



City of Richmond

Report to Committee

To: Finance Committee

Date: May 7, 2021

From: Ivy Wong
Acting Director, Finance

File:

Re: Financial Information – 1st Quarter March 31, 2021

Staff Recommendation

That the staff report titled, “Financial Information – 1st Quarter March 31, 2021”, dated May 7, 2021 from the Acting Director, Finance be received for information.

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

Att: 5

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	<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"/>	
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, 2021 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.

The COVID-19 pandemic began to impact the City's financial results in mid-March 2020 by closure of public facilities, including libraries, community recreation centres, and cultural facilities. In May 2020, Council endorsed the Restoring Richmond Plan for the gradual reimplementation of program and services through a step-by-step approach to reopening various City services, amenities and facilities while maintaining physical distancing and public health guidelines as they continue to be updated. Due to the pandemic, the City continues to experience reductions in revenue such as gaming revenues, which will have a significant impact on future quarterly results. The length of the economic disruption and recovery is uncertain at this time as public health orders continue to be updated to address issues as they arise.

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.

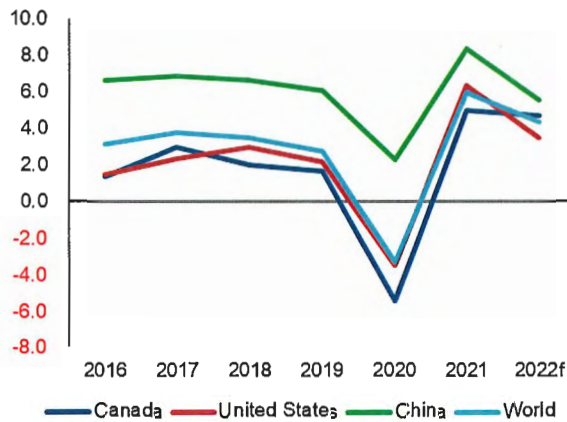
Analysis

Macroeconomic Indicators & Forecast

Economic growth prospects remain highly uncertain across the globe one year into the COVID-19 pandemic. Expanding vaccine coverage is enabling increased activity and optimism, although recovery timelines vary by geography and sector. This reflects different levels of pandemic-induced disruptions and government policy support. New virus mutations are adding an additional element of uncertainty regarding the extent and duration of the pandemic.

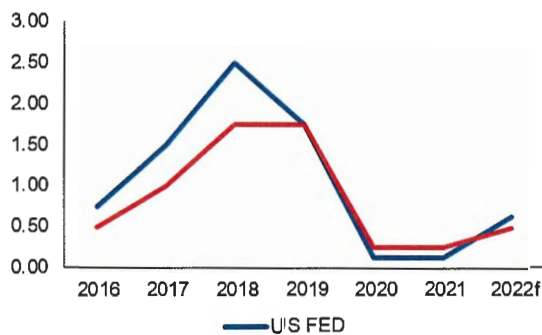
As public health restrictions subside, household spending is anticipated to fuel a surge in demand for services consumption as limited spending opportunities and high government transfers over the past year have resulted in an accumulation of personal savings. In a recent publication from the Bank of Canada, the estimated savings in 2020 added up to approximately \$180 billion, or roughly \$5,800 per Canadian.

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



- The International Monetary Fund (IMF) projects that the global Gross Domestic Product (GDP) will increase by 6.0% in 2021.
- The upward revision since the October 2020 forecast reflects additional fiscal support in a few major economies, the anticipated recovery in the second half of 2021, and the continued adaptation by businesses and consumers.
- 2020 marked the largest decline in Canada’s economy since the Great Depression, but the year ended with strong rebound activity and GDP is forecasted to grow by 5% in 2021. The U.S. growth forecast for 2021 is 6.4%.
- Global GDP growth is expected to slow to 4.4% in 2022. Canadian, U.S. and China GDP growth forecasts are 4.7%, 3.5%, and 5.6%, respectively, for 2022.

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

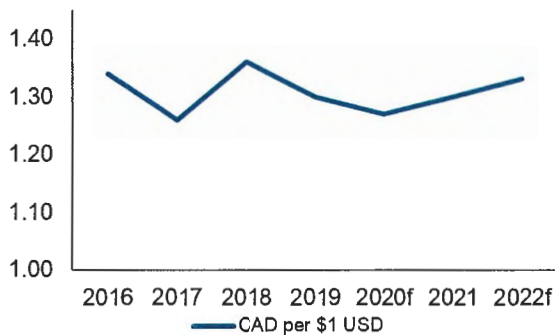


- At the end of Q1 2020, in response to the COVID-19 pandemic, the Bank of Canada (BoC) announced an emergency rate cut to 0.25% for the overnight lending rate where it has remained since that time.
- The BoC rate is forecasted to remain at its lower bound throughout 2021 and climb gradually once the inflation rate returns consistently to the 2 percent.
- The U.S. Federal Reserve (US FED) rate continued at 0.25% where it is expected to remain throughout 2021.

¹ International Monetary Fund, World Economic Outlook (April 2021)

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2021)

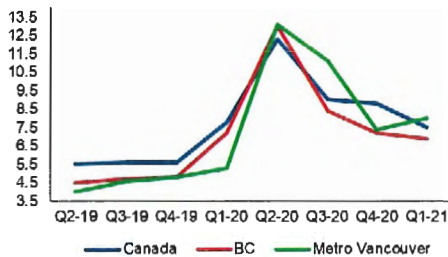
3) Exchange Rates – CAD/USD at Year-End³



- Due to a combination of better growth prospects boosting commodity prices and a weakening in the US dollar, the USD/CAD exchange rate ended Q1 2021 at \$1.28 CAD per \$1 USD.
- The Canadian dollar (CAD) is expected to end 2021 at \$1.30 CAD per \$1 USD and depreciate further to \$1.33 CAD per \$1 USD by the end of 2022.
- The value of the CAD against the USD will be dependent on the relative economic recovery in the two countries.
- A weaker Canadian dollar may benefit non-commodity export sectors, such as tourism, as cross-border economic activity resumes.

