



City of Richmond

Report to Committee

To: Finance Committee

Date: December 12, 2024

From: Mike Ching
Director, Finance

File: 03-0905-01/2024-Vol
01

Re: Financial Information – 3rd Quarter September 30, 2024

Staff Recommendation

That the staff report titled, “Financial Information – 3rd Quarter September 30, 2024”, dated December 12, 2024, from the Director, Finance, be received for information.

Mike Ching, CPA, CMA
Director, Finance
604-276-4137

Att: 4

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Arts, Culture & Heritage Services	<input checked="" type="checkbox"/>	Housing Office <input checked="" type="checkbox"/>
Building Approvals	<input checked="" type="checkbox"/>	Information Technology <input checked="" type="checkbox"/>
Climate and Environment	<input checked="" type="checkbox"/>	Library Services <input checked="" type="checkbox"/>
Community Bylaws	<input checked="" type="checkbox"/>	Parks Services <input checked="" type="checkbox"/>
Community Safety Administration	<input checked="" type="checkbox"/>	Policy Planning <input checked="" type="checkbox"/>
Community Social Development	<input checked="" type="checkbox"/>	Public Works <input checked="" type="checkbox"/>
Development Applications	<input checked="" type="checkbox"/>	RCMP <input checked="" type="checkbox"/>
Economic Development	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	Recreation & Sport Services <input checked="" type="checkbox"/>
Facilities and Project Development	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Fire Rescue	<input checked="" type="checkbox"/>	
		CONCURRENCE OF GENERAL MANAGER
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Staff Report

Origin

Pre-audited financial information for the third quarter (ended September 30, 2024) 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's) financial results throughout the year and before the annual audited financial statements are presented.

This report supports Council's Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Economic Overview

Global growth is slow and steady, which is expected to continue. The International Monetary Fund (IMF) is forecasting global growth of 3.2% for both 2024 and 2025, with a five-year average forecast of 3.1%.

There continue to be shifts across different regions of the world, most recently, the U.S. growth forecast has strengthened, while there has been weakening growth in other regions, particularly Europe. The Middle East, Central Asia, and sub-Saharan Africa are facing growth challenges related to production and shipping disruptions, as well as extreme weather events, civil unrest, and other conflicts. In Asia, however, the region's growth is benefitting from significant global investments in artificial intelligence that are driving strong demand for semiconductors and other electronics produced in the region¹. Globally, there is uncertainty in the forecast regarding the impact of the recent U.S. election and potential global trade and other economic impacts, depending on the policies implemented by the new administration.

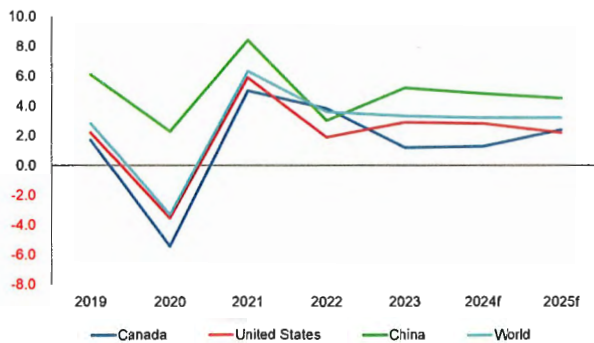
In the context of the global forecast, Canada is aligned with the slowing growth observed and predicted to continue. Real Gross Domestic Product (GDP) is expected to remain stable at 1.3% in 2024 before rising to 2.4% in 2025. Household savings rates continue to be higher than pre-pandemic levels, and most recently, both home and vehicle sales have started to increase, which may indicate some recovery in these markets. Inflation in Canada, as in B.C. and Metro Vancouver, is continuing to moderate and is expected to stabilize around the 2% target in the medium term.

¹ International Monetary Fund, *World Economic Outlook*, October 2024.

Richmond’s economy remains relatively robust and resilient, driven by its diversified nature. While businesses face challenges such as economic slowdown, inflation, financing difficulties for large projects, labor shortages, and rising input costs, the overall economic activity remains strong. Industrial vacancy rates are increasing after a prolonged period of historically low levels, with some easing of lease rates. Office vacancy rates in Richmond are now closely aligned with the Metro Vancouver average. With global conditions influencing local trends, low level economic growth in Richmond is expected to continue throughout 2024.

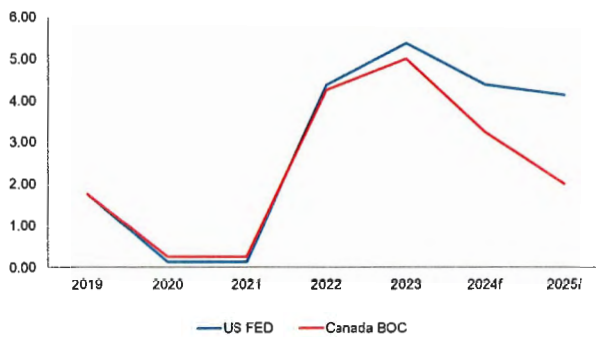
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product % Change²



- The IMF projects global GDP to decrease slightly from the 2023 rate of 3.3% to 3.2% in both 2024 and 2025. This reflects a slight downward revision to the forecast for 2025.
- In 2024, Canadian GDP is forecasted to grow by 1.3%, with U.S. and China GDP growth forecasts of 2.8% and 4.8%, respectively.
- This global growth profile for 2024 is very similar to the previous forecast.

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End³

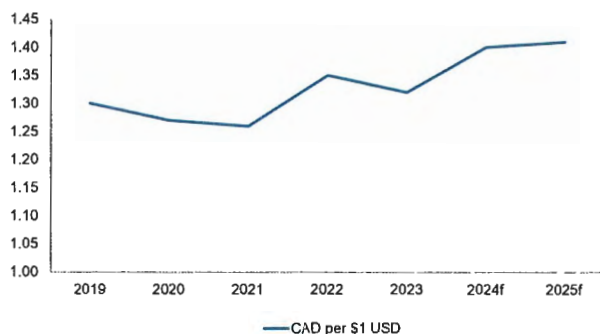


- By the end of Q3 2024, the Bank of Canada (BoC) lowered its overnight lending rate to 4.25%, down from 4.75% at the end of Q2. This was followed by two additional rate cuts of 50 basis points in October and December 2024, reducing the overnight lending rate to 3.25%.
- The U.S. Federal Reserve (U.S.FED) has implemented interest rate cuts totalling 75 basis points to date in 2024. By the end of Q3, the benchmark overnight interest rate midpoint stood at 4.88%, and as of November 2024, it was 4.63%.
- The BoC's rate reduction reflects inflation’s downward trend in Canada, which is approaching the 2% target. The U.S. FED's rate cuts can be attributed to easing labour market conditions and inflation measures.

²International Monetary Fund, World Economic Outlook (October 2024): Policy Pivot, Rising Threats.

