



City of Richmond

Report to Committee

To: Finance Committee

Date: May 6, 2016

From: Jerry Chong
Director, Finance

File:

Re: Financial Information – 1st Quarter March 31, 2016

Staff Recommendation

That the staff report titled, "Financial Information – 1st Quarter March 31, 2016", dated May 6, 2016 from the Director, Finance be received for information.

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

Att: 5

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	☒	
Building Approvals	☒	
Community Bylaws	☒	
Community Social Development	☒	
Development Applications	☒	
Economic Development	☒	
Engineering	☒	
Fire Rescue	☒	
Parks Services	☒	
Project Development	☒	
Public Works	☒	
RCMP	☒	
Recreation Services	☒	
Library Services	☒	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

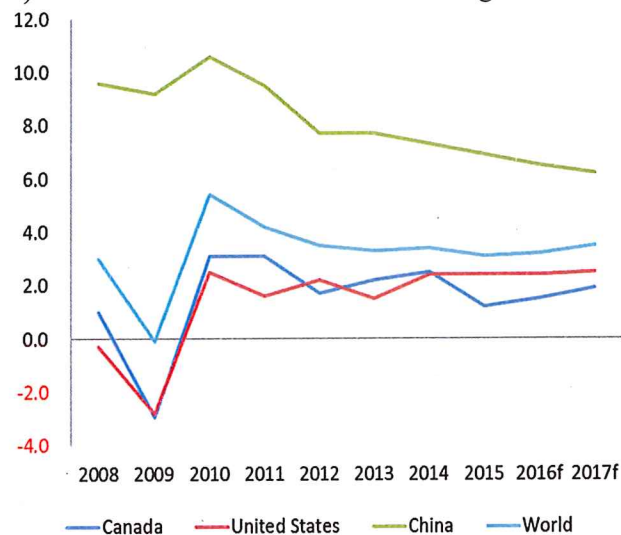
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2016 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 a general sense of the City's financial results throughout the year and before the annual audited financial statements are presented.

Analysis

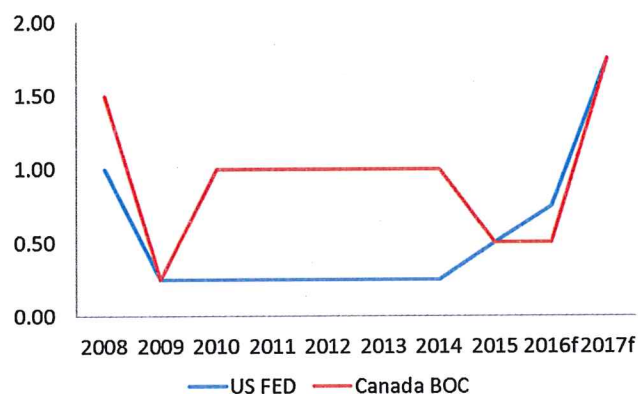
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change ¹



- A subdued global outlook relates to a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinary monetary conditions in the U.S.
- 2016 and 2017 growth projections were adjusted down slightly for Canada's economy due to a continued reduction in resource-related investment by the private sector.
- Modest growth is forecasted because of the strengthening loonie and expected government investments.

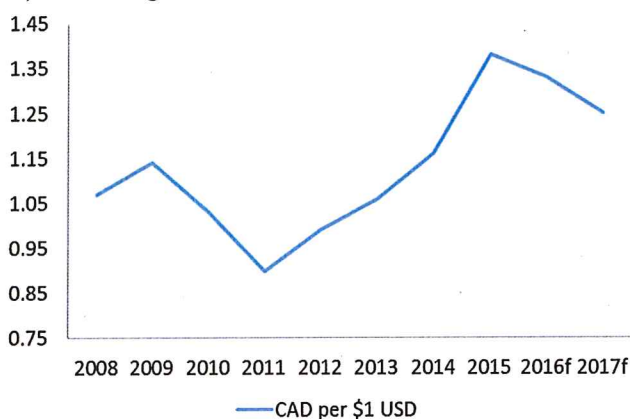
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End ²



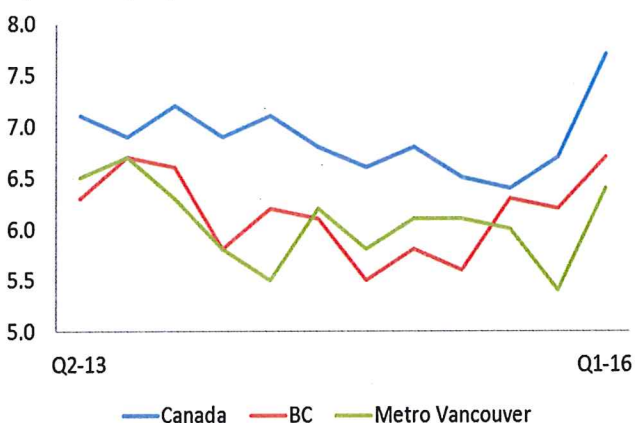
- The Bank of Canada is maintaining the overnight rate target at 0.5%, encouraging inflation to increase nearer the Bank's target of 2%. A rate increase is predicted for 2017
- The Fed has embarked on an upward U.S. overnight rate trajectory beginning in late 2016 to fulfill its mandate of achieving full employment and price stability over the medium term.

¹ International Monetary Fund, World Economic Outlook

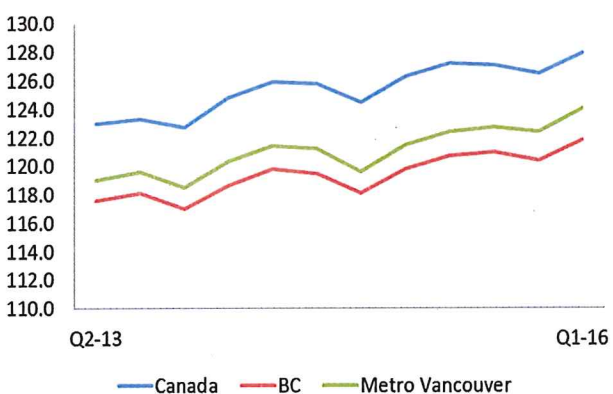
² US Federal Reserve, Bank of Canada and Royal Bank Research

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

- The downward pressure on Canada's currency is expected to ease off as oil prices improve.
- While the Canadian dollar is expected to drift modestly higher, a relatively weaker Canadian dollar will continue to bode well for non-resource exporters and local firms are well positioned to take advantage of this trend.

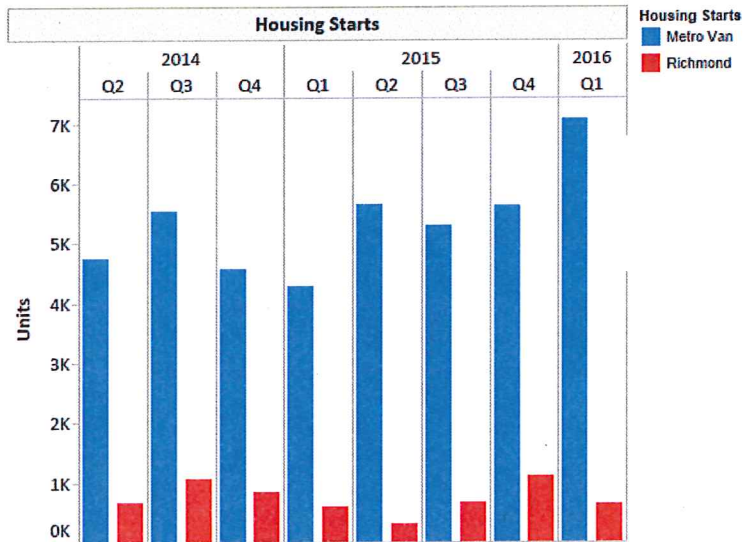
Regional & Local Economic Activity Indicators4) Unemployment ⁴

- Employment losses continue to be felt nationally and in commodity producing regions as the unemployment rates for Canada and BC have increased 4.4% and 12.1% year over year, respectively.
- British Columbia's unemployment rate continues to be amongst the lowest in the country, however, and sits at 6.5%. As a major employment center for the province, Metro Vancouver's rate is even lower at 6.4%.