Regional & Local Economic Activity Indicators

4) Unemployment⁴

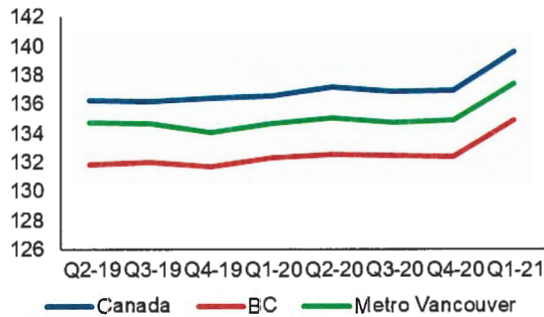


- In March 2021 the unemployment rate in Canada fell to its lowest level since February 2020.
- Employment has proven to be highly resilient in some sectors that have surpassed levels seen before the pandemic. Those employed in sectors most affected by public health restrictions, such as accommodation and food services, continue to experience job losses or reduced hours.
- At the end of Q1 2021 the Canada, BC and Metro Vancouver unemployment rates decreased to 7.5%, 6.9% and 8.0%, respectively.

³ Royal Bank Economic Research Forecast (March 2021)

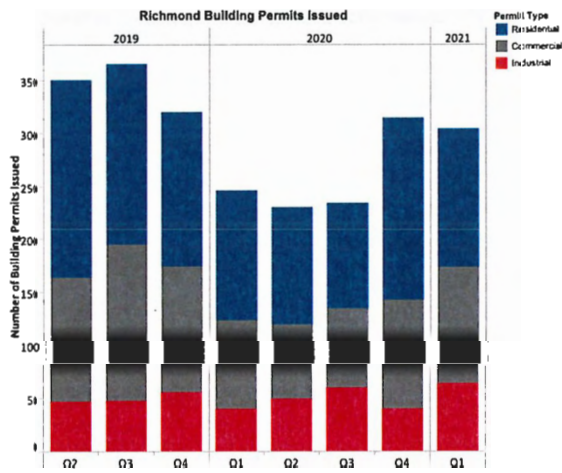
⁴ Statistics Canada

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



- At the end of Q1 2021, the Consumer Price Index increased by 2.2% in Canada (139.6), 2% in British Columbia (134.9), and 2% in Metro Vancouver (137.4), compared to the same period last year.
- The broad decline in prices in spring 2020 had an upward impact on consumer inflation in March 2021. Energy prices also increased due to a combination of higher demand and lower supply. Inflation is being monitored closely by the Bank of Canada and other central banks.

6) Building Permits – Richmond⁶

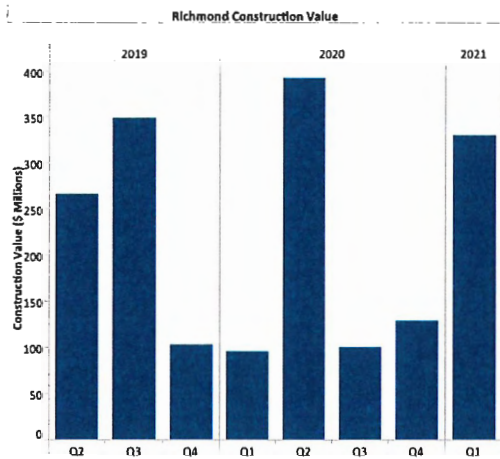


Source: City of Richmond

- In Q1 2021 there were 131 residential, 109 commercial, and 64 industrial building permits issued in Richmond.
- This represents a 23.6% increase in the total number of building permits issued over the same period in 2020.
- 668 new units are being added to the local housing supply through this new residential construction permitted in Q1 2021. This represents a more than 2000% increase over the same period in 2020.
- This data is indicative of a trend for fewer, but larger and more complex multi-family project applications that take significantly longer to process. These applications may result in lower permit issuances in certain periods, but will ultimately result in more housing units and higher construction value.

⁵ Statistics Canada

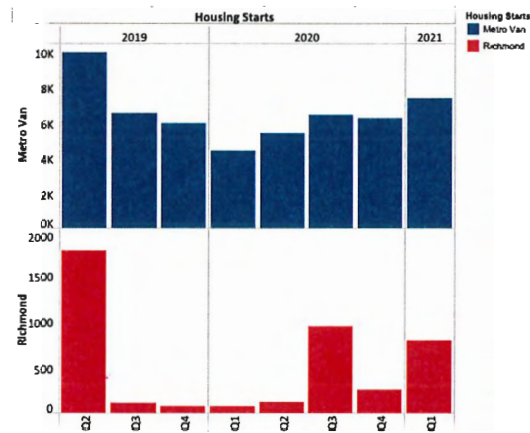
⁶ City of Richmond Building Permits



Source: City of Richmond

- \$175 million in construction value was registered in Q1 2021, up 83.6% over the same period last year.
- Large multi-family developments, as well as increased construction and labour costs, contributed to the increase in construction value experienced.

7) Housing Starts⁷



Source: Canada Mortgage and Housing Corporation

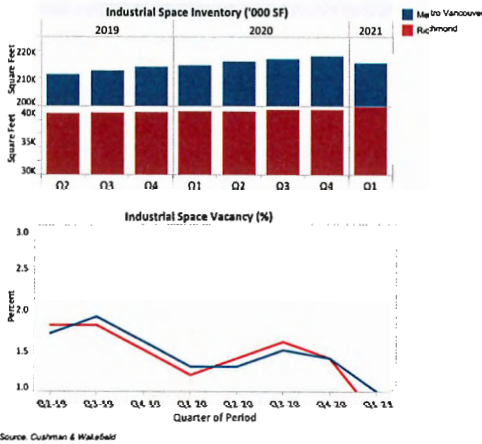
- In Q1 2021, there were 783 housing starts in Richmond and 7,322 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on their verification that construction work has commenced⁸.
- Year to date housing starts in Richmond and Metro Vancouver increased by 987.5% and 67.2%, respectively, over the same three-month period in 2020.
- The change in CHMC’s housing start data for Richmond in Q1 2021 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

