

Attachment B: Q3 Budget Update

Budget Update

This report outlines the actual results compared to the budgets for operating and capital and staffing levels for the third quarter ending September 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 September 30, 2018, the operating revenues/funding sources and expenditures/transfers are 88% and 69% respectively of the annual budgeted amount. This compares to 87% and 69% 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 third quarter. Dog licences and business licenses are collected in the first half of the year resulting in a higher percentage of year-to-date 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 September 30, 2018. Seasonal impacts are reflected in Parks, Recreation, Sustainable Planning and Community Development and Corporate budgets due to work programs that commenced 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 September 30, 2018, the actual capital expenditures are at 19% spent of total budgeted expenditures for the year, compared to 24% 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 work planned for 2018 is scheduled to start in the periods Q2, Q3 and Q4 with the exception of the Crystal Pool Replacement project that will span over multiple years. A summary of capital programs and projects are attached.

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At present, most capital projects are expected to be completed according to schedule; though some projects will be deferred until 2019 including the Summit Park Playground upgrades, the Visitor's Centre upgrades, the Tree Well Replacement project, the Fire Pre-Emption Equipment, the Paint Program and various Victoria Conference Centre repairs. As well, the Fountain upgrades are on hold until the Centennial Square Plan is complete, the Clover Point Shoreline Remediations and Dallas Road Bluff Study will commence in early 2019, and the Underground Fuel Storage Tank Replacement is on hold pending the completion of the Public Works Master Plan.

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
 - Earl, St. Charles to East
- Sewer Lift Station Hatch Replacement
- Stormdrain main replacement at the following locations:
 - Grant Street
 - Delatre, Stroud to Cedar Hill
- 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 Revenues/Funding Sources
For the Nine Months Ending September 30, 2018

	Q3 2017 Actual	Q3 2018 Actual	2018 Budget	Variance	%	Explanation
Arts, Culture and Events	456,668	77,822	579,405	501,583	13%	Seasonal revenues; year end transfer from Public Art reserve entry not recorded yet
Special Events Third Party Billings	22,490	46,880	-	(46,880)		Full cost recovery of related expenses
Economic Development	-	10,000	40,000	30,000	25%	Entry to record funding from Prior Year surplus funding for City Studio not done yet
Neighbourhoods	-	-	3,000	3,000	0%	Licence fee received in the fall
Legislative and Regulatory Services	334,372	706,434	850,925	144,491	83%	Dog licenses
Bylaw Enforcement Third Party Billing	14,779	13,390	-	(13,390)		Full cost recovery of related expenses
Real Estate	1,378,068	1,376,423	1,921,085	544,662	72%	
Victoria Conference Centre (VCC)	2,585,903	3,285,800	3,987,405	701,605	82%	Seasonal revenues, majority of fees recognized between May - September
VCC Event Costs Paid by Clients	2,723,553	4,768,487	3,460,000	(1,308,487)	138%	Full cost recovery; offsetting 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	389,167	475,285	1,259,382	784,098	38%	Year end transfer from reserve entries not recorded yet, grant payments not yet received
Third Party Billings	488,513	717,650	528,400	(189,250)	136%	Full cost recovery of related expenses
Solid Waste and Recycling	2,017,940	2,090,198	3,144,079	1,053,881	66%	Timing of billings
Sewer Utility	5,468,321	5,525,147	7,874,200	2,349,053	70%	Timing of billings
Water Utility	12,501,528	13,053,710	19,925,763	6,872,053	66%	Timing of billings
Storm Drain Utility	1,204,077	1,267,445	6,613,491	5,346,046	19%	Billing in October
Parking Services	13,026,577	14,056,830	16,992,663	2,935,833	83%	Total parkade transactions increased by 12%; ParkVictoria transactions increased by 28%; compared to Q3 2017
Parks, Recreation and Facilities	2,255,677	2,331,473	3,051,946	720,473	76%	Seasonal programs Summer Camps, Outdoor Recreation and RAP increased revenues offset by increased expenditures
Sustainable Planning and Community Development	3,845,254	5,267,675	4,018,740	(1,248,935)	131%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher; year-end entry to defer revenue for work in progress
Victoria Fire Department	89,068	95,441	128,750	33,309	74%	
Corporate				7,596,400		
Payment in Lieu of Taxes/Special Assessments	4,410,426	4,397,040	7,596,000	3,189,360	58%	Payments received later in the year
Fees and Interest	2,531,957	3,107,402	3,490,000	382,598	89%	Timing of investment income varies from year to year
Business and Other Licences	1,455,741	1,392,060	1,501,340	109,280	93%	Majority of business license revenue recognized in Q1
Overhead Recoveries	1,829,250	2,651,705	3,319,109	667,405	80%	Timing of entries
Miscellaneous	5,999,671	5,853,638	8,275,909	2,422,271	71%	Canada Day and Crest Levy funding not recorded yet. Revenues received later in year include Gas Tax and event and ticket surcharge revenue. Traffic Fine Revenue \$106,000 more than budget
Prior Year's Surplus	3,827,909	3,809,825	3,809,825	-	100%	Total City surplus is \$4.026 million; \$216,575 is in the Police budget
Victoria Police Department	7,299,729	6,711,214	8,562,712	1,851,498	78%	
Property Taxes	124,916,053	130,751,326	130,751,783	10,457	100%	
Total	\$ 201,072,690	\$ 213,840,299	\$ 241,740,455	\$ 27,900,157	88%	