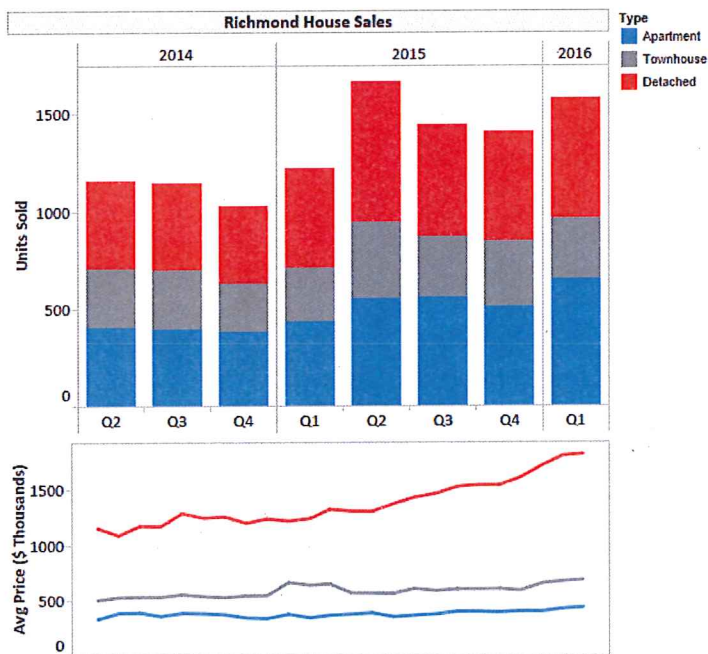
5) Consumer Price Index (CPI – 2002=100) ⁴

- British Columbia and Metro Vancouver's consumer price indice (CPI) increases were greater than the national average year over year. At the end of Q1 2016 Metro Vancouver and BC's CPI increases were 2.1% and 1.7% respectively while Canada's was 1.3%
- The Canadian, BC and Metro Vancouver CPI all increased at similar levels this quarter over Q4 2015 at 2.1% for Metro Vancouver, 1.2% for BC and 1.1% for Canada.

³ Bank of Canada⁴ Statistics Canada

6) Housing Starts⁵

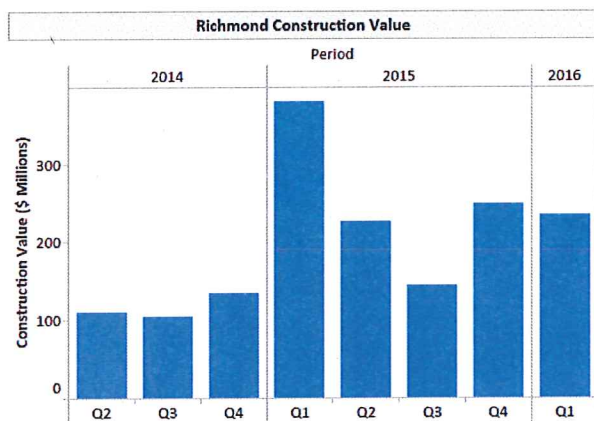
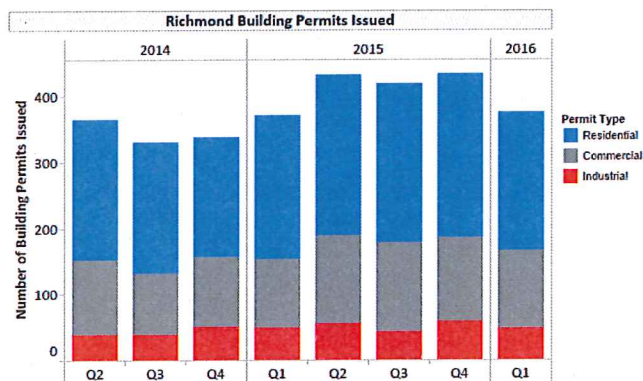
- After increasing steadily over the last 3 quarters of 2015, housing starts in Richmond registered a seasonal drop in Q1 2016 over Q4 2015 but maintained a 10% year over year increase.
- Metro Vancouver has seen a large increase in housing starts of 65.3% in the first quarter of 2016 over the first quarter of 2015, as the construction industry endeavors to meet current market demand.

7) House Sales & Prices – Richmond⁶

Source: CMHC & REBGV

- 2016 started strongly for residential real estate sales in Richmond, with a 29% increase in sales in the first quarter of the year compared to the same period last year.
- Detached and apartment sales registered the highest increases, at 21% and 50%, respectively.
- Prices of all types of homes have increased again in the first quarter of 2016. The average price of a detached home in Richmond now sits at a record \$1.82 million, an increase of 47% over the same time last year. Townhouse and apartment prices rose by 25% and 28% and are also at all-time high average prices of \$685,000 and \$436,000 respectively.

⁵ Canadian Mortgage and Housing Corporation⁶ Real Estate Board of Greater Vancouver

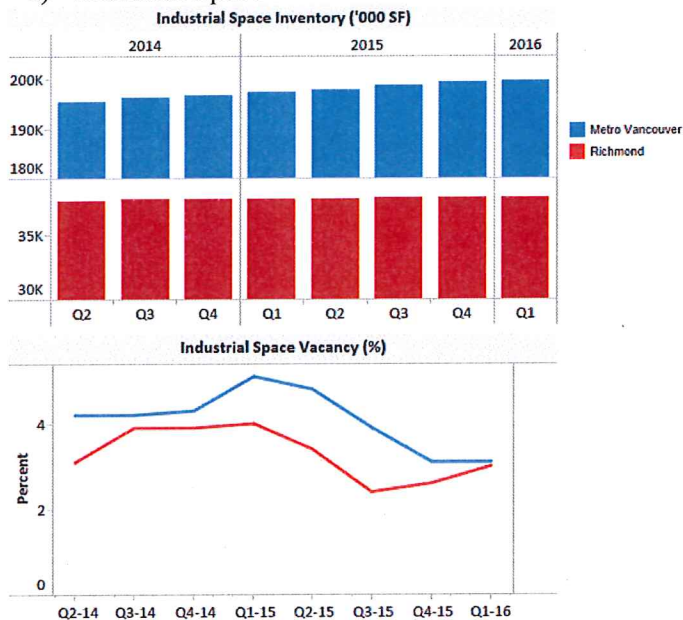
8) Building Permits – Richmond ⁷

- A modest increase of 1.4% in building permits issued in Q1 2016 over Q1 2015 was observed. After an all-time high for building activity in 2015, this year is off to a strong start for building permit activity.
- Driving this recent growth was a 14% increase in commercial building permits over the period, making up for a 3.7% and 2% decrease in residential and industrial permits, respectively.
- After a record breaking 2015 at almost \$1 billion for the construction value of permits, construction value for the first quarter of 2016 decreased by 38% over Q1 2015, and by 5% over the previous quarter.

