50,915	53,242	(4.4%)
Public Works calls for Service	4,272	3,924	8.9%	12,474	11,260	10.8%

**Financial and Key Indicators****September 30, 2017**

(All dollar amounts in \$000's)

**Financial and Key Indicators (continued)**

<b>10) Affordable Housing (at QE)</b>	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR) (units)	435	350	24.3%
Market Rental (units)	411	411	0.0%
Entry Level Home ownership (units)	19	19	0.0%
Secondary Suite / Coach House (units)	236	186	26.9%
<b>Total Affordable Housing</b>	<b>1,578</b>	<b>1,443</b>	<b>9.4%</b>

	<b>Q3-2017</b>	<b>Q3-2016</b>	<b>Change</b>
Floor Space secured, unit mix & other (sq feet) at QE *	132,533	119,069	11.3%

\* 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.

<b>11) Richmond Population Estimate</b>	<b>2017f</b>	<b>2016</b>
<b>Year End *</b>	<b>218,307</b>	<b>218,307</b>

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

**Notes:**

- a) All figures presented above are unaudited
- b) YTD indicates year to date including adjustments

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

For the Nine Month Period Ended September 30, 2017, with comparative figures for 2016:

(Expressed in thousands of dollars)

	<b>Budget September 30 2017</b>	<b>Actuals September 30 2017</b>	<b>Actuals September 30 2016</b>
<b>Revenues:</b>			
Taxes and levies	\$154,868	\$155,136	\$149,171
User fees	72,447	74,968	72,316
Sales of services	21,756	22,918	21,630
Payments-in-lieu of taxes	10,395	11,078	10,089
Provincial and federal grants	3,552	4,986	4,749
Development cost charges	14,200	12,225	14,770
Other capital funding sources	33,022	39,542	15,167
Other revenues:			
Investment income	11,021	14,308	13,968
Gaming revenue	13,566	12,727	13,608
Licences and permits	7,161	10,976	10,038
Other	12,905	19,216	16,605
	<b>354,891</b>	<b>378,080</b>	<b>342,111</b>
<b>Expenses:</b>			
Community safety	71,933	66,198	65,537
Engineering, public works and project development	53,048	44,042	41,249
General government	55,107	45,533	33,302
Parks, recreation and community services	48,912	42,601	39,148
Utilities:			
Water supply and distribution	30,944	31,579	30,774
Sewerage collection and disposal	23,080	21,909	20,788
Sanitation and recycling services	11,300	10,960	10,788
Planning and development	10,706	9,995	9,771
Library services	7,487	7,087	7,027
	<b>312,516</b>	<b>279,904</b>	<b>258,384</b>
YTD Surplus (Annual Surplus) <sup>2</sup>	42,375	98,175	83,727
Accumulated surplus, beginning of year	2,809,429	2,809,429	2,716,613
Accumulated surplus, end of September 30 <sup>3</sup>	<b>\$2,851,804</b>	<b>\$2,907,605</b>	<b>\$2,800,340</b>

<sup>1</sup> Statement of Operations for City and Library after intercompany eliminations, and excludes Oval and LIEC results.<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: \$4.4M (2014)

95% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. Construction is ongoing and completion is scheduled for Q4 2017.

*No 2 Road Multi-Use Pathway and Intersection Improvements – Steveston Highway to Dyke Road*

Approved Budget: \$7.3M (2016)

15% Complete

- This project includes a multi-use shared pathway for pedestrians and cycling on No. 2 Road between Steveston Highway and Dyke Road along with intersection improvements. The City has secured cost share funding of \$3.5M from the Federal Government. Watermain relocation and upgrades on No. 2 Road between Moncton Road and London Road have been completed. The roadwork's design has been completed and the project is at the tendering stage.

*Spires Area Water, Sanitary and Drainage Upgrade*

Approved Budget: \$4.5M (2016)

35% Complete

- This project consists of installing new storm sewer and replacing/upgrading ageing watermains and sewer mains in the Cook & Spires neighbourhood. The construction of the perimeter watermain on Cook Road and Cooney Road has been completed. The internal subdivision sanitary, drainage and waterworks are at the construction tendering stage.

*LanBritannia Heritage Shipyard Flood Protection Upgrades*

Approved Budget: \$1.8M (2016)

25% Complete

- This project will improve flood protection around the Britannia Heritage Shipyard site, which is outside the City dike. Works include repairs to existing bulkheads, raising of concrete walls and new sheet pile flood barriers that will be cladded to preserve the heritage appearance. Construction has commenced.

