

Attachment C: Q2 BUDGET STATUS REPORT

Budget Update

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the second quarter ending June 30, 2018.

Council approves a five-year financial plan bylaw annually in accordance with Section 165 of the Community Charter. The financial plan allocates the financial and human resources required to achieve the objectives of the City's Strategic Plan.

The City performs monthly variance analyses of the revenues and expenditures as they compare to the approved financial plan and reports the progress quarterly to Council.

If unanticipated events occur during the year that impact the approved five-year financial plan, staff recommend amendments to the financial plan bylaw to authorize the changes. All budgetary amendments require Council's approval.

Operating Budget

As of June 30, 2018, the operating revenues/funding sources and expenditures/transfers are 76% and 36% respectively of the annual budgeted amount. This compares to 74% and 36% to the prior fiscal period. A summary of the actual operating revenues/funding sources and expenditures/transfers compared to the budget is attached.

Revenues are expected to meet or exceed budget. Traffic fine revenue received from the Province exceeded budget by \$106,000 and revenues from parking, permits and inspections and rezoning are trending higher than expected for the second quarter. Dog licences and business licenses are collected in the first half of the year resulting in a higher percentage of actual to budgeted revenue in those departments.

Expenditures/transfers are expected to be within budget. Seasonal variations in municipal operations and accounting processes that occur outside the quarterly basis affect the proportion of revenues received or expenditures incurred to June 30, 2018. Seasonal impacts are reflected in Parks, Recreation, Sustainable Planning and Community Development and Corporate budgets due to work programs that will commence in the third quarters such as the summer recreation programs, Parks Boulevard program, Official Community Plan, Downtown Area Core Plan and Canada Day celebrations.

We continue to improve our accounting processes to better align the quarterly actual to budget reporting.

Capital Budget

As of June 30, 2018, the actual capital expenditures are at 13% spent of total budgeted expenditures for the year, compared to 12% in the prior year. The capital spent continues to trend lower due to the Crystal Pool Replacement Project as well as the recent Financial Plan amendment increase of \$3.7 million for the Cecilia Ravine New Park project and the Laurel Point Park Environmental Remediation. Capital projects have varying schedules and the majority of the work planned for 2018 is scheduled to start in Q2 and Q3 with the exception of the Crystal Pool Replacement project that will span over multiple years. A summary of capital programs and projects are attached.

At present, the majority of capital projects are expected to be completed according to

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schedule; though Summit Park Playground upgrades and the Visitor's Centre elevator upgrades are deferred until 2019. As well, the Fountain upgrades are on hold until the Centennial Square plan is completed.

The following projects have been completed:

- Opening of the Johnson Street Bridge
- Water main replacement at the following locations:
 - Prior, Summit to Vista Heights, Broughton
 - Tillicum, Craigflower to Gosper
 - Broughton, Blanshard to Douglas
 - Fort, Wharf to Government
 - Belleville, Menzies to Oswego
- Water lining at the following locations:
 - Herald, Douglas to Government
 - Wharf, View to Courtney
 - Courtney, Wharf to Douglas
 - Dallas, Douglas to Camas
- Sewer main replacement at the following locations:
 - Esquimalt, Robert to Maitland
 - Shelbourne to Kings
 - Grant, Fernwood to Stanley
- Sewer Lift Station Hatch Replacement
- Stormdrain main replacement at the following locations:
 - Grant Street
- Parks Furnishing Replacement Program

Should adjustments be required, reports providing details and options will be brought to Council for consideration.

Staff are working diligently to complete the capital work plan according to schedule, however unplanned or unforeseen factors could arise and delay the completion date. Requests to move the budget forward into next year can be made as part of the regular year-end budget process.

Staff Levels

The City's full-time equivalent employees for 2018 is 816.03 as attached.

