



City of Richmond

Report to Committee

To: Finance Committee

Date: May 6, 2022

From: Ivy Wong
Acting Director, Finance

File:

Re: Financial Information – 1st Quarter March 31, 2022

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2022”, dated May 6, 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 OF GENERAL MANAGER	
Arts, Culture & Heritage Services	<input checked="" type="checkbox"/>	 Acting GM, F&CS	
Building Approvals	<input checked="" type="checkbox"/>		
Community Bylaws	<input checked="" type="checkbox"/>		
Community Social Development	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Economic Development	<input checked="" type="checkbox"/>		
Engineering	<input checked="" type="checkbox"/>		
Facilities and Project Development	<input checked="" type="checkbox"/>		
Fire Rescue	<input checked="" type="checkbox"/>		
Information Technology	<input checked="" type="checkbox"/>		
Parks Services	<input checked="" type="checkbox"/>		
Public Works	<input checked="" type="checkbox"/>		
RCMP	<input checked="" type="checkbox"/>		
Real Estate Services	<input checked="" type="checkbox"/>		
Recreation & Sport Services	<input checked="" type="checkbox"/>		
Sustainability & District Energy	<input checked="" type="checkbox"/>		
Transportation	<input checked="" type="checkbox"/>		
Library Services	<input checked="" type="checkbox"/>		
SENIOR STAFF REPORT REVIEW	INITIALS: 		APPROVED BY CAO

Origin

Pre-audited financial information for the 1st quarter ended on March 31, 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.

Analysis

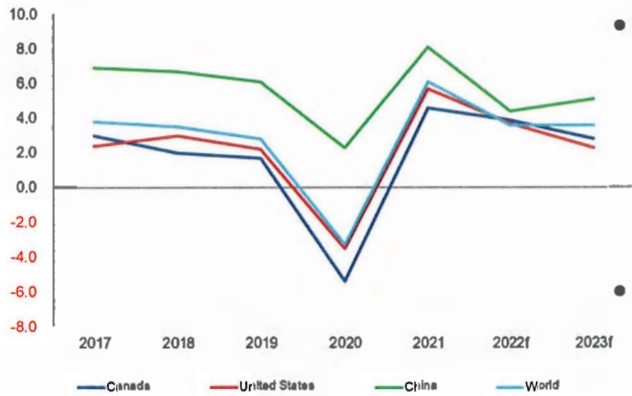
Macroeconomic Indicators & Forecast

As global economies continue to weather the varying impacts of COVID-19, the current war in Ukraine has created a costly humanitarian crisis and substantial economic damage that is, and will continue to be, felt globally. A significant slowdown in global growth is expected in 2022, along with increasing inflation. In Canada, as like globally, the central bank faces the challenging balance between containing price pressures and safeguarding growth, as the rapid increase in food and fuel prices affects vulnerable populations most severely.

In the near term, Canada is expected to face weaker external demand from the United States, its top trading partner, and globally, employment and output are expected to remain below pre-pandemic trends through 2026. That said, labour markets are tight in Canada, and businesses report challenges in meeting demand. Recent lockdowns in key manufacturing and trade centres in China will likely contribute to ongoing supply disruptions.

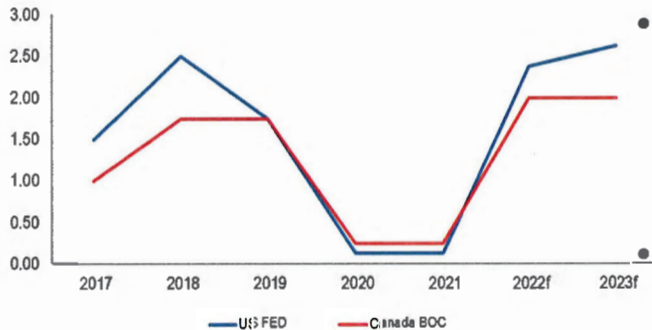
Current projections for the global growth slowdown and increased inflation are subject to much uncertainty. An escalation or further spread of the war, increased sanctions on Russia, and any potential new and/or more virulent virus strains could affect the expected trajectory.

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



- The International Monetary Fund (IMF) projects global Gross Domestic Product (GDP) will decrease from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. Beyond 2023, global growth is expected to decline further to 3.3% over the medium term.
- In 2022, Canadian GDP is forecasted to grow by 3.9%, with U.S. and China GDP growth forecasts of 3.7% and 4.4%, respectively.
- These growth forecasts have all been recently revised downward, with China’s expected growth in 2022 now almost half of its 2021 GDP growth rate.

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



- For the second time this year, the Bank of Canada (BoC) increased rates (April 13, 2022), bringing its overnight lending rate to 1% as part of a substantial upward revision to the Bank’s outlook for inflation in Canada.
- The U.S. Federal Reserve (U.S. FED) rate also increased to 0.33%, and additional increases are expected as part of the move toward quantitative tightening.
- As both the BoC and U.S. FED respond to growing inflation, it is expected that the BoC rate will reach 2% by the end of 2022, with the U.S. FED ending the year around 2.38%.

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

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2022)

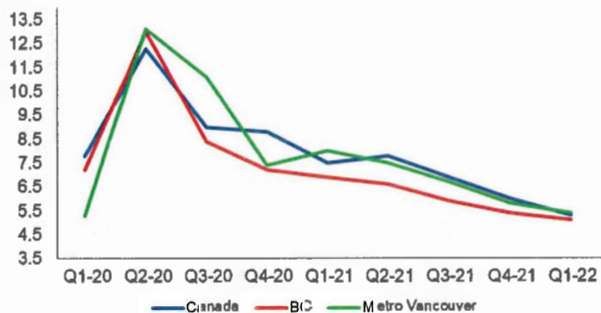
3) Exchange Rates – CAD/USD at Year-End³



- The Canadian dollar (CAD) is forecasted to remain steady against the US Dollar in the near term, with a Q1 2022 exchange rate of \$1.25 CAD / \$1 USD projected to increase only slightly to \$1.27 CAD/ \$1 USD by year end.
- While rising commodity prices would usually strengthen the Canadian dollar (as Canada is a net commodity exporter), the CAD/ USD exchange rate has remained relatively unchanged over the past months. This could be due in part to the BoC and U.S. FED indicating similar intentions to control inflation.

