



City of Richmond

Report to Committee

To: Finance Committee **Date:** August 5, 2022
From: Ivy Wong **File:** 03-0905-01/2022-Vol
 Acting Director, Finance 01
Re: **Financial Information – 2nd Quarter June 30, 2022**

Staff Recommendation

That the staff report titled, “Financial Information – 2nd Quarter June 30, 2022”, dated August 5, 2022 from the Acting Director, Finance be received for information.

Ivy Wong, CPA, CMA
 Acting Director, Finance
 (604-276-4046)

Att: 4

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Animal Protection Services	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Arts, Culture & Heritage Services	<input checked="" type="checkbox"/>	Recreation & Sport Services <input checked="" type="checkbox"/>
Building Approvals	<input checked="" type="checkbox"/>	Sustainability & District Energy <input checked="" type="checkbox"/>
Community Bylaws	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Community Safety Administration	<input checked="" type="checkbox"/>	Library Services <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"/>	
Facilities and Project Development	<input checked="" type="checkbox"/>	
Fire Rescue	<input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
Information Technology	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Origin

Pre-audited financial information for the 2nd quarter ended on June 30, 2022 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 of Richmond's (the City) financial results throughout the year and before the annual audited financial statements are presented.

This report supports Council's Strategic Plan 2018-2022 Strategic Focus Area #5 Sound Financial Management and #8 An Engaged and Informed Community:

5.1 Maintain a strong and robust financial position.

5.2 Clear accountability through transparent budgeting practices and effective public communication.

8.2 Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.

Economic Overview

Early signs of global recovery from the multiple impacts of COVID-19 are now being tempered by multiple shocks to the global economy. Growth forecasts for 2022 and 2023 have been revised downward substantially, as global output has contracted with downturns in China (due to further lockdowns and the real estate crisis) and Russia (related to the war in Ukraine), U.S. consumer spending has been lower than expected, and inflation has been higher than anticipated, especially in the United States and Europe.

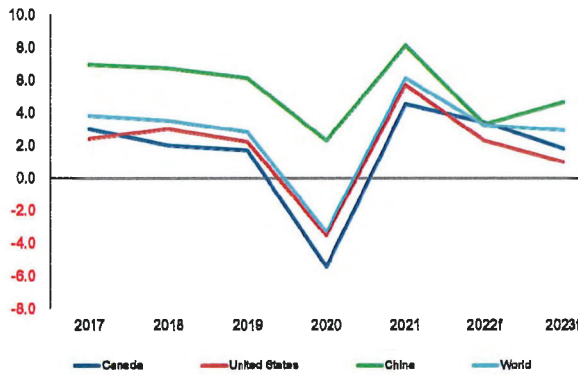
While at historic highs, inflation continues to be lower in Canada as compared to the United States. However, the end of the quarter saw a decrease in the price of crude oil, one of Canada's key exports, and a slight weakening of the Canadian dollar. A weaker dollar means that imports, including food, become more expensive in Canada, and many of these price pressures may be passed on to consumers who are already facing high inflation across the board. The central banks in both Canada and the U.S. are moving in lock-step in a bid to reign in inflation, with multiple additional interest rate increases expected in the near term.

Growth is still anticipated to be positive for 2022, albeit lower, but key risks and sources of uncertainty persist. The continued trajectory of the COVID-19 pandemic and the ongoing war in Ukraine are two key examples. A key priority for senior government policymakers is taking action on the known risk - inflation – and figuring out how to support the most vulnerable who will be impacted most significantly by tighter monetary conditions ahead.

That said, in Richmond, building permit and business licencing activity continue to be positive, as does construction value. All three indicators show strength over 2021, reflecting pandemic recovery. Industrial sales and leasing also continue to be very strong in the City, with an even lower vacancy rate this quarter as compared to last quarter. This quick resiliency amidst the challenges of the global pandemic puts Richmond in a strong place to weather future uncertainty.

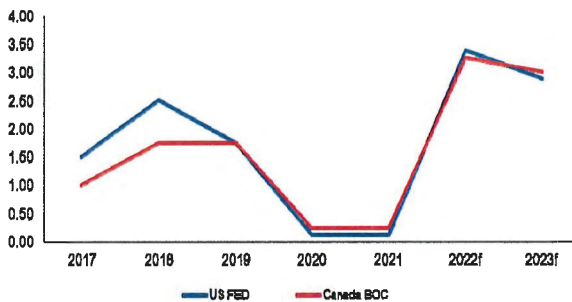
Macroeconomic Indicators & Forecast

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



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will decrease from 6.1% in 2021 to an estimated 3.2% in 2022 and 2.9% in 2023.
- In 2022, Canadian GDP is forecasted to grow by 3.4%, with U.S. and China GDP growth forecasts of 2.3% and 3.3%, respectively.
- These growth forecasts have all been revised downward since April, reflecting a contraction of global output in the second quarter, lower than expected U.S. consumer spending, and several shocks to the economy, including higher than expected inflation.

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

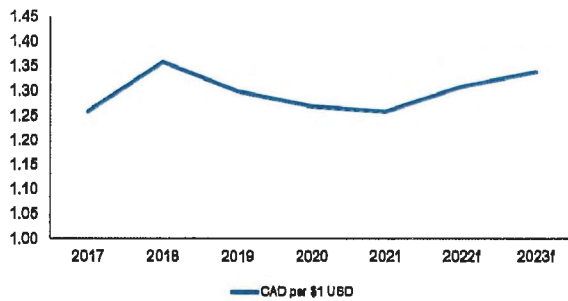


- For the fourth time this year, the Bank of Canada (BoC) increased rates (July 13, 2022), bringing its overnight lending rate to 2.5%. The most recent increase is the largest change this year.
- The U.S. Federal Reserve (U.S. FED) rate also increased to 2.5% (July 27, 2022), in continued efforts to reduce inflation, which is currently 9.1% in the U.S., the highest since 1981.
- As both the BoC and U.S. FED respond to growing inflation in lock-step, it is expected that the BoC rate will reach 3.25% by the end of 2022, with the U.S. FED ending the year around 3.38%. Both forecasted rates are at least a full percent higher than predicted last quarter.

¹ International Monetary Fund, World Economic Outlook (July 2022)

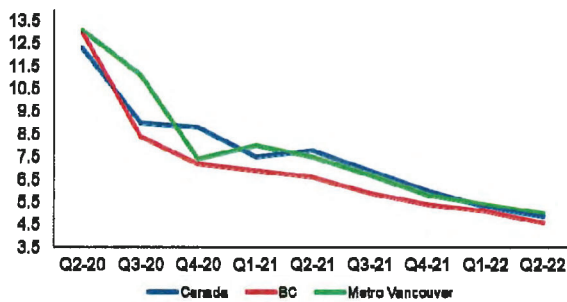
² US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (July 2022)

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



- The Canadian dollar (CAD) is weakening slightly more than expected against the U.S. Dollar, with a Q2 2022 exchange rate of \$1.29 CAD / \$1 USD projected to increase to \$1.31 CAD/ \$1 USD by year end.
- While rising commodity prices would usually strengthen the Canadian dollar (as Canada is a net commodity exporter), the price of oil, one of Canada’s main exports, is starting to fall due to recession fears.