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

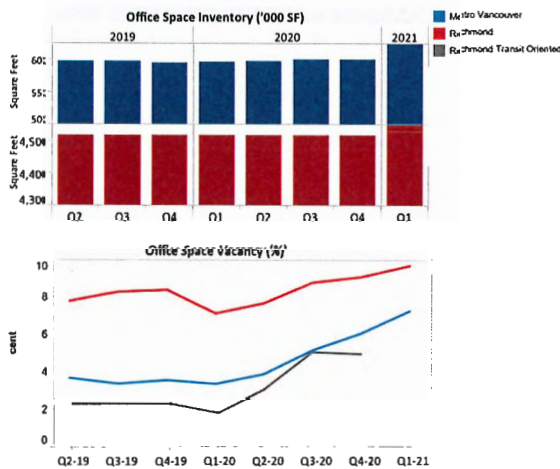
a) Industrial Space



Source: Cushman & Wakefield

- Industrial sales and leasing activity in Metro Vancouver continued to be strong in Q1 2021, spurred by factors including the acceleration of e-commerce adoption.
- 44,390 square feet of industrial space has been added to Richmond’s inventory during the first three months of 2021.
- The industrial vacancy rate in Richmond decreased slightly from 1.4% in Q4 2020 to 0.7% in Q1 2021.
- The region continues to face an acute shortage of industrial land and the industrial vacancy rate in Metro Vancouver was 1.0% at the end of Q1 2021.

b) Office Space



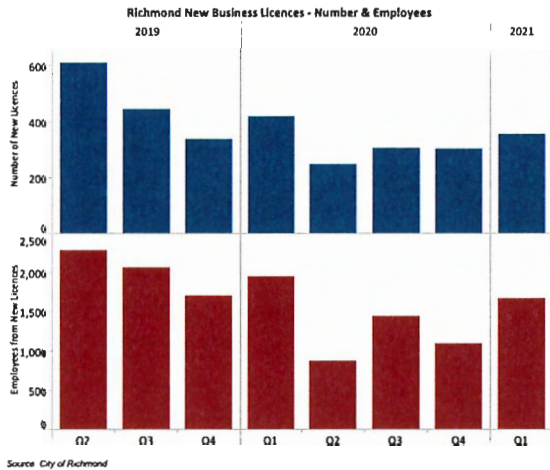
Source: Cushman & Wakefield

- At the end of Q1 2021 the office vacancy rate was 9.7% in Richmond and 7.3% in Metro Vancouver.
- The downtown Vancouver office market continued to be challenged though some notable large lease transaction fueled optimism in longer term prospects.
- Office vacancy rates for Q1 2021 have increased by 34.7% in Richmond and 114.7% in Metro Vancouver compared to Q1 2020 due to increase in sublease activities in the second and third quarters of 2020 which resulted in negative absorption.
- Many office based businesses have been reconsidering their real estate footprints due to COVID-19 requiring employees to work remotely where possible, and the overall acceleration of the work from home trend.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

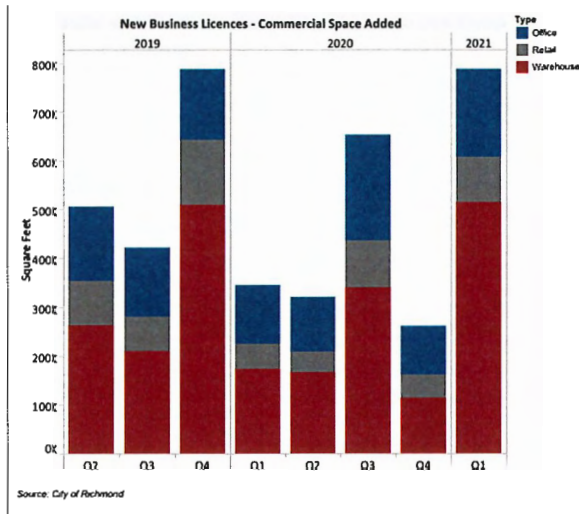
9) Business Growth – Richmond

a) New Business Licences



- 352 new business licences (representing 1,674 jobs) were issued by the City of Richmond in the first quarter of 2021, a decrease of 15.6% compared to the same period last year.
- Overall in 2020 the number of new business licences issued decreased by 31.4% so the new business licence activity in the first quarter of 2021 shows signs of improvement.
- Business licence fee revenue during the same period increased by 17.5%. This combination of increased revenue along with a decrease in new business licenses issued is an indicator of the relative health of larger businesses, which pay more in licence fees
- The sectors that experienced continued growth throughout 2020 – as measured by new business license and related employment activity – included educational services, health care and social assistance, information and cultural industries, manufacturing, and transportation and warehousing.
- The number of total valid business licences at the end of Q1 2021 was 13,341, 5% lower than the same period last year.

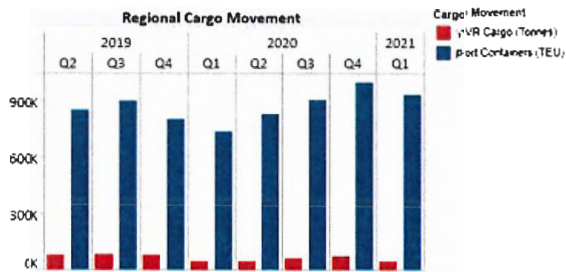
b) New Business Licences – Commercial Space



- 788,000 square feet of commercial space absorption was tied to the new business licenses issued from January to March 2021.
- Industrial space represented the largest share of absorption, at 514,000 square feet, followed by office (181,000 square feet), and retail (93,000 square feet).

10) Goods and People Movement

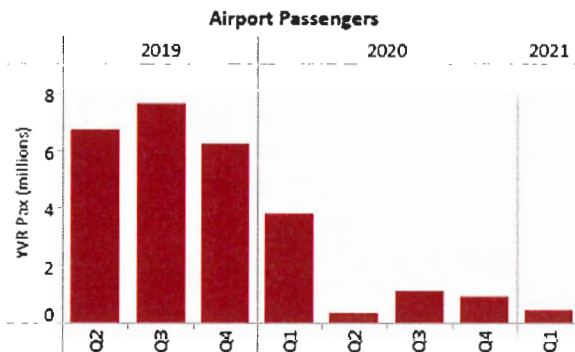
a) Regional Cargo Movement¹⁰



- The Port of Vancouver experienced an increase in cargo volumes of 27% in Q1 2021 over the same period in 2020, as measured by Twenty Foot Equivalent (TEUs).
- While global goods movement experienced many challenges and supply chain disruptions last year, Port activity proved to be resilient overall with a record breaking year for shipments of grain, potash and containers.
- At the Vancouver International Airport (YVR), 41,214 tonnes of air cargo was handled through the first two months of 2021, a decrease of 3.7% over January and February of 2020.