Regional & Local Economic Activity Indicators

4) Unemployment⁴

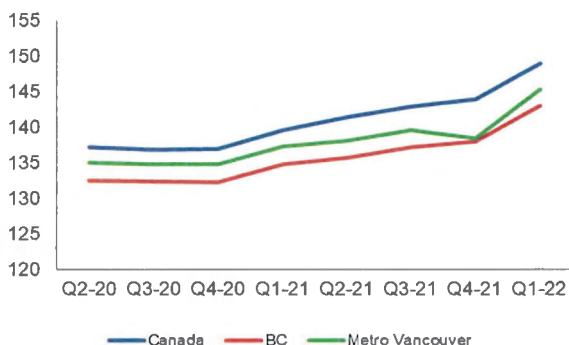


- According to Statistics Canada’s March 2022 Labour Market Survey, Canadian unemployment has fallen to the lowest rate on record. Strong employment growth since September 2021, COVID-19 labour market impacts, recruitment challenges, and ongoing demographic trends are contributing factors.
- In B.C., unemployment was up slightly in March even though it was the third lowest in Canada. Full-time employment increased among those aged 55 and over, but decreased for those aged 15-24 and 25-54. Private sector employment and self-employment continue to increase.
- At the end of Q1 2022, the Canadian, B.C., and Metro Vancouver unemployment rates were 5.3%, 5.1%, and 5.4%, respectively.

³ Royal Bank Economic Research Forecast (April 2022)

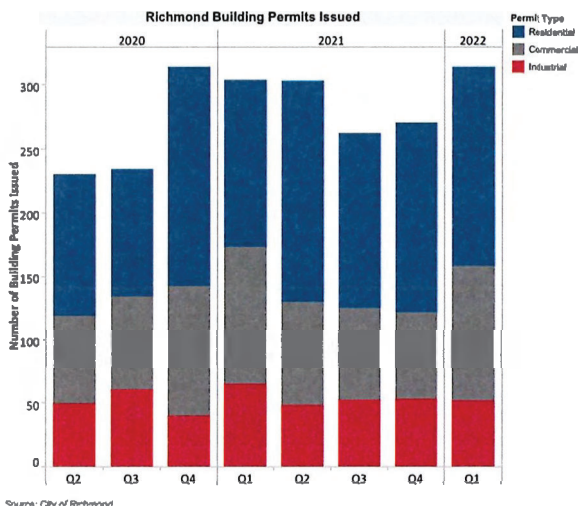
⁴ Statistics Canada

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



- By the end of Q1 2022, the Consumer Price Index had increased by 6.7% in Canada, 6% in British Columbia and 5.7% in Metro Vancouver, the largest year-over-year increase in 30 years.
- Significant increases within the last quarter are consistent with supply constraints and pricing pressures related to fuel, food (including wheat, among others), wages, and durable goods, impacted by the ongoing war in Ukraine and supply chain disruptions.

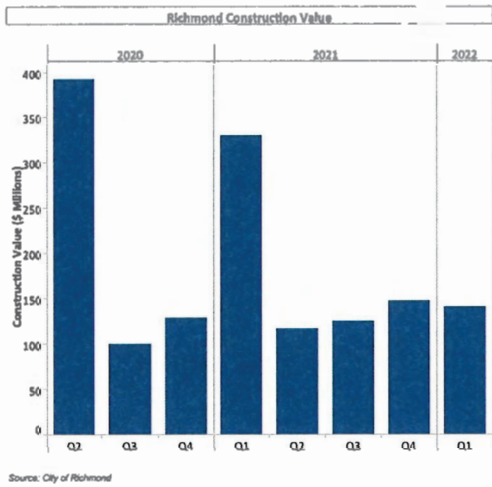
6) Building Permits – Richmond⁶



- During the first quarter of 2022, there were 156 residential, 107 commercial, and 51 industrial building permits issued in Richmond.
- This represents a 3.3% increase in the total number of building permits issued over the same period in 2021, even though there was a 20.3% decline in industrial building permits issued.
- 132 new units are being added to the local housing supply in Q1 2022, which represents an 80.2% decrease as compared to the same period in 2021. This is due to a predominance of single-family dwellings, as well as the longer development cycles for multi-family homes, which result in substantial quarter-over-quarter fluctuations in the number of new units.

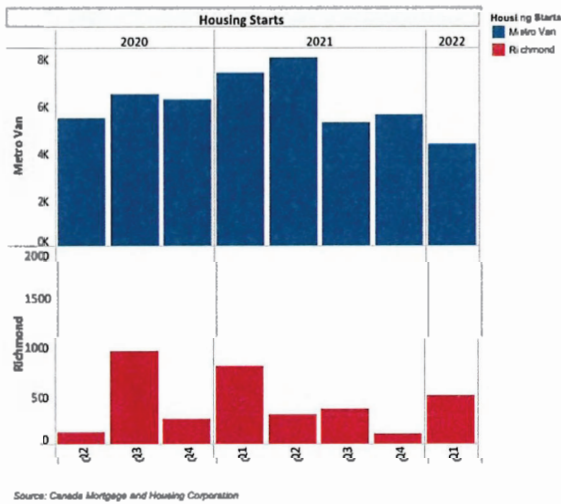
⁵ Statistics Canada

⁶ City of Richmond Building Permits



- \$141 million in construction value was registered in Q1 2022, a decrease of 57.3% from the same period last year. That said, construction value has been steady quarter-over-quarter for the past four quarters. Construction values will often show large variations between quarters reflecting those times when multiple, high value projects are approved during the same period.
- While there are anticipated supply constraints in construction, including higher cost materials and labour shortages, demand remains strong.