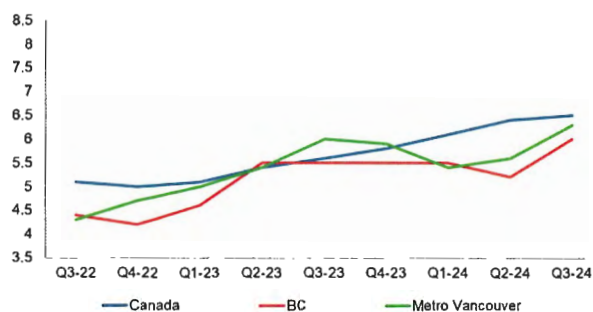
³US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report (October 2024); RBC Financial Markets Monthly (November 2024).

3) Exchange Rates – CAD/USD at Year End⁴



- While the year-over-year outlook for Canadian Dollar (CAD)/U.S. Dollar (USD) exchange rates is expected to be relatively stable at \$1.40 CAD/\$1 USD in 2024 and \$1.41 CAD/\$1 USD in 2025, shorter term fluctuations are likely.
- More aggressive interest rate cuts by the BoC compared to the U.S. FED could deepen the monetary policy divergence between the two countries, further weakening the CAD against the USD. Additionally, the results of the U.S. election will likely boost the USD relative to CAD, reflecting market expectations and potential tariff and trade impacts.

4) Unemployment⁵

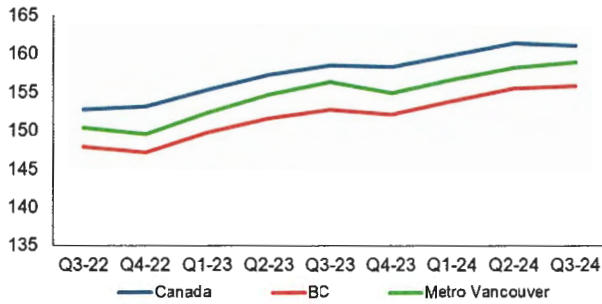


- According to Statistics Canada, national unemployment rose to 6.5% in September, the highest since Q3 2021, while in B.C., it increased to 6.0%.
- At the end of Q3 2024, the Canadian, B.C., and Metro Vancouver unemployment rates were 6.5%, 6.0%, and 6.3%, respectively.
- Most recently, in October 2024, employment in B.C.'s goods-producing sectors was similar to the previous year, with slight declines in agriculture offset by increases in other goods-producing industries. The services-producing sector saw employment growth, particularly in health care and social assistance, which added the most jobs, while wholesale and retail trade experienced the largest job losses.

⁴RBC Economics (RBC Financial Markets Monthly, November 2024).

⁵Statistics Canada Labour Force Survey (October 2024); Labour Force Statistics Highlights Issue #24-10.

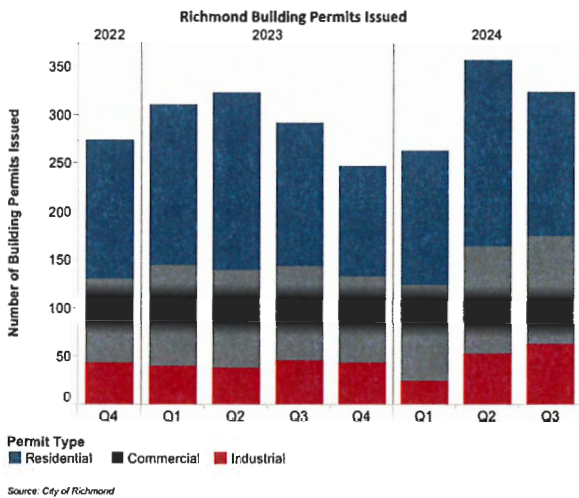
5) Consumer Price Index (CPI – 2002=100)⁶



- The Consumer Price Index (CPI) increased by 1.6% year-over-year in September 2024, as compared to a 2.0% gain in August 2024. This was the smallest year-over-year increase since February 2021.
- The slowing in inflation was largely due to lower year-over-year prices for gasoline in September 2024. However, shelter and food costs remain key drivers of inflation.
- Most recently, in October 2024, B.C. had the second highest rate of inflation as compared with other provinces.
- On average over the past 12 months, inflation has been similar in Metro Vancouver (2.7%) relative to B.C. (2.7%) and Canada (2.6%).

Regional & Local Economic Activity Indicators

6) Building Permits – Richmond⁷

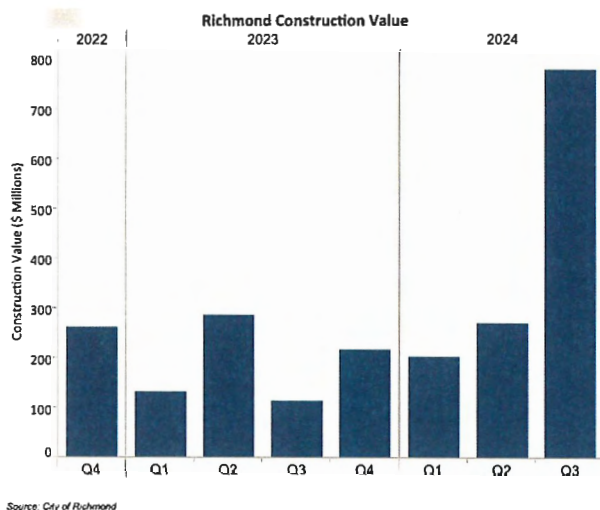


- During the third quarter of 2024, there were 150 residential, 111 commercial, and 63 industrial building permits issued in Richmond.
- This represents an 11% increase in total building permits issued over the same period in 2023, with the highest increase in industrial building permits (37%).
- 531 new units were added to the local housing supply in Q3 2024, which represents a 208.7% increase relative to the same period in 2023. There are substantial quarter-over-quarter fluctuations in the number of new units due to the longer development cycles for multi-family units.

⁶Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2024; also BC Stats, Consumer Price Index, October 2024, Issue 24-10; also TD Economics, Canadian Consumer Price Index (October 2024).

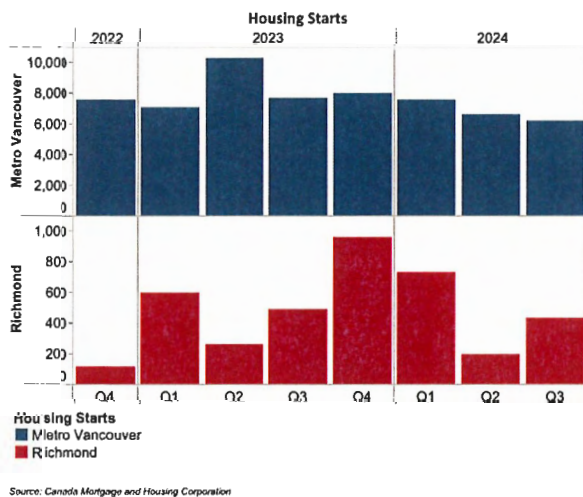
⁷City of Richmond Building Permits.