4) Unemployment⁴

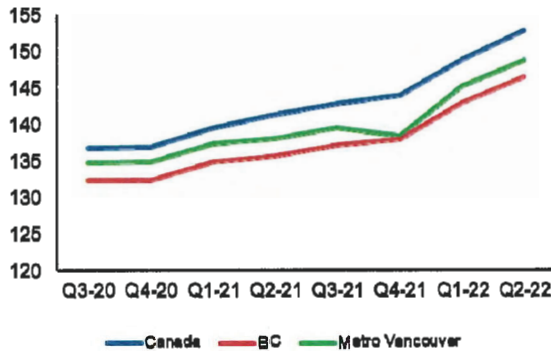


- According to Statistics Canada’s June 2022 Labour Market Survey, employment declined slightly, and unemployment also fell to a new record low of 4.9%, as fewer people looked for work. Both declines were widespread across demographic groups.
- In both Canada and B.C., employment in goods-producing industries increased, while overall employment in the services sector decreased.
- At the end of Q2 2022, the Canadian, B.C., and Metro Vancouver unemployment rates were 4.9%, 4.6%, and 5.0%, respectively.

³ Royal Bank Financial Markets Monthly (July 2022)

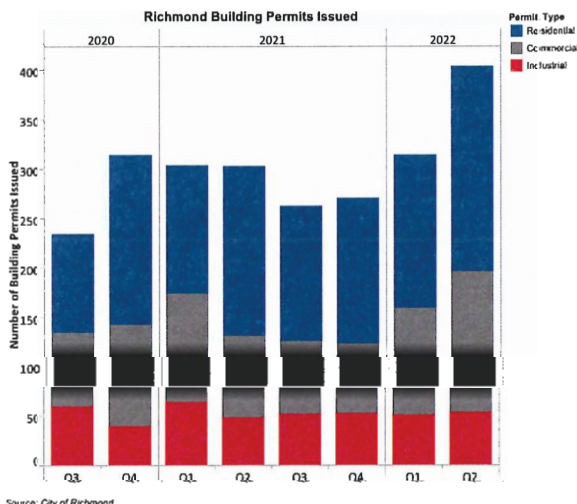
⁴ Statistics Canada

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



- By the end of Q2 2022, the rate of consumer inflation in Canada had reached 8.1% year-over-year, the largest yearly increase since 1983, with the inflation in B.C. at 7.9%, and Metro Vancouver at 7.7%.
- While at historic highs, B.C. and Ontario are tied for the lowest rates of inflation compared to other provinces.
- The elevated Consumer Price Index continues to be driven by strong demand coupled with supply shortages, especially for food (including cereals) and fuel, impacted by the ongoing war in Ukraine and supply chain disruptions

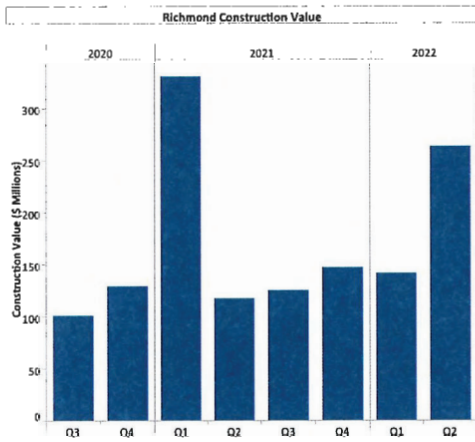
6) Building Permits – Richmond⁶



- During the first quarter of 2022, there were 209 residential, 141 commercial, and 54 industrial building permits issued in Richmond.
- This represents a 33.3% increase in total building permits issued over the same period in 2021, including increases in each type of building permit issued (residential: 20.8%; commercial: 72.0%; industrial: 12.5%).
- 335 new units were added to the local housing supply in Q2 2022, which represents an 89.3% increase as compared to the same period in 2021. This is due to a predominance of multi-family units being added this quarter. This category of dwelling has longer development cycles, which results in substantial quarter-over-quarter fluctuations in the number of new units.

⁵ Statistics Canada

⁶ City of Richmond Building Permits

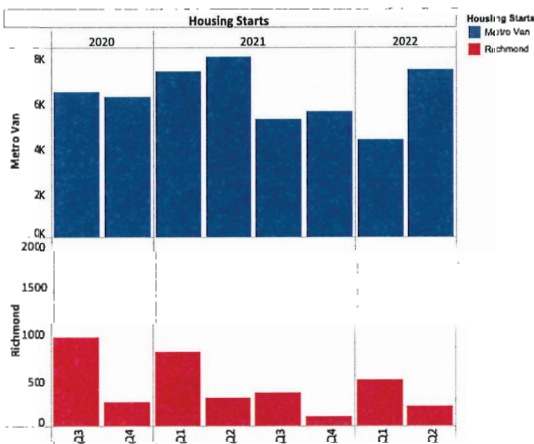


Source: City of Richmond

- Over \$263 million in construction value was registered in Q2 2022, an increase of 124.8% over the same period last year.
- While there are anticipated supply constraints in construction, including higher cost materials and labour shortages, demand remains strong.

Regional & Local Economic Activity Indicators

7) Housing Starts⁷



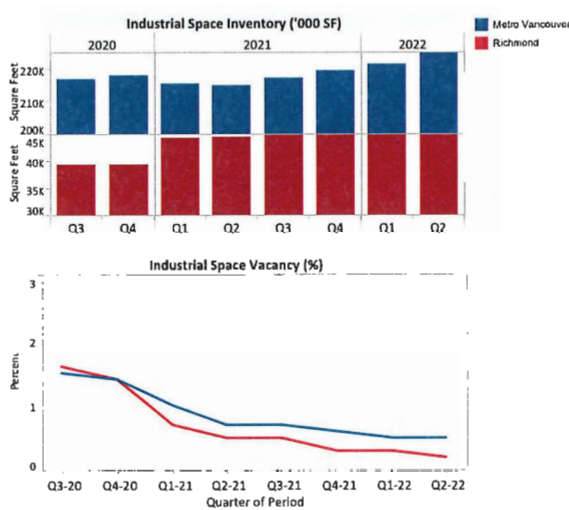
Source: Canada Mortgage and Housing Corporation

- In Q2 2022, there were 208 housing starts in Richmond and 7,402 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced⁸.
- Year to date housing starts decreased in Richmond by 35.9% and in Metro Vancouver by 23.4% over the same period in 2021. There has been a fair amount of fluctuation over the past year, quarter by quarter.
- Supply constraints related to construction will continue to impact major urban centers, including Vancouver, though employment in the sector has increased slightly and has grown at a faster pace than other industries.