7) Housing Starts⁷

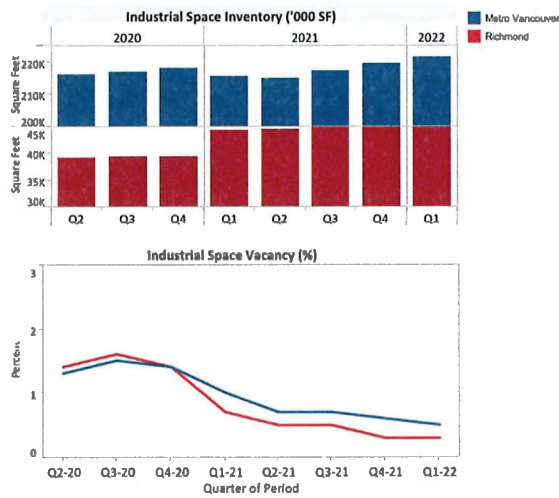


- In Q1 2022, there were 482 housing starts in Richmond and 4,308 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced⁸.
- Year to date housing starts decreased in Richmond by 38.4% and in Metro Vancouver by 41.2% over the same period in 2021. There has been a fair amount of fluctuation over the past year, quarter by quarter.
- CMHC predicts that supply constraints on construction will continue to impact major urban centres, including Vancouver. Housing starts are expected to moderate but remain high in 2022.

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.

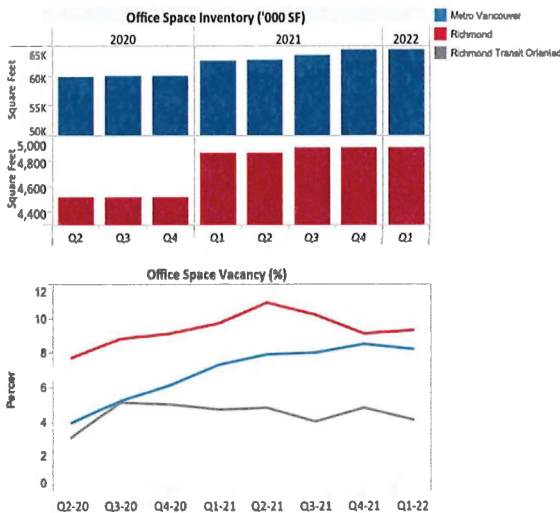
8) Commercial Space⁹
 a) Industrial Space



Source: Cushman & Wakefield

- Industrial sales and leasing activity in Metro Vancouver continued to be strong in Q1 2022, with industrial vacancy rates at a historic low of 0.5%. The lack of available space and scarcity of developable land has also led to a 13% increase in rental rates.
- In Richmond, the industrial vacancy rate is even lower than Metro Vancouver – at 0.3% in Q1 2022.
- 46,000 square feet of industrial space was added to Richmond’s inventory during the first quarter of 2022.
- Global e-commerce and third-party logistics companies continue to absorb industrial space at an accelerated rate, which makes it even more challenging for small to mid-size industrial tenants looking for space.

b) Office Space



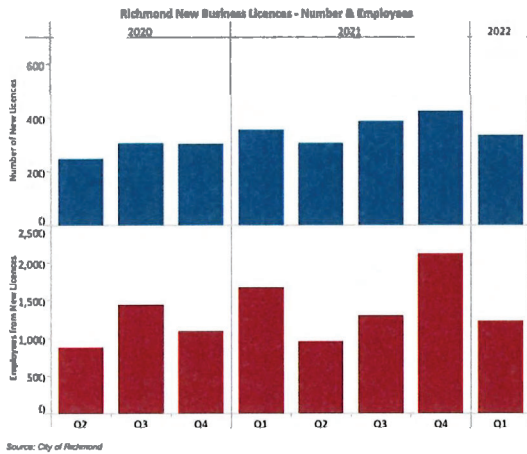
Source: Cushman & Wakefield

- At the end of Q1 2022, the office vacancy rate was 9.3% in Richmond and 8.2% in Metro Vancouver. The vacancy rate for office space near transit is even more constrained and currently sits at 4.1% for Richmond.
- In Richmond, office vacancy rates have declined (by 4.1%) since the same time last year, though in Metro Vancouver, the trend has reflected an increase in availability (by 12.3%).
- Demand for office space from the technology sector is strong (as it has been for the last eleven quarters) and is expected to continue.
- There were increases in asking rents this quarter, especially for higher classes of space (Class A and AAA). In Richmond, there was a 5.2% increase, resulting from a lack of Class A space in the City Centre.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

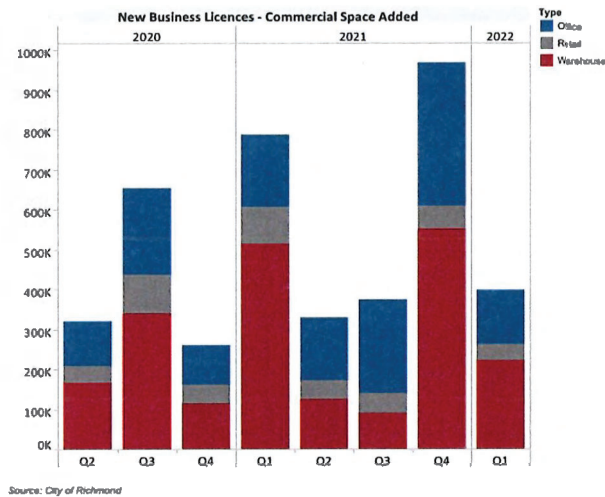
9) Business Growth – Richmond

a) Total Valid Business Licences & New Business Licences Issued



- 335 new business licenses (representing 1,223 jobs) were issued by the City of Richmond in Q1 2022, a 5.1% decrease from the same period last year.
- The number of total valid business licenses at the end of Q1 2022 reflects an upward trend, at 13,662, or 2.4% higher than Q1 2021. This demonstrates improved business health, as the pandemic trajectory and associated restrictions have changed.