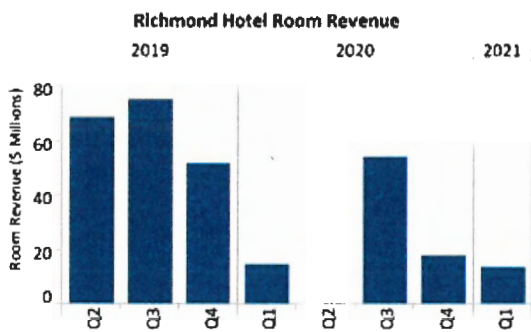
¹⁰ Port of Vancouver Monthly Cargo Statistics

b) Airport Passengers¹¹



- The COVID-19 pandemic continues to severely impact air travel with widespread global travel restrictions and international border closures.
- January and February of 2021 experienced a decline in air passenger volumes of 89.5% over the same two month period in 2020 with only 0.43 million people travelling through the airport.

c) Richmond Hotel Room Revenue¹²



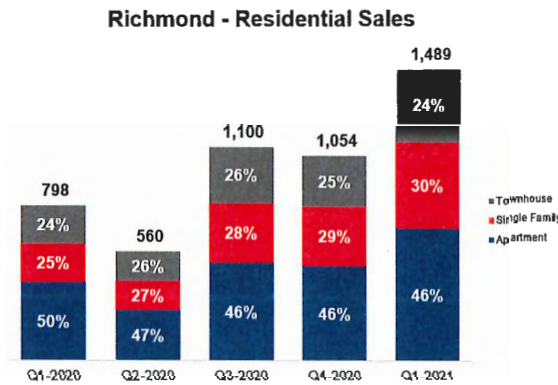
- The accommodation sector is another that has been hard hit by COVID-19 as necessary restrictions on travel have been imposed.
- Some Richmond hotels have been able to capture pandemic related business activity due to their proximity to YVR which is one of only four Canadian airports accepting scheduled international commercial passenger flights.
- Hotel room revenue is calculated using Municipal & Regional District Tax (MRDT) payment, which is 3% on the purchase price of taxable accommodation.
- In 2020 this did not accurately capture revenue in the months it was earned as the Province allowed the deferral of tax payments until September 30, 2020 – resulting in a large one-time transfer in Q3.
- Overall MRDT levels in 2020 declined by 64% over 2019 levels. During the first two months of 2021, MRDT revenue levels were down by 5.6% over the same period in 2020.

¹¹ YVR Monthly Statistics – Q1 2021 excludes March figures as they were not available at the time of reporting

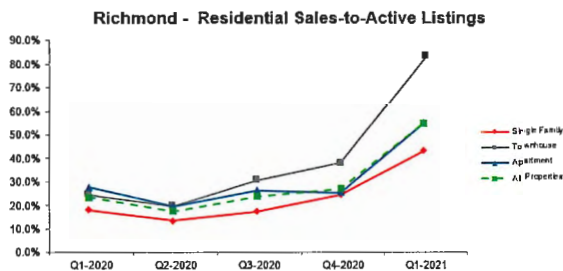
¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC – Richmond Hotel Revenue for Q1 2021 includes January and February data only.

Residential Real Estate¹³

In the first quarter of 2021, residents bought homes at very high levels. This surge in activity can be attributed to an economy that is showing signs of recovery (pent up demand), historically low interest rates and increased household savings. All residential sales markets are leaning more towards a sellers market at this time.

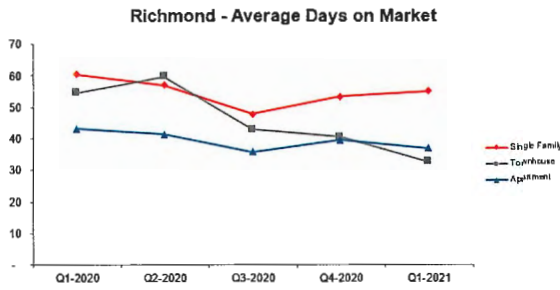


- Overall home sales in the first 3 months months of 2020 showed an increase of 87% over the same period last year.
- Single family detached (SFD) home sales increased by 121% compared to Q1 2020
- Apartment and townhouse sales have increased by 70% and 86%, respectively, compared to Q1 2020.
- Apartment sales comprise 46% of the residential home sales in Richmond. SFD and townhouse sales account for 24% and 30%, respectively, of home sales in Richmond.
- There were 1,489 residential home sales in Richmond by the end of Q1 2021, an 87% increase compared to the same period last year.



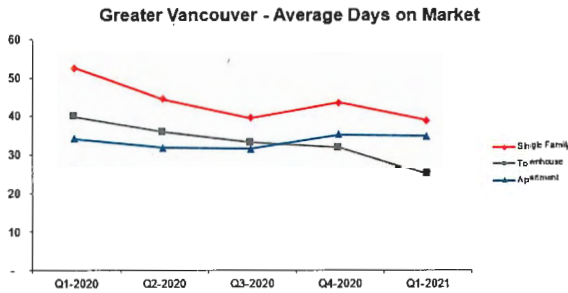
- Richmond residential properties had a sales-to-active listings ratio of 56% as at March 31, 2021 representing a strong sellers market. Townhouse demand increased sharply during this quarter as did apartments.

¹³ Real Estate Board of Greater Vancouver

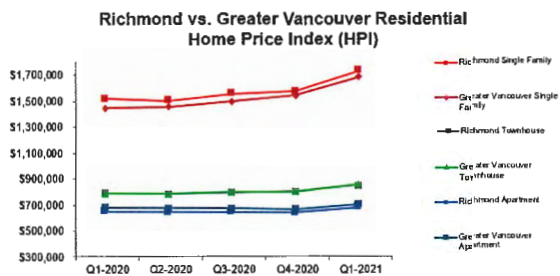


- At Q1 2021, SFD properties in Richmond had an average of 56 days on the market, an 8% decrease compared to Q1 2020.

Townhouses and apartments had an average of 33 and 38 days on the market, respectively, representing a 39% and a 13% decrease respectively over the same period last year.



- At Q1 2021, SFD properties in GVRD had an average of 39 days on the market, which was decreased by 26% compared to Q1 2020
- Townhouses and apartments had an average of 25 and 35 days on the market, which represents a decrease of 37% and an increase of 1.9%, respectively, over the same period in 2020.