7) Construction Value⁸



- Approximately \$781.4 million in construction value was registered in Q3 2024, an increase of 582.5% from the same period last year.
- Substantial quarter-over-quarter fluctuations in construction value can be expected, depending on the projects registered that quarter.

8) Housing Starts⁹



- In Q3 2024, there were 434 housing starts in Richmond and 6,225 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced¹⁰.
- Year to date housing starts increased by 1.3% in Richmond and decreased by 18.7% in Metro Vancouver, as compared to the same period in 2023. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.

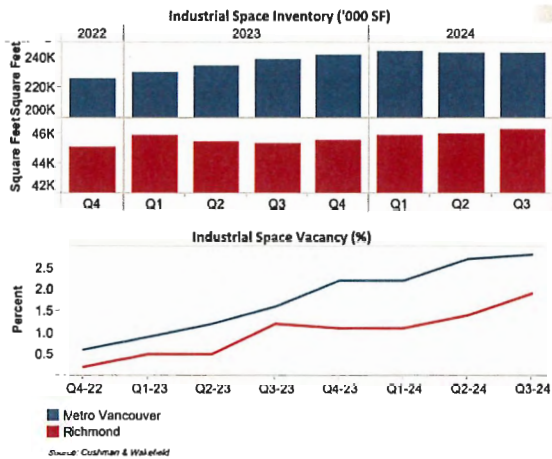
⁸City of Richmond Building Permits.

⁹Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.

¹⁰Housing 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.

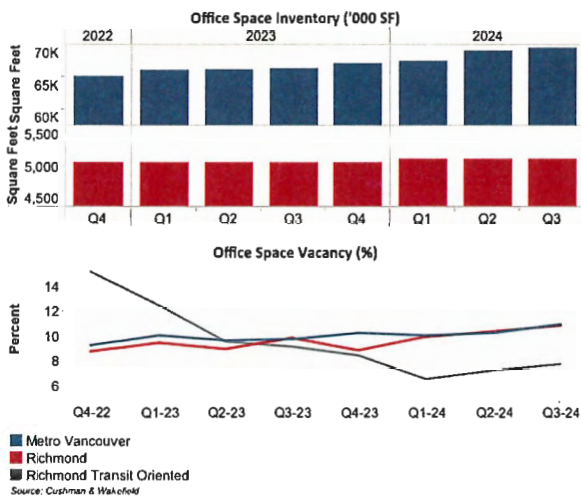
9) Commercial Space¹¹

a) Industrial Space



- In Q3, the Metro Vancouver industrial vacancy rate increased to 2.8% (highest reported vacancy rate since Q2 2016) and is approaching a more balanced market. Recent new construction completions are driving the increased vacancy rate.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver at 1.9% in Q3 2024. This rate has continued to increase from previous historic lows.
- Asking rents have started to moderate, as is generally expected with increasing vacancy rates.

b) Office Space



- At the end of Q3 2024, Metro Vancouver's office vacancy rate had increased to 11.0%, a 12.2% increase from the same time last year.
- In Richmond, the Q3 office vacancy rate increased to 10.9%, with transit-oriented vacancy increasing slightly from last quarter to 7.8%¹².
- New leasing activity in Metro Vancouver decreased by 35% quarter-over-quarter, indicating softening tenant demand.
- Average asking rents in Richmond are the lowest in the Metro Vancouver region.

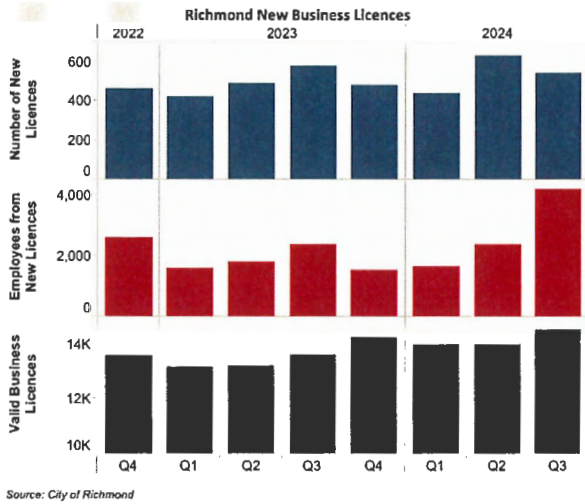
Note that the increased transit-oriented vacancy rate in Q4 2022 was due to the Paramount development (6388 No. 3 Road) coming to market. Short-term fluctuations are expected as new supply is added.

¹¹Cushman & Wakefield Office and Industrial Market Beat Reports Q3 2024.

¹²Note that as of Q1 2023, transit-oriented office data is now sourced from Cushman and Wakefield for greater consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

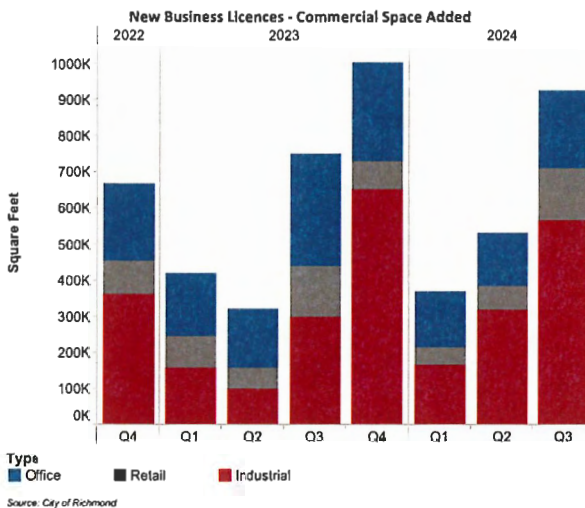
10) Business Growth – Richmond¹³

a) New Business Licences – Number and Employees



- 541 new business licences (representing 4,197 jobs) were issued by the City of Richmond in Q3 2024, a 6.4% decrease in new licences (though a 77.8% increase in corresponding jobs) as compared to the same period last year.
- These new business licences are part of the City’s 14,518 total valid business licenses at the end of Q3 2024. Fluctuations are expected in the number of total valid business licences, as businesses update their information as needed and renew their licences annually.
- In Q3 2024, 7 business licences became inactive. This includes businesses that ceased operations and home occupation businesses that may have stopped operating or moved out of Richmond.

b) New Business Licences – Commercial Space

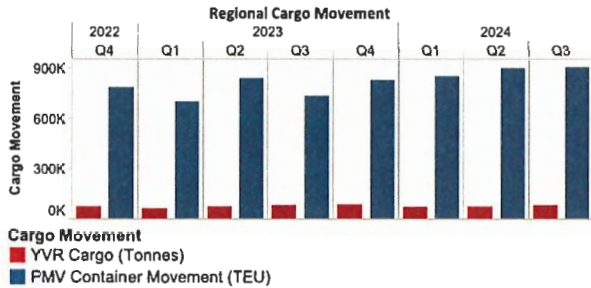


- 928,229 square feet of commercial space absorption was tied to the new business licenses issued during Q3 2024.
- This is an increase of 23.4% compared to the same time period last year. The greatest amount of space was required by industrial (567,698 sq ft), followed by office (216,527 sq ft), and then retail (144,004 sq ft).