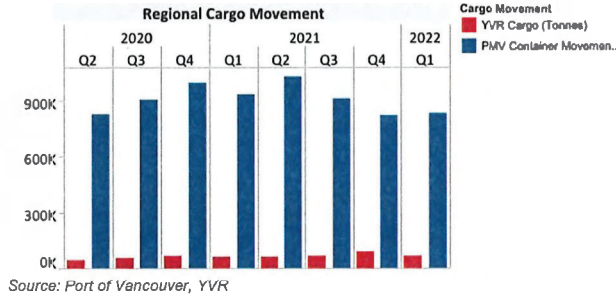
b) New Business Licences – Commercial Space



- 397,302 square feet of commercial space absorption was tied to the new business licenses issued during Q1 2022.
- While the amount of space absorbed is down by 49.6% 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 220,571 square feet, followed by office (135,437 square feet), and retail (41,294 square feet).

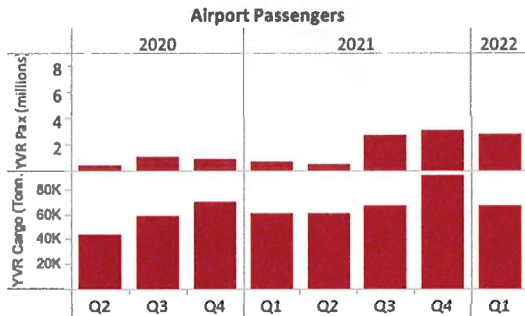
10) Goods and People Movement

a) Regional Cargo Movement¹⁰



- In Q1 2022, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), decreased by 10.4% from the same time period last year.
- During Q1 2022, 66,742 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is an increase of 9.4% from the same time period last year.

b) Airport Passengers¹¹



- With a loosening of COVID-19 pandemic restrictions, YVR is seeing a substantial increase in travelers. In the first quarter of 2022, 2.8 million passengers moved through the airport, which is a 344% increase over the same time period last year.

c) Richmond Hotel Room Revenue¹²



- As a sign that tourism continues to recover from the most severe impacts of the COVID-19 pandemic, room revenues in Richmond for January 2022 were \$12.1M, which is double the revenues for January 2021.
- Travelers are arriving from both within the province and further afield. Environics Analytics reports that, for the week ending March 27, 2022, B.C.'s weekly domestic overnight visitation increased by 21% compared to the same week in 2019.

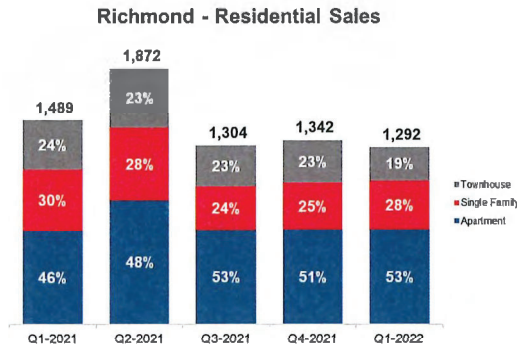
¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

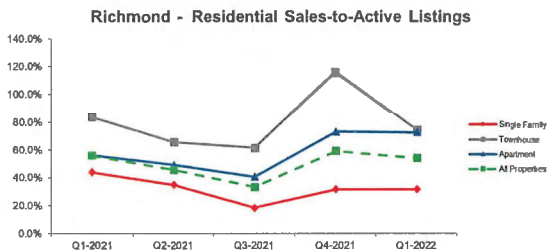
¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC – Richmond Hotel Revenue for Q1 2021 includes January data only.

Residential Real Estate¹³

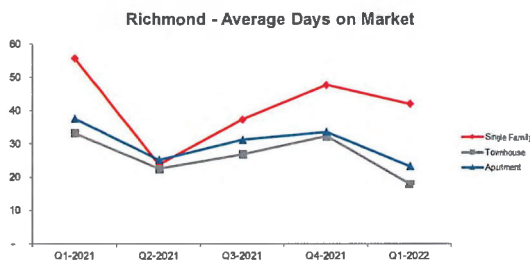
In the first quarter of 2022, home sales activity remained elevated in Richmond’s housing market, although down slightly compared to last years numbers. Sales activity in the first part of the second quarter is slowing down in response to increases in the interest rate. In the first quarter, Richmond is still seeing an upward pressure on prices across all housing categories due to low supply.



- Single family detached (SFD) home sales decreased by 20% compared to Q1 2021.
- Townhouse and apartment sales have decreased 33% and increased 1.3%, respectively, compared to Q1 2021.
- Townhouse sales comprise 19% of the residential home sales in Richmond. SFD and apartment sales account for 28% and 53%, respectively, of home sales in Richmond.
- There were 1,292 residential home sales in Richmond in Q1 2022, a 13% decrease compared to the same period last year.

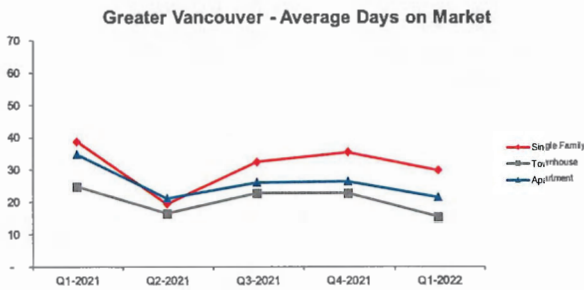


- Richmond residential properties had a sales-to-active listings ratio of 54% as of March 31, 2022 representing a sellers market.