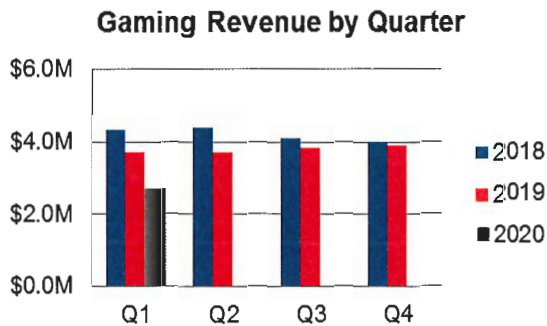


- The Home Price Index (HPI)¹⁴ for SFD properties in Richmond at Q1 2021 was \$1,747,800, a 15% increase compared to Q1 2020. The GVRD housing market has also increased with SFD properties priced at \$1,700,200, which was a 17% increase compared to the same quarter last year.
- At Q1 2021, the HPI for townhouse properties in Richmond was \$864,800, an increase of 8.8% compared to Q1 2020. The HPI for townhome properties in GVRD was \$872,200, which represented a 10% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$695,800, an increase of 6.2% compared to Q1 2020. GVRD's apartment prices increased to \$715,800, which was a 4.2% increase from Q1 2020..

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.

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.



- Due to closures of casinos, no gaming revenue was allocated to the City in Q1 2021.
- Gaming revenue for Q1 2021 decreased by 100.0% to \$nil compared to \$2.7M in Q1 2020.
- The City does not expect any gaming revenues for 2021 and has set annual budget to be \$nil.

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 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. Gaming revenue for Q3 2020 was \$nil.

On September 18, 2020, the Attorney General emphasized that casinos are down the list for re-opening and no pressure will be put on public health authorities to rush the approval of casino re-opening plans. British Columbia Lottery Corporation have submitted safety re-opening plan to the Provincial Health Officer, Ministry of Health and WorkSafeBC. The new plan includes appropriate distancing, cleaning and plexiglass installations. Ministry of Health has reviewed the plan and conversations on how to re-open casinos safely are ongoing. As of March 31, 2021, River Rock Casino continues to suspend its operations. It is not known when operations may resume.

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, 2021. 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, 2021 to March 31, 2021 (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	\$(708)	\$(928)	\$220	31%
Community Services	11,770	10,971	799	7%
Corporate Administration	2,356	1,904	452	19%
Engineering and Public Works	23,790	23,574	216	1%
Finance and Corporate Services	6,415	5,746	669	10%
Fire Rescue	11,858	10,698	1,160	10%
Library	3,320	2,765	555	17%
Planning and Development	2,096	1,440	656	31%
Policing	15,194	14,786	408	3%
Fiscal	(28,586)	(28,924)	338	1%
Law and Legislative Services	1,121	1,034	87	8%
Total	\$48,626	\$43,066	\$5,560	11%
Water Utility	6,629	6,084	545	8%
Sanitary Sewer Utility	5,415	5,212	203	4%
Sanitation and Recycling Utility	97	(355)	452	466%
Utilities Total	\$12,141	\$10,941	\$1,200	10%

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 March 22, 2021.

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 2021 Revised Financial Plan:

- Community Safety (excluding fire rescue and policing) has a favourable variance due to timing required to fill 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 vacant positions and reduced auxiliary staffing levels in alignment with the reduction in programs and services offered. This reduction is partially offset by higher Parks operational expenditures as a result of increased demand for outdoor services due to the pandemic and a mild spring.
- 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 driven by vacant positions.

- Fire Rescue's favourable variance is due to timing required to fill the Council approved 12 Firefighters and vacancies due to retirement.
- 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's favourable variance is due to various vacant positions.
- Policing favourable variance is due to timing required to fill the Council approved 16 RCMP Officers and 11 Municipal Employees
- Fiscal's favourable variance is mainly due to timing of expenditures.
- Law and Legislative Services is on budget.
- Water Utility's favorable variance is mainly driven by unbudgeted construction revenue and less water purchases than budgeted. Any surplus at year-end will be transferred to the Water Levy Stabilization Provision.
- Sanitary Sewer Utility's favourable variance is mainly driven by unbudgeted construction revenue. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to lower garbage and recycling processing fees. 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 Three Month Period Ended March 31, 2021, with comparative figures for 2020 is included in Attachment 3.

Cash and Investment Portfolio

As of March 31, 2021, the City's total cash and investment balance totalled \$1.24 billion with a weighted average annualized yield of 1.46%. The overall cash and investment balance is comprised of \$790.4 million in investments and \$447.7 million in interest bearing cash account (Attachment 4). The City continues to hold a significant proportion of its cash and investment balance in short-term and cashable products for liquidity and yield enhancement purposes.

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

	March 31, 2021 (current quarter)	December 31, 2020 (previous quarter)
2 Year Government of Canada Bonds	0.22%	0.20%
5 Year Government of Canada Bonds	0.99%	0.41%
10 Year Government of Canada Bonds	1.55%	0.70%

Source: Bank of Canada

At the latest interest rate announcement on April 21, 2021, the Bank of Canada (the Bank) kept the policy interest rate at 0.25%. The overnight interest rate has remained unchanged at the current 0.25% level since March 27, 2020.

In Canada, growth in the first quarter of 2021 appears considerably stronger than expected as households and companies adapted to the second wave and associated restrictions. Substantial job gains in February and March boosted employment. However, new lockdowns will pose another setback and the labour market remains difficult for many Canadians. As vaccines roll out and the economy reopens, consumption is expected to rebound strongly in the second half of this year and remain robust over the projection. The pace of economic recovery remains highly dependent on the evolution of the pandemic and the pace of vaccinations.

As economic prospects improve, there is still considerable excess capacity and the recovery continues to require extraordinary monetary policy support. The Bank will continue to hold the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2% inflation target is sustainably achieved. Based on the Bank's latest projection, which is projected to happen in the second half of 2022. The Bank will continue to provide the appropriate degree of monetary policy stimulus to support the recovery and achieve the inflation objective..

As economic prospects improve, there is still considerable excess capacity and the recovery continues to require extraordinary monetary policy support. The Bank will continue to hold the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2% inflation target is sustainably achieved. Based on the Bank's latest projection, which is projected to happen in the second half of 2022. The Bank will continue to provide the appropriate degree of monetary policy stimulus to support the recovery and achieve the inflation objective.