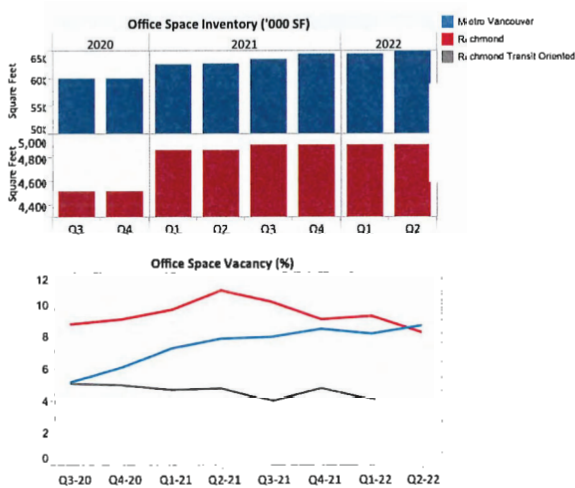
⁷ Canada Mortgage and Housing Corporation

⁸ Housing Start is defined as the beginning of construction work on a building, generally when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure. Housing Starts data responds to many market and industry factors that do not directly correlate with approved numbers of units approved for construction by the City.

8) Commercial Space⁹
 a) Industrial Space



- Industrial sales and leasing activity in Metro Vancouver continued to be strong in Q2 2022, with industrial vacancy rates remaining at the same historic low of 0.5% as in Q1.
- In Richmond, the industrial vacancy rate is even lower than Metro Vancouver and declined further in Q2 to 0.2%.
- Wholesale trade and third-party logistics companies are looking to secure industrial space approximately 18-24 months in advance, meaning that most space is pre-leased and new project completion does not bring relief to the constrained market.



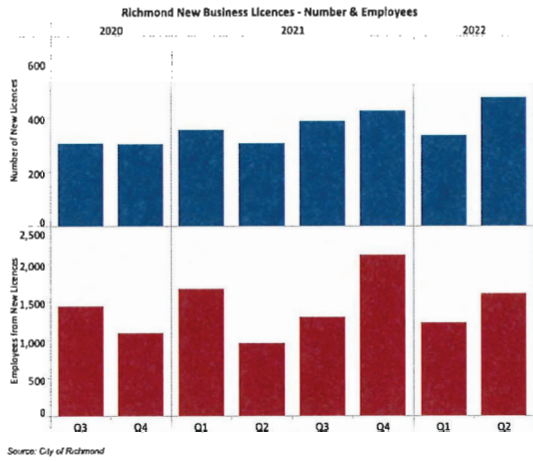
Source: Cushman & Wakefield, Jonas Lang LaSalle

- At the end of Q2 2022, the office vacancy rate was 8.3% in Richmond and 8.7% in Metro Vancouver.
- In Richmond, office vacancy rates have declined (by 23.9%, or 2.6 percentage points) since the same time last year, though in Metro Vancouver, the trend continues to reflect an increase in availability (by 10.1%, or 0.8 percentage points).
- Demand for office space continues to be strong, especially for higher asset classes (Class A and AAA). However, while there is significant pre-leasing activity, new projects are being completed without being fully leased (in contrast to industrial space).

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

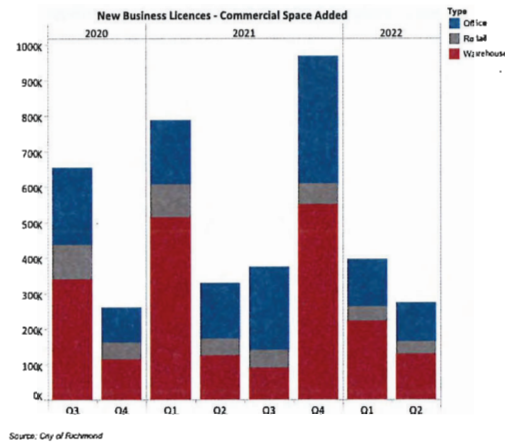
9) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



- 473 new business licences (representing 1,607 jobs) were issued by the City of Richmond in Q2 2022, a 55.1% increase from the same period last year.
- The number of total valid business licences at the end of Q2 2022 reflects a slight upward trend, at 14,086, or 3.7% higher than at the end of Q2 2021.

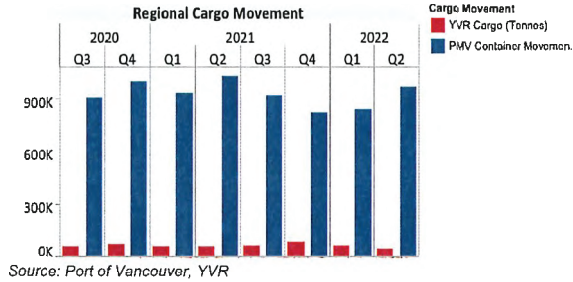
b) New Business Licences – Commercial Space



- 272,992 square feet of commercial space absorption was tied to the new business licences issued during Q2 2022.
- While the amount of space absorbed is down by 16.8% from a year prior (and has seen substantial quarter-over-quarter fluctuations), the type of space required is similar, with industrial space representing the largest share of absorption, at 130,002 square feet, followed by office (109,110 square feet), and retail (38,880 square feet).

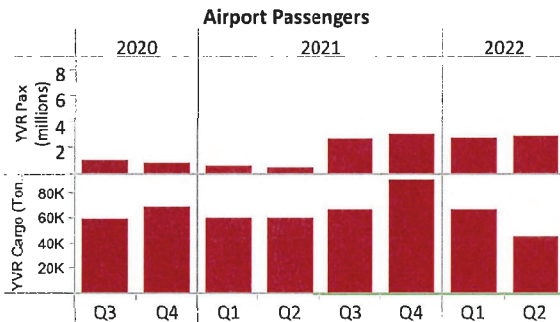
10) Goods and People Movement

a) Regional Cargo Movement¹⁰



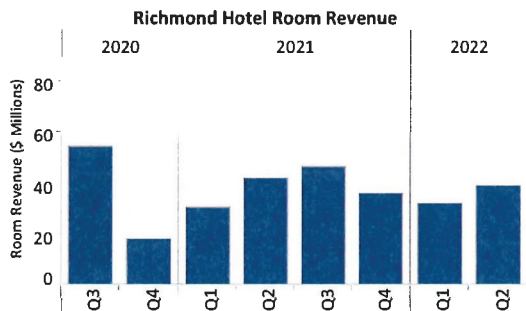
- In Q2 2022, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), decreased slightly (by 4.3%) from the same time period last year, but increased as compared to the past three quarters.
- During Q2 2022, 71,853 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is an increase of 19.2% from the same time period last year.

b) Airport Passengers¹¹



- With a continued reduction in COVID-19-related travel restrictions, the number of people travelling through YVR continues to increase, with 590.1% more travelers in Q2 2022 (4.9M) as compared to the same period last year (0.71M).
- YVR is likely to continue increasing in Q3, with the peak summer season, assuming no new travel restrictions or key disruptions.

c) Richmond Hotel Room Revenue¹²



- Continuing the recovery trend seen last quarter, hotel room revenues in Richmond for April and May 2022 were \$38.6M, which is more than 50% higher than the same period last year.
- Occupancy rates continue to trend upward, and domestic visitors also continue to be key, with the number of domestic visitors to B.C. in May 2022 95% higher than in May 2021.