⁷ City of Richmond Building Permits

9) Commercial Space⁸

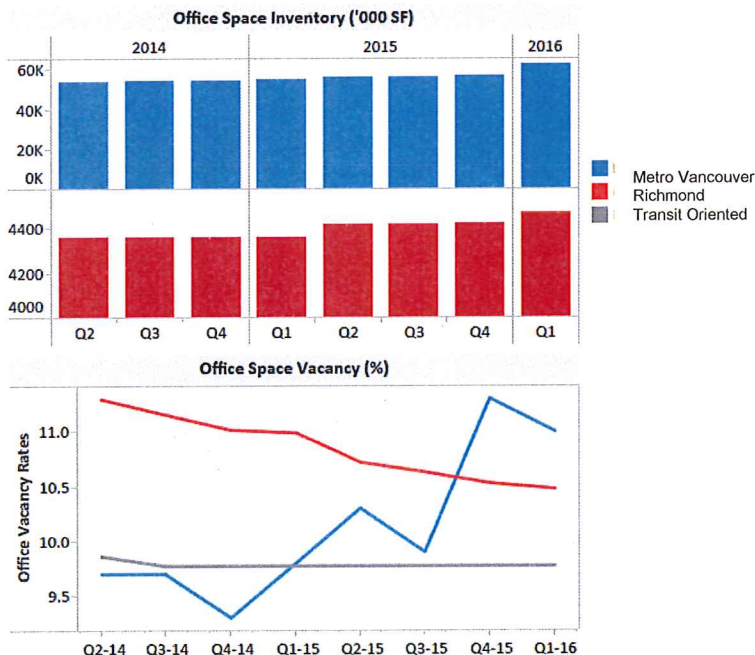
a) Industrial Space



Source: Cushman & Wakefield

- While only a modest 31,000 square feet of industrial inventory was added in Richmond over the last quarter, its inventory remains the largest in Metro Vancouver at almost 38 million square feet.
- Only 3% of that space is vacant, with the industrial vacancy rate dropping by 25% since the same time last year.
- Industrial space remained scarce in all of Metro Vancouver, with the vacancy rate falling 39% from 5.1 to 3.1% over the last year.

b) Office Space



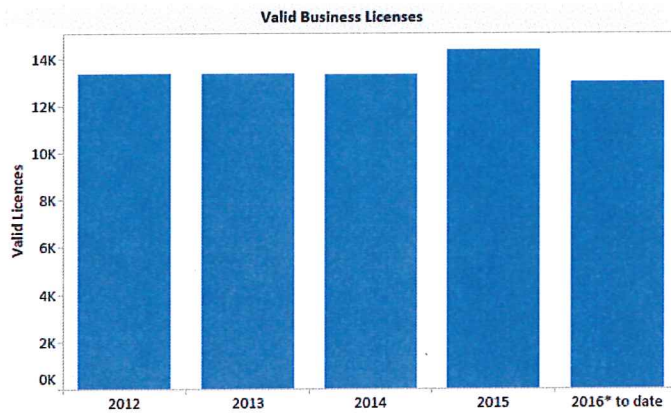
Source: Cushman & Wakefield

- For the first time since the early 2000s, Richmond office vacancies are lower than regional averages, as new premium office space in the downtown core continues to displace tenants to the suburbs.
- While the vacancy rate throughout Metro Vancouver increased by 12.2%, the vacancy rate dropped by 28% in Richmond, ending at 10.1% at the end of Q1 2016.
- At 4.6%, transit-oriented office space remained well below the overall Metro Vancouver rate which is at 11.2%.

⁸ Cushman & Wakefield Office and Industrial Market Beat Reports

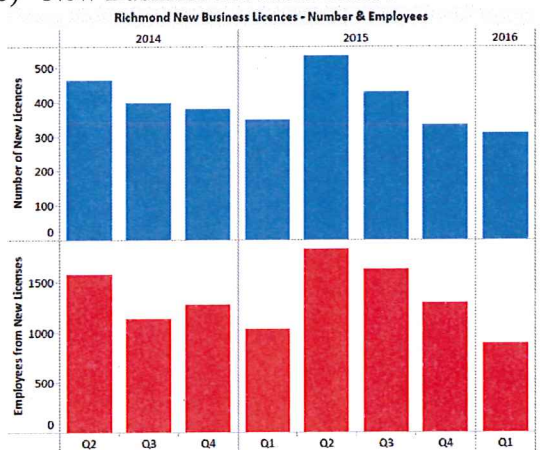
10) Business Growth – Richmond⁹

a) Total Valid Business Licenses

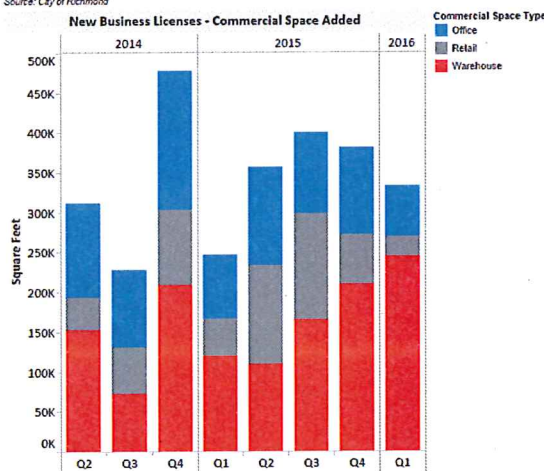


Source: City of Richmond

b) New Business Licenses Issued



Source: City of Richmond



Source: City of Richmond

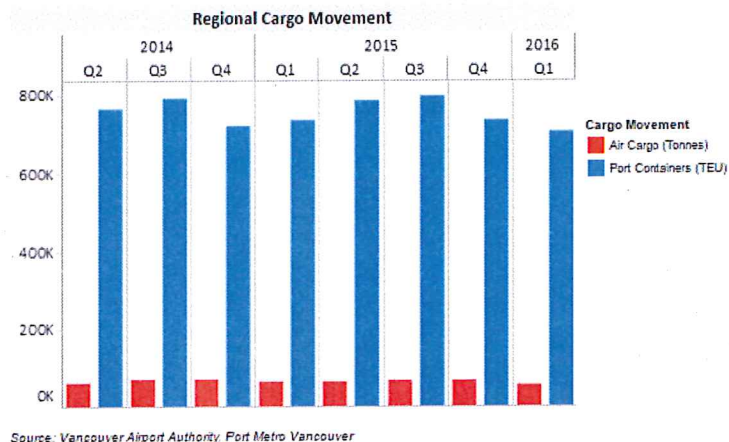
- The current number of valid business licenses as at the end of the first quarter of 2016 is 12,981, a 1% drop from the same period in 2015.
- Because of continuous business start-ups and closures throughout the year, total annual figures are calculated in December of each year.

- 308 new business licenses were issued in the first quarter of 2016, down 12% over the same period last year.
- These new businesses are attributed to 884 local jobs and over 300,000 square feet of commercial space absorption.

- Industrial space usage tied to new business licenses was over 245,000 square feet in the first quarter of 2016, a 104% increase over the same period last year. Office and retail space absorption declined 21% and 47% respectively over the same period.
- Large warehouse and distribution space continues to be in high demand as Richmond expands its role as a logistics center for regional and export markets.

⁹ City of Richmond Business License, 2015 represents year-to-date and all other figures represent year-end figures

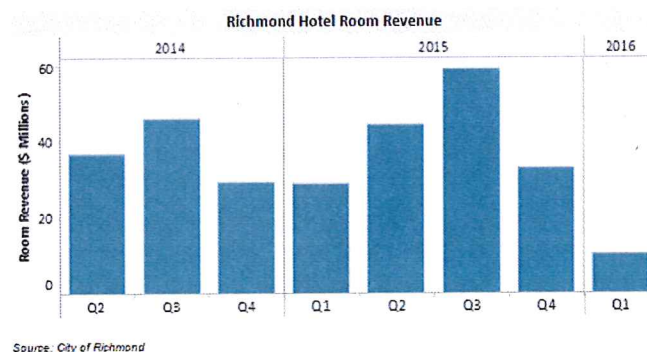
11) Goods and People Movement

a) Regional Cargo Movement¹⁰

- 2015 cargo movement at YVR was 4.9% higher than 2014 levels, but registered an 8.9% drop in Q1 2016 compared to Q1 2015.
- Although Port activity (measured by Twenty-Foot Equivalent Units - TEUs) was up by 5.9% overall in 2015, the first quarter of 2016 registered a 4.2% drop in activity over the same period last year

b) Airport Passengers¹¹

- YVR experienced a record breaking year in 2015, surpassing 20 million annual passengers for the first time, with an overall volume growth of 3.6% year over year.
- 2016 is on a similar growth trajectory, registering an 8.7% growth in passengers in Q1 2016 over the same period last year.

c) Richmond Hotel Room Revenue¹²

- 2015 overall was a strong year for tourism in Richmond with hotel room revenues climbing by 17.5% for the year compared to 2014.
- Year to date as of January, hotel room revenues were \$10.5 million, a significant increase of 24% over the same period last year - and hotel occupancy rates continue to be the highest in Canada.