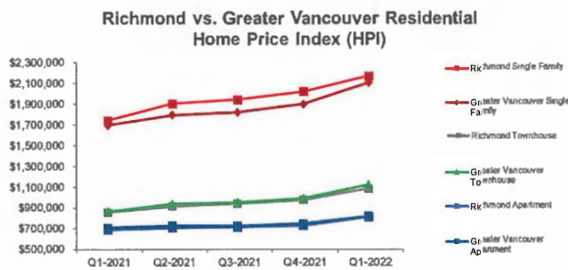


- At Q1 2022, SFD properties in Richmond had an average of 42 days on the market, a 25% decrease compared to Q1 2021.
- Townhouses and apartments had an average of 18 and 23 days on the market, respectively, representing a 46% and 38% decrease respectively over the same period last year.

¹³ Real Estate Board of Greater Vancouver



- At Q1 2022, SFD properties in the GVRD had an average of 30 days on the market, which represents a 23% decrease compared to Q1 2021.
- Townhouses and apartments in the GVRD had an average of 16 and 22 days on the market, which represents a decrease of 37% and 38% respectively, over the same period in 2021.

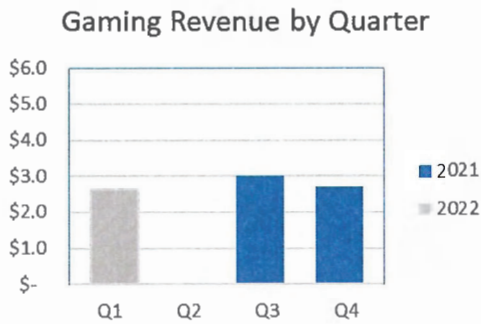


- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q1 2022 was \$2,181,700, a 25% increase compared to Q1 2021. The GVRD housing market has also increased with SFD properties priced at \$2,118,600, which was a 25% increase compared to the same quarter last year.
- At Q1 2022, the HPI for townhouse properties in Richmond was \$1,100,600, an increase of 27% compared to Q1 2021. The HPI for townhome properties in the GVRD was \$1,138,300, which represented a 31% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$828,100, an increase of 19% compared to Q1 2021. GVRD's apartment prices increased to \$835,500, which was a 17% increase from Q1 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 Q1 2022 was \$2,651,401; it was \$nil for Q1 2021 as the casino remained closed.
- The 2022 budget for Gaming revenues is \$14,500,000 based 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 \$5,700,108 as 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 March 31, 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 March 31, 2022 (in \$000's)*

Division/Department ¹	Q1 YTD Net Budget ²	Q1 YTD Actuals and Commitments ³	Q1 YTD Variance (\$)	Q1 YTD Variance (%)
Community Safety ⁴	\$(962)	\$(1,093)	\$131	14%
Community Services	12,870	12,000	870	7%
Corporate Administration	2,406	2,065	341	14%
Engineering and Public Works	26,097	25,920	177	1%
Finance and Corporate Services	6,682	5,842	840	13%
Fire Rescue	12,055	11,557	498	4%
Library	3,297	3,214	83	3%
Planning and Development	2,337	2,243	94	4%
Policing	17,495	17,035	460	3%
Fiscal	(27,118)	(27,174)	56	0%
Law and Legislative Services	1,141	1,083	58	5%
Total	\$56,300	\$52,692	\$3,608	6%
Water Utility	7,672	7,221	451	6%
Sanitary Sewer Utility	5,288	5,206	82	2%
Sanitation and Recycling Utility	97	47	50	52%
Utilities Total	\$13,057	\$12,474	\$583	4%

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, 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 Revised Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to vacant positions and lower year to date operating spending offset by lower parking revenues due to COVID-19.
- 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 and third quarters of the year.
- Corporate Administration's favourable variance is mainly due to vacant positions.
- Engineering and Public Works is on budget.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions, which is partly attributable to recruitment challenges and favourable general operating expenses.
- Fire Rescue's favourable variance is due to lower actual salaries for Firefighters than what was budgeted due to the timing of pay increases, vacant positions and the timing of operating spending.
- 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 is on budget.
- Policing favourable variance is due to the timing of RCMP Contract costs and municipal employee vacant positions.
- Fiscal is on budget.
- Law and Legislative Services' favorable variance is mainly due to vacant positions.
- Water Utility's favorable variance is due to seasonal variances.
- Sanitary Sewer Utility is on budget.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than expected revenue.

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 Three Month Period Ended March 31, 2022, with comparative figures for 2021 is included in Attachment 3.

Cash and Investment Portfolio

For the first time in two years since the start of the Covid-19 pandemic, the Bank of Canada (the Bank) increased the overnight interest rate by 0.25% at the March 2, 2022 interest rate announcement. The soaring inflation that was reported at a historical high level of 6.7% for Q1 2022 has prompted the Bank to further increase the overnight interest rate by 0.50% on April 13, 2022 as a policy tool to tighten money supply.

It is anticipated that the interest rate will continue to rise as the spike in energy and other commodity prices in the wake of Russia's invasion of Ukraine and supply chain disruptions are driving inflation higher than expected. Next interest rate announcement is scheduled to take place on June 1, 2022 where further interest rate hike is anticipated.