¹³City of Richmond Business Licencing data.

11) Goods and People Movement

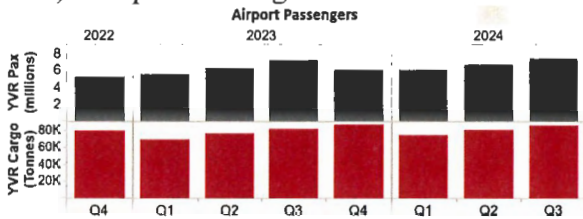
c) Regional Cargo Movement¹⁴



Source: Port of Vancouver, YVR

- In Q3 2024, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), increased by 24.0%, as compared to the same period last year.
- In Q3 2024, 86,410 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 5.4% increase as compared to the same period last year.

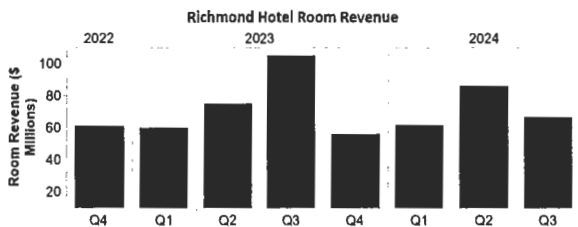
a) Airport Passengers¹⁵



Source: YVR Monthly Statistics

- Passenger travel through YVR continues to be strong, with an increase of 2.6% during Q3 2024 (7.36M) as compared to the same period last year (7.17M).
- Canada continues to be a popular destination for travelers, though consumers have less discretionary income due to the impacts of inflation and current economic challenges, which is impacting some types of passenger travel.

b) Richmond Hotel Room Revenue¹⁶



Source: City of Richmond Hotel Tax Ledger
 Note: Richmond Hotel Room Revenue for Q3 2024 includes July and August data only where Q3 2023 includes the full 3 months

- Hotel room revenues in Richmond for the first two months of Q3 were \$66.6M, which is 8.3% lower than the same period last year.
- Average third quarter hotel occupancy in Richmond was strong at 83.4%, which reflects a 5.3% increase from the previous quarter and a 0.6% increase from the same period last year.

¹⁴Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.

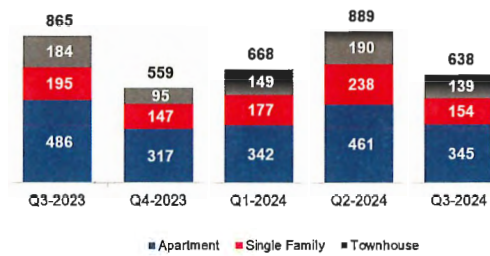
¹⁵YVR Monthly Statistics; IBIS World, Scheduled Air Transportation in Canada – Market Research Report (2014-2029).

¹⁶City of Richmond Additional Hotel Room Tax Ledger; STR Global (September 2024).

Residential Real Estate¹⁷

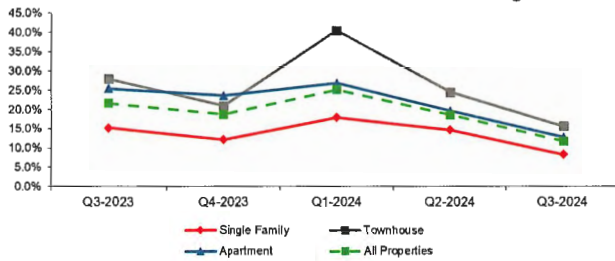
The Richmond market continues to be characterized by a high level of choice for buyers, as an increasing number of properties are listed for sale, but the overall pace of sales has slowed. This is partly due to ongoing affordability concerns, with many potential buyers still feeling the pinch of higher borrowing costs despite recent rate reductions. This shift is putting downward pressure on prices, with the market showing early signs of tilting toward a buyers' market. The Vancouver housing market, which saw a nearly 20% jump in resales from September to October, continued its momentum with a further 1% increase in November. This trend suggests the market may be emerging from its recent slowdown.

Richmond - Residential Sales



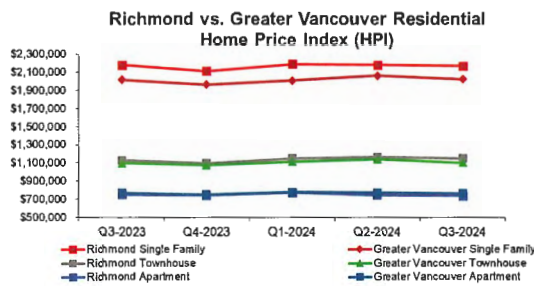
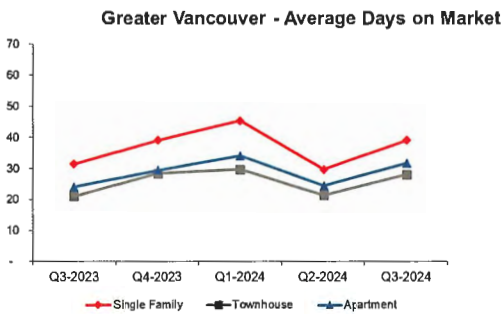
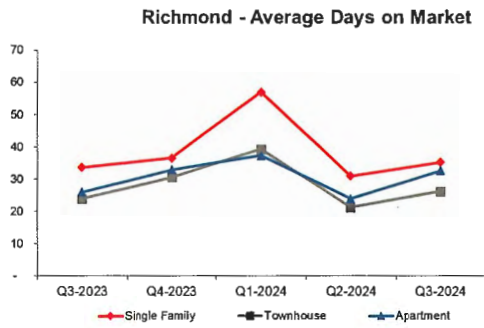
- Single family detached (SFD) home sales decreased by 21.0% compared to Q3 2023.
- Townhouse and apartment sales have decreased by 24.5% and 29.0%, respectively, compared to Q3 2023.
- Townhouse sales comprise 22.0% of the residential home sales in Richmond. SFD and apartment sales account for 24.0% and 54.0%, respectively, of home sales in Richmond.
- There were 638 residential home sales in Richmond in Q3 2024, a 26.2% decrease compared to the same period last year.

Richmond - Residential Sales-to-Active Listings



- Richmond residential properties had a sales-to-active listings ratio of 11.7% as at September 30, 2024.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.

¹⁷Real Estate Board of Greater Vancouver.