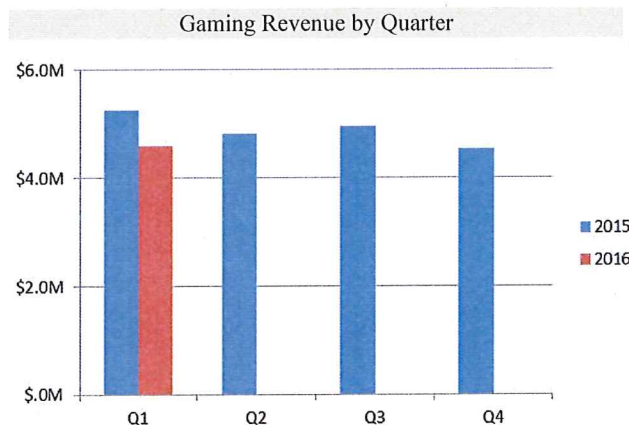
¹⁰ YVR & PMV Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; revenue reverse calculated based on AHRT receipts representing 2% of total hotel room revenue; AHRT remittances and payments to Richmond presented up to a 2 month lag

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. 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.



- Gaming revenue for Q1-2016 was down 12.6% at \$4.60M compared to \$5.26M in Q1-2015.
- Q1-2016 increased by 1.4% compared to the previous quarter Q4-2015 from \$4.53M to \$4.60M.

River Rock's revenues decreased by 16% in Q1-2016 compared to Q1-2015 mainly due to a decrease in high limit play volume.¹³

In the third quarter 2015, BCLC introduced conditions for certain VIP players that include a requirement to demonstrate the source of funds used to purchase chips. The effect of these conditions is not currently known, however Great Canadian Gaming Corporation believes these changes have caused and will likely lead to reduced play, and reduced revenues. The estimated portion of River Rock's revenues generated from the VIP players affected by these additional conditions over the 12 months ended September 30, 2015 was approximately \$20.0M.¹⁴

At the March 23, 2015 Council meeting, a revised gaming allocation model was approved effective January 1, 2016. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the major capital community facility program (Capital Building and Infrastructure Reserve).

Table 1: Distribution of the 2016 gaming revenue allocation

	Distribution	2016 Budget
General capital reserves ¹	30%	\$5.4M
Financing costs	Fixed	5.0M
Major capital community facility replacement	Remainder	3.9M
Allocation for all grants ¹	15%	2.7M
RCMP four officers ²	Four Officers	0.7M
Council Community Initiatives account	2%	0.4M
Total		\$18.1M

¹ \$1.4M of tax funding will be reallocated within the operating budget from grants to the general capital reserves. The net impact from the gaming allocation and tax funding allocation is a reduction to the general capital reserves of \$1.6M and an increase to grants of \$0.5M.

² The increase for the four RCMP officers is due to an estimated increase for the 2016 budget.

¹³ Great Canadian Gaming Corporation: Management's Discussion and Analysis for the Three Month Period Ended March 31, 2016

¹⁴ Ibid

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2016. 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 2: *Net Operational Activity for the period January 1, 2016 to March 31, 2016 (in \$000's)*

NET operational activity	Unaudited 2016 results			
Division/Department	2016 YTD budget	Actuals and commitments	Variance YTD (\$)	Variance YTD(%)
Community services	\$9,684	\$8,668	\$1,015	10.5%
Corporate administration	2,164	1,980	183	8.5%
Engineering, public works and project development	4,925	3,482	1,444	29.3%
Finance and corporate services	4,238	4,451	(213)	(5.0%)
Fire rescue	8,063	8,121	(58)	(0.7%)
Law and community safety	1,620	1,225	395	24.4%
Library	1,546	1,713	(167)	(10.8%)
Planning and development	1,574	(34)	1,607	102.1%
Policing	11,370	10,443	927	8.2%
Fiscal	(55,698)	(56,570)	872	1.6%
Capital transfers and One-Time funding	56,802	60,927	(4,125)	(7.3%)
Total Operating	\$46,288	\$44,406	\$1,882	4.1%
Water utility	(\$2,176)	(\$3,243)	\$1,067	49.0%
Sanitary utility	(1,238)	(706)	(532)	(43.0%)
Sanitation and recycling utility	(175)	59	(234)	(133.7%)
Total Utilities	(\$ 3,589)	(\$3,890)	\$301	8.4%

The following section provides an explanation on a Division/Departmental basis of year to date variances in relation to the 2016 Financial Plan:

- Community services' favourable variance is due to higher facility and sponsorship revenues relative to the Q1 budget and one-time expenditures that are expected to occur in Q2 and Q3. Among the expenditures are the annual major events and Steveston channel dredging.
- Corporate administration favourable variance is due to unfilled vacant positions.
- Engineering, public works and project development favourable variance in Q1 is due to various projects within roads, facility management, and project development that have not been completed. Savings are also a result of timing of vehicle insurance renewal and

higher than budgeted public works recoveries. Storm drainage has a favourable revenue variance in receivable income for Q1.

- Finance and corporate services variance in Q1 is mainly due to IT contracts committed for work to be performed throughout the year. Finance and Corporate Services is projected to have a surplus at year end due to unfilled vacant positions within Finance and IT during Q1, higher business licences revenue relative to budget and lower contract maintenance costs in IT.
- Richmond fire rescue shows a variance to budget due to the timing of annual purchase order commitments but is expected to be on budget for 2016.
- Law & community safety expected surplus is due to vacancies and higher revenues in Bylaws for parking.
- Library has an unfavourable variance in Q1 mainly due to certain annual subscriptions and contract maintenance commitments that are paid and initiated in Q1. The Library is projected to be on budget for the year.
- Planning and development favourable variance is from building permit revenue.

The Development applications department has realized slightly higher than budgeted development application revenue during Q1 of 2016. The total number of development applications submitted to the City year to date is in keeping with anticipated application volumes. It is anticipated the development activity and revenues will continue to be stable through the 2nd quarter.

- RCMP is projected to have an annual surplus due to the time required to recruit and staff the 12 additional officers. These officers have been approved by the federal and provincial governments and the detachment will begin receiving the officers in the summer.
- Fiscal is on budget.
- Water utility surplus is due to savings in water purchase expense as a result of lower consumption. Any year end surplus will be transferred to the water levy stabilization provision.
- Sanitary sewer utility unfavourable variance is due to lower sewer revenue relative to budget in the first quarter.
- Sanitation and recycling utility unfavourable variance is due to lower garbage utility revenue relative to Q1 budget.

The presentation of the figures for the Financial Statement, Statement of Operations is different than the Net Budget presentation above. The above presentation combines revenues and expenses and presents the net amount inclusive of transfers. The Statement of Operations

presents the revenues and expenses separately and prior to any surplus appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2016, with comparative figures for 2015 is included in Appendix 3.