**City of Victoria - Operating Budget Expenditures/Transfers to Reserve
For the Six Months Ending June 30, 2018**

	Q2 2017 Actual	Q2 2018 Actual	2018 Budget	Variance	%	Explanation
City Manager's Office	350,422	425,833	908,776	481,943	47%	
Council	329,046	327,764	614,595	286,831	53%	
Deputy City Manager	223,942	87,034	424,470	357,436	16%	Vacancy
Arts, Culture and Events	1,038,825	602,002	1,786,243	1,184,241	34%	Events are seasonal
Third Party Billing - Special Events	22,920	11,150	-	(11,150)		Full cost recovery; offsetting revenues
Economic Development	318,842	350,560	513,320	162,729	68%	Grant to SIPP paid in March
Legislative and Regulatory Services	1,311,414	1,396,065	3,991,241	2,595,146	35%	Vacancy and election expenses to be recognized in the fall
Third Party Billing - Bylaw Enforcement	7,803	7,407	-	(7,407)		Full cost recovery; offsetting revenues
Neighbourhoods	268,877	253,053	559,865		45%	
Real Estate	386,649	455,630	1,742,018	1,286,388	26%	Transfer to reserve for 812 Wharf Street not done yet
Victoria Conference Centre (VCC)	1,729,943	1,688,048	3,528,113	1,840,086	48%	Vacancies
VCC Event Costs Paid by Clients	1,013,655	1,526,250	3,460,000	1,933,750	44%	Full cost recovery; offsetting revenues
Engagement	878,433	709,131	1,638,125	928,694	43%	Vacancy
Engineering and Public Works						
Engineering and Public Works	8,889,145	6,990,805	15,882,805	8,871,999	44%	NTMP projects: line painting are scheduled to start in Q3 and Q4
Third Party Billings	454,305	785,833	428,400	(357,433)	183%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	1,258,203	1,148,927	3,144,079	1,997,152	36%	Transfer to capital & reserves not done yet
Water Utility	5,557,167	5,598,337	19,925,763	14,327,426	28%	Transfer to capital & reserves not done yet
Sewer Utility	1,610,620	1,626,887	7,874,200	6,247,313	21%	Transfer to capital & reserves not done yet
Stormwater Utility	1,258,859	1,246,264	6,613,491	5,367,227	19%	Transfer to capital & reserves not done yet
Finance						
Finance	3,584,120	3,758,272	7,597,396	3,839,124	49%	
Parking Services	3,060,192	4,161,048	8,535,473	4,374,428	49%	
Human Resources	872,481	853,403	1,985,666	1,132,263	43%	Rehabilitation trending lower than budget
Legal Services	363,810	310,616	744,184	433,588	42%	
Parks, Recreation and Facilities						
Parks	4,552,801	4,967,876	11,556,987	6,589,111	43%	Seasonal work programs that start in Q2 and Q3 include the Parks Boulevard Program, BHP Management Plan, Natural Resources and Boulevard Improvements
Recreation	1,863,723	2,050,858	4,391,884	2,341,025	47%	Seasonal programs will start in Q2 and Q3 include Summer Camps, Outdoor Recreation and RAP
Facilities	2,633,397	2,407,895	5,895,204	3,487,309	41%	Vacancy
Sustainable Planning and Community Development	2,471,608	2,625,486	6,453,272	3,827,786	41%	The majority of the Downtown Core Area Plan and Official Community Plan work is scheduled for later in the year
Victoria Fire Department	8,095,123	8,015,468	17,118,498	9,103,011	47%	Majority of Emergency Management programs to be completed in Q3 and Q4
Corporate						
Contingencies	-	-	1,841,387	1,841,387	0%	
Debt Principal, Interest and Reserve Transfer	1,903,687	1,996,947	7,827,563	5,830,636	26%	Timing of debt payments; and transfer to reserve not done yet
Grants	2,758,139	610,291	3,026,081	2,415,790	20%	Majority of grants are paid in July
Miscellaneous	896,440	860,715	2,126,284	1,265,569	40%	Canada Day and Crest Levy expenses not recorded yet, projects in progress include the Gorge Waterway, Witness Reconciliation Program and Community Benefit Hub
Transfer to VCC	-	-	300,000	300,000	0%	Transfer not recorded yet
Transfers to Reserve	-	285,481	19,462,046	19,176,564	1%	Transfers to reserve not recorded yet
Transfer to Capital Budget	-	-	10,165,000	10,165,000	0%	Year end transfer not recorded yet
Greater Victoria Public Library	2,384,487	2,611,135	5,387,720	2,776,585	48%	
Victoria Police Department	23,911,079	26,137,597	54,310,286	28,172,689	48%	Transfer to reserve and year end entries not recorded yet
Total	\$ 84,059,998	\$ 86,868,148	\$ 241,740,456	\$ 154,871,307	34%	