**Capital Highlights****Buildings***Minoru Centre for Active Living:*

Approved Budget: \$79.6M (2013, 2014) + \$3.4M Contingency 60% Complete

- On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. Structural steel and glulam are complete. Exterior cladding, glazing and roofing are underway. Interior finishes including steel stud, drywall, tiling, electrical and plumbing is ongoing. Project completion is anticipated in mid-2018. The public engagement process is continuing through to project completion.

*Fire Hall No. 1:*

Approved Budget: \$22.3M (2014) + \$2.1M Contingency 80% Complete

- On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. Exterior roofing and glazing are complete. Exterior cladding is nearly complete. Interior finishes, millwork, tiling, painting, electrical and plumbing are ongoing. Project completion is anticipated in early 2018.

*Fire Hall No. 3:*

Approved Budget: \$20.7M (2005-2009) + \$3.5M Contingency 100% Complete

- On July 23, 2012, Council approved construction of a new Fire Hall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Fire Hall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7M to construct a new Fire Hall No. 3 through the 2005 - 2009 Capital Programs. The construction of Fire Hall No. 3 is complete and in operation, repair of minor deficiencies is typical and anticipated for the first year of operation. The grand opening of the facility was held on October 14, 2017.

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

Approved Budget: \$2.9M (2013)

100% Complete

- The City was awarded a Canada 150 grant to upgrade the trail on the east side of McCallan Road between Westminster Highway and River Road. Path construction is complete and trees are planted.

*Garden City Lands Phase 1 and 2:*

Approved Budget: \$6.4M (2015, 2016 &amp; 2017 )

75% Complete

- The Garden City Lands - Legacy Landscape Plan was endorsed by Council in June 2014. An in-depth study of the site's hydrological and ecological conditions was completed as guidance for the refinement of the Legacy Landscape Plan including detailed design of water management infrastructure and perimeter trails. These are under construction and will be complete in Fall 2017.
- Preparation of the farm area licensed to Kwantlen Polytechnic University began in June and is expected to be completed by Spring 2018.
- Tree and shrub planting for the agricultural buffer around the site perimeter will commence in Fall 2017 and continue into 2018.
- Perimeter Path construction and Clay Seepage Barrier installation completed.
- Hydroseeding: initial phases completed; ongoing as park evolves.

*Lang Park Redevelopment:*

Approved Budget: \$876,000 (2015)

100% Complete

- Construction of the park is complete including a new concrete plaza, seat walls, water feature/fountains, play area, and artwork. The park was opened to the public on July 3, 2017 and was officially opened on July 20, 2017.

*Middle Arm Gateway / Oval West / Hollybridge Pier:*

Approved Budget: \$3.6M (2010, 2012 &amp; 2016)

55% Complete

- Contract awarded to Fraser River Pile & Dredge for the construction services of the pier. An application has been submitted to the Province for water lot lease and the management plans associated with the pier have been submitted to Ministry of Forest, Lands and Natural Resource Operations, Fisheries and Oceans Canada, Environment Canada, and the Diking Authority. Approvals were anticipated to be received by October 2017. Construction was expected to commence in the November 2017, in association with the adjacent residential development (ASPAC Lot 9).
- Construction work to the dyke and trail is anticipated to be completed by late January 2018.



**Capital Highlights****Community Services/Parks***Aberdeen Park:*

Approved Budget: \$3.7M (2014, 2016 & 2017) 50% Complete

- Council approved the naming of this new park at Cambie Rd. and Hazelbridge Way in July of 2017 from Cambie City Centre to Aberdeen Park.
- The tender for Phase 1 park construction was awarded in June 2017 and construction commenced on July 4 2017.
- Park construction well underway for pathways and plaza area; tree planting completed.
- Expected completion date: early 2018.

*The Gardens Agricultural Park :*

Approved Budget: \$317,000 (2012) & \$1.95M (2014, 2015) 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) 98% Complete

*Included in Minoru Major Facility Integrated Project*

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

**Capital Highlights****Community Services/Parks***Britannia Shipyards Slipways:*

Approved Budget: \$513,000 (2013)

94% Complete

- Restoration of the Slipway's timber components completed.
- Staff to review options for restoring & repairing the electrical winch system (process started to secure a contractor to work on the 100 year old antique winch system).
- Staff to discuss next steps required for an operating boat slipways and the construction of carriages required accommodating vessels.
- Carriage design underway.

*Minoru Latrace Field High Mast Netting System:*

Approved Budget: \$300,000 (2017)

25% Complete

- Design Build RFP process underway for an 80'-0 high x 320'-0 long high mast netting system.
- Staff to review options for controlling errant/foul balls from crossing over to other sports fields and to protect spectators and pedestrians.
- Award of contract to Netex Canada for the installation completed.
- Materials ordered and expected delivery in November 2017.
- Construction to start in late November 2017.