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 third quarter, 24 contracts greater than \$75,000 were awarded totalling over \$12.1 million (Attachment 5).

Financial Impact

None.

Conclusion

At the end of the first quarter, the City continued with the Restoring Richmond Plan while maintaining public health protection protocols to minimize the spread of COVID-19. Staff are closely monitoring the situation and making adjustments where applicable to mitigate the impacts.



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: Cash and Investment Portfolio
- Att. 5: Contract Awards greater than \$75,000

Economic Indicators**March 31, 2021****Macroeconomic Indicators & Forecast**

	2019	2020	Change	2021f	2022f
1) Real GDP (% at YE)					
Canada	1.6	(5.4)	(437.5%)	5.0	4.7
United States	2.3	(3.5)	(252.2%)	6.4	3.5
China	6.1	2.3	(62.3%)	8.4	5.6
World	2.9	(3.3)	(213.8%)	6.0	4.4
2) Interest Rates (at YE)					
Bank of Canada	1.75	0.13	(92.6%)	0.25	0.5
US FED	1.75	0.25	(85.7%)	0.25	0.25
3) Exchange Rate (at YE)					
CAD per \$1 USD	1.3	1.28	(1.5%)	1.30	1.33

Regional and Local Market Indicators

4) Unemployment (% at QE)	Q1-2021	Q4-2020	Change	Q1-2020	Change	
Canada	7.5	8.8	1.9%	7.8	(3.8%)	
BC	6.9	7.2	1.9%	7.2	(4.2%)	
Metro Vancouver	8.0	7.4	1.9%	5.3	50.9%	
5) CPI (2002=100) (at QE)	Q1-2021	Q4-2020	Change	Q1-2020	Change	
Canada	139.6	137.0	1.9%	136.6	2.2%	
BC	134.9	132.4	1.9%	132.3	2.0%	
Metro Vancouver	137.4	134.9	1.9%	134.7	2.0%	
6) Richmond Building Permits	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Residential – New Construction [^]	63	31	103.2%	63	31	103.2%
Residential – Alterations	68	92	(26.1%)	68	92	(26.1%)
Residential Total	131	123	6.5%	131	123	6.5%
[^] Number of units from new residential construction	668	31	2054.8%	668	31	2054.8%
Residential	131	123	6.5%	131	123	6.5%
Commercial	109	83	31.3%	109	83	31.3%
Industrial	64	40	60.0%	64	40	60.0%
Building Permits Total	304	246	23.6%	304	246	23.6%
Construction Value (\$ million)	175.0	95.3	83.6%	175.0	95.3	83.6%
7) Housing Starts (Units)	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Starts - Metro Vancouver	7,322	4,380	67.2%	7,322	4,380	67.2%
Starts - Richmond	783	72	987.5%	783	72	987.5%
8) Richmond Residential Sales Activity	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Sales - Detached	444	201	120.9%	444	201	120.9%
Sales - Townhouse	363	195	86.2%	363	195	86.2%
Sales - Apartment	682	402	69.7%	682	402	69.7%
Sales - Total	1,489	798	86.6%	1,489	798	86.6%

Economic Indicators**March 31, 2021****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q1-2021	Q1-2020	Change
Single Family Detached	43.8	18.4	138.0%
Townhouse	83.3	24.7	237.2%
Apartment	56.0	27.9	100.7%
Total	55.6	23.7	134.6%

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2021	Q1-2020	Change	Q1-2021	Q1-2020	Change
Single Family Detached	56	61	(8.2%)	39	53	(26.4%)
Townhouse	33	55	(40.0%)	25	40	(37.5%)
Apartment	38	43	(11.6%)	35	34	2.9%

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

Property Type	Richmond			Metro Vancouver		
	Q1-2021	Q1-2020	Change	Q1-2021	Q1-2020	Change
Single Family Detached	1,748	1,523	14.8%	1,700	1,451	17.2%
Townhouse	865	795	8.8%	872	792	10.1%
Apartment	696	655	6.3%	716	687	4.2%

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2021	Q1-2020	Change	Q1-2021	Q1-2020	Change
Office Vacancy (%)	9.7	7.2	34.7%	7.3	3.5	114.7%
Transit Oriented Office Vacancy (%)	4.7	1.8	161.1%	N/A	N/A	N/A
Office Inventory (000 sf)	4,863	4,517	7.7%	62,419	59,594	4.7%
Industrial Vacancy (%)	0.7	1.2	(41.7%)	1.0	1.3	(23.1%)
Industrial Inventory (000 sf)	44,390	39,189	13.3%	215,520	214,565	0.4%

13) Richmond Business Growth

	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Total Valid Business Licences (at QE)	13,341	14,039	(5.0%)	13,341	14,039	(5.0%)
New Licences - Number Issued	352	417	(15.6%)	352	417	(15.6%)
New Licences - Employees	1,674	1,952	(14.2%)	1,674	1,952	(14.2%)
New Licences - Office Added (sf)	181,493	120,642	50.4%	181,493	120,642	50.4%
New Licences - Retail Added (sf)	92,856	51,896	78.9%	92,856	51,896	78.9%
New Licences - Industrial Added (sf)	513,963	172,664	197.7%	513,963	172,664	197.7%
Total Space Added (sf)/Avg. Change	788,312	345,202	128.4%	788,312	345,202	128.4%

Economic Indicators**March 31, 2021****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
YVR Air Cargo (tonnes)**	41,214	42,801	(3.7%)	41,214	42,801	(3.7%)
PMV Container Movement (TEUs)	932,962	734,890	27.0%	932,962	734,890	27.0%
YVR Passengers (million)**	0.4	3.8	(89.5%)	0.4	3.8	(89.5%)
Richmond Hotel Revenue (\$ million)***	13.5	14.3	(5.6%)	13.5	14.3	(5.6%)

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 and February 2021 figures only.
e) ***Hotel Room Revenue for Q1 includes January and February 2021 data only

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2021)
2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2021)
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, 2021**

(All dollar amounts in \$000's)