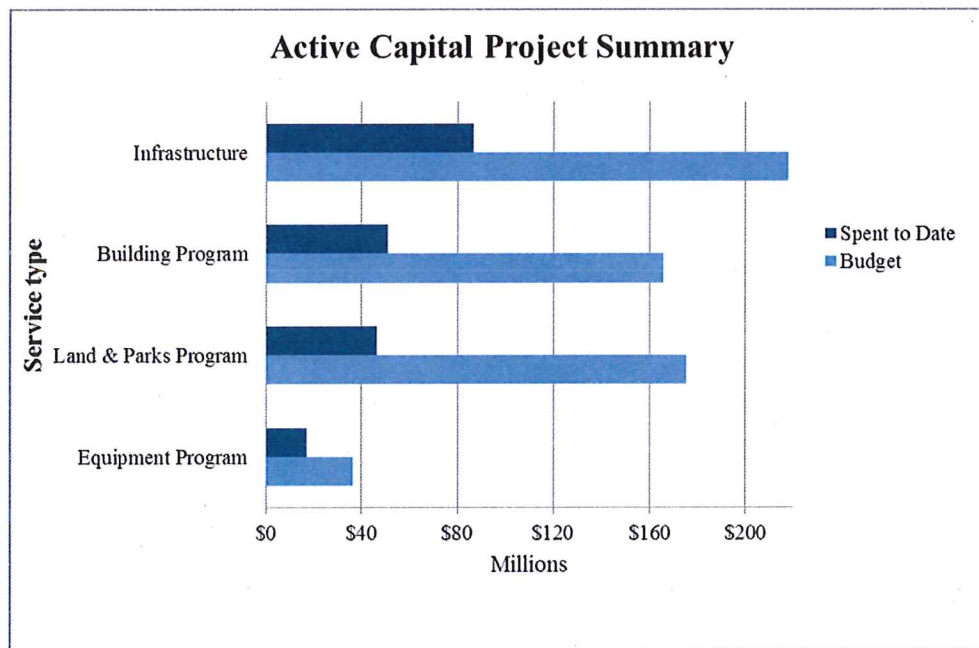
Active Capital Project Summary

Active Capital projects represent capital projects previously approved by Council that are in various stages of completion. The 2016 Capital Budget of \$102.8M (excluding internal transfers and debt repayments) is included in the figures below, as are the amounts relating to capital projects from previous years' Capital Budgets which remain active. The current balance committed to active capital projects is \$392.7M.

Table 3: *Statement of Active Capital Project Expenditures- as at March 31, 2016 (in \$000's)*

Program	Budget	Spent to date	Committed
Infrastructure	\$212,715	\$83,294	\$129,420
Land & Parks Program	193,223	63,690	129,533
Building Program	158,385	43,718	114,668
Equipment Program	36,260	17,197	19,063
Grand Total	\$600,583	\$207,899	\$392,684

Active Capital Project Summary



Highlights of key capital projects are presented in Attachment 4.

Active Capital Projects by Sub-Type

The following table summarizes the value of projects by project type.

Table 5: *Active Capital Projects by Sub-Type (in \$000's)*

Project Sub-Type	Amended/ adjusted budget	Actuals as at: 2016-03- 31	Committed	% Spent
Affordable housing	\$35,436	\$13,937	\$21,499	39%
Art	6,775	4,046	2,730	60%
Building	184,581	63,181	121,400	34%
Childcare	3,827	2,356	1,471	62%
Drainage	40,261	12,563	27,697	31%
Equipment	8,534	5,129	3,405	60%
Heritage	2,294	1,146	1,148	50%
Information technology	10,844	3,073	7,771	28%
Land	99,587	23,302	76,284	23%
Parks	47,599	20,050	27,549	42%
Public works minor capital	8,164	2,464	5,700	30%
Roads	57,815	25,329	32,486	44%
Sanitary sewer	25,815	4,024	21,792	16%
Transportation	4,747	2,174	2,573	46%
Vehicles	16,029	8,865	7,164	55%
Water	38,275	16,260	22,015	42%
Contingency (grants, etc.)	10,000	0	10,000	0%
Grand Total	\$600,583	\$207,899	\$392,684	35%

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$10M for external grants or contributions that may be received throughout the year. As external funding is confirmed, funding is transferred to approved projects.

Capital Budget Reallocations

Council Policy 3001 requires changes to the Capital Budget be reported to the Finance Committee.

All of the reallocations were within the limits set out in Policy 3001. The following reallocations from within existing approved budgets occurred during the first quarter:

Table 6: *Capital Budget Reallocations (\$000's)*

Project description	Approved budget	2016 Q1 budget transfers	Adjusted budget	Actuals as at: 2016-03-31	Variance
Fire Vehicle Purchases 2010	\$106	\$6	\$112	\$112	\$0
Fire Vehicle Purchases 2012	818	(6)	812	788	24
Drainage Minor Capital 2013	300	13	311	308	3
Drainage Minor Capital 2015	300	(13)	287	49	238
Software Deployment Replacement Solution 2016 ¹	115	15	130	0	130
Grand Total	\$1,639	\$15	\$1,652	\$1,257	\$395

¹ Transfer \$15,000 from Information Technology's 2016 Operating Budget to Software Deployment Replacement 2016 Capital Project.

Contributed Assets

Included in the 2016-2020 Financial Plan Bylaw is an estimate of \$55M for assets that are transferred to the City by developers. These are recorded as revenue at the fair market value at the time of contribution. The following transferred assets were recorded during the quarter:

Table 7: *Contributed Assets (in \$000's)*

Contributed assets	2016 Q1
Roads	\$1,048
Storm sewer	461
Land under roads	299
Traffic signals	199
Street lighting	188
Watermain	147
Sanitary sewer	123
Total	\$2,464

Investment Portfolio

The City's investment portfolio at March 31, 2016 was \$884.5 million, with an average yield on investment of 1.97%. The current low interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 5).

Table 8: *Market Interest Rates (for analytical purposes only)*

	March 31, 2016
2 Year Government of Canada Bonds	0.53%
5 Year Government of Canada Bonds	0.66%
10 Year Government of Canada Bonds	1.22%

Source: Bank of Canada

While a number of economic indicators pointed to a strong start for the Canadian economy in 2016, it primarily came from temporary factors that will dissipate in the second quarter. Canada is expected to face a number of negative factors impacting its economy, from slower projected global and US economic growth in the next two years to downgraded investment intentions in Canada's energy sector and a slightly stronger Canadian dollar. However, the impact from the federal budget released in March is anticipated by the Governing Council at the Bank of Canada to more than offset such negative factors and so the projected growth profile is generally higher than it was in January. Taking all these and other factors into consideration, the Bank of Canada maintained the overnight rate at 0.50% during its recent interest rate announcement on April 13, 2016.

The City continues to comply with its Investment Policy (3703) by carrying a diversified investment portfolio with strong credit quality, meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

Contract Awards

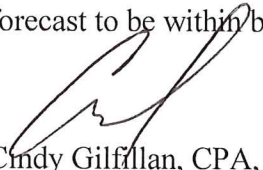
This report provides information on the formal contracts awarded by the City during the 1st quarter. In accordance with Policy 3104, 23 contracts greater than \$75,000 were awarded totalling over \$22.2M (Attachment 6).

Financial Impact

None.

Conclusion

The City of Richmond has begun 2016 on similar notes to that of 2015 with stable economic indicators. The City is maintaining its strong financial position through continued building construction and development activity and revenue collection. Capital projects are on-going and forecast to be within budget. It is expected that these trends will continue throughout 2016.