*Playground Improvement:*

Approved Budget: \$300,000 (2017)

5% Complete

- Engagement with staff and students at Garden City Elementary School for the new playground will start in Fall 2017. Input received will inform the scope of work to be included in a request for proposals for design-build services for the playground.
- An RFP for design-build services will be issued in early 2018.
- Construction is expected to commence in Spring 2018.

*Rideau Playground:*

Approved Budget: \$200,000 (2017)

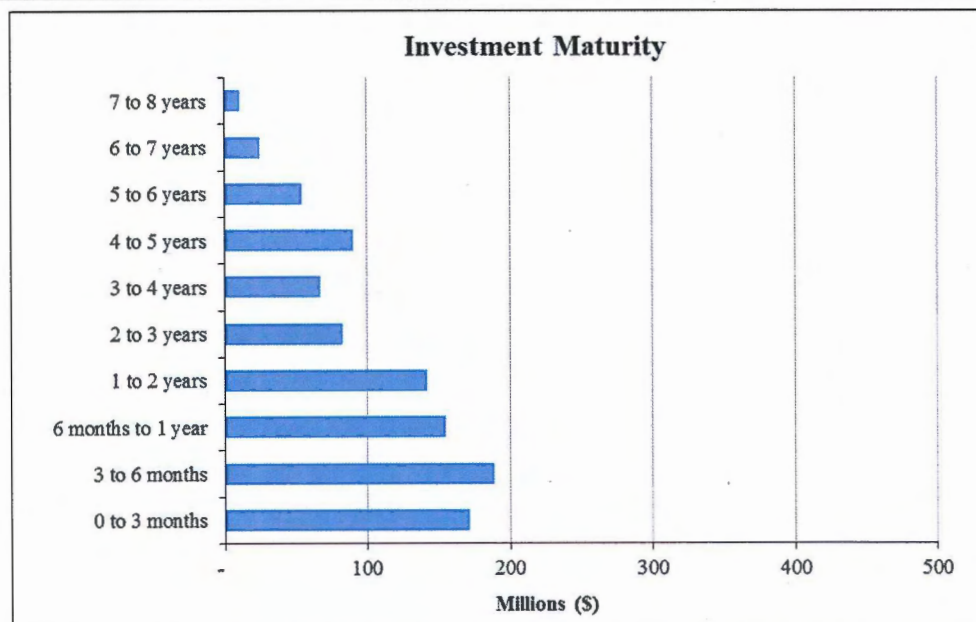
10% Complete

- A contract for design-build services for the playground has been awarded and site preparation is underway.
- Construction is anticipated to be completed Spring 2018 or earlier, depending on the weather.

## Investment Portfolio

September 30, 2017 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
<b>Provincial (Fixed Income)</b>						
	AA (high)	British Columbia	2019	\$ 65,254	6.59%	
	AA (low)	Ontario	2024	11,199	1.13%	
	AA (high)	Alberta	2019-2022	68,904	6.96%	
	A (high)	Quebec	2017	35,122	3.55%	
	A (high)	Manitoba	2018	12,000	1.21%	
		Total		\$ 192,480	19.45%	50%
<b>Chartered Banks (Fixed Income and Deposits)</b>						
	AA	Bank of Nova Scotia	2017-2022	\$ 140,913	14.24%	
	AA	Bank of Montreal	2017-2025	53,420	5.40%	
	AA (low)	National Bank of Canada	2018-2021	55,603	5.62%	
	AA	TD Bank	2021-2023	41,402	4.18%	
	AA	CIBC	2018-2019	44,421	4.49%	
	AA	Royal Bank	2018-2023	53,224	5.38%	
	A (high)	HSBC Bank of Canada	2021	22,288	2.25%	
	A (low)	Canadian Western Bank	2018	24,482	2.47%	
	A (low)	B2B/Laurentian Bank	2017-2018	20,000	2.02%	
		Total		\$ 455,754	46.05%	50%
<b>BC Credit Unions (Deposits)</b>						
		Blue Shore Financial	2017-2019	45,732	4.62%	
		Coast Capital Savings	2017-2019	\$ 89,848	9.08%	
		Vancity	2018	82,757	8.36%	
		Westminster Savings	2018	28,360	2.87%	
		Gulf and Fraser	2017-2019	49,848	5.04%	
		Total		\$ 296,545	29.97%	30%
<b>Pooled Investments (MFA Bond Fund)</b>						
		MFA Pooled Investment Fund		\$ 44,843	4.53%	20%
<b>Total Investment Portfolio Balance</b>				<b>\$ 989,621</b>	<b>100.00%</b>	