	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
1) Development Cost Charges Contributions						
Roads, Water, Sewer DCC's Received	\$4,062	\$10,809	(62.4%)	\$4,062	\$10,809	(62.4%)
Parks DCC's Received	\$2,800	\$5,707	(50.9%)	\$2,800	\$5,707	(50.9%)
Total DCC Fees Received	\$6,862	\$16,516	(58.5%)	\$6,862	\$16,516	(58.5%)
DCC Reserves – Uncommitted balance at QE	\$139,688	\$131,803	6.0%	n/a	n/a	n/a
2) Uncommitted Reserves (at QE)	Q1-2021	Q1-2020	Change			
Capital Funding Reserves	\$186,156	\$147,478	26.2%			
Utility Reserves	\$81,352	\$74,000	9.9%			
Affordable Housing Reserves	\$4,272	\$4,233	0.9%			
Other Reserves	\$122,524	\$61,867	98.0%			
Total Uncommitted Reserves	\$394,304	\$287,578	37.1%			
3) Taxes to date	Q1-2021	Q1-2020	Change	YTD-2020	YTD-2019	Change
Taxes Collected	\$12,566	\$12,008	4.6%	\$12,566	\$12,008	4.6%
City Portion of Taxes Collected	\$6,157	\$5,884	4.6%	\$6,157	\$5,884	4.6%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$11,415	\$8,555	33.4%	n/a	n/a	n/a
No. of Participants on Pre-authorized withdrawal (at QE)	6,382	6,477	(1.5%)	n/a	n/a	n/a
Pre-authorized withdrawals payments	\$8,361	\$8,361	(17.4%)	\$8,361	\$8,361	3.9%
Interest rate % paid	0.45%	1.95%	(76.9%)	0.45%	1.95%	(76.9%)
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments	Q1-2021	Q1-2020	Change			
Investments	\$794,449	\$828,650	(6.0%)			
Cash (includes high interest savings accounts)	\$447,681	\$438,343	29.9%			
Total Cash and Investments	\$1,238,130	\$1,266,993	4.4%			
Average City Rate of Return on Investments %	1.46%	2.05%	(28.8%)			

Financial and Key Indicators**March 31, 2021**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Building Permit Fees Collected	\$3,403	\$2,229	52.7%	\$3,403	\$2,229	\$3,403
Development Applications Received	25	50	(50.0%)	25	50	25
Development Applications Fees	\$171	\$182	(5.9%)	\$171	\$182	\$171
6) Business Licences	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Revenue Received for Current Year Licences	\$1,816	\$1,834	(1.0%)	\$1,816	\$1,834	(1.0%)
Revenue Received for Next Year (Deferred)	\$93	\$89	4.7%	\$93	\$89	4.7%
Total Licence Revenue	\$1,909	\$1,923	(0.7%)	\$1,909	\$1,923	(0.7%)
<i>Year to date valid licences and revenue include current year licences issued in the prior year.</i>						
7) Other Revenues	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
Parking Program Revenue	\$295	\$442	(33.4%)	\$295	\$442	(33.4%)
Gaming Revenue	\$0	\$2,705	(100.0%)	\$0	\$2,705	(100.0%)
Traffic Fine Revenue	\$0	\$1,779	(100.0%)	\$0	\$1,779	(100.0%)
8) Employees	Q1-2021	Q1-2020	Change			
Full Time Equivalent (FTE) Employees (at QE) <i>(City and Library)</i>	1,398	1,605	(12.9%)			
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators	Q1-2021	Q1-2020	Change	YTD-2021	YTD-2020	Change
RCMP - Calls for Service Handled	14,408	15,806	(8.8%)	14,408	15,806	(8.8%)
Community Bylaws	1,282	1,702	(24.7%)	1,282	1,702	(24.7%)
Fire Incidents	1,890	2,202	(14.2%)	1,890	2,202	(14.2%)
Public Works calls for Service	3,416	3,197	6.9%	3,416	3,197	6.9%
<i>The reduction in fire incident call volume is largely due to the Provincial Health Order reducing the number of medical event types that firefighters responded to during the first quarter of 2021.</i>						

Financial and Key Indicators**March 31, 2021**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Housing Units Secured Since 2007 (at QE)	Q1-2021	Q1-2020	Change
<u>Affordable Housing</u>			
Non-Market Rental (units)	529	529	0.0%
Affordable Rental (LEMR**) (units)	926	798	16.0%
ARTS Rental (units)	37	37	0.0%
Entry Level Home Ownership (units)	25	25	0.0%
<u>Market Housing</u>			
Market Rental (units)	1,013	776	30.5%
Secondary Suite / Coach House (units)	301	292	3.1%
Total Housing Units	2,648	2,423*	9.3%

* 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	2020f	2019
	216,046	213,678

Population figures from BC Stats – 2021 forecasted population not available

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, 2021, with comparative figures for 2020.

(Expressed in thousands of dollars)

	Budget March 31 2021	Actuals March 31 2021	Actuals March 31 2020
Revenue:			
Taxes and levies	\$60,190	\$60,190	\$57,350
Utility fees	26,659	27,605	27,628
Sales of services	13,460	7,228	7,318
Payments-in-lieu of taxes	3,036	3,058	-
Provincial and federal grants	5,092	3,075	2,783
Development cost charges	6,167	4,837	6,369
Other capital funding sources	18,986	4,605	1,192
Other revenue:			
Investment income	5,205	3,252	4,882
Gaming revenue	-	-	2,705
Licences and permits	3,465	3,882	4,324
Other	7,519	2,408	5,939
Equity income	344	451	400
	150,123	120,591	120,890
Expenses:			
Community safety	32,072	28,779	27,655
Utilities: water, sewer and sanitation	26,481	23,475	23,535
Engineering, public works and project development	20,841	16,612	15,922
Community services	18,388	12,687	13,564
General government	16,000	16,332	16,215
Planning and development	6,297	4,293	4,568
Library services	2,862	2,234	2,751
	122,941	104,412	104,210
YTD Surplus (Annual Surplus) ²	27,182	16,179	16,680
Accumulated surplus, beginning of year	3,256,021	3,256,021	3,239,341
Accumulated surplus, end of March 31 ³	\$3,283,203	\$3,272,200	\$3,256,021

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.