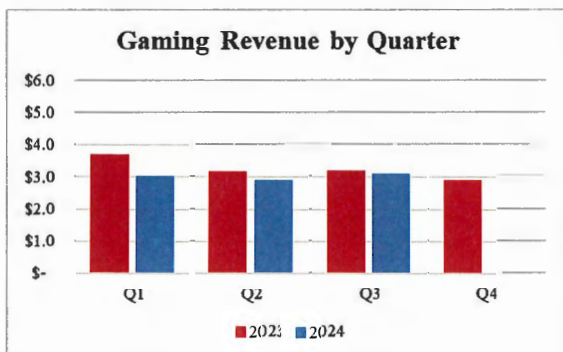


- At Q3 2024, SFD properties in Richmond had an average of 35 days on the market, a 2.9% increase compared to Q3 2023.
- Townhouses and apartments in Richmond had an average of 26 and 33 days on the market, respectively, representing an 8.3% and a 26.9% increase, respectively, over the same period last year.
- At Q3 2024, SFD properties in GVRD had an average of 39 days on the market, which represents an increase of 25.8% compared to Q3 2023.
- Townhouses and apartments in GVRD had an average of 28 and 32 days on the market, respectively, which represents a 33.3% increase compared to Q3 2023.
- The Home Price Index (HPI)¹⁸ for SFD properties in Richmond at Q3 2024 was \$2,168,800, a 0.5% decrease compared to Q3 2023. The GVRD housing market has increased with SFD properties priced at \$2,022,200, which represents a 0.3% increase compared to the same quarter last year.
- At Q3 2024, the HPI for townhouse properties in Richmond was \$1,149,400, an increase of 2.1% compared to Q3 2023. The HPI for townhouse properties in GVRD was \$1,099,200, which represents a 0.1% increase compared to the same time last year.
- The HPI for apartments in Richmond was \$737,600, a decrease of 1.7% compared to Q3 2023. The HPI for apartments in GVRD was \$762,000, which represents a 0.8% decrease compared to the same time last year.

¹⁸ 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 (Province), 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.



- The gaming revenue for Q3 2024 was \$3,074,504, a decrease of 4.6% compared to the same quarter last year when \$3,222,507 was received.
- Year to date revenue for 2024 is \$9,052,082 which is 10.1% lower than for same period for 2023 which was \$10,073,275.
- The 2024 budget for gaming revenue is \$12,500,000. Actual revenue received year to date is 72.4% of the total budget.

Gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 29, 2024 Council meeting, the 2024 Budget was approved which included the gaming revenue allocation for 2024. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be transferred to the capital reserve.

Table 1: Distribution of the 2024 gaming revenue allocation

	Distribution	2024 Budget
Capital Reserves	Remainder	\$1.8M
Grants	25%	3.1M
Council Community Initiatives Account	2%	0.3M
Debt Servicing	Fixed	6.4M
Operating (RCMP)*	7%	0.9M
Total		\$12.5M

*The funding allocation towards total policing costs is calculated based on the cost of four officers and does not reflect actual policing effort.

Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2024. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: Net Operational Activity for the period January 1, 2024 to September 30, 2024 (in \$000's)

Division/Department ^{1,2}	Q3 YTD Net Budget ³	Q3 YTD Actuals and Commitments ⁴	Q3 YTD Variance (\$)	Projected Surplus (Deficit) before Appropriation	Estimated Appropriation	Projected Surplus (Deficit) after Appropriation
Corporate Administration	7,987	7,965	22	143	(134)	9
Engineering and Public Works	36,972	36,221	751	2,322	(2,009)	313
Finance and Corporate Services	21,688	21,144	544	296	(200)	96
Fire Rescue	38,078	38,193	(115)	(745)	0	(745)
Law and Community Safety ⁵	4,002	2,699	1,303	1,403	0	1,403
Library	8,243	7,910	333	456	(456)	0
Parks, Recreation and Culture	38,103	36,107	1,996	2,589	0	2,589
Planning and Development	5,058	1,041	4,017	4,663	(217)	4,446
Policing	57,179	55,801	1,378	2,154	0	2,154
Fiscal	(211,768)	(212,567)	799	1,017	(4,981)	(3,964)
Total	\$5,542	(\$5,486)	\$11,028	\$14,298	(\$7,997)	\$6,301
Flood Protection Utility	4,117	3,346	771	632	(632)	-
Sanitary Sewer Utility	1,299	(381)	1,680	1,857	(1,857)	-
Sanitation and Recycling Utility	6	(849)	855	1,376	(1,376)	-
Water Utility	3,911	3,243	668	857	(857)	-
Utilities Total	\$9,333	\$5,359	\$3,974	\$4,722	(\$4,722)	\$-

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.

²Based on the organizational reporting structure in place as of September 30, 2024.

³The Net Budget is based on the operating budget approved by Council on January 29, 2024.

⁴Includes budgeted equity transactions such as transfer to reserves, transfer to provision, transfers from provision, etc.

⁵Includes Law and Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws, Emergency Programs and Legal Services.

The following section provides an explanation on a Divisional/Departmental basis of year-to-date variances in relation to the 2024 Financial Plan:

During the second quarter the collective agreements for CUPE 718 and 394 were settled through mediation and retroactive payments were made. The settled rates were higher than anticipated in the budget thus Council has approved one-time provision funding to cover the shortfall. This one-time funding is reflected within the year to date (YTD) results.

- Corporate Administration is projected to be on budget. An appropriation of \$134K is for supporting continuation of corporate programs.
- Engineering and Public Works' favourable variance is mainly due to operational savings. Estimated appropriations at year-end include the following: \$329K for Major Roads Network projects to be completed in 2025, \$230K for Snow & Ice control, \$150K for Roads asphalt maintenance, and \$1.3M for Fleet surplus to be transferred to the Equipment Reserve in accordance with Council's Sustainable Green Fleet Policy 2020.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions and operational savings. An appropriation of \$200K is included for data analytics initiatives.
- Fire Rescue's unfavourable variance is driven primarily by higher than anticipated overtime due to retirements during the early part of 2024. New recruits to fill these vacancies started in September and are anticipated to be on regular shift beginning in December consistent with Richmond Fire training requirements.
- Law and Community Safety (excluding fire rescue and policing) has a favourable variance due to higher business licence revenues, vacant positions and lower than expected operational spending. The projected surplus is only slightly higher than Q3 variance as the Business Licence revenues is primarily collected in the beginning of the year.
- Library's favourable variance is mainly due to vacant positions. Any surplus at year-end will be appropriated for future use within Library operations.
- Parks, Recreation and Culture Services' favourable variance is mainly due stronger revenue from recreation activities and vacant positions.
- Planning and Development's favourable variance is primarily due to stronger building permit revenue and vacancies. Estimated appropriations at year include \$217K for Community Social Development auxiliary positions to advance priorities that are in progress and expected to carry over into 2025.
- Policing's favourable variance is due to lower than budgeted policing contract costs from RCMP Officer complement vacancies.
- Fiscal's favourable variance is mainly due to higher investment income earned. Estimated appropriations at year-end include \$4.0M for potential future asset retirement obligations relating to new accounting standards enacted in 2023 and \$981K for service fees for Lulu Island Energy Company in accordance with the asset transfer agreement as presented in the 2025 Proposed Operating Budget report.
- Flood Protection Utility's favorable variance is mainly due to operational savings. Any surplus at year-end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to revenue received from developers for sanitary sewer user fees during construction of residential developments and operational savings. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to higher than budgeted Recycle BC revenue and more utilities fees than budgeted. Any surplus at year-end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly due to revenue received from developers for water consumption charges during construction of residential developments and operational savings. Any surplus at year-end will be transferred to the Water Levy 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 Nine Month Period Ended September 30, 2024, with comparative figures for 2023, is included in Attachment 3.