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

	Q3 2017 Actual	Q3 2018 Actual	2018 Budget	Variance	%	Explanation
City Manager's Office	609,096	655,870	905,392	249,523	72%	
Council	470,991	475,848	614,595	138,746	77%	
Deputy City Manager	327,733	2,853	277,187	274,334	1%	Vacancy
Arts, Culture and Events	1,525,024	1,170,438	1,786,243	615,805	66%	Events are seasonal; Majority of Public Art projects are scheduled for completion by the end of Q4. The Public Art maintenance project Hands in Time is delayed at the Foundry and may not be completed by the end of Q4.
Third Party Billing - Special Events	56,155	46,971	-	(46,971)		Full cost recovery; offsetting revenues
Economic Development	362,494	502,143	667,304	165,160	75%	
Legislative and Regulatory Services	2,056,383	2,298,198	3,999,517	1,701,320	57%	Vacancy and election expenses to be recognized in Q4
Third Party Billing - Bylaw Enforcement	17,160	12,186	-	(12,186)		Full cost recovery; offsetting revenues
Neighbourhoods	415,781	394,552	559,865		70%	
Real Estate	625,613	692,998	1,746,943	1,053,945	40%	Transfer to reserve for 812 Wharf Street not done yet; Development of Strategic Real Estate Plan was awarded in Q2 and scheduled for completion in Q1 2019
Victoria Conference Centre (VCC)	2,480,877	2,380,026	3,538,935	1,158,910	67%	Vacancies
VCC Event Costs Paid by Clients	2,289,917	4,324,608	3,460,000	(864,608)	125%	Full cost recovery; offsetting revenues
Engagement	1,052,581	1,163,490	1,643,362	479,871	71%	
Engineering and Public Works						
Engineering and Public Works	10,470,026	9,580,606	15,929,652	6,349,045	60%	Capital projects: Fort Street Bike lanes are complete and majority of Belleville Street is complete, resources will be allocated back to Operations in Q4
Third Party Billings	769,832	1,083,502	428,400	(655,102)	253%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	2,121,870	2,189,541	3,144,079	954,538	70%	
Water Utility	10,513,298	9,898,366	19,925,763	10,027,397	50%	Transfer to capital & reserves not done yet
Sewer Utility	2,319,656	2,421,765	7,874,200	5,452,435	31%	Transfer to capital & reserves not done yet
Stormwater Utility	2,051,076	2,191,275	6,613,491	4,422,217	33%	Transfer to capital & reserves not done yet
Finance						
Finance	5,426,576	5,925,851	7,623,507	1,697,655	78%	Majority of software licencing paid in Q1 and Q2
Parking Services	4,939,422	6,492,520	8,537,652	2,045,131	76%	
Human Resources	1,285,652	1,327,160	2,001,385	674,225	66%	Vacancies; the RFP for the Inclusion Policy and Program project is scheduled to be issued in Q4 with work commencing in 2019
Legal Services	558,543	529,439	753,946	224,507	70%	
Parks, Recreation and Facilities						
Parks	6,971,000	7,595,795	11,569,966	3,974,171	66%	Seasonal work programs continue into Q4 and include natural areas, boulevard improvements and maintenance at Beacon Hill Park; vacancies
Recreation	3,308,128	3,591,477	4,394,062	802,585	82%	Seasonal programs Summer Camps ,Outdoor Recreation and RAP increased expenses offset with increased revenues
Facilities	3,920,016	3,758,597	5,897,382	2,138,785	64%	Vacancies
Sustainable Planning and Community Development	3,808,878	4,120,188	6,466,860	2,346,672	64%	The Downtown Core Area Plan and Official Community Plan work continues in Q4
Victoria Fire Department	12,450,292	12,295,236	17,131,873	4,836,636	72%	Majority of Emergency Management programs to be completed in Q3 and Q4
Corporate						
Contingencies	-	-	1,518,895	1,518,895	0%	
Debt Principal, Interest and Reserve Transfer	3,683,735	3,038,368	7,827,583	4,789,215	39%	Timing of debt payments; and transfer to reserve not done yet
Grants	3,506,327	2,991,338	3,051,081	59,743	98%	Majority of grants are paid in July
Miscellaneous	999,655	1,311,526	2,226,284	914,758	59%	Canada Day and Crest Levy expenses not recorded yet; projects in progress include the Gorge Waterway, Witness Reconciliation Program, Community Benefit Hub and Temporary Storage Facility
Transfer to VCC	300,000	300,000	300,000	-	100%	
Transfers to Reserve	14,844,787	16,396,143	19,462,046	3,065,903	84%	Majority of transfers to reserve have been recorded
Transfer to Capital Budget	10,161,000	10,165,000	10,165,000	-	100%	
Greater Victoria Public Library	3,576,730	4,336,762	5,387,720	1,050,958	80%	
Victoria Police Department	38,930,242	39,943,456	54,310,286	14,366,830	74%	Transfer to reserve and year end entries not recorded yet
Total	\$ 159,206,541	\$ 165,604,092	\$ 241,740,456	\$ 76,136,364	69%	