¹⁰ Port of Vancouver Monthly Cargo Statistics

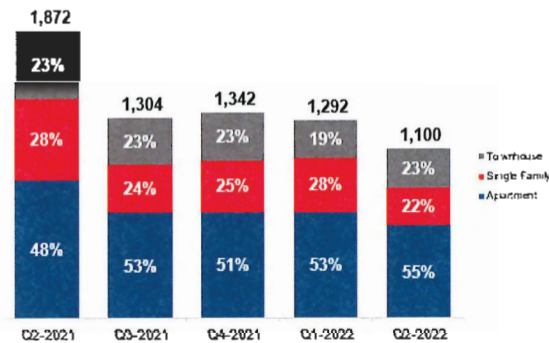
¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC -- Richmond Hotel Revenue for Q2 2022 includes April and May data only.

Residential Real Estate¹³

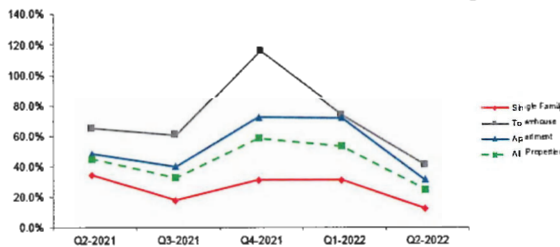
In the second quarter of 2022, due to rising interest rates and inflation, there has been downward pressure on home prices and therefore, declining buyer activity. These concerns are causing buyers to be more cautious in the housing market, which is allowing listings to accumulate. Homebuyers now have more time to make decisions and more listings to choose from. Even with the market slow down in Q2, the sales to listings ratio was still healthy for townhouses and apartments, and closer to a buyers market for single family dwellings.

Richmond - Residential Sales



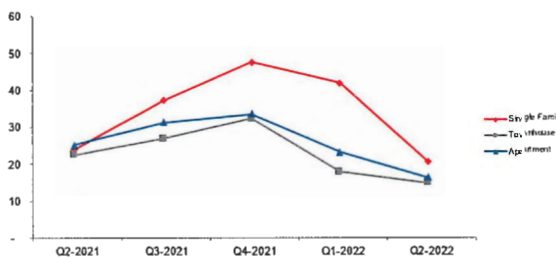
- Single family detached (SFD) home sales decreased by 54% compared to Q2 2021.
- Townhouse and apartment sales have decreased 42% and increased 33%, respectively, compared to Q2 2021.
- Townhouse sales comprise 23% of the residential home sales in Richmond. SFD and apartment sales account for 22% and 55%, respectively, of home sales in Richmond.
- There were 1,100 residential home sales in Richmond in Q2 2022, a 41% decrease compared to the same period last year.

Richmond - Residential Sales-to-Active Listings



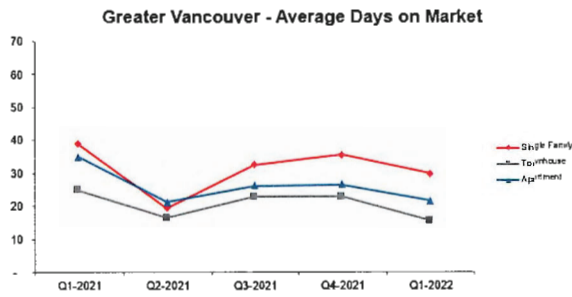
- Richmond residential properties had a sales-to-active listings ratio of 26% as of June 30, 2022 representing a sellers market.

Richmond - Average Days on Market

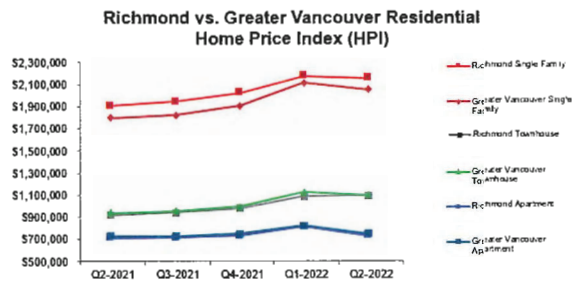


- At Q2 2022, SFD properties in Richmond had an average of 21 days on the market, a 13.9% decrease compared to Q2 2021.
- Townhouses and apartments had an average of 15 and 16 days on the market, respectively, representing a 33.8% and 35.5% decrease respectively over the same period last year.

¹³ Real Estate Board of Greater Vancouver



- At Q2 2022, SFD properties in GVRD had an average of 20 days on the market, which represents a 3.4% increase compared to Q2 2021.
- Townhouses and apartments in GVRD had an average of 14 and 17 days on the market, which represents a decrease of 16.0% and 21.9% respectively, over the same period in 2021.

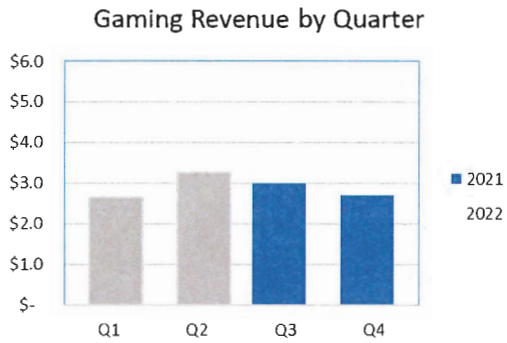


- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q2 2022 was \$2,160,500, a 13.1% increase compared to Q2 2021. The GVRD housing market has also increased with SFD properties priced at \$2,058,600, which was a 14.3% increase compared to the same quarter last year.
- At Q2 2022, the HPI for townhouse properties in Richmond was \$1,108,200, an increase of 20.0% compared to Q2 2021. The HPI for townhome properties in GVRD was \$1,115,600, which represented a 17.8% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$746,200, an increase of 3.9% compared to Q2 2021. GVRD’s apartment prices increased to \$766,300, which was a 3.8% increase from Q2 2021.