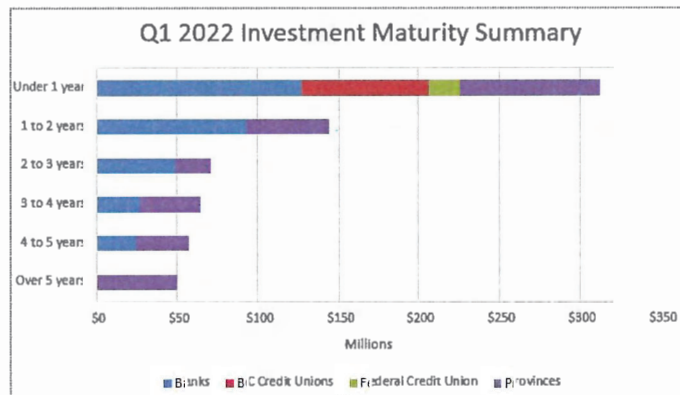
Table 2: Market Interest Rates (for analytical purposes only)

	March 31, 2022 (current quarter)	December 31, 2021 (previous quarter)
2 Year Government of Canada Bonds	2.31%	0.99%
5 Year Government of Canada Bonds	2.42%	1.30%
10 Year Government of Canada Bonds	2.43%	1.47%

Source: Bank of Canada

The City’s cash and investment balance of \$1.32 billion as of March 31, 2022 was comprised of \$700.2 million in investments and \$622.7 million in high interest savings cash account, with a weighted average interest yield of 1.55%. The interest yield is anticipated to improve over the remainder of the year as the portfolio is being repositioned gradually for yield optimization in the projected rising interest rate environment.

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 40% in provincial government bonds, 46% in chartered banks, 3% in federal credit union and 11% in local 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.



Q1 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 Q1 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 first quarter, 33 contracts greater than \$75,000 were awarded totalling over \$26.6 million (Attachment 4).

Financial Impact

None.

Conclusion

The March 31, 2022 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for review.



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

- 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

March 31, 2022

Macroeconomic Indicators & Forecast

	2020	2021	Change	2022f	2023f
1) Real GDP (% at YE)					
Canada	(5.4)	4.6	(185.2%)	3.9	2.8
United States	(3.5)	5.7	(262.2%)	3.7	2.3
China	2.3	8.1	252.2%	4.4	5.1
World	(3.3)	6.1	(284.8%)	3.6	3.6
2) Interest Rates (at YE)					
Bank of Canada	0.25	0.25	0.0%	2.0	2.0
US FED	0.13	0.13	0.0%	2.38	2.63
3) Exchange Rate (at YE)					
CAD per \$1 USD	1.27	1.26	(0.8%)	1.27	1.34

Regional and Local Market Indicators

4) Unemployment (% at QE)	Q1-2022	Q4-2021	Change	Q1-2021	Change	
Canada	5.3	6.0	(11.7%)	7.5	(29.3%)	
BC	5.1	5.4	(5.6%)	6.9	(26.1%)	
Metro Vancouver	5.4	5.8	(6.9%)	8.0	(32.5%)	
5) CPI (2002=100) (at QE)	Q1-2022	Q4-2021	Change	Q1-2021	Change	
Canada	148.9	144.0	3.4%	139.6	6.7%	
BC	143.0	138.0	3.6%	134.9	6.0%	
Metro Vancouver	145.3	138.5	4.9%	137.4	5.7%	
6) Richmond Building Permits	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
Residential – New Construction [^]	75	63	19.0%	75	63	19.0%
Residential – Alterations	81	68	19.1%	81	68	19.1%
Residential Total	156	131	19.1%	156	131	19.1%
[^] Number of units from new residential construction	132	668	(80.2%)	132	668	(80.2%)
Residential	156	131	19.1%	156	131	19.1%
Commercial	107	109	(1.8%)	107	109	(1.8%)
Industrial	51	64	(20.3%)	51	64	(20.3%)
Building Permits Total	314	304	3.3%	314	304	3.3%
Construction Value (\$ million)	141.0	330.0	(57.3%)	141.0	330.0	(57.3%)
7) Housing Starts (Units)	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
Starts - Metro Vancouver	4,308	7,322	(41.2%)	4,308	7,322	(41.2%)
Starts - Richmond	482	783	(38.4%)	482	783	(38.4%)
8) Richmond Residential Sales Activity	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
Sales - Detached	357	444	(19.6%)	357	444	(19.6%)
Sales - Townhouse	244	363	(32.8%)	244	363	(32.8%)
Sales - Apartment	691	682	1.3%	691	682	1.3%
Sales - Total	1,292	1,489	(13.2%)	1,292	1,489	(13.2%)

Economic Indicators**March 31, 2022****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (% at QE)**

	Q1-2022	Q1-2021	Change
Single Family Detached	31.4%	43.8%	(28.3)
Townhouse	73.9%	83.3%	(11.3)
Apartment	72.2%	56.0%	28.9
Total	53.8%	55.6%	(3.2)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2022	Q1-2021	Change	Q1-2022	Q1-2021	Change
Single Family Detached	42	56	(25.0%)	30	39	(23.1%)
Townhouse	18	33	(45.5%)	16	25	(36.0%)
Apartment	23	38	(39.5%)	22	35	(37.1%)

11) Home Price Index (\$000 at QE)

Property Type	Richmond			Metro Vancouver		
	Q1-2022	Q1-2021	Change	Q1-2022	Q1-2021	Change
Single Family Detached	2,182	1,748	24.8%	2,119	1,700	24.6%
Townhouse	1,101	865	27.3%	1,138	872	30.5%
Apartment	828	696	19.0%	836	716	16.8%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2022	Q1-2021	Change	Q1-2022	Q1-2021	Change
Office Vacancy (%)	9.3	9.7	(4.1%)	8.2	7.3	12.3%
Transit Oriented Office Vacancy (%)	4.1	4.7	(12.8%)	N/A	N/A	N/A
Office Inventory (000 sf)	4,903	4,863	0.8%	64,314	62,419	3.0%
Industrial Vacancy (%)	0.3	0.7	(57.1%)	0.5	1.0	(50.0%)
Industrial Inventory (000 sf)	44,797	44,390	0.9%	221,419	215,520	2.7%