**City of Victoria - Capital Budget Expenditures
For the Nine Months Ending September 30, 2018**

	Q3 2018 Actual	2018 Budget	Variance	%	Explanation
Active Transportation	2,730,808	18,772,000	16,041,192	15%	Bicycle Master Plan Wharf/Humboldt detailed design to be complete with construction to be tendered in Q4 and scheduled for completion in Q2 2019. Douglas Street Bus Lane to be complete in Q4
Complete Streets	2,806,499	4,852,000	2,045,501	58%	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
Neighbourhoods	167,234	239,000	71,766	70%	Phase 2 of Wayfinding is in progress and scheduled for completion in Q2 2019
Parks	293,889	2,592,000	2,298,111	11%	Park Furnishing Replacement project is complete, while the majority of other projects are scheduled to ramp up in early Q4; Cecelia Ravine Park is scheduled to be complete at end of Q4. Summit Park Playground upgrade, Tree Well Replacement Program and Topaz Park Plan are deferred until 2019
Street Infrastructure	1,030,773	1,911,000	880,227	54%	Projects scheduled throughout the remaining year; Gate of Harmonious Interest Chinatown Remediation project is in the planning stages with remediation scheduled for completion in 2019; the Audible/Accessible Pedestrian Signal project is underway; the Fire Pre-emption Equipment has been deferred to 2019, the RFP is scheduled for Q2 2019 with completion by Q4 2019
Retaining Walls and Railings	433,871	2,506,000	2,072,129	17%	Dallas Road Seawall is underway and scheduled for completion in Q4; design for Ship Point Pier Repairs is complete and construction is scheduled to begin in Q4. Clover Point Shoreline Remediation and Dallas Road Bluff Study will commence early 2019.
Bridges	5,630,454	9,398,000	3,767,546	60%	Johnson Street Bridge opened in Q1; decommissioning of the old bridge and public realm pathway connection complete
Facilities	2,887,888	78,325,000	75,437,112	4%	Carryforward projects completed include SOFMC repairs, Fire Station #3 Repairs and Centennial Arcade Renovations. A number of 2018 projects are in the planning/design stage and projects deferred to 2019 include Visitor's Centre elevator upgrades, Paint Program, VCC repairs and Vic PD Cooling Tower. Planning for Crystal Pool and Firehall Replacement is underway - multiyear projects
Equipment	2,028,274	9,363,000	7,334,726	22%	Vehicle and Heavy Equipment procurement and other projects are in progress; The Underground Fuel Storage Tank Replacement is on hold pending completion of the Public Works Master Plan in Q4 2018
Environmental Remediation	1,629,853	3,830,000	2,200,147	43%	Laurel Point Park Environmental Remediation project is underway and is scheduled for completion in 2019
Sanitary Sewers	3,720,726	7,825,000	4,104,274	48%	Carryforward projects are complete; majority of 2018 projects are complete or scheduled for completion by year end; Humboldt system upgrade is scheduled to begin construction in Q4 with completion in Q1 2019 which was delayed pending completion of the Sanitary Sewer Master Plan
Stormwater	1,509,300	6,558,000	5,048,700	23%	Carryforward projects are complete; main replacements on Grant Street and Delatre (Stroud to Cedar Hill) are complete; the majority of main replacements are in progress. The Storm Drain Brickmain project will begin in Q4 and is scheduled for completion in Q1 2019
Waterworks	3,668,894	6,197,000	2,528,106	59%	Carryforward projects are complete; Broughton Street watermain is complete and lining on Herald, Wharf, Courtenay and Dallas are complete. Government St, Richmond Rd project to be awarded in Q4 with substantial completion in Q2 2019
Contingency	-	364,000	364,000	0%	
Victoria Police	931,660	2,118,000	1,186,340	44%	CCTV system upgrade is underway and scheduled for completion in Q1 2019; repurposing of the decommissioned Emergency Operations Centre (EOC) has been deferred to early 2019 to coincide with renovation of the former Communications Centre
Total	29,470,124	154,850,000	125,379,876	19%	

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

	FTE 2018
City Manager's Office	7.00
Deputy City Manager	1.00
Arts, Culture & Events	7.29
Economic Development	2.00
Legislative and Regulatory Services	22.88
Neighbourhoods	3.00
Real Estate	3.00
Victoria Conference Centre	13.62
Engagement	12.00
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