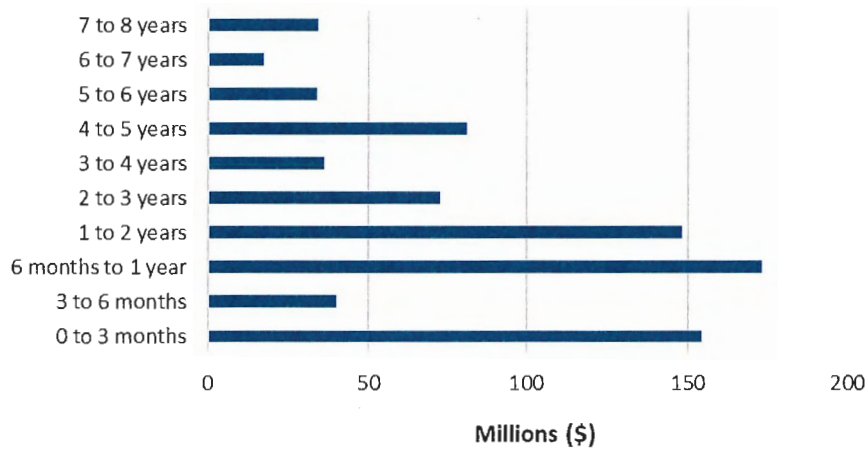
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

Cash and Investment Portfolio

March 31, 2021 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (high)	British Columbia	2021-2028	\$ 57,380	7.26%	
	AA (low)	Alberta	2022-2023	50,324	6.37%	
	AA (low)	Ontario	2022-2026	45,837	5.80%	
	AA (low)	Quebec	2022-2025	41,248	5.22%	
	AA (low)	Saskatchewan	2025-2028	39,042	4.94%	
	A (high)	Manitoba	2021-2023	35,189	4.45%	
	A (high)	Nova Scotia	2021-2027	29,933	3.79%	
	A (high)	New Brunswick	2021-2027	27,928	3.53%	
			Total	\$ 326,880	41.4%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2021-2025	\$ 105,298	13.32%	
	AA	Bank of Montreal	2021-2022	79,981	10.12%	
	AA (High)	Royal Bank	2022-2025	47,811	6.05%	
	AA (High)	TD Bank	2021-2023	41,035	5.19%	
	AA	CIBC	2022-2025	34,329	4.34%	
	AA (low)	National Bank of Canada	2021-2025	24,735	3.13%	
	A (low)	Canadian Western Bank	2021	21,801	2.76%	
	A (high)	HSBC Bank of Canada	2023	9,997	1.26%	
			Total	\$ 364,987	46.17%	50%
BC Credit Unions						
	BC	Vancity	2021 - 2022	\$ 39,138	4.95%	
	BC	Gulf and Fraser	2021 - 2022	25,445	3.22%	
	Federal	Coast Capital Savings	2021	24,000	3.04%	
	BC	Westminster Savings	2021	10,000	1.27%	
			Total	\$ 98,582	12.47%	30%
Total Investment Portfolio Balance				\$ 790,449	100.00%	
Cash Balance (includes high interest saving products with terms less than 90 days)				\$ 447,681		
Total Cash and Investment Balance				\$ 1,238,130		

Investment Maturity



Contract Awards greater than \$75,000January 1st to March 31st, 2021

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Dike Improvements -19000 Block River Road - Environmental and Construction Consulting	Kerr Wood Leidal Associates Limited	\$95,800	Engineering & Public Works
2	Citizen Portal - My Business Implementation	Calytera Software Inc.	153,596	Finance & Corporate Services
3	Provision of Civil Engineering Consulting Services for Steveston Sanitary Network Improvements	McElhanney Consulting Services Ltd.	1,481,085	Engineering & Public Works
4	Cambie Road at Knight Street Overpass Approach Rehabilitation	Wilco Civil Inc.	987,943	Engineering & Public Works
5	London Farm House Envelope Remediation	Boston Construction Corp.	177,330	Engineering & Public Works
6	iPad Device Deployment	Apple Canada Inc.	157,550	Finance & Corporate Services
7	On Call Collection of Hazardous Materials	Tervita Corporation and GFL Environmental Inc	600,000	Engineering & Public Works
8	Watermain Construction at Westminster Highway and Gilbert Road	Cascade City LP	191,176	Engineering & Public Works
9	Enterprise License Agreement - Software Maintenance and Support	ESRI Canada	382,185	Finance & Corporate Services
10	Engineering Consulting Services for Sanitary Pump Station Condition Assessment (Phase 1)	WSP Canada Inc.	104,330	Engineering & Public Works
11	Supply and Delivery of Two (2) Two Ton Crew Cab Dump Trucks	Dams Ford Lincoln Sales Ltd.	235,050	Engineering & Public Works
12	PeopleSoft Software License Renewal April 2021-2022	Oracle Canada	311,055	Finance & Corporate Services
13	Thompson Community Centre - Mechanical and Washroom Upgrades	Boston Construction Corporation	463,780	Engineering & Public Works
14	Construction Management Services for Richmond Animal Shelter Renovation and Expansion	Edifice Construction Inc.	4,288,034	Engineering & Public Works
15	Seismic Flood Hazard Assessment	Kerr Wood Leidal Associates Limited	100,000	Engineering & Public Works
16	Vote Counting Units & Software for 2021 By-Election	Election Systems & Software Canada ULC	75,710	Finance & Corporate Services
17	ForgeRock Licensing	ForgeRock US Inc.	364,819	Finance & Corporate Services

Contract Awards greater than \$75,000 (continued)January 1st to March 31st, 2021

Item	Description	Awarded Vendor	Awarded Amount	Division
18	Water Treatment Services at City Facilities	Pace Solutions Corp.	75,450	Engineering & Public Works
19	Engineering Consulting Services for Infrastructure Modelling Updates	"DHI Water and Environmental, Inc. & Kerr Wood Leidal Associates Ltd."	366,670	Engineering & Public Works
20	Richmond Ice Centre Infrastructure Renewal Consulting Services Phase I	Thinkspace Architecture Planning Interior Design	175,300	Engineering & Public Works
21	On Call Entrance Door Services	Assa Abloy Entrance Systems	181,800	Engineering & Public Works
22	Provision of Broker Services	Willis Canada Inc.	219,000	Engineering & Public Works
23	Supply and Delivery of One (1) Enclosed Tractor with a 16ft Flail Mower	Rollins Machinery Ltd.	174,755	Engineering & Public Works
24	Richmond Ice Centre Infrastructure Renewals - Phase I Compressor Replacement	Ashton Mechanical Ltd.	725,335	Engineering & Public Works
Total contracts awarded greater than \$75,000			\$12,087,753	