City of Victoria - Operating Budget Revenues/Funding Sources
For the Six Months Ending June 30, 2018

	Q2 2017 Actual	Q2 2018 Actual	2018 Budget	Variance	%	Explanation
Deputy City Manager						
Deputy City Manager	-	-	3,000	3,000	0%	Licence fee received in the fall
Arts, Culture and Events	227,503	26,503	579,405	552,902	5%	Seasonal revenues; transfer from Public Art Reserve not done yet
Special Events Third Party Billings	20,334	13,452	-	(13,452)		Full cost recovery of related expenses
Economic Development	-	10,000	40,000	30,000	25%	Transfer from reserve entry not recorded, offsetting expenses
Legislative and Regulatory Services	233,529	578,341	850,925	272,584	68%	Dog licenses
Bylaw Enforcement Third Party Billing	4,789	8,612	-	(8,612)		Full cost recovery of related expenses
Real Estate	780,261	873,117	1,921,085	1,047,968	45%	Timing of recording rental revenue
Victoria Conference Centre (VCC)	1,363,950	1,839,708	3,987,405	2,147,699	46%	Seasonal revenues, majority of fees recognized between May - September
VCC Event Costs Paid by Clients	2,140,683	3,238,047	3,460,000	221,953	94%	Full recovery of related expenses
Engagement	-	-	54,143	54,143	0%	Funding for Participatory Budgeting carried over from previous year, offsetting expenses
Engineering and Public Works						
Engineering and Public Works	290,603	382,490	1,259,382	876,892	30%	Transfer from reserve entries not recorded yet, grant payments not yet received
Third Party Billings	331,972	501,993	528,400	26,407	95%	Full cost recovery of related expenses
Solid Waste and Recycling	1,538,498	1,587,850	3,144,079	1,556,229	51%	Timing of billings
Sewer Utility	4,293,842	4,307,541	7,874,200	3,566,659	55%	Timing of billings
Water Utility	9,023,404	9,363,467	19,925,763	10,562,296	47%	Timing of billings
Storm Drain Utility	-	-	6,613,491	6,613,491	0%	Billing is in September
Parking Services	8,548,590	9,272,096	18,992,663	7,720,567	55%	Total parkade transactions increased by 12%; ParkVictoria transactions increased by 28%, compared to Q2 2017
Parks, Recreation and Facilities	1,548,741	1,627,739	3,051,946	1,424,207	53%	Parks Boulevard program revenue recognized in June. Facility rentals are trending higher and increased revenues in RAP food and beverages; though offsetting expenses. Transfer from reserve entries not yet done; include funding for Downtown Trees, Parks Signage and High Risk Tree Removal
Sustainable Planning and Community Development	2,666,149	4,267,715	4,018,740	(248,975)	106%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher, year end entry to transfer amount to Development Stabilization Reserve account
Victoria Fire Department	63,330	74,813	128,750	53,937	58%	Fire safety plan review and records fee revenue, confined space and fire technical high angle rope rescue cost sharing
Corporate						
Payment in Lieu of Taxes/Special Assessments	1,749,200	3,319,729	7,586,400	4,266,671	44%	Payments received later in the year
Fees and Interest	1,212,273	1,087,082	3,480,000	2,402,918	31%	Timing of investment income varies from year to year
Business and Other Licences	1,402,704	1,405,516	1,501,340	95,824	94%	Majority of business licenses revenue recognized in Q1
Overhead Recoveries	1,219,500	2,040,903	3,319,109	1,278,206	61%	
Miscellaneous	3,900,089	3,690,591	8,275,910	4,585,318	45%	Revenues received later in year, includes Gas Tax and event and ticket surcharge revenues. Traffic Fine Revenue \$106,000 more than budget
Prior Year's Surplus	-	-	3,809,825	3,809,825	0%	Total City surplus is \$4,026 million, \$216,575 is in the Police budget
Victoria Police Department	4,285,913	4,204,345	8,562,712	4,358,367	49%	
Property Taxes	124,916,053	130,751,326	130,761,783	10,457	100%	
Total	\$ 171,761,607	\$ 194,472,975	\$ 341,740,486	\$ 57,367,481	78%	