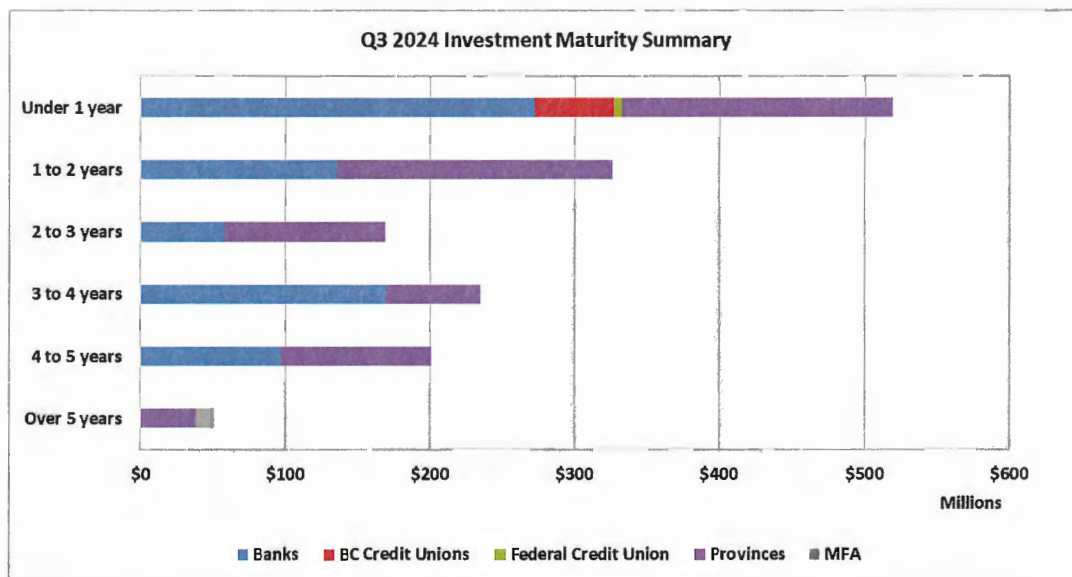
Cash and Investment Portfolio

As of September 30, 2024, the City’s total cash and investment balance was \$1.80 billion, which represents the City’s working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses. The City’s total cash and investment balance was comprised of \$1.50 billion in investments and \$304 million in high interest savings cash accounts, with a weighted average annualized yield of 4.43%.

The BoC began cutting its target interest rate for the first time since March 2020 on June 5, 2024 by 0.25%. Subsequent to the June 2024 interest rate announcement, the BoC further reduced the overnight rate four times by a total of 1.50% to the current December level of 3.25%. The BoC is committed to maintaining price stability for Canadians by keeping inflation close to the 2% target. The timing and pace of further changes in the policy rate will be guided by economic conditions and the corresponding implications for the inflation outlook.

The City’s overall credit risk exposure remains low as the City continues to maintain a diversified and high credit quality investment portfolio, where 49% is invested in chartered bank deposits and bonds, 46% in provincial government bonds, 4% in credit unions deposits and approximately 1% in MFA long-term bonds.

The chart below shows the investment maturity summary by term to maturity. The City’s cash and investment portfolio has been strategically positioned to allow the City to lock in higher interest rates by extending investment duration. This strategy allows the City to sustain favourable investment yields in the long-run, while balancing the near-term cash flow requirement to support operations and approved capital plans.



Staff will continue to monitor the interest rate movement and position 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 Morgan Stanley Capital International (MSCI) Environmental, Social, and Governance (ESG) rating of the City's fixed income portfolio, the City continues to receive high ESG rating of "AA" as of Q3 2024.

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, 29 contracts greater than \$75,000 were awarded totalling over \$20.5 million (Attachment 4).

Financial Impact

None.

Conclusion

The September 30, 2024 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance Committee for information.



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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**September 30, 2024****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2024f	2025f			
Canada	1.3	2.4			
United States	2.8	2.2			
China	4.8	4.5			
World	3.2	3.2			
2) Interest Rates (at YE)	2024f	2025f			
Bank of Canada	3.25	2.00			
US FED	4.38	4.13			
3) Exchange Rate (at YE)	2024f	2025f			
CAD per \$1 USD	1.40	1.41			
4) Unemployment (% at QE)	Q3-2024	Q2-2024	Change	Q3-2023	Change
Canada	6.5	6.4	1.6%	5.6	16.1%
BC	6.0	5.2	15.4%	5.5	9.1%
Metro Vancouver	6.3	5.6	12.5%	6.0	5.0%
5) CPI (2002=100) (at QE)	Q3-2024	Q2-2024	Change	Q3-2023	Change
Canada	161.1	161.4	(0.2%)	158.5	1.6%
BC	155.8	155.5	0.2%	152.7	2.0%
Metro Vancouver	158.9	158.2	0.4%	156.3	1.7%

Regional and Local Market Indicators

6) Richmond Building Permits	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Residential – New Construction	71	37	91.9%	151	153	(1.3%)
Residential – Alterations	79	112	(29.5%)	330	346	(4.6%)
Residential Total	150	149	0.7%	481	499	(3.6%)
Number of units from new residential construction	531	172	208.7%	1,166	1,075	8.5%
Residential	150	149	0.7%	481	499	(3.6%)
Commercial	111	97	14.4%	321	302	6.3%
Industrial	63	46	37.0%	141	124	13.7%
Building Permits Total	324	292	11.0%	943	925	1.9%
Construction Value (\$ million)	781.4	114.5	582.5%	1,256.7	533.8	135.5%
7) Housing Starts CMHC (Units)	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Starts - Richmond	434	490	(11.4%)	1,368	1,350	1.3%
Starts - Metro Vancouver	6,225	7,759	(19.8%)	20,503	25,217	(18.7%)
8) Richmond Residential Sales Activity	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Sales - Detached	154	195	(21.0%)	569	491	15.9%
Sales - Townhouse	139	184	(24.5%)	478	422	13.3%
Sales - Apartment	345	486	(29.0%)	1,148	1,044	10.0%
Sales - Total	638	865	(26.2%)	2,195	1,957	12.2%