13) Richmond Business Growth

	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
Total Valid Business Licences (at QE)	13,662	13,341	2.4%	13,662	13,341	2.4%
New Licences - Number Issued	335	353	(5.1%)	335	353	(5.1%)
New Licences - Employees	1,223	1,674	(26.9%)	1,223	1,674	(26.9%)
New Licences - Office Added (sf)	135,437	181,493	(25.4%)	135,437	181,493	(25.4%)
New Licences - Retail Added (sf)	41,294	92,856	(55.5%)	41,294	92,856	(55.5%)
New Licences - Industrial Added (sf)	220,571	513,963	(57.1%)	220,571	513,963	(57.1%)
Total Space Added (sf)/Avg. Change	397,302	788,312	(49.6%)	397,302	788,312	(49.6%)

Economic Indicators**March 31, 2022****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
YVR Air Cargo (tonnes)**	66,742	61,005	9.4%	66,742	61,005	9.4%
PMV Container Movement (TEUs)	836,143	932,963	(10.4%)	836,143	932,963	(10.4%)
YVR Passengers (million)**	2.8	0.63	344.4%	2.8	0.63	344.4%
Richmond Hotel Revenue (\$ million)***	12.1	6.0	101.7%	12.1	6.0	101.7%

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) ** YVR data for Q1 includes January to March 2022 figures.
e) ***Hotel Room Revenue for Q1 includes January 2022 data only

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2022)
2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 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**March 31, 2022**

(All dollar amounts in \$000's)

	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
1) Development Cost Charges Contributions						
Roads, Water, Sewer DCC's Received	\$2,076	\$4,062	(48.9%)	\$2,076	\$4,062	(48.9%)
Parks DCC's Received	\$1,412	\$2,800	(49.6%)	\$1,412	\$2,800	(49.6%)
Total DCC Fees Received	\$3,488	\$6,862	(49.2%)	\$3,488	\$6,862	(49.2%)
DCC Reserves – Uncommitted balance at QE	\$141,384	\$139,688	1.2%	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)						
Capital Funding Reserves	\$122,919	\$205,389	(40.2%)			
Utility Reserves	\$108,091	\$105,546	2.4%			
Affordable Housing Reserves	\$9,157	\$5,448	68.1%			
Other Reserves	\$81,382	\$68,380	19.0%			
Total Uncommitted Reserves	\$321,548	\$384,762	(16.4%)			
3) Taxes to date						
Taxes Collected	\$14,134	\$12,566	12.5%	\$14,134	\$12,566	12.5%
City Portion of Taxes Collected	\$7,208	\$6,157	17.1%	\$7,208	\$6,157	17.1%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$11,504	\$11,415	0.8%	\$11,504	n/a	0.8%
No. of Participants on Pre-authorized withdrawal (at QE)	6,271	6,382	(1.7%)	6,271	n/a	(1.7%)
Pre-authorized withdrawals payments	\$11,761	\$8,361	40.7%	\$11,761	\$8,361	40.7%
Interest rate % paid	0.45%	0.45%	0.0%	0.45%	0.45%	0.0%
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments						
Investments	\$700,219	\$790,449	(11.4%)			
Cash (includes high interest savings accounts)	\$622,129	\$447,681	39.0%			
Total Cash and Investments	\$1,322,348	\$1,238,130	6.8%			
Average City Rate of Return on Investments %	1.55%	1.46%	6.2%			

Financial and Key Indicators**March 31, 2022**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

	Q1-2022	Q1-2021	Change	YTD-2022	YTD-2021	Change
5) Planning and Development						
Building Permit Fees Collected	\$1,670	\$3,403	(50.9%)	\$1,670	\$3,403	(50.9%)
Development Applications Received	27	25	8.0%	27	25	8.0%
Development Applications Fees	\$72	\$172	(58.1%)	\$72	\$172	(58.1%)
6) Business Licences						
Revenue Received for Current Year Licences	\$1,914	\$1,816	5.4%	\$1,914	\$1,816	5.4%
Revenue Received for Next Year (Deferred)	\$100	\$93	7.5%	\$100	\$93	7.5%
Total Licence Revenue	\$2,014	\$1,909	5.5%	\$2,014	\$1,909	5.5%
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues						
Parking Program Revenue	\$348	\$291	19.6%	\$348	\$291	19.6%
Gaming Revenue	\$2,651	\$0	0.0%	\$2,651	\$0	0.0%
Traffic Fine Revenue	\$0	\$0	0.0%	\$0	\$0	0.0%
8) Employees						
Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i>	1,520	1,398	8.7%			
<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	12,612	14,452	(12.7%)	12,612	14,452	(12.7%)
Community Bylaws	1,081	895	20.8%	1,081	895	20.8%
Fire Incidents	2,381	1,920	24.0%	2,381	1,920	24.0%
Public Works calls for Service	3,314	3,416	(3.0%)	3,314	3,416	(3.0%)

Financial and Key Indicators**March 31, 2022**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q1-2022	Q1-2021	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	569	529	7.6%
Affordable Rental (LEMR**) (units)	919	906	1.4%
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)	322	301	7.0%
Total Housing Units	3,022	2,777*	8.8%

* 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 Three Month Period Ended March 31, 2022, with comparative figures for 2021.