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

- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Statement of Operations
- Att. 4: Capital Project Highlights
- Att. 5: Investment Portfolio
- Att. 6: Contract Awards > \$75,000

Economic Indicators**March 31, 2016****Macroeconomic Indicators & Forecast**

	2014	2015	2016f	2015/2016f Change	2017f
1) Real GDP - % Change					
Canada	2.5	1.2	1.5	25.0%	1.9
United States	2.4	2.4	2.4	-	2.5
China	7.3	6.9	6.5	(5.8%)	6.2
World	3.4	3.1	3.2	3.2%	3.5
2) Interest Rates					
Bank of Canada	1.00	0.50	0.50	-	1.75
US FED	0.25	0.50	0.75	50.0%	1.75
3) Exchange Rate					
CAD per \$1 USD	1.16	1.38	1.33	(3.6%)	1.25
e-estimate					
f-forecast					

Regional and Local Market Indicators

	Q1-2016	Q4-2015	Change	Q1-2015	Change
4) Unemployment (%)					
Canada	7.1	6.7	(6.0%)	6.8	(4.4%)
BC	6.5	6.2	(4.8%)	5.8	12.7%
Metro Vancouver	6.4	5.4	(18.5%)	6.1	(4.9%)
5) CPI (2002=100)					
Canada	127.9	126.5	1.1%	126.3	1.3%
BC	121.8	120.4	1.2%	119.8	1.7%
Metro Vancouver	124.0	122.4	1.3%	121.5	2.1%
6) Housing Starts (Units)					
Starts - Metro Vancouver	7,081	4,283	65.3%		
Starts - Richmond	648	435	10.0%		
7) Richmond Residential Activity					
Sales - Detached	620	511	21.3%		
Sales - Townhouse	309	277	11.6%		
Sales - Apartment	651	435	49.7%		
Sales Total/Average Change	1,580	1,223	29.2%		
	Q1-2016	Q1-2015	Change		
Average Price - Detached (\$ at QE)	1,820,000	1,240,000	46.8%		
Average Price - Townhouse (\$ at QE)	685,000	548,000	25.0%		
Average Price - Apartment (\$ at QE)	436,000	341,000	27.9%		

Economic Indicators**March 31, 2016****Regional and Local Market Indicators (continued)**

8)	Richmond Building Permits	Q1-2016	Q1-2015	Change			
	Building Permits - Residential	209	217	(3.7%)			
	Building Permits - Commercial	118	104	13.5%			
	Building Permits - Industrial	48	49	(2.0%)			
	Building Permits Total	375	370	1.4%			
	Construction Value (\$ million)	235.2	379.4	(38.0%)			
9)	Commercial Space (at QE)		Richmond			Metro Vancouver	
		Q1-2016	Q1-2015	Change	Q1-2016	Q1-2015	Change
	Office Vacancy (%)	10.1	14.1	(28.4%)	11.0	9.8	12.2%
	Transit Oriented Office Vacancy (%)	4.6	4.6	0.0%	11.2	11.2	0.0%
	Office Inventory (000 sf)	4,470	4,359	2.5%	56,897	54,711	4.0%
	Industrial Vacancy (%)	3.0	4.0	(25.0%)	3.1	4.3	(27.9%)
	Industrial Inventory (000 sf)	37,944	37,828	0.3%	199,380	196,686	1.4%
10)	Richmond Business Growth	Q1-2016	Q1-2015	Change			
	Total Valid Business Licenses (YTD)	12,981	13,118	(1.0%)			
	New Licenses - Number Issued	308	348	(11.5%)			
	New Licenses - Employees	884	1,026	(13.8%)			
	New Licenses - Office Added (sf)	63,732	80,962	(21.3%)			
	New Licenses - Retail Added (sf)	24,495	46,262	(47.1%)			
	New Licenses - Industrial Added (sf)	245,058	119,998	104.2%			
	Total Space Added (sf)/Avg. Change	333,285	247,212	(34.8%)			
11)	Goods & People Movement	Q1-2016	Q1-2015	Change			
	YVR Air Cargo (tonnes)	57,409	63,035	(8.9%)			
	PMV Container Movement (TEUs)*	703,388	735,219	(4.2%)			
	YVR Passengers (million)	5	4.6	8.7%			
	Richmond Hotel Revenue (\$ million)**	10.5	8.5	23.5%			

* - PMV Container Movement data to March 2016

** - Hotel Revenue available to January 2016

Notes:a) *QE indicates quarter end*b) *YTD indicates year to date***List of Sources:**

- 1) *International Monetary Fund, World Economic Outlook*
- 2) *US Federal Reserve, Bank of Canada and Royal Bank Research*
- 3) *Bank of Canada*
- 4)&5) *Statistics Canada*
- 6) *CMHC*
- 7) *Real Estate Board of Greater Vancouver*
- 8) *City of Richmond Building Permits*
- 9) *Cushman & Wakefield Office and Industrial Market Beat Reports*
- 10) *City of Richmond Business Licenses*
- 11) *YVR & PMV Monthly Cargo Statistics*
YVR monthly statistics; City of Richmond Additional Hotel Room Tax Ledger
City of Richmond Additional Hotel Room Tax Ledger

Financial Indicators**March 31, 2016**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2016	Q1-2015	Change
Roads, Water, Sewer DCC's Received	\$4,821	\$4,717	2.2%
Parks DCC's Received	\$2,536	\$5,087	(50.2%)
Total DCC Fees Received	\$7,357	\$9,804	(25.0%)
DCC Reserves to date – Uncommitted	63,212	45,013	40.4%
2) Uncommitted Reserves	Q1-2016	Q1-2015	Change
Capital Funding Reserves	\$109,523	\$85,307	28.4%
Utility Reserves	84,343	80,877	4.3%
Affordable Housing Reserves	\$4,152	\$3,108	33.6%
Other Reserves	\$49,301	\$60,007	(17.8%)
Total Uncommitted Reserves	\$247,319	\$229,229	7.9%
3) Taxes to date	Q1-2016	Q1-2015	Change
Taxes Collected	\$10,277	\$10,291	(0.1%)
City Portion of Taxes Collected	\$5,036	\$5,043	(0.1%)
Unpaid Taxes - Delinquent & Arrears	\$6,853	\$7,236	(5.3%)
No. of Participants on Pre-authorized withdrawal	6,374	6,454	(1.2%)
Pre-authorized withdrawals payments	\$8,145	\$7,953	2.4%
Interest rate % paid	0.70%	1.00%	(0.30)
<i>Sources: All data is from City of Richmond records</i>			
4) Investments	Q1-2016	Q1-2015	Change
Total Investments	\$884,478	\$860,853	2.7%
Average City Rate of Return on Investments %	1.97%	1.97%	0%
5) Planning and Development	Q1-2016	Q1-2015	Change
Building Permit Fees Collected	\$2,650	\$3,480	(23.8%)
Development Applications Received	58	60	(3.3%)
Development Applications Fees	\$375	\$338	10.8%
6) Business Licenses	Q1-2016	Q1-2015	Change
Revenue Received for Current Year Licenses	\$1,604	\$1,623	(1.2%)
Revenue Received for Next Year (Deferred)	\$78	\$72	8.5%
Total License Revenue	\$1,682	\$1,695	(0.8%)
<i>Year to date valid licenses and revenue include current year licenses issued in the prior year.</i>			
7) Other Revenues	Q1-2016	Q1-2015	Change
Parking Program Revenue	\$545	\$507	7.5%
Gaming Revenue	\$4,596	\$5,256	(12.6%)
Traffic Fine Revenue to date	n/a	\$787	(100%)

Notes:

a) All figures presented above are unaudited

Key Indicators**March 31, 2016**

8) Employees	Q1-2016	Q1-2015	Change
Full Time Equivalent (FTE) Employees (City and Library)	1,455	1,435	1.4%

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

9) Operating Indicators	Q1-2016	Q1-2015	Change
Fire Rescue Responses	2,546	2,374	7.2%
RCMP - Calls for Service Handled	15,999	15,846	1.0%
Public Works calls for Service	3,353	2,802	19.7 %

10) Affordable Housing	2016	2015	Change
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR) (units)	320	311	2.9%
Market Rental (units)	411	411	0.0%
Entry Level Home ownership (units)	19	19	0.0%
Secondary Suite / Coach House (units)	165	159	3.8%
Total Affordable Housing	1,392	1,377	1.1%

	Q1-2016	Q1-2015	Change
Floor Space secured, unit mix & other (sq feet)	119,069	119,069	0.0%

11) Richmond Population Estimate Year End *	2016F	2015
	218,307	213,891

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

Statement of Operations¹

For the Three Month Period Ended March 31, 2016, with comparative figures for 2015

(Expressed in thousands of dollars)