**Contract Awards greater than \$75,000**

July 1st to September 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
1	6135F	Renewal of Maintenance and Support for Storage Area Network Equipment at City Hall and Worksyard	Dell Canada Inc.	\$80,972	Finance & Corporate Services
2	6130 Co-Op	Corporate Buildings Exterior Lighting Retrofit	Commercial Lighting	83,856	Engineering & Public Works
3	6129CM	MAC/OAC - TP7 Audio Visual Systems and Equipment	Stuart Olsen Construction Ltd subcontracted to PJS Systems	329,913	Engineering & Public Works
4	6116Q	Tree Removal - Dike Fronting 7611 No. 9 Road	Fireball Excavating	79,750	Engineering & Public Works
5	6097F	Lulu Island Dike Master Plan - Phase 3	KWL	176,772	Engineering & Public Works
6	6093F	Technology for the management of network addressing, including network services	X10 Networks	104,538	Finance & Corporate Services
7	6090Q	Canada 150 Modular Seating	Three Dimensional Services Inc.	92,000	Community Services
8	6088Q	Re-Roofing of 7400 River Road	Homan Roofing Ltd.	389,445	Finance & Corporate Services
9	6086CM	EVT Bay Floor Profiling & Coating at Fire Hall 3	Stuart Olson Construction Ltd.	92,534	Engineering & Public Works
10	6082P	Design – Build Services For Rideau Neighbourhood Park Playground	Habitat Systems Inc.	108,136	Community Services
11	6081J	South Arm Community Centre Phase II Fitness Upgrades - Construction	Ventana Construction Corporation	1,079,481	Engineering & Public Works
12	6080J	City Hall Domestic Water Piping Upgrade	Ashton Mechanical	382,559	Engineering & Public Works
13	6079J	Exhibit Drug Storage Mechanical Upgrade at the Community Safety Building	Ashton Mechanical	95,339	Engineering & Public Works



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

July 1st to September 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
14	6078F	RCMP Community Service Building Chiller Replacement	Trane Canada ULC	158,850	Engineering & Public Works
15	6074Q	Britannia Seine Net Loft Washroom Facilities	Penta Builders Group Inc.	373,000	Engineering & Public Works
16	6057P	Provision of Civil Engineering Consulting Services for 2017 South Dike Upgrades	Opacity Design Group	464,250	Engineering & Public Works
17	6048P	Provision of Civil Engineering Consulting Services for Hamilton Sanitary Pump Station	Aplin & Martin Consultants Ltd.	205,238	Engineering & Public Works
18	T.6041	Britannia Heritage Shipyard Flood Protection Improvements	Merletti Construction (1999) Ltd.	1,421,505	Engineering & Public Works
19	6003P	Water Meter Program	Neptune Technology Group (Canada ) Ltd.	994,200	Engineering & Public Works
20	5999Q	Supply and Delivery of Pool Chemicals	Brenntag Canada Inc. Cleartech Industries Inc. DB Perks and Associates	138,533	Community Services
21	5997P	Consulting Services to Develop an Inventory of Parks Assets for GIS	Geographic Technologies Group	147,700	Community Services
22	5978EOI	Supply and Delivery of Dell PowerEdge Servers	Turning Point Technology Services Inc.	444,018	Finance & Corporate Services
23	5965Q	Lease of 2 (Two) High-Speed Multi-Functional Devices (MFDs)	Konica Minolta	276,919	Deputy CAO
24	5963Q	Supply and Delivery of 1 (One) 19,500 lb Regular Cab & Chassis Truck with Dual Rear Wheels	Metro Motors	123,604	Engineering & Public Works
25	5958P	Dike Masterplan Phase 3	KWL	198,806	Engineering & Public Works
26	5952P	Customer Web Portal Implementation	Radical I/O	495,000	Finance & Corporate Services

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

July 1st to September 30th, 2017

Item	#	Description	Awarded Vendor	Awarded Amount	Division
27	5951P	Digital Strategy Integration	Radical I/O	670,000	Finance & Corporate Services
28	5920P	PeopleSoft HCM and Financials Single Sign-on Technical Consulting Services	Simeio Solutions Canada Inc.	213,400	Finance & Corporate Services
29	5862EOI	Animal Shelter Operations and Animal Control Services	Regional (Richmond) Animal Protection Society	645,000	Community Services
30	5852P	On Call Plumbing Contractor	Ashton Mechanical and PJB Mechanical	165,000	Engineering & Public Works
31	5825Q	Supply and Delivery of 1 (One) Walk Thru Van	Dams Ford Lincoln Sales Ltd.	173,890	Engineering & Public Works
32	5577Q	Supply, Delivery and Installation of 66,000 LB GVWR Crane and 22' Flat Deck Body Components	Falcon Equipment	148,230	Engineering & Public Works
33	5479P	Provision of Janitorial Services for Various City of Richmond Facilities	Nutech Facility	130,620	Engineering & Public Works