(Expressed in thousands of dollars)

	Budget March 31 2022	Actuals March 31 2022	Actuals March 31 2021
Revenue:			
Taxes and levies	\$64,203	\$64,203	\$60,190
Utility fees	30,657	28,757	27,605
Sales of services	11,236	7,538	7,228
Payments-in-lieu of taxes	3,663	3,335	3,058
Provincial and federal grants	2,671	1,151	3,075
Development cost charges	4,437	4,702	4,837
Other capital funding sources	17,790	8,084	4,605
Other revenue:			
Investment income	3,288	3,406	3,252
Gaming revenue	3,625	2,651	-
Licences and permits	2,625	4,023	3,882
Other	4,383	10,945	2,408
Equity income	173	520	451
	148,751	139,315	120,591
Expenses:			
Community safety	33,463	31,237	28,779
Utilities: water, sewer and sanitation	28,039	24,395	23,475
Engineering, public works and project development	20,334	20,170	16,612
Community services	17,881	13,594	12,687
General government	20,058	19,081	16,332
Planning and development	6,468	5,292	4,293
Library services	2,829	2,738	2,234
	129,072	116,507	104,412
YTD Surplus (Annual Surplus) ²	19,679	22,808	16,179
Accumulated surplus, beginning of year	3,272,200	3,272,200	3,256,021
Accumulated surplus, end of March 31 ³	\$3,291,879	\$3,295,008	\$3,272,200

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

January 1st to March 31st, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Design and Contract Administration Services for the Richmond Ice Centre Infrastructure Replacements Phase 2	HDR Architecture Associates, Inc.	221,165	Engineering & Public Works
2	Construction Services for No. 9 Road South Dike Upgrade Capital Project	RTR Terra Contracting Ltd.	1,063,077	Engineering & Public Works
3	Supply and Delivery of Two (2) Hybrid and/or Fully Electric Low Roof Vans with Rear Cargo Doors	Mainland Ford Ltd.	139,062	Engineering & Public Works
4	Open Text Contract Renewal	Open Text Corporation	211,129	Finance & Corporate Services
5	Arc Maintenance and Support Renewal Contract	ESRI Canada Ltd.	192,900	Finance & Corporate Services
6	House Demolition at 4831 Steveston Highway	Renov8t.com Construction Inc.	75,400	Engineering & Public Works
7	Leadership Training Curriculum	The Corker Collective Inc.	114,000	Corporate Administration
8	VMware Licensing Including Support and Maintenance Services	Turning Point Technology Services Inc.	78,170	Finance & Corporate Services
9	Construction Services for City Works Yard Improvements - Phase 2	Boston Construction Corp.	702,232	Engineering & Public Works
10	Gateway Theatre - Rolling Doors Replacement Project	Boston Construction Corp.	160,624	Engineering & Public Works
11	Data Visualization and Analytics Solution	Tibco Software Ireland Ltd.	1,512,047	Finance & Corporate Services
12	Richmond Ice Centre Infrastructure Renewals - Phase 1	PCL Constructors Westcoast Inc.	4,472,818	Engineering & Public Works
13	Capstan Station Integration - Development of Conceptual Designs	Dialog BC Architecture Engineering	482,340	Planning & Development
14	Preventative and Repair Maintenance of Direct Digital Control Systems	ESC Automation	278,695	Engineering & Public Works
15	Cisco Smartnet/Licensing Network Renewal	Telus Communications Inc.	109,345	Finance & Corporate Services
16	Supply of Drainage Pumps, Parts and Services Agreement	KSB Pumps Inc.	2,510,000	Engineering & Public Works
17	Provision of Civil Engineering Consulting Services for No. 2 Road Multi-Use Pathway and Bus Speed and Reliability Programs	Associated Engineering (BC) Ltd.	306,586	Engineering & Public Works

Contract Awards greater than \$75,000 (continued)January 1st to March 31st, 2022

Item	Description	Awarded Vendor	Awarded Amount	Division
18	PerfectMind Licensing and Support Renewal Contract	PerfectMind Inc.	995,000	Finance & Corporate Services
19	Supply and Installation of Dehumidification Coils and Associated Works at Minoru Centre for Active Living	Entity Mechanical Ltd.	147,313	Engineering & Public Works
20	City of Richmond City Hall Infrastructure Replacement	Elemental Architecture and Interiors Inc.	119,750	Engineering & Public Works
21	Flood Protection Public Engagement Specialist	EPI Ecoplan International Inc.	85,730	Engineering & Public Works
22	Minoru Arenas System Renewal - Construction Services	Heatherbrae Builders Co. Ltd.	671,597	Engineering & Public Works
23	Supply and Delivery of LED Street Name Signs	Image Sign & Lighting Inc.	470,771	Engineering & Public Works
24	Operation of Restorative Justice Program - 2022	Touchstone Family Association	100,700	Community Safety
25	Construction Services for Minoru Lakes Renewal	Wilco Civil Inc.	8,469,553	Community Services
26	Burkeville Utility Upgrades - Phases 2&4 - Sanitary Sewer Pipe Bursting	PW Trenchless Construction Inc.	491,365	Engineering & Public Works
27	Oracle Database Software and Solaris Hardware Purchase	Eclipsys Solutions	774,433	Finance & Corporate Services
28	Supply and Delivery of CO2 and Tank Rental for Minoru Centre for Active Living 2022 - 2025	Linde Canada Inc.	164,353	Community Services
29	Load Balancer Hardware Including Support and Maintenance Services	Compugen Inc.	160,211	Finance & Corporate Services
30	Supply and Delivery of SQL Servers	Turning Point Technology Services Inc. and CDW Canada Corp.	245,711	Finance & Corporate Services
31	Oracle - PeopleSoft Annual Maintenance and Support (License Renewal for HCM and FSCM)	Oracle	634,564	Finance & Corporate Services
32	Janitorial Services at Community Safety Building	Nutech Facility Services Ltd.	360,000	Engineering & Public Works
33	Amanda (Municipal Property Management System) Software Support and Maintenance	CSDC Systems Inc.	116,027	Finance & Corporate Services
Total contracts awarded greater than \$75,000			\$26,636,668	