**City of Victoria - Capital Budget Expenditures
For the 6 Months Ending June 30, 2018**

	Q2 2018 Actual	2018 Budget	Variance	%	Explanation
Active Transportation	2,282,402	18,447,000	16,164,598	12%	Fort Street bike lane and 700 Block of Fort Street sidewalk project is complete. Majority of other projects are scheduled for completion in Q3 and Q4
Complete Streets	1,701,686	5,137,000	3,435,314	33%	In progress with a majority of projects scheduled throughout the year; the majority of Belleville Street is complete and final completion is scheduled in Q4; Douglas Street Bus Lane is scheduled for completion in Q4
Neighbourhoods	141,258	266,000	124,742	53%	In progress with projects scheduled throughout the year
Parks	205,367	2,632,000	2,426,633	8%	Park Furnishing Replacement project and Topaz Park Improvement Plan is complete, majority of the projects are scheduled to start in Q3; Cecelia Ravine Park is tracking on schedule. Summit Park Playground upgrade is deferred until 2019
Street Infrastructure	603,061	1,884,000	1,280,939	32%	In progress with majority of projects to start throughout the remaining year
Retaining Walls and Railings	172,955	2,506,000	2,333,045	7%	Dallas Road Seawall is underway and scheduled to be complete in Q4; design for Ship Point Pier Repairs is complete and construction is scheduled for Q4. Clover Point Shoreline Remediation and Dallas Road Bluff Study on hold pending outcome of CRD Wastewater Project
Bridges	4,478,923	9,398,000	4,919,077	48%	Johnson Street Bridge opened in Q1; continuing decommission of the old bridge and public realm pathway connections are being completed
Facilities	1,353,422	78,325,000	76,971,578	2%	Majority of carryforward projects in progress; library in James Bay and SOFMC repairs are complete. Majority of 2018 projects are in the planning phase and expected to start in Q3 and Q4. Fountain Upgrades on hold until Centennial Square Plan complete and the Visitor's Centre elevator upgrades deferred until 2019. Planning for Crystal Pool and Firehall Replacement is underway - multiyear projects
Equipment	1,383,754	9,363,000	7,979,246	15%	Vehicle and Heavy Equipment procurement underway, majority of projects underway, remaining of projects to start throughout the remaining year
Environmental Remediation	1,611,068	3,830,000	2,218,932	42%	Laurel Point Park Environmental Remediation project is currently out for tender and work is scheduled to start in Q4
Sanitary Sewers	2,005,336	7,825,000	5,819,664	26%	Carryforward projects are complete; Shelbourne, Esquimalt and Grant Street mains replacement and lift station hatches replacement complete. Projects are in progress and other projects are scheduled to start in Q3 and Q4
Stormwater	622,309	6,558,000	5,935,691	9%	Carryforward projects are complete; main replacement on Grant Street complete; the majority of main replacements are in progress and the brickmain replacement project is scheduled to start in Q3
Waterworks	3,093,110	6,197,000	3,103,890	50%	Carryforward projects are complete; Broughton Street watermain is complete and lining on Herald, Wharf, Courtenay and Dallas are complete. Projects are in progress and other projects are scheduled to start in Q3 and Q4
Contingency	-	364,000	364,000	0%	
Victoria Police	378,281	2,118,000	1,739,719	18%	Vehicle replacement underway; CCTV system upgrade will be complete in Q4 and projects scheduled throughout the year
Total	20,032,932	134,850,000	114,817,068	13%	

**City of Victoria - Budgeted Full-Time Equivalent Employees
For the Six Months Ending June 30, 2018**

	FTE 2018
City Manager's Office	6.00
Deputy City Manager	2.00
Arts, Culture & Events	7.29
Economic Development	1.00
Legislative and Regulatory Services	22.88
Neighbourhoods	3.00
Real Estate	3.00
Victoria Conference Centre	13.62
Engagement	13.00
Engineering & Public Works	279.72
Finance	102.26
Human Resources	11.00
Legal Services	4.00
Parks, Recreation and Facilities	179.74
Sustainable Planning and Community Development	43.43
Victoria Fire Department	124.09
Total	816.03