	Budget March 31 2016	Actuals March 31 2016	Actuals March 31 2015
Revenues:			
Taxes and levies	\$49,491	\$47,364	\$45,985
User fees	24,295	22,611	21,693
Sales of services	5,728	6,896	6,463
Payments-in-lieu of taxes	3,368	2,115	2,333
Provincial and federal grants	1,044	508	2,135
Development cost charges	8,929	6,317	7,320
Other capital funding sources	15,701	2,613	13,199
Other revenues:			
Investment income	3,674	4,607	4,170
Gaming revenue	4,522	4,596	5,256
Licenses and permits	2,930	4,426	5,337
Other	1,884	5,940	2,466
	121,566	107,993	116,357
Expenses:			
Law and community safety	23,683	22,151	20,308
Engineering, public works and project development	15,301	12,687	12,536
General government	13,977	12,410	12,321
Parks, recreation and community services	11,605	11,391	11,003
Utilities:			
Water supply and distribution	9,956	8,117	8,207
Sewerage collection and disposal	7,352	7,727	7,763
Sanitation and recycling services	3,571	3,339	2,373
Planning and development	3,581	3,340	3,013
Library services	2,435	2,455	2,365
Lulu Island Energy Company	397	387	-
	91,858	84,004	79,889
YTD Surplus (Annual Surplus) ²	29,708	23,989	36,468
Accumulated surplus, beginning of year	2,717,164	2,717,164	2,565,923
Accumulated surplus, end of March 31 ³	\$2,746,872	\$2,741,153	\$2,602,391

¹ Statement of Operations for City, Library and LIEC only, does not include Oval figures² 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.

Capital Highlights**Infrastructure***No 2. Road North Drainage Pump Station Upgrade:*

Approved Budget: \$4.4M (2013)

20% Complete

- The No. 2 Road Pump Station upgrade will increase the pumping capacity and address the station's ageing infrastructure. The design is completed and the tendering process is underway. Construction completion is scheduled for Fall 2016.

No 2 Road Widening – Steveston Highway to Dyke Road

Approved Budget: \$7.3M (2016)

1% Complete

- This project includes widening sections of No. 2 Road and a continuous shared pedestrian and cycling pathway between Steveston Highway and Dyke Road. The City has secured cost share funding of \$3.5 million from the Federal Government. The design of the required works is under way, and construction works are anticipated to be completed for Fall 2017.

Alexandra District Energy Utility Expansion - Phase 4:

Approved Budget: \$7.6M (2015)

40% Complete

- This project consists of the design and construction of a satellite energy plant to service the heating and cooling demands of the new SmartREIT (previously Smart Centres) commercial development, as well as provide additional energy capabilities for the Alexandra District Energy Utility (ADEU). Also included in this expansion is the connection of the Townline Oxford Lane residential development and the City's new Fire Hall No. 3 to the ADEU. The project scheduled for completion by the end of 2016.

Steveston East Watermain Replacement:

Approved Budget: \$2.59M (2013)

95% Complete

- This project consists of replacing ageing watermain that are at the end of their service life, in the Garry Street, Dunford Road and Windjammer Road area. Construction is substantially completed.

Bath Slough Pump Station Upgrade:

Approved Budget: \$4.2M (2013)

95% Complete

- This project consists of the upgrading of the existing Bath Slough Drainage Pump Station, and is part of a larger strategy to increase the City's drainage capacity, increase pump station reliability and reduce flooding. Construction is substantially completed.

Capital Highlights**Buildings***Minoru Major Facility (Integrated Minoru Aquatic Centre/Older Adults Centre):*

Approved Budget: \$79.6M (2014) 30% Complete

On November 12, 2013, Council confirmed funding and site location for the new facility to be the Minoru 2 soccer pitch. Space programming for the facility was endorsed by Council on July 28, 2014 and preliminary form and character endorsed by Council on October 27, 2014. Preload and ground densification of the site is now complete. The rebar for the raft slab has been placed and the concrete for the raft slab underneath the aquatics and older adults area has been poured. Project completion is anticipated at the end of 2017. The public engagement process is continuing through to project completion.

Fire Hall No. 1:

Approved Budget: \$22.3M (2014) 20% Complete

On November 12, 2013, Council confirmed funding and the site location for the Fire Hall No. 1 replacement. Space programming for the facility was endorsed by Council on July 28, 2014 and the preliminary form and character endorsed by Council on October 27, 2014. The construction drawing phase of the project is complete. The preload has been removed and the ground densification has commenced. Project completion is anticipated by summer 2017.

Fire Hall No. 3:

Approved Budget: \$20.7M (2005-2009) 37% Complete

On July 23, 2012, Council approved construction of a new Firehall No. 3. In late 2013, a lease agreement was reached with BC Ambulance to construct Firehall No. 3 as an integrated facility, to be used jointly with Richmond Fire-Rescue. Council approved funding of \$20.7 million to construct a new Firehall No. 3 through the 2005 - 2009 Capital Programs. The design and development of Fire Hall No. 3 is completed and construction is underway. Project completion is anticipated by early 2017.

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

Approved Budget: \$2.9M (2013)

95% Complete

- Greenway path construction is complete
- Installation of benches and recycling / trash units will be completed early May of 2016
- Wayfinding Signage will be installed in the summer of 2016
- Additional trees will be planted in the fall of 2016 as to avoid the dry summer months, reduce the need to hand watering, and to increase the chance for healthy tree establishment
- A picnic area to be located just south of the Branscombe House is currently being planned
- Additional improved connections at Westminster Highway and River Road are also being planned

Garden City Lands Phase 1 and 2:

Approved Budget: \$5.2M (2015 and 2016)

10% Complete

- The Garden City Lands - Legacy Landscape Plan was completed and endorsed by Council in June 2014. The Legacy Plan provides a vision statement, guiding principles, a land use framework, a concept plan and outlines objectives and actions to guide the development of the Lands. An in-depth study of the site's hydrological and ecological conditions is underway as is the design and development for the water management infrastructure and perimeter trails. Construction of these initial phases is expected to begin in late summer 2016.

Lang Park Development:

Approved Budget: \$800K (2015)

15% Complete

- Detailed design is complete and a construction contract is expected to be awarded in May 2016. Construction is expected to start in spring 2016 and be complete by late summer 2016.

Middle Arm/ Hollybridge Pier:

Approved Budget: \$1.5M (2015)

15% Complete

Included in Middle Arm Waterfront Park System Projects

- The design process is underway. Parks expects to hire a consultant in May 2016 to prepare construction drawings with construction expected to commence in summer 2016, in association with ASPAC's Lot 9 construction, with completion schedule in 2017.

<i>Capital Highlights</i>	<i>Community Services/Parks</i>
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Steveston Town Square:

Approved Budget: \$250K (2015)

90% Complete

- With the relocation of Japanese Fishermen's Benevolent Society Building to the site, a plan was developed to improve circulation, tie the park area to both the Steveston Museum and Japanese Building for programming and events, and create an opportunity to celebrate the Japanese historic connection to Steveston. The majority of the park development has been completed including new hard surface areas, seating, the Suikinkutsu water basin feature and Japanese inspired gate.

The Gardens Agricultural Park:

Approved Budget: \$316K (2012) & \$1.95M (2014/15)

50% Complete

- City construction for Phase 1 has been partially completed along with Servicing Agreement works completed by Townline Homes in fall 2014. Staff are reviewing any impacts to the park as a result of the Massey Tunnel project.