Economic Indicators**September 30, 2024****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q3-2024	Q3-2023	Change
Single Family Detached	8.2%	15.1%	(45.7%)
Townhouse	15.7%	27.9%	(43.7%)
Apartment	12.8%	25.4%	(49.6%)
Total	11.7%	21.5%	(45.6%)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Single Family Detached	35	34	2.9%	39	31	25.8%
Townhouse	26	24	8.3%	28	21	33.3%
Apartment	33	26	26.9%	32	24	33.3%

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

Property Type	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Single Family Detached	2,169	2,179	(0.5%)	2,022	2,017	0.3%
Townhouse	1,149	1,126	2.1%	1,099	1,098	0.1%
Apartment	738	750	(1.7%)	762	769	(0.8%)

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q3-2024	Q3-2023	Change	Q3-2024	Q3-2023	Change
Office Vacancy (%)	10.9	9.9	10.1%	11.0	9.8	12.2%
Transit Oriented Office Vacancy (%)	7.8	9.2	(15.2%)	N/A	N/A	N/A
Office Inventory (000 sf)	5,090	5,043	0.9%	69,585	67,048	3.8%
Industrial Vacancy (%)	1.9	1.2	58.3%	2.8	1.6	75.0%
Industrial Inventory (000 sf)	46,243	45,314	2.1%	243,116	238,606	1.9%

13) Richmond Business Growth

	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Total Valid Business Licences (at QE)	14,518	13,607	6.7%	N/A	N/A	N/A
New Licences - Number Issued	541	578	(6.4%)	1,612	1,490	8.2%
New Licences - Employees	4,197	2,360	77.8%	8,220	5,765	42.6%
Inactive Business Licences	7	10	(30.0%)	45	42	7.1%
New Licences - Office Added (sf)	216,527	312,261	(30.7%)	518,256	649,566	(20.2%)
New Licences - Retail Added (sf)	144,004	140,490	2.5%	258,697	288,020	(10.2%)
New Licences - Industrial Added (sf)	567,698	299,500	89.5%	1,053,333	556,479	89.3%
Total Space Added (sf)/Avg. Change	928,229	752,251	23.4%	1,830,286	1,494,065	22.5%

Economic Indicators**September 30, 2024****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
YVR Air Cargo (tonnes)	86,410	82,003	5.4%	244,398	228,449	7.0%
PMV Container Movement (TEUs)	914,703	737,730	24.0%	2,683,721	2,292,634	17.1%
YVR Passengers (million)	7.36	7.17	2.6%	19.96	18.90	5.6%
Richmond Hotel Revenue (\$ million)*	66.6	72.6	(8.3%)	214.4	207.9	3.1%

Notes:

- a) *QE indicates quarter-end; YE indicates year-end.*
b) *f -forecast to year-end.*

*Richmond Hotel Room Revenue for Q3 includes July and August date only. YTD includes January to August only.

List of Sources:

- 1) *International Monetary Fund, World Economic Outlook (October 2024). Policy Pivot, Rising Threat.*
- 2) *US Federal Reserve, Bank of Canada and Royal Bank of Canada Research; Bank of Canada Monetary Policy Report, October 2024.*
- 3) *RBC Economics RBC Financial Markets Monthly, November 2024.*
- 4) *Statistics Canada Labour Force Survey (October 2024); Labour Force Statistics Highlights Issue #24-10.*
- 5) *Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2024; also BC Stats, Consumer Price Index, October 2024, Issue 24-10; also TD Economics, Canadian Consumer Price Index (October 2024).*
- 6) *City of Richmond Building Permits.*
- 7) *Canada Mortgage and Housing Corporation; 2024 Housing Market Outlook.*
- 8), 9), 10) & 11) *Real Estate Board of Greater Vancouver.*
- 12) *Cushman & Wakefield Office and Industrial Market Beat Reports, Q3 2024.*
- 13) *City of Richmond Business Licences data.*
- 14) *Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.*
YVR Monthly Statistics; IBIS World, Scheduled Air Transportation in Canada – Market Research Report (2014-2029).
City of Richmond Hotel Tax Ledger; STR Global (September 2024).

Financial and Key Indicators**September 30, 2024**

(All dollar amounts in \$000's)

	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
1) Development Cost Charges Contributions*						
Roads, Water, Sewer DCCs Received	\$19,055	\$1,303	1362.0%	\$26,494	\$2,514	953.7%
Parks DCCs Received	\$11,318	\$49	22776.7%	\$16,482	\$659	2401.4%
Total DCC Fees Received	\$30,373	\$1,352	2145.2%	\$42,976	\$3,173	1254.4%
DCC Reserves – Uncommitted Balance at QE	\$187,939	\$143,534	30.9%	N/A	N/A	N/A
<i>*DCC bylaw 10558 with new rates came into effect on July 24, 2024.</i>						
2) Uncommitted Reserves (at QE)						
Capital Funding Reserves	\$207,646	\$223,225	(7.0%)			
Utility Reserves	\$89,406	\$96,287	(7.1%)			
Affordable Housing Reserves	\$9,495	\$9,866	(3.8%)			
Other Reserves	\$114,052	\$105,776	7.8%			
Total Uncommitted Reserves	\$420,599	\$435,154	(3.3%)			
3) Taxes to date						
Taxes Collected	\$138,631	\$142,406	(2.7%)	\$558,967	\$516,455	8.2%
City Portion of Taxes Collected	\$70,702	\$72,627	(2.7%)	\$285,073	\$263,392	8.2%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$7,759	\$5,037	54.0%	N/A	N/A	N/A
No. of Participants on Pre-authorized withdrawal (at QE)	6,462	6,403	0.9%	N/A	N/A	N/A
Pre-authorized withdrawals payments	\$9,673	\$8,595	12.5%	\$32,119	\$29,149	10.2%
Interest rate % paid	4.95%	4.95%	0.0%	N/A	N/A	N/A
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments						
Investments	\$1,499,296	\$1,286,904	16.5%			
Cash (includes high interest savings accounts)	\$304,018	\$407,153	(25.3%)			
Total Cash and Investments	\$1,803,314	\$1,694,057	6.4%			
Average City Rate of Return on Investments %	4.43%	4.50%	(1.6%)			

Financial and Key Indicators**September 30, 2024**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Building Permit Fees Collected	\$8,056	\$2,400	235.7%	\$12,704	\$5,989	112.1%
Development Applications Received	30	49	(38.8%)	88	116	(24.1%)
Development Applications Fees	\$275	\$224	22.9%	\$821	\$607	35.1%

6) Business Licences	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Revenue Received for Current Year Licences	\$798	\$834	(4.3%)	\$4,297	\$3,982	7.9%
Revenue Received for Next Year (Deferred)	\$540	\$507	6.5%	\$969	\$905	7.0%
Total Licence Revenue	\$1,338	\$1,341	(0.2%)	\$5,266	\$4,887	7.8%