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.

¹⁴ 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.



- The River Rock casino reopened July 1, 2021, after being closed since March 16, 2020.
- Gaming revenue for Q2 2022 was \$3,257,340; it was \$nil for Q2 2021 as the casino remained closed.
- The 2022 budget for Gaming revenues is \$14,500,000 based on amounts received pre-Covid.

On March 16, 2020, the Attorney General ordered the temporary closure of all gambling facilities in British Columbia in consultation with and on the advice of the Provincial Health Officer. This action was taken in order to protect British Columbians and ensure that the province was in the best position to effectively respond to the COVID-19 pandemic. The closure of gambling facilities has directly impacted casino revenue since March 2020.

On June 29, 2021, the provincial government announced that certain businesses can reopen, such as casinos. The Great Canadian Gaming Corporation reopened the River Rock Casino Resort on Thursday, July 1, 2021. The City received a total of \$5,700,108 through payments for the third and fourth quarters in 2021.

The City will continue to monitor the impact of COVID-19 and the allocation of gaming revenue accordingly.

Operating Activity

Table 1 compares budget to unaudited actual activity up to June 30, 2022. 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 1: *Net Operational Activity for the period January 1, 2022 to June 30, 2022 (in \$000's)*

Division/Department¹	Q2 YTD Net Budget²	Q2 YTD Actuals and Commitments³	Q2 YTD Variance (\$)	Q2 YTD Variance (%)
Community Safety ⁴	\$(539)	\$(1,015)	\$476	(88%)
Community Services	23,038	21,946	1,092	5%
Corporate Administration	5,046	4,463	583	12%
Engineering and Public Works	31,091	30,448	643	2%
Finance and Corporate Services	12,199	11,227	972	8%
Fire Rescue	23,076	22,708	368	2%
Law and Legislative Services	2,138	2,057	81	4%
Library	5,764	5,533	231	4%
Planning and Development	4,466	3,142	1,324	30%
Policing	34,962	33,346	1,616	5%
Fiscal	(100,445)	(100,967)	522	(1%)
Total	\$40,796	\$32,888	\$7,908	19%
Water Utility	4,168	2,816	1,352	32%
Sanitary Sewer Utility	3,906	2,600	1,306	33%
Sanitation and Recycling Utility	135	(319)	454	336%
Utilities Total	\$8,209	\$5,097	\$3,112	38%

¹Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc. It does not represent Generally Accepted Accounting Principles, but is presented on a modified cash basis.

²The Net Budget is based on the budget approved by Council on January 24, 2022.

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

⁴Includes Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws and Emergency Programs.

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2022 Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to timing required to fill vacant positions and timing of operating spending.
- Community Services' favourable variance is due to a combination of vacant positions and timing of operating expenditures that are anticipated to be made up in the second half of the year.
- Corporate Administration's favourable variance is mainly driven by vacant positions.

- Engineering and Public Works is on budget. The favourable variance is mainly from Fleet and Major Road Network maintenance, which will be transferred to the Equipment Reserve in accordance with Policy 2020 and the Major Road Network provision, respectively.
- Finance and Corporate Services' favourable variance is mainly due to vacant positions, and favourable general operating expenses.
- Fire Rescue's favourable variance is due to lower actual salary for Firefighters than what was budgeted due to timing of scheduled increases, vacancies and timing of operating spending.
- Law and Legislative Services' favorable variance is mainly due to vacant positions.
- The Library's favourable variance is mainly due to vacant positions. Any surplus at year-end will be appropriated for future use within Library operations.
- Planning and Development favourable variance is primarily due higher than budgeted building permit revenue related to multi residential buildings and vacant positions.
- Policing's favourable variance is driven by lower than budgeted policing contract costs and municipal employee vacancies. Actual contract costs are lower than budgeted due to the actual RCMP Officer complement compared to budget and based on updated cost estimate information received.
- Fiscal is on budget.
- Water Utility's favorable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year-end will be transferred to the Water Levy Provision.
- Sanitary Sewer Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for sanitary sewer user fees during construction of new residential developments. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly driven by higher than budgeted Recycle BC revenue and more recycling commission. 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 from 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 appropriations and transfer to reserves. The Statement of Operations for the Six Month Period Ended June 30, 2022, with comparative figures for 2021 is included in Attachment 3.

Cash and Investment Portfolio

The City’s cash and investment balance of \$1.64 billion as of June 30, 2022 was comprised of \$707.5 million in investments and \$934.8 million in high interest savings cash account. This represents both City’s working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses.

The higher than usual cash balance is mainly due to the timing of property taxes collection by the July 4, 2022 due date. The City has subsequently remitted approximately \$250 million to various external agencies for taxes that were collected on their behalf.

Up until the most recent interest rate announcement on July 13, 2022, the Bank of Canada (the Bank) has raised its overnight interest rate four times to the current level of 2.50%. As shown in the chart below, the fast pace and consecutive interest rate increases for a total of 2.25% since March 2022 was part of the Bank’s effort to control inflation, which has risen to its highest level in 40 years.

Bank of Canada trying to catch up with runaway inflation

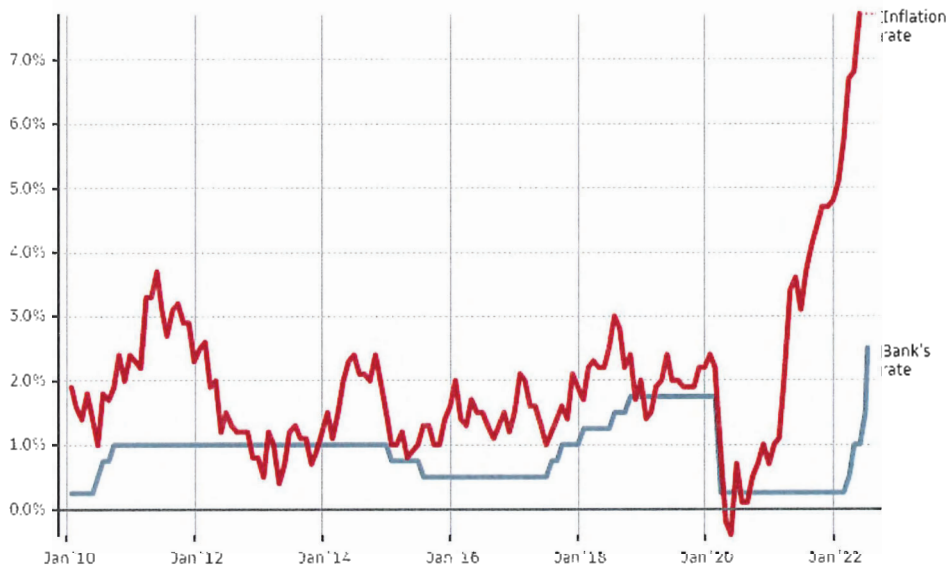


Chart: Pete Evans/CBC • Source: Bloomberg • CBC News

The next interest rate announcement is scheduled to take place on September 7, 2022 where further interest rate hike is anticipated until inflation target is met. The average yield to maturity of the City’s cash and investment portfolio has increased to 2.25% as of June 30, 2022. The interest yield is anticipated to improve over the remainder of the year as the City continues to reinvest available funds at a higher rate as investments mature in the projected rising interest rate environment.