Minoru Sports Fields Redevelopment:

Approved Budget: \$5.7M (2014)

99% Complete

Included in Minoru Major Facility Integrated Project

- Opening ceremonies for the fields were held on April 11th 2015.
- Tennis Courts sport surfacing was completed in May 2015.
- Deficiency repairs for irrigation are underway.
- Practice wall at the tennis courts is completed.
- Shade shelters for the spectators viewing areas have been installed and awaiting permit approval sign-off.
- PA System installation upgrades completed.
- Perimeter fencing at the throwing zone is completed.
- Latrace baseball field upgrades completed
- Minoru 2 "priority line" upgrades to be completed in June
- Hammer cage repairs to be completed in June

Britannia Shipyards Slipways:

Approved Budget: \$513K (2014)

65% Complete

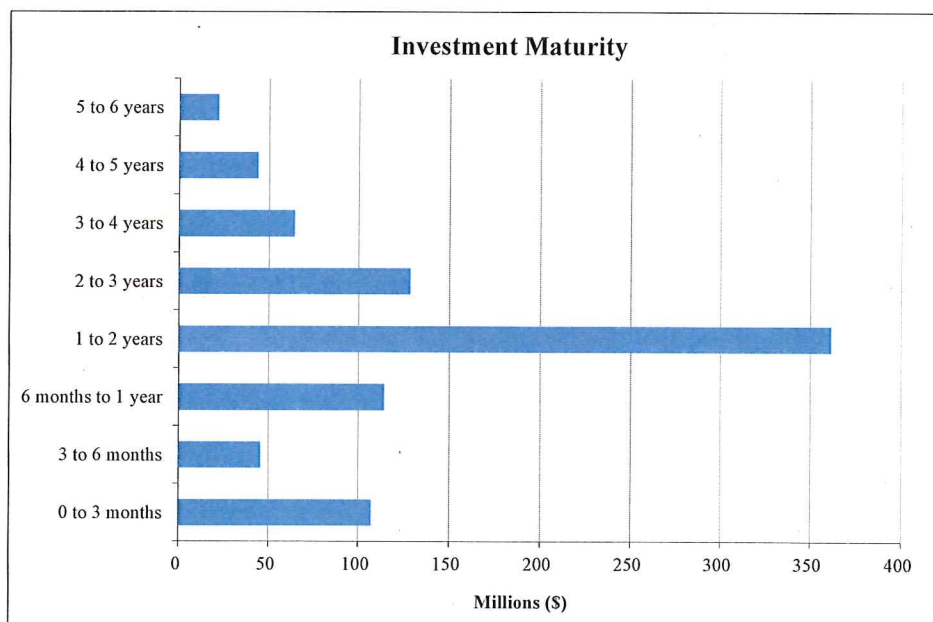
- Conditional assessment complete.
- Demolition complete.
- Detail design completed last July 2015.
- Tender of materials secured, construction in progress.
- Replacement of 12" x 12" timber runners and cross head beams in progress.
- Remaining construction operations requires and limited to low tide conditions with regular daytime working hours.
- Anticipated completion by July 2016.

Investment Portfolio

March 31, 2016 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial (Fixed Income)						
	AA (high)	British Columbia	2019	\$ 65,509	7.41%	
	AA (low)	Ontario	2017	62,074	7.02%	
	AAA	Alberta*	2016-2019	40,379	4.57%	
	A (high)	Quebec	2017	35,856	4.05%	
	A (high)	Manitoba	2016	12,000	1.36%	
		Total		\$ 215,818	24.40%	24%
Chartered Banks (Fixed Income and Deposits)						
	AA	Bank of Nova Scotia	2016-2018	\$ 93,430	10.56%	
	AA	Bank of Montreal	2016-2017	78,541	8.88%	
	AA (low)	National Bank of Canada	2018-2020	45,775	5.18%	
	AA	TD Bank	2016-2021	41,987	4.75%	
	AA	CIBC	2018	38,502	4.35%	
	AA	Royal Bank	2016-2018	33,655	3.81%	
	AA	Wells Fargo Canada	2017	24,406	2.76%	
	A (high)	HSBC Bank of Canada	2017	22,693	2.57%	
	A (low)	Canadian Western Bank	2016	20,000	2.26%	
	A (low)	B2B/Laurentian Bank	2017	10,000	1.13%	
		Total		\$ 408,989	46.24%	46%
BC Credit Unions (Deposits)						
		Coast Capital Savings	2016-2018	\$ 88,235	9.98%	
		Westminster Savings	2016-2017	48,420	5.47%	
		Gulf and Fraser	2016-2018	47,506	5.37%	
		Vancity	2016	32,020	3.62%	
		Total		\$ 216,181	24.44%	25%
Pooled Investments (MFA Bond Fund)						
		MFA Pooled Investment Fund		\$ 43,489	4.92%	5%
Total Investment Portfolio Balance				<u>\$ 884,477</u>	100.00%	

*The rating was downgraded from AAA to AA(high) on April 15, 2016



Contract Awards greater than \$75,000

January 1st to March 31st 2016

Item	#	Description	Awarded Vendor	Awarded Amount	Department
1	5725J	Underground water meter installations	Ashton Service Group	\$142,660	Engineering and Public Works
2	5724CM	Minoru Aquatic Centre/Older Adult Centre - Tender Package No 2A	Stuart Olson Construction subcontract to: Dominion Fairmile (Formwork), LMS Reinforcing (Concrete Reinforcement), Rempel (Concrete Supply), Westbridge (Structural Steel & Metal Decking), Western Archrib (Glulam Structural Units), *Strom Tech (Water Treatment), *Multivista (Construction Documentation)	\$13,918,449	Engineering and Public Works
3	5720S	CLASS Software Annual Licensing, Maintenance and Support Renewal	Active Network Ltd.	\$108,054	Finance and Corporate Services
4	5715F	Annual telephone maintenance	Telus	\$83,444	Finance and Corporate Services
5	5713F	Event Professional and Production Services	Anigraph Productions Ltd.	\$200,000	Community Services
6	5701J	Thompson Community Centre Improvement Works 2016	Ashton Service Group	\$92,430	Engineering and Public Works
7	5691F	Inspection Services	Aplin & Martin Consultants Ltd.	\$100,000	Engineering and Public Works
8	5688S	ESRI Enterprise Licence Agreement	ESRI Canada	\$140,000	Finance and Corporate Services
9	5683F	Consulting Services Lansdowne Road Extension Project	Aplin & Martin Consultants Ltd.	\$91,795	Engineering and Public Works
10	5678F	Relocation of Hydro poles on Lansdowne Road	BC Hydro & Power Authority	\$140,418	Engineering and Public Works
11	5676F	Annual software license and support services for Tempest	Tempest Development Group Inc	\$107,632	Finance and Corporate Services

Item	#	Description	Awarded Vendor	Awarded Amount	Department
12	5675F	(3) KSB submersible motor pumps	KSB Pumps Inc.	\$269,820	Engineering and Public Works
13	5666J	7400 River Road Mechanical Maintenance Improvements – 2016	Ashton Service Group	\$174,942	Engineering and Public Works
14	5665CM	Gymnastics/Rod & Gun Clubs Tennant Improvement Project	Stuart Olson subcontracted to ICE Development	\$975,053	Engineering and Public Works
15	5664F	Software Maintenance contract renewal	Open Text Corporation	\$184,810	Finance and Corporate Services
16	5660 J	Buemann Barn Construction	Ventana Construction Corporation	\$345,862	Engineering and Public Works
17	5653F	Emergency Repair Sanitary Sewer in Minoru Park	Performance Contracting Brighthouse Ltd	\$200,000	Engineering and Public Works
18	5622P	Horseshoe Slough Pump Station Upgrade	Associated Engineering (B.C.) Ltd.	\$474,671	Engineering and Public Works
19	5621Q	ADEU - Energy Transfer Station Upgrades	All-Pro Services Ltd.	\$183,838	Engineering and Public Works
20	5609Q	Supply and Delivery of 6 (Six) 3/4 Ton Super Cab with 8 (Eight) Foot Box Truck	Dams Ford Lincoln Sales Ltd	\$191,576	Engineering and Public Works
21	5597T	No. 1 Box Culvert Rehabilitation	P.W. Trenchless	\$1,993,312	Engineering and Public Works
22	5586Q	Supply and Delivery 1 (One) Regular Cab and Chassis with Utility Body and Crane	Work Truck West	\$229,594	Engineering and Public Works
23	5583T	Lockhart Rd, Marrington Rd, and Beecham Rd Upgrades	Performance Contracting Ltd.	\$1,856,438	Engineering and Public Works