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

7) Other Revenues	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2023	Change
Parking Program Revenue	\$629	\$551	14.1%	\$1,830	\$1,612	13.5%
Gaming Revenue	\$3,075	\$3,222	(4.6%)	\$9,052	\$10,073	(10.1%)
Traffic Fine Revenue	\$0	\$0	0%	\$2,303	\$2,475	(6.9%)

8) Employees	Q3-2024	Q3-2023	Change
Full Time Equivalent (FTE) Employees (at QE) (City and Library)	1,719	1,651	4.1%

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

9) Operating Indicators	Q3-2024	Q3-2023	Change	YTD-2024	YTD-2024	Change
RCMP - Calls for Service Handled	17,536	17,453	0.5%	51,786	50,507	2.5%
Community Bylaws	2,160	2,439	(11.4%)	5,880	6,229	(5.6%)
Fire-Rescue Incidents	3,460	3,206	7.9%	10,147	9,096	11.6%
Public Works Calls for Service	3,680	3,752	(1.9%)	10,658	10,338	3.1%

10) Richmond Population Estimate Year End	2024f	2023
	240,996	235,093

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 Nine Month Period Ended September 30, 2024, with comparative figures for 2023.

(in \$000's)

	Budget Sept 30, 2024	Actuals Sept 30, 2024	Actuals Sept 30, 2023
Revenue:			
Taxes and levies	\$231,522	\$231,522	\$216,674
Utility fees	107,392	117,277	101,140
Sales of services	33,382	33,141	31,533
Payments-in-lieu of taxes	14,650	15,882	10,200
Provincial and federal grants	18,343	13,005	28,973
Development cost charges	2,538	34,549	8,547
Other capital funding sources	46,665	27,767	19,865
Other revenue:			
Investment income	25,630	51,150	29,234
Gaming revenue	8,245	9,052	10,073
Licences and permits	12,832	18,007	11,421
Other	10,040	30,431	18,652
Equity income	360	1,742	1,571
	\$511,599	\$583,525	\$487,882
Expenses:			
Law and community safety	\$118,691	\$113,079	\$102,105
Utilities ⁴	109,318	100,181	99,097
Engineering, public works and project development	56,933	51,360	50,128
Parks, recreation and culture services	55,726	55,339	51,060
General government	57,266	50,487	50,771
Planning and development	23,001	21,906	13,431
Library services	9,331	9,161	8,379
	\$430,266	\$401,513	\$374,971
YTD Surplus (Annual Surplus) ²	\$81,333	\$182,012	\$112,911
Accumulated surplus, beginning of year	3,696,273	3,696,273	3,583,362
Accumulated surplus, end of September 30 ³	\$3,777,606	\$3,878,285	\$3,696,273

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

²Annual 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.

³Accumulated 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.

⁴Utilities includes flood protection, water, sewer and sanitation recycling.

Contract Awards Greater than \$75,000

July 1st to September 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Department
1	Architecture Services for the City of Richmond Works Yard Replacement Design - Phase 1	TKA + D Architecture + Design Inc.	2,687,083	Facilities and Project Development
2	Fire Hall No. 7 Systems Renewals - Design and Contract Administration	Mallen Gowing Berzins Architecture	258,774	Facilities and Project Development
3	Cambie Road & No. 5 Road Intersection Improvements	B.A. Blacktop Infrastructure Inc.	2,361,485	Engineering
4	No. 2 Road Multi-Use Pathway from Steveston Highway to Williams Road	Arsalan Construction Ltd.	1,837,888	Engineering
5	Structural Assessment and Monitoring of No. 2 Road Bridge	Associated Engineering (BC) Ltd.	150,097	Engineering
6	Arterial Roadway Improvement Program 2024	Aplin & Martin Consultants Ltd.	341,139	Engineering
7	Bike Reuse Pilot Program	Pedal Society	82,269	Public Works
8	Supply and Delivery of Short Term Rental Vehicles	-The Driving Force Inc. -Zeemac Vehicle Lease Ltd.	452,236	Public Works
9	City Hall Chiller Replacements, Domestic Waterline and Elevator Renewals - Main Works	Heatherbrae Builders Co. Ltd.	3,063,660	Facilities and Project Development
10	Supply and Delivery of One Dump Body with Brine System on a City Provided Cab and Chassis	Viking-Cives, Ltd.	286,463	Public Works
11	Supply and Delivery of Multi-Functional Rescue Gear and Bag	-WFR Wholesale Fire & Rescue Ltd. -Brogan Fire & Safety	338,054	Fire Rescue
12	Qualified Environmental Professional for Works Yard Replacement	Core6 Environmental Ltd.	832,560	Facilities and Project Development
13	Supply and Delivery of One (1) Tier Four 15" (Fifteen Inch) Capacity Drum Wood Chipper	Westerra Equipment LP	102,030	Public Works
14	Delivery of Various Flower Bulbs - 5 year term	M Van Noort & Sons Bulb Co Ltd.	125,000	Parks
15	Mattress and Upholstered Furniture Recycling Services (5 year term)	Pacific Mattress Recycling Inc.	1,961,629	Public Works

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

July 1st to September 30th, 2024

Item	Description	Awarded Vendor	Awarded Amount	Department
16	Consulting Services for the Steveston Multi-Use Pathway Phase 4	McElhanney Consulting Services Ltd.	420,886	Engineering
17	Portable Toilet and Hand Washing Stations - Various Departments (3 year term)	Sunrise Washroom Rentals Ltd.	246,984	Parks
18	Supply and Delivery of Reflective Sheeting, Vinyls and Overlaminates (5 year term)	3M Canada Company	300,000	Public Works
19	Richmond Cultural Centre Annex HVAC Upgrades	Holaco Construction Ltd.	99,904	Facilities and Project Development
20	Offsite Records Storage (5 year term)	Access Information Management of Canada	291,492	Clerks
21	Minoru Centre for Active Living Pool Filter Repairs	Riverwest General Contractors Ltd.	115,086	Facilities and Project Development
22	Westminster Highway & No. 5 Road Roadworks Improvements	Jack Cewe Construction Ltd.	1,470,195	Engineering
23	Data Storage Expansion and Services Project including Support and Maintenance (3 year term)	Softchoice LP	422,732	Information Technology
24	Duck Island Art and Culture Facility - Quality Assurance Services	Urban Arts Architecture Inc.	81,891	Facilities and Project Development
25	Richmond Curling Club - Priority 2 Repairs Design and Contract Administration	Mallen Gowing Berzins Architecture	218,173	Facilities and Project Development
26	Provision of Engineering Inspection Services	Maven Consulting Limited	100,000	Engineering
27	City Hall Annex Third Floor - Bylaws Renovation	Heritage Office Furnishings Ltd.	168,254	Community Bylaws
28	Supply and Delivery of Apple Products (3 year term)	Island Key Computer Ltd.	594,714	Information Technology
29	Collaboration Enterprise License and Support Services	Long View Systems	86,513	Information Technology