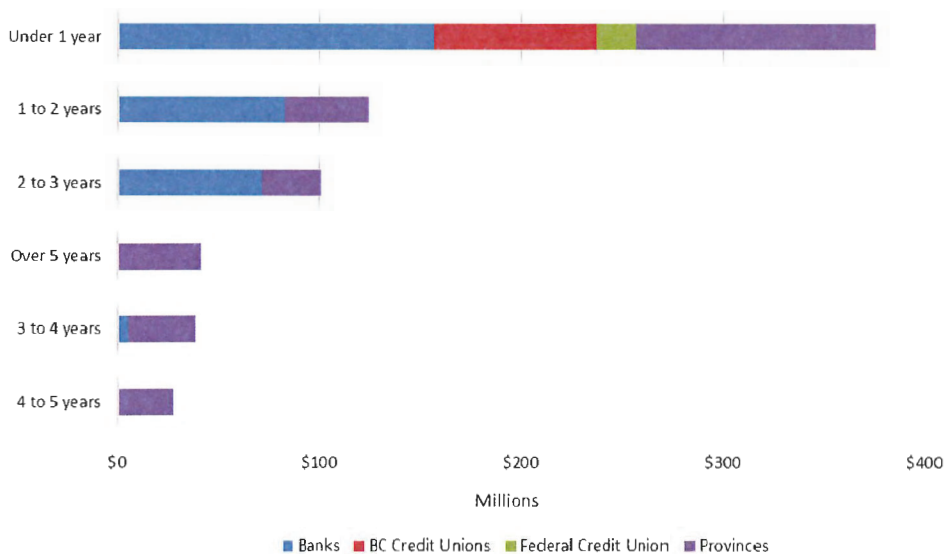
Table 2: Market Interest Rates (for analytical purposes only)

	June 30, 2022 (current quarter)	March 31, 2022 (previous quarter)
2 Year Government of Canada Bonds	3.14%	2.31%
5 Year Government of Canada Bonds	3.17%	2.42%
10 Year Government of Canada Bonds	3.28%	2.43%

Source: Bank of Canada

The City’s overall credit risk exposure remains low because the City continues to maintain a diversified and high credit quality investment portfolio comprising of 41% in provincial government bonds, 45% in chartered banks, 3% in federal credit union and 11% in B.C. credit unions. As shown in the investment maturity summary in the chart below, the City has been strategically positioned with heavier weighting on cashable and short-term interest bearing products in order to allow for more flexible reinvestment opportunities in a rising interest rate environment.

Q2 2022 Investment Maturity Summary



Staff will continue to monitor the interest rate movement and will strategically reposition its cash and investments to ensure that, amongst its investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions.

All investment activities have been conducted in compliance with the City’s Investment Policy 3703. Based on independent ESG rating of the City’s fixed income portfolio, the City continues to receive high ESG Rating of “AA” as of Q2 2022.

Contract Awards

In accordance with Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the second quarter, 29 contracts greater than \$75,000 were awarded totalling over \$12.1 million (Attachment 4).

Financial Impact

None.

Conclusion

The June 30, 2022 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for review.



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- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Unaudited Statement of Operations
- Att. 4: Contract Awards greater than \$75,000

Economic Indicators

June 30, 2022

Macroeconomic Indicators & Forecast

1) Real GDP (% at YE)	2020	2021	Change	2022f	2023f	
Canada	(5.4)	4.5	(183.3%)	3.4	1.8	
United States	(3.5)	5.7	(262.9%)	2.3	1.0	
China	2.3	8.1	252.2%	3.3	4.6	
World	(3.3)	6.1	(284.8%)	3.2	2.9	
2) Interest Rates (at YE)	2020	2021	Change	2022f	2023f	
Bank of Canada	0.25	0.25	0.0%	3.25	3.00	
US FED	0.13	0.13	0.0%	3.38	2.88	
3) Exchange Rate (at YE)	2020	2021	Change	2022f	2023f	
CAD per \$1 USD	1.27	1.26	(0.8%)	1.31	1.34	
4) Unemployment (% at QE)	Q2-2022	Q1-2022	Change	Q2-2021	Change	
Canada	4.9	5.3	(7.5%)	7.8	(37.2%)	
BC	4.6	5.1	(9.8%)	6.6	(30.3%)	
Metro Vancouver	5.0	5.4	(7.4%)	7.5	(33.3%)	
5) CPI (2002=100) (at QE)	Q2-2022	Q1-2022	Change	Q2-2021	Change	
Canada	152.9	148.9	2.7%	141.4	8.1%	
BC	146.5	143.0	2.4%	135.8	7.9%	
Metro Vancouver	148.8	145.3	2.4%	138.1	7.7%	
6) Richmond Building Permits	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Residential – New Construction [^]	96	73	31.5%	171	136	25.7%
Residential – Alterations	113	100	13.0%	194	168	15.5%
Residential Total	209	173	20.8%	365	304	20.1%
[^] Number of units from new residential construction	335	177	89.3%	467	845	(44.7%)
Residential	209	173	20.8%	365	304	20.1%
Commercial	141	82	72.0%	248	191	29.8%
Industrial	54	48	12.5%	105	112	(6.3%)
Building Permits Total	404	303	33.3%	718	607	18.3%
Construction Value (\$ million)	263.0	117.0	124.8%	404.0	447.0	(9.6%)

Regional and Local Market Indicators

7) Housing Starts (Units)	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Starts - Metro Vancouver	7,402	7,972	(7.2%)	11,710	15,294	(23.4%)
Starts - Richmond	208	294	(29.3%)	690	1,077	(35.9%)
8) Richmond Residential Sales Activity	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Sales - Detached	245	532	(53.9%)	602	976	(38.3%)
Sales - Townhouse	252	437	(42.3%)	496	800	(38.0%)
Sales - Apartment	603	903	(33.2%)	1,294	1,585	(18.4%)
Sales - Total	1,100	1,872	(41.2%)	2,392	3,361	(28.8%)

Economic Indicators

June 30, 2022

Regional and Local Market Indicators (continued)

9) Richmond Sales to Active Listings Ratio (% at QE)	Q2-2022	Q2-2021	Change			
Single Family Detached	13.0%	34.7%	(62.5)			
Townhouse	41.4%	65.3%	(36.6)			
Apartment	31.8%	48.9%	(35.0)			
Total	25.5%	45.4%	(43.8)			
10) Average Days on Market						
		Richmond		Metro Vancouver		
Property Type	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Single Family Detached	21	24	(12.5%)	20	20	3.4%
Townhouse	15	23	(34.8%)	14	17	(16.0%)
Apartment	16	25	(36.0%)	17	21	(21.9%)
11) Home Price Index (\$000 at QE)						
		Richmond		Metro Vancouver		
Property Type	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Single Family Detached	2,161	1,911	13.1%	2,059	1,801	14.3%
Townhouse	1,108	924	20.0%	1,116	947	17.8%
Apartment	746	718	3.9%	766	738	3.8%
12) Commercial Space (at QE)						
		Richmond		Metro Vancouver		
	Q2-2022	Q2-2021	Change	Q2-2022	Q2-2021	Change
Office Vacancy (%)	8.3	10.9	(23.9%)	8.7	7.9	10.1%
Transit Oriented Office Vacancy (%)***	N/A	4.8	N/A	N/A	N/A	N/A
Office Inventory (000 sf)	4,901	4,862	0.8%	64,833	62,658	3.5%
Industrial Vacancy (%)	0.2	0.5	(60.0%)	0.5	0.7	(28.6%)
Industrial Inventory (000 sf)	45,389	44,454	2.1%	228,060	214,895	6.1%
13) Richmond Business Growth	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
Total Valid Business Licences (at QE)	14,086	13,586	3.7%	14,086	13,586	3.7%
New Licences - Number Issued	473	305	55.1%	803	658	22.0%
New Licences - Employees	1,607	954	68.4%	2,841	2,628	8.1%
New Licences - Office Added (sf)	109,110	155,288	(29.7%)	244,097	336,781	(27.5%)
New Licences - Retail Added (sf)	33,880	48,984	(30.8%)	75,174	141,840	(47.0%)
New Licences - Industrial Added (sf)	130,002	123,806	5.0%	350,573	637,769	(45.0%)
Total Space Added (sf)/Avg. Change	272,992	328,078	(16.8%)	669,844	1,116,390	(40.0%)

Economic Indicators**June 30, 2022****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
YVR Air Cargo (tonnes)	71,853	60,263	19.2%	138,553	121,268	14.3%
PMV Container Movement (TEUs)	967,638	1,011,129	(4.3%)	1,803,479	1,944,092	(7.2%)
YVR Passengers (million)	4.90	0.71	590.1%	7.70	1.34	474.6%
Richmond Hotel Revenue (\$ million)**	38.6	24.6	56.9%	72.9	54.8	33.3%

Notes:

- a) QE indicates quarter end; YE indicates year end
b) f - forecast to year-end
c) * - Figures have been updated to reflect changes in source data.
d) **Hotel Room Revenue for Q2 includes April and May 2022 data only
e) ***Transit oriented office vacancy rates for June 30, 2022 not available at time of report preparation

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (July 2022)
2) & 3) US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; B of C Monetary Policy Report (July 2022)
4) & 5) Statistics Canada
6) City of Richmond Building Permits
7) Canada Mortgage and Housing Corporation
8), 9) & 10) Real Estate Board of Greater Vancouver
11) Cushman & Wakefield Office and Industrial Market Beat Reports
12) City of Richmond Business Licences
Port of Vancouver Monthly Cargo Statistics
13) YVR monthly statistics
City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators**June 30, 2022**

(All dollar amounts in \$000's)

	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
1) Development Cost Charges Contributions						
Roads, Water, Sewer DCC's Received	\$7,165	\$1,598	348.4%	\$9,241	\$5,660	63.3%
Parks DCC's Received	\$2,496	\$715	249.1%	\$3,907	\$3,514	11.2%
Total DCC Fees Received	\$9,661	\$2,313	317.7%	\$13,149	\$9,175	43.3%
DCC Reserves – Uncommitted balance at QE	\$134,753	\$142,025	(5.1%)	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)						
Capital Funding Reserves	\$123,153	\$206,793	(40.4%)			
Utility Reserves	\$108,093	\$106,341	1.6%			
Affordable Housing Reserves	\$9,391	\$6,556	43.2%			
Other Reserves	\$75,469	\$69,096	9.2%			
Total Uncommitted Reserves	\$316,106	\$388,786	(18.7%)			
3) Taxes to date						
Taxes Collected	\$322,551	\$321,299	0.4%	\$336,685	\$333,865	0.8%
City Portion of Taxes Collected	\$164,501	\$157,436	4.5%	\$171,709	\$163,594	5.0%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,114	\$7,234	12.2%	\$8,114	\$7,234	12.2%
No. of Participants on Pre-authorized withdrawal (at QE)	6,236	6,336	(1.6%)	6,236	6,336	(1.6%)
Pre-authorized withdrawals payments	\$7,896	\$5,536	42.6%	\$19,656	\$13,897	41.4%
Interest rate % paid	0.70%	0.45%	55.6%	0.70%	0.45%	55.6%
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments						
Investments	\$934,756	\$653,359	43.1%			
Cash (includes high interest savings accounts)	\$707,478	\$880,396	(19.6%)			
Total Cash and Investments	\$1,642,234	\$1,533,755	7.1%			
Average City Rate of Return on Investments %	2.25%	1.42%	58.5%			

Financial and Key Indicators

June 30, 2022

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

	Q2-2022	Q2-2021	Change	YTD-2022	YTD-2021	Change
5) Planning and Development						
Building Permit Fees Collected	\$3,116	\$1,666	87.0%	\$4,786	\$5,069	(5.6%)
Development Applications Received	40	53	(24.5%)	67	78	(14.1%)
Development Applications Fees	\$190	\$291	(34.7%)	\$261	\$463	(43.6%)
6) Business Licences						
Revenue Received for Current Year Licences	\$1,116	\$1,157	(3.5%)	\$3,030	\$2,973	1.9%
Revenue Received for Next Year (Deferred)	\$268	\$244	9.8%	\$368	\$338	8.9%
Total Licence Revenue	\$1,384	\$1,401	(1.2%)	\$3,398	\$3,311	2.6%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues						
Parking Program Revenue	\$427	\$295	44.7%	\$765	\$586	28.4%
Gaming Revenue	\$3,257	\$0	0.0%	\$5,909	\$0	0.0%
Traffic Fine Revenue	\$2,435	\$0	0.0%	\$2,435	\$0	0.0%
8) Employees						
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,546	1,368	13.0%			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators						
RCMP - Calls for Service Handled	14,100	14,825	(4.9%)	26,712	29,277	(8.8%)
Community Bylaws	1,287	1,208	6.5%	2,368	2,103	12.6%
Fire Incidents	2,693	2,266	18.8%	5,074	4,186	21.2%
Public Works calls for Service	3,824	3,780	1.2%	7,138	7,196	(0.8%)

Financial and Key Indicators**June 30, 2022**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q2-2022	Q2-2021	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	569	569	0.0%
Affordable Rental (LEMR**) (units)	963	906	6.3%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	1,150	979	17.5%
Secondary Suite / Coach House (units)	332	303	9.6%
Total Housing Units	3,032	2,819*	7.6%

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

** LEMR units refer to Low End Market Rental units.

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

11) Richmond Population Estimate Year End	2022f	2021
	222,099	216,280

Population figures from BC Stats

Notes:

- a) All figures presented above are unaudited
- b) f - forecast to year-end

Unaudited Statement of Operations¹

For the Six Month Period Ended June 30, 2022, with comparative figures for 2021.

(Expressed in thousands of dollars)

	Budget June 30 2022	Actuals June 30 2022	Actuals June 30 2021
Revenue:			
Taxes and levies	\$134,869	\$134,869	\$128,125
Utility fees	62,148	62,550	57,382
Sales of services	18,871	16,893	13,917
Payments-in-lieu of taxes	7,325	6,903	6,116
Provincial and federal grants	4,195	4,699	5,037
Development cost charges	8,874	8,537	7,834
Other capital funding sources	34,131	30,140	17,029
Other revenue:			
Investment income	10,085	9,026	7,764
Gaming revenue	7,250	5,909	-
Licences and permits	7,052	7,996	7,121
Other	5,771	15,963	9,485
Equity income	371	956	852
	300,942	304,441	260,662
Expenses:			
Community safety	68,068	64,340	57,059
Utilities: water, sewer and sanitation	54,858	52,056	51,240
Engineering, public works and project development	40,668	38,389	33,649
Community services	35,463	29,582	27,105
General government	40,357	32,931	31,354
Planning and development	12,937	10,976	11,792
Library services	5,577	5,418	4,605
	257,928	233,692	216,804
YTD Surplus (Annual Surplus) ²	43,014	70,749	43,858
Accumulated surplus, beginning of year	3,347,649	3,347,649	3,303,791
Accumulated surplus, end of March 31 ³	\$3,390,663	\$3,418,398	\$3,347,649

¹ Statement of Operations for City and Library after intercompany eliminations, includes investment in Lulu Island Energy Company but excludes Oval results.

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

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

Contract Awards greater than \$75,000

April 1st to June 30th, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Architectural Services for Steveston Community Centre and Branch Library Replacement	HDR Architecture Associates, Inc.	2,586,449	Engineering & Public Works
2	Design-Build Services for South Arm Community Park Playground	Habitat Systems Inc.	609,178	Community Services
3	Steveston Community Park Playground and Washroom Design and Costing Services	Connect Landscape Architecture Inc.	111,570	Community Services
4	Load Balancer Hardware Including Support & Maintenance Services	Compugen	236,831	Finance & Corporate Services
5	Hamilton Community Centre Upgrades	Davidson Bros. Mechanical Contractors Ltd.	242,060	Engineering & Public Works
6	Provision of Civil Engineering Consulting Services for Laneway Drainage and Asphalt Upgrades	McElhanney Consulting Services Ltd.	340,617	Engineering & Public Works
7	Window Film Installation at Minoru Centre for Active Living	AMPCO Manufacturers Inc.	84,043	Engineering & Public Works
8	Fire Safety Plans for Various City Properties	Black Tusk Fire & Security Inc. & Elite Fire Protection Ltd.	310,804	Community Safety
9	Tempest Oracle SQL Server Migration	Central Square Canada Software Inc.	142,305	Finance & Corporate Services
10	Geotechnical Engineering Services for the Steveston Community Centre and Branch Library Replacement	EXP Services Inc.	98,094	Engineering & Public Works
11	Environmental Services for the Steveston Community Centre and Branch Library Replacement	Active Earth Engineering Ltd.	116,700	Engineering & Public Works
12	Brighthouse Park Pavillion Renovations - Drop in Centre and Shower Program	Holaco Construction Ltd.	590,382	Engineering & Public Works
13	Supply and Delivery of Two (2) Enclosed Tractors with 26' Flail Mowers	Rollins Machinery Ltd.	451,440	Engineering & Public Works
14	Watermania Splash Pool Filtration System Replacement	Modern Niagara Vancouver Inc.	193,651	Engineering & Public Works
15	Security Services to December 31, 2022	Safe & Sound Security Systems Ltd.	260,000	Engineering & Public Works
16	Supply and Installation of Roof Assembly with Optional Soffit Pattern	Fricia Construction Inc.	137,650	Community Services
17	Infor Public Sector Annual Support Contract Renewal 2022 - 2023	Infor Canada Ltd.	153,473	Finance & Corporate Services

Contract Awards greater than \$75,000 (continued)April 1st to June 30th, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Construction Manager for Pre-Construction Services for the Steveston Community Centre and Branch Library	Scott Construction Management Ltd.	151,838	Engineering & Public Works
19	Supply and Delivery of Multiple Plug-In Hybrid and/or Fully Electric Crossover Vehicles	Mainland Ford Ltd.	426,448	Engineering & Public Works
20	Supply and Delivery of Multiple Four (4) Cylinder Hybrid Minivans	Alpine Toyota Ltd.	179,260	Engineering & Public Works
21	Construction Services for City Hall Roof and Infrastructure Replacements - Phase 1	Heatherbrae Builders Co. Ltd.	823,254	Engineering & Public Works
22	Construction Services for City Hall Mechanical Replacements	Heatherbrae Builders Co. Ltd.	1,912,376	Engineering & Public Works
23	On-Call Roofing Contractor - June 1, 2022 - May 31, 2025	Marine Roofing Repair & Maintenance	714,010	Engineering & Public Works
24	MyRichmond Mobile App Development	Radical I/O Technology Inc.	570,000	Finance & Corporate Services
25	Asphalt Paving for the Railway Avenue East Laneway Upgrade Project	Winvan Paving Ltd.	76,424	Engineering & Public Works
26	PeopleSoft Systems Analyst Consultant for PeopleSoft FSCM Upgrade and Operational Support	S.I. Systems Partnership	75,000	Finance & Corporate Services
27	Supply and Delivery of Multiple Plug-in Hybrid and/or Fully Electric Four-Door Sedans	Open Road Toyota Richmond	172,520	Engineering & Public Works
28	Garden City Soil Screening and Spreading	High Road Excavating Ltd.	144,738	Community Services
29	Car Seat Recycling Services	WCS Waste Control Services Inc.	170,250	Engineering & Public Works
Total contracts awarded greater than \$75,000			\